

# **BAILLIE GIFFORD**

Baillie Gifford Investment Funds ICVC

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Annual Report and Financial Statements

*for the year ended 31 December 2019*



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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 2019 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 and the Instrument of Incorporation were last revised on 27 January 2020 and 1 November 2019, respectively. 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')

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.

### Assessment of Value for the Sub-Funds

Under COLL 6.6.20R (1), Baillie Gifford & Co Limited, the ACD of the Company, must conduct an assessment at least annually for each UK authorised sub-fund it manages, of whether the payments out of the sub-funds set out in the prospectus are justified in the context of the overall value delivered to shareholders. This assessment of value must, as a minimum, consider seven criteria, namely: quality of service, performance, authorised fund manager costs, economies of scale, comparable market rates, comparable services and classes of shares. We will issue the statement of value in a separate composite report, performing the assessment across our full range of UK authorised sub-funds. We have chosen a reference date of 31 March and will publish a composite report by 31 July each year which will be available on our website at [www.bailliegifford.com](http://www.bailliegifford.com). The first composite report will be available on 31 July 2020.

### Amendments to the Investment Objective and Policy of All Sub-Funds

The investment objectives and policies of the sub-funds have been amended to make them clearer and more meaningful to shareholders, increasing consistency across our range of funds and helping shareholders to better understand what the sub-funds are trying to achieve. In addition, the Financial Conduct Authority (the 'FCA') issued new rules and guidance for fund managers on the use of benchmarks.

## About the Company cont.

A benchmark has now been included for each sub-fund, which should make it easier for shareholders to monitor how well the sub-fund is performing against that benchmark. The new investment objectives and policies, which came into effect on 7 August 2019, are shown in each sub-funds section of the Annual Report.

### 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 Growth Investment Fund C Acc	39,111,225	276,047

At 31 December 2019 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**

#### Executive

A W Paterson (Chairman - resigned 29 August 2019)  
M J C Wylie (Chairman - appointed 29 August 2019)  
E Delaney  
P J Edwardson (resigned - 6 September 2019)  
C M Fraser  
D S McGowan  
S Swindells (resigned - 8 November 2019)  
A J Telfer

#### Independent Non-Executive

D R Buckley (appointed 16 April 2019)  
K B M Bolsover (appointed 2 May 2019)

### **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

### **Depository**

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:

*M J C Wylie, Chairman*  
*C M Fraser, Director*  
*Baillie Gifford & Co Limited*  
*28 February 2020*



# 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 2019

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 2020

# 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 2019 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 2019; 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 of the United Kingdom's withdrawal from the European Union 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 2020*

# 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 2019, 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 2019. 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*

Liquidity risk is the potential that there are insufficiently realisable assets to cater for investor redemptions. Liquidity is managed by the Investment Advisor by taking into account the investment strategy, liquidity profile, and redemption policy of each sub-fund. The level of liquidity maintained by each sub-fund is appropriate to its underlying obligations based on an assessment of the relative liquidity of the sub-fund's assets in the market, taking account of the time required for liquidation and the price or value at which those assets can be liquidated, and their sensitivity to other market risks or factors.

### *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 sub-funds are included in the valuation at market value, or at the Investment Adviser's valuation (as indicated in the portfolio statement of the sub-funds). 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 2019, 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 'Material Risk Takers') and the AIFM Remuneration Code requirements and disclosures apply to those individuals. The list of Material Risk Takers 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	40	1,360
Variable remuneration	40	540
<b>Baillie Gifford &amp; Co Limited Remuneration Material Risk Takers<sup>2</sup></b>		
Total remuneration	25	1,830

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 2019. 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 Material Risk Takers 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 2019*



# Baillie Gifford Diversified Growth Fund

## Investment Objective

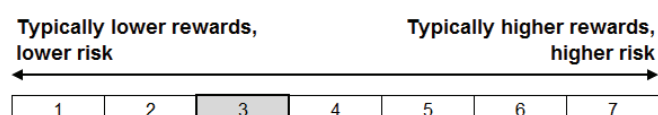
The Fund aims to achieve (after deduction of costs): an annualised return over five years that is at least 3.5% more than UK Base Rate; a positive return over three year periods; and annualised volatility of returns below 10%. There is no guarantee that a positive return will be achieved over three year periods, or any time period, and capital may be at risk.

## Investment Policy

The Fund will invest in a wide range of asset classes in any country or sector. At any one time, the Fund may be invested in any one or more of the following: shares, bonds, money market instruments, deposits and cash. This exposure may be achieved directly or indirectly through collective investment schemes. The Fund may also invest indirectly in property, infrastructure, commodities, private equity, loans and insurance-linked securities. Currency forwards and derivatives, which are types of financial contracts, are used for both investment purposes and in the management of risk. The Fund will be exposed to foreign currencies. The Fund will be actively managed.

## 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 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:

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 does not guarantee positive returns. It aims to limit the extent of loss in any short-term period to a lower level than equities.

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 a 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

## Baillie Gifford Diversified Growth Fund cont.

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.

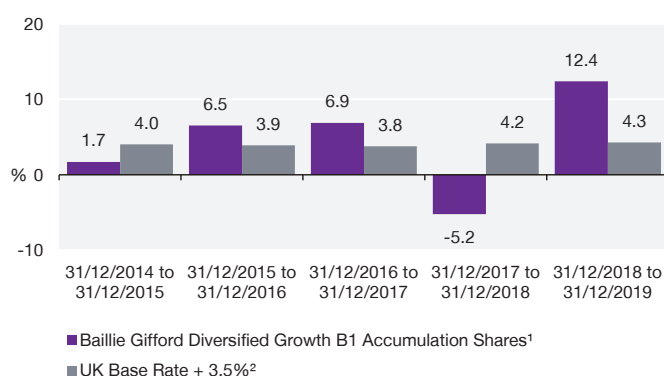
The process for the UK to exit the European Union introduces elements of political uncertainty and may have practical consequences for the Fund. Developments will be closely monitored.

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



# Investment Report

## Past Performance



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 2019, the return on B1 Accumulation Shares was 11.9%<sup>3</sup> compared to the UK Base Rate +3.5% (the 'comparator') of 4.3%<sup>2</sup>. The investment objective of the Fund is to outperform the comparator over a rolling five-year period with annualised volatility of less than 10%. As such, we believe that shorter-term performance measurements are of limited relevance in assessing investment ability. The five-year annualised return on B1 Accumulation Shares was 4.3%<sup>3</sup> compared to the annualised return on the comparator of 4.0%<sup>2</sup>. The annualised volatility over this period was 4.1%<sup>4</sup>. The Fund also aims to achieve a positive return over three-year periods. The three-year return on B1 Accumulation Shares was 14.0%<sup>3</sup>.

The start of the year was dominated by concerns over declining global growth and trade, together with political headwinds. This had a negative impact on valuations across the majority of asset classes. A notable turning point was signalled by the US Federal Reserve as early as mid-January. Laying out a plan to effectively reverse its previously communicated monetary policy, the Federal Reserve's actions had an immediate effect of improving economic expectations. Other central banks followed suit, and asset prices started to climb.

The first quarter of the year saw a sharp rally across a broad range of investment markets, albeit from the low starting point inherited by the declines experienced at the end of 2018. However, the year was not without its ups and downs: the escalating trade rift between the US and China was a particularly acute risk; questions were also being asked about the efficacy of looser monetary policy to stimulate growth, and; the growing uncertainty regarding the UK's exit strategy from the EU.

After early additions to several of the more economically exposed asset classes in our opportunity set, our levels of enthusiasm for maintaining a reasonably high level of exposure to riskier assets started to fade. Over the course of the period, we became a little more defensive in our outlook, based on our appreciation of those economic and political risks as well as rising valuations.

Our view with regards the portfolio during the second and third quarters, therefore, was to make a series of small sales to those asset classes which had been performing well, and which were at the higher end of our expected risk profile. This included a reduction to emerging market government bonds, listed equities and infrastructure. At the same time, we added to the Fund's

<sup>1</sup>Source: FE, 10am dealing prices, income accumulated. <sup>2</sup>Source: FE, StatPro and relevant underlying index provider, total return. Please see Disclaimer on page 155. <sup>3</sup>Source: Baillie Gifford & Co Limited, closing net asset value, income accumulated. <sup>4</sup>Source: StatPro, standard deviation of monthly returns. You should be aware that past performance is not a guide to future performance.



## Investment Report cont.

inflation protection, this time in Australian breakevens. To achieve this, we bought Australian government inflation linked bonds and sold Australian government nominal bond futures. Such a position sits alongside similar breakeven positions we have in the portfolio, in the US, Europe and Japan, allowing us to clearly express our view that developed market inflation is too low.

As the year ended, positive sentiment was rediscovered. The prospect of a trade truce between the US and China, and the passing of a withdrawal agreement by a newly elected UK parliament helped to give us more confidence in the outlook for the global economy. The most notable change we made to the portfolio on the back of this improving outlook was an addition to listed equities, specifically European equities.

The main positive contributors to performance of the Fund over the period were listed equities, emerging market bonds, infrastructure and property. The latter two of these asset classes were beneficiaries of the improving political landscape in the UK, whilst equities and emerging market bonds climbed higher on the prospect of improving global trade. There were small negative contributions from some of the more defensive asset classes, including our allocation to externally-managed absolute return funds. These funds offer us protection against steadily declining global markets, and we would note their performance relative to other asset classes which did very well, particularly equity markets.

*Baillie Gifford & Co, 29 January 2020*

## Principal Holdings as at 31 December 2019

Investment	Percentage of total Fund
Baillie Gifford Emerging Markets Bond Fund C Acc <sup>1</sup>	6.97
Baillie Gifford Global Alpha Growth Fund C Acc <sup>1</sup>	5.33
Baillie Gifford Global Income Growth Fund C Acc <sup>1</sup>	5.26
Baillie Gifford LTGG Investment Fund C Acc <sup>1</sup>	3.84
Japan (Govt) 0.1% CPI Linked 10/03/2027	2.93
Baillie Gifford Worldwide Japanese Fund C Acc GBP <sup>1</sup>	2.81
US TII 0.625% 15/01/2026	2.81
ETFS Nickel	2.79
BNP Paribas Nickel ETN	2.34
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 2019

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
BNP Paribas Nickel ETN	173,256	US TII 0.125% 15/04/2019	368,885
France 0.7% IL 25/07/2030	144,203	Baillie Gifford Emerging Markets Bond Fund C Acc <sup>1</sup>	161,981
ETFS Brent Crude	143,679	ETFS Brent Crude	136,201
Germany 0.1% IL 15/04/2026	142,692	US TII 0.625% 15/01/2026	131,736
Amundi MSCI Europe Value Factor ETF	142,347	Brazil 0% 01/07/2021	122,627
Baillie Gifford High Yield Bond Fund C Acc <sup>1</sup>	136,500	Baillie Gifford High Yield Bond Fund C Acc <sup>1</sup>	85,334
Deutsche Wohnen	86,797	Baillie Gifford Global Income Growth Fund C Acc <sup>1</sup>	79,951
Hammerson	78,769	Baillie Gifford Global Alpha Growth Fund C Acc <sup>1</sup>	75,715
British Land	78,730	ETFS Nickel	60,236
Land Securities	77,921	Baillie Gifford Worldwide Japanese Fund C Acc GBP <sup>1</sup>	48,703

<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 2019

Stock description	Holding	Market value £'000	% of total net assets
<b>Absolute Return - 3.97% (4.53%)</b>			
Aspect Core Trend Fund	758,400	71,009	0.99
Boussard & Gavaudan	1,157,602	17,263	0.24
Credit Suisse Lux Multi-Trend Fund	85,800	61,440	0.86
Goldman Sachs Cross Asset Trend Portfolio	8,442,000	67,547	0.94
Nomura Cross Asset Momentum Fund	962,000	67,911	0.94
<b>Commodities - 5.13% (2.85%)</b>			
BNP Paribas Nickel ETN	2,590,000	168,020	2.34
ETFS Nickel	19,495,400	200,877	2.79
<b>Emerging Market Bonds - 12.87% (20.12%)</b>			
Argentina 6.875% 22/04/2021 (USD)	10,010,000	4,080	0.06
Baillie Gifford Emerging Markets Bond Fund C Acc <sup>1</sup>	248,435,000	501,093	6.97
Brazil 4.5% 30/05/2029 (USD)	12,300,000	9,839	0.14
Brazil 4.75% 14/01/2050 (USD)	6,500,000	4,850	0.07
Dominican Republic 6% 19/07/2028 (USD)	16,780,000	14,079	0.20
Dominican Republic 7.45% 30/04/2044 (USD)	10,950,000	9,963	0.14
Ecuador 10.75% 28/03/2022 (USD)	4,200,000	3,237	0.04
Ecuador 8.875% 23/10/2027 (USD)	15,650,000	10,885	0.15
Egypt 6.375% 11/04/31 EUR	8,200,000	7,423	0.10
Egypt 7.5% 31/01/2027 (USD)	8,650,000	7,277	0.10
Egypt 8.5% 31/01/2047 (USD)	5,410,000	4,530	0.06
Egypt T Bill 07/01/2020	246,500,000	11,559	0.16
Ethiopia 6.625% 2024 (USD)	4,100,000	3,346	0.05
Ghana 10.75% 14/10/2030 (USD)	6,800,000	6,563	0.09
Hungary 7.625% 29/03/2041 (USD)	8,000,000	9,939	0.14
India 8.6% 02/06/2028	3,928,000,000	45,970	0.64
Indonesia 5.25% 17/01/2042 (USD)	14,550,000	13,209	0.18
Indonesia 5.875% 15/01/2024 (USD)	10,300,000	8,794	0.12
Ivory Coast 5.25% 2030 (EUR)	8,780,000	7,576	0.10
Mexico 5.75% 12/10/2110 (USD)	6,580,000	5,876	0.08
Mongolia 8.75% 09/03/2024 (USD)	10,000,000	8,591	0.12
Namibia 5.5% 03/11/2021 (USD)	21,840,000	17,093	0.24
Nigeria 7.875% 16/02/2032 (USD)	8,380,000	6,551	0.09

## Portfolio Statement as at 31 December 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
OCP Morocco 4.5% 22/10/2025 (USD)	11,118,000	8,982	0.12
OCP Morocco 6.875% 25/04/44 (USD)	12,141,000	11,662	0.16
Peru 6.95% 12/08/2031	157,100	43,587	0.61
Petkim Petrokimya 5.875% 2023 (USD)	19,240,000	14,544	0.20
Petroleos Mexicanos 6.5% 13/03/2027	14,336,000	11,470	0.16
Qatar 4% 14/03/2029 (USD)	17,414,000	14,663	0.20
Qatar 4.817% 14/03/2049 (USD)	8,500,000	7,939	0.11
Republic Of Cameroon 9.5% 19/11/2025 (USD)	5,000,000	4,231	0.06
Russia 4.375% 21/03/2029 (USD)	22,000,000	18,455	0.26
Russia 5.25% 23/06/2047 (USD)	7,200,000	6,795	0.09
Tajikistan 7.125% 14/09/2027 (USD)	13,750,000	8,401	0.12
Transnet SOC 4% 26/07/2022 (USD)	20,616,000	15,816	0.22
Trinidad Petroleum Holdings 9.75% 2026 (144A)	5,590,000	4,705	0.07
Turkey 4.875% 16/04/2043	13,490,000	8,382	0.12
Ukraine 6.75% 20/06/2026 (EUR)	5,400,000	5,142	0.07
Ukraine 7.375% 25/09/2032 (USD)	4,600,000	3,702	0.05
Ukraine 7.75% 01/09/2023 (USD)	12,560,000	10,293	0.14
Ukraine 7.75% 01/09/2027 (USD)	1,380,000	1,139	0.02
Uzbek Industrial And Con 5.75% 2024	4,700,000	3,650	0.05
<b>Government Bonds - 11.57% (12.49%)</b>			
Australia 0.75% IL 21/11/2027	116,788,000	68,747	0.96
Australia 2.5% IL 20/09/2030	83,870,000	68,306	0.95
France 0.7% IL 25/07/2030	135,650,000	143,261	1.99
Germany 0.1% IL 15/04/2026	142,539,948	139,036	1.93
Japan (Govt) 0.1% CPI Linked 10/03/2027	28,986,800,000	210,940	2.93
US TII 0.625% 15/01/2026	239,800,000	202,099	2.81
<b>High Yield Credit - 3.74% (3.35%)</b>			
ACI Worldwide 5.75% 2026 144A	285,000	232	0.00
Adient 7% 2026 (144A)	150,000	123	0.00
Alcoa 7% 2026 144A	280,000	230	0.00
Antero Resources 5.375% 2021	317,000	228	0.00
Aramark 5% 2028 (144A)	293,000	233	0.00
Ardagh Packaging 6% 2025 (144A)	585,000	463	0.01

## Portfolio Statement as at 31 December 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Aroundtown Properties 5.25% 2023 Perp	500,000	392	0.01
Baillie Gifford High Yield Bond Fund C Acc <sup>1</sup>	25,240,000	98,714	1.37
BlackRock Floating Rate Income Trust	787,770	7,653	0.11
Catalent 4.875% 2026 (144A)	422,000	330	0.01
CCO Holdings 5.25% 2022	306,000	234	0.00
CCO Holdings 5.5% 2026 (144A)	375,000	298	0.01
Cemex 6% 2024	280,000	217	0.00
Centurylink 7.6% 2039	497,000	392	0.01
Cheniere Corpus Christi 5.125% 2027	348,000	291	0.01
Cincinnati Bell 7% 2024 (144A)	240,000	190	0.00
Cincinnati Bell 8% 2025 (144A)	350,000	279	0.00
Cirsa 7.875% 2023 (144A)	280,000	224	0.00
Cogent Communications 5.375% 2022 (144A)	290,000	230	0.00
Colfax 6% 2024 144A	360,000	289	0.00
Consolidated Energy 6.875% 2025 (144A)	450,000	324	0.01
Darling Ingredients 5.25% 2027 (144A)	436,000	350	0.01
Dell 7.1% 2028	530,000	477	0.01
Enviva Partners 6.5% 2026 (144A)	531,000	429	0.01
First Cash 5.375% 2024 (144A)	548,000	431	0.01
FMG Resources 4.75% 2022 (144A)	345,000	269	0.00
Freeport McMoran 3.55% 2022	286,000	219	0.00
Freeport McMoran 4.55% 2024	220,000	176	0.00
Frontdoor 6.75% 2026 144A	338,000	278	0.00
Graham Holdings 5.75% 2026 (144A)	421,000	339	0.01
Hanesbrands 4.625% 2024 (144A)	264,000	210	0.00
Hanesbrands 4.875% 2026 (144A)	235,000	188	0.00
HCA 5.875% 2026	592,000	508	0.01
Henderson Secured Loans Fund	9,604,000	18,132	0.25
Herbalife Nutrition 7.25% 2026 144A	416,000	333	0.01
International Game Tech 6.5% 2025 (144A)	370,000	314	0.01
Invesco Senior Income Trust	1,513,749	4,879	0.07
IQVIA 5% 2026 (144A)	342,000	273	0.00
James Hardie 4.75% 2025 (144A)	420,000	329	0.01
JBS 5.75% 2025 (144A)	413,000	323	0.01
Jefferies Finance 6.25% 2026 (144A)	395,000	312	0.01



## Portfolio Statement as at 31 December 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
L Brands 6.875% 2035	265,000	180	0.00
LABL 6.75% 2026 (144A)	302,000	242	0.00
Land O'Lakes 7.45% 2028 (144A)	327,000	277	0.00
Liberty Interactive 4% 2029 Convertible	472,000	249	0.00
Liberty Latin America 6.75% 2027 (144A)	310,000	249	0.00
Matador Resources 5.875% 2026	385,000	291	0.01
Match.com 5% 2027 144A	289,000	227	0.00
Match.com 5.625% 2029 144A	58,000	47	0.00
Mednax 5.25% 2023 (144A)	315,000	243	0.00
Meritor 6.25% 2024	389,000	301	0.01
Merlin Entertainments 5.75% 2026 (144A)	200,000	165	0.00
Merlin Entertainments 6.625% 2027 (144A)	310,000	246	0.00
Millicom 6% 2025 144A	280,000	217	0.00
Millicom 6.625% 2026 (144A)	200,000	167	0.00
Mueller Water Products 5.5% 2026 144A	284,000	226	0.00
NB Distressed Debt Investment Fund EL	10,757,610	5,847	0.08
NB Global Floating Rate Income Fund	19,762,300	18,339	0.26
Neptune 6.625% 2025	300,000	227	0.00
Netflix 4.375% 2026 Reg S	415,000	320	0.01
Netflix 4.875% 2028	358,000	281	0.00
NN (L) Flex Senior Loans	609	38,535	0.54
Nuveen Senior Income Fund	376,702	1,695	0.02
OCI 5.25% 2024 (144A)	310,000	243	0.00
Penske Automotive Group 5.5% 2026	235,000	186	0.00
Pioneer Floating Rate Trust	541,036	4,452	0.06
PTC 6% 2024	275,000	217	0.00
QVC 4.375% 2023	265,000	206	0.00
Range Resources 4.875% 2025	630,000	407	0.01
Sally 5.625% 2025	307,000	243	0.00
Scientific Games 5% 2025 144A	297,000	235	0.00
Scientific Games 8.25% 2026 (144A)	350,000	290	0.00
Sealed Air 5.5% 2025 (144A)	248,000	206	0.00
Sensata Technologies 5% 2025 (144A)	283,000	232	0.00
Sequoia Economic Infrastructure Income Fund	32,442,451	37,763	0.53
Service Corporation International 5.125% 2029	300,000	240	0.00

## Portfolio Statement as at 31 December 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Sirius Radio 5.375% 2025 (144A)	435,000	340	0.01
Six Flags 4.875% 2024 (144A)	289,000	226	0.00
SNF 4.875% 2025(144A)	570,000	449	0.01
Sprint 7.25% 2021	278,000	222	0.00
Sprint 7.625% 2026	280,000	233	0.00
SQN Asset Finance Income Fund	10,320,773	8,504	0.12
SQN Asset Finance Income Fund C Shares	1,991,771	1,713	0.02
Stars Group 7% 2026 144A	472,000	386	0.01
Sunpower 4% 2023 Convertible	169,000	104	0.00
SWM 6.875% 2026 (144A)	290,000	236	0.00
Telecom Italia 7.2% 2036	220,000	196	0.00
Townsquare 6.5% 2023 (144A)	311,000	238	0.00
TransDigm Gp 6.25% 2026 144A	575,000	469	0.01
TTM Technologies 5.625% 2025 144A	282,000	220	0.00
Verisign 5.25% 2025	480,000	401	0.01
Vermilion Energy 5.625% 2025 (144A)	466,000	332	0.01
Virgin Media 5.5% 2026 (144A)	437,000	344	0.01
Weight Watchers 8.625% 2025 (144A)	369,000	295	0.01
Wolverine 5% 2026 (144a)	455,000	349	0.01
XPO Logistics 6.5% 2022 (144A)	183,000	141	0.00
<b>Infrastructure - 8.98% (10.31%)</b>			
3i Infrastructure	5,517,578	16,222	0.23
BBGI	28,522,451	47,490	0.66
Bluefield Solar Income Fund	8,374,472	11,808	0.16
EDP Renovaveis	2,841,300	24,990	0.35
Foresight Solar Fund	30,666,500	38,486	0.54
Greencoat Renewables	17,031,376	17,173	0.24
Greencoat UK Wind	13,158,200	19,737	0.27
HICL Infrastructure Plc	65,643,900	111,988	1.56
Hydro One	1,763,600	25,645	0.36
International Public Partnerships	35,044,144	58,454	0.81
Italgas S.p.A	3,331,200	15,360	0.21
John Laing Environmental Assets Group	9,400,000	11,374	0.16
John Laing Group	20,526,000	77,999	1.08

## Portfolio Statement as at 31 December 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Keppel Infrastructure Trust	49,575,800	15,029	0.21
Korea Electric Power	727,800	13,183	0.18
NextEnergy Solar Fund	30,666,500	38,026	0.53
Octopus Renewables Infrastructure	11,208,000	11,993	0.17
Renewables Infrastructure Group	32,272,210	44,665	0.62
Tenaga Nasional	5,055,600	12,352	0.17
TerraForm Power	1,625,000	18,854	0.26
US Solar Fund	19,252,300	15,114	0.21
<b>Insurance Linked - 3.03% (3.47%)</b>			
Blue Capital Global Reinsurance Fund	10,010,000	701	0.01
Blue Capital Reinsurance Holdings Fund	618,438	3,202	0.04
Caelus Re V Limited 2018-1 C <sup>2</sup>	9,000,000	5,961	0.08
Caelus Re V Limited 2018-1 D <sup>2</sup>	4,000,000	2,144	0.03
CatCo Reinsurance Opportunities Fund C Shares 2017	17,687,200	4,993	0.07
CatCo Reinsurance Opportunity Fund	33,465,558	5,558	0.08
Frontline Re 2018-1 A <sup>2</sup>	11,500,000	7,075	0.10
Galileo Re Ltd 2019 C (144A) <sup>2</sup>	10,000,000	7,557	0.10
Golden State Re II 2018-1A <sup>2</sup>	20,622,000	15,574	0.22
Horse Capital 1 B <sup>2</sup>	6,000,000	5,191	0.07
Horse Capital 1 C <sup>2</sup>	12,750,000	11,241	0.16
IBRD CAR 111-Class A <sup>2</sup>	18,000,000	13,619	0.19
IBRD CAR 112-Class B <sup>2</sup>	6,500,000	4,784	0.07
Kilimanjaro II Re 2017-1 C <sup>2</sup>	31,572,000	23,594	0.33
Kilimanjaro II Re 2017-2 C <sup>2</sup>	20,229,000	15,117	0.21
Manatee Re II 2018-1 - A <sup>2</sup>	14,730,000	11,100	0.15
Manatee Re II 2018-1 - B <sup>2</sup>	3,500,000	2,645	0.04
Mona Lisa Re 2020-1A <sup>2</sup>	8,000,000	6,039	0.08
Northshore Re II 2019 A <sup>2</sup>	6,500,000	4,960	0.07
Operational Re A <sup>2</sup>	11,000,000	8,467	0.12
Operational Re B <sup>2</sup>	11,000,000	8,510	0.12
Operational Re II 2018 A <sup>2</sup>	5,000,000	3,820	0.05
Operational Re II 2018 B <sup>2</sup>	10,000,000	7,639	0.11
Residential Re Ltd 2018-I Class 11 <sup>2</sup>	8,250,000	50	0.00
Sanders Re 2018-1 A <sup>2</sup>	17,500,000	12,067	0.17

## Portfolio Statement as at 31 December 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Sanders Re 2019-1 B <sup>2</sup>	14,000,000	9,461	0.13
Vitality Re VII A <sup>2</sup>	13,748,000	10,376	0.14
Vitality Re VII B <sup>2</sup>	9,000,000	6,792	0.09
<b>Listed Equities - 22.41% (18.92%)</b>			
Amundi MSCI Europe Value Factor ETF	715,000	140,604	1.96
Baillie Gifford Global Alpha Growth Fund C Acc <sup>1</sup>	108,402,000	383,635	5.33
Baillie Gifford Global Income Growth Fund C Acc <sup>1</sup>	22,447,000	378,232	5.26
Baillie Gifford LTGG Investment Fund C Acc <sup>1</sup>	39,111,225	276,047	3.84
Baillie Gifford Pacific Fund C Acc <sup>1</sup>	11,860,000	105,803	1.47
Baillie Gifford Worldwide Japanese Fund C Acc GBP <sup>1</sup>	9,990,000	202,369	2.81
China A Shares ETC - CSI 300	594,633	56,557	0.79
China A Shares ETC - CSI 500	539,673	51,659	0.72
Fondul Proprietatea GDR	1,624,877	16,804	0.23
<b>Other Bonds - 2.11% (2.11%)</b>			
Baillie Gifford Worldwide Global Credit Fund C Acc USD <sup>1</sup>	12,620,000	152,036	2.11
<b>Private Equity - 0.26% (0.55%)</b>			
Better Capital	1,691,354	795	0.01
Eurovestech <sup>2</sup>	1,356,949	54	0.00
HarbourVest Global Private Equity	200,138	3,583	0.05
NB Private Equity Partners (USD)	1,243,542	14,315	0.20
<b>Property - 10.57% (7.46%)</b>			
ADO Properties	226,400	6,162	0.09
British Land	16,341,500	104,095	1.45
Covivio REIT	158,059	13,459	0.19
Deutsche Wohnen	3,189,400	98,449	1.37
Ediston Property Investment Company	12,296,765	10,772	0.15
Gecina	227,457	30,759	0.43
Hammerson	28,030,300	86,530	1.20
Hibernia	31,619,400	37,776	0.52
Icade	416,100	34,076	0.47

## Portfolio Statement as at 31 December 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Immobiliare	2,162,810	11,362	0.16
Impact Healthcare REIT	13,420,897	14,495	0.20
Invista 9% 2016 Pref <sup>3</sup>	23,800	-	0.00
Land Securities	11,712,800	115,933	1.61
LEG Immobilien	264,000	23,599	0.33
LondonMetric Property	14,404,660	34,053	0.47
LXi REIT	15,916,065	22,219	0.31
Merlin Properties	1,670,100	18,057	0.25
Target Healthcare REIT	15,813,200	18,264	0.25
Terra Catalyst Fund	1,462,970	384	0.01
Tritax Big Box REIT	17,556,000	26,106	0.36
UK Commercial Property Trust	20,155,500	17,838	0.25
Vastned Retail	498,100	11,269	0.16
Vonovia SE	601,900	24,459	0.34
<b>Special Opportunities - 0.55% (0.63%)</b>			
Amedeo Air Four Plus Limited	30,857,477	23,298	0.32
Doric Nimrod Air Two	5,019,945	7,028	0.10
DP Aircraft I	16,197,000	9,353	0.13
Juridica Investments	8,404,904	126	0.00
<b>Structured Finance - 4.92% (4.12%)</b>			
ACCUN 3X C <sup>2</sup>	2,700,000	2,236	0.03
ALME 4X CR <sup>2</sup>	4,000,000	3,305	0.05
ALME 5X DR <sup>2</sup>	3,900,000	3,296	0.05
ARESE 9X D <sup>2</sup>	1,000,000	817	0.01
ARMDA 1X DNVE <sup>2</sup>	3,000,000	2,517	0.04
BABSE 2018-3X D <sup>2</sup>	3,500,000	2,960	0.04
BLUME 2016-1X DR <sup>2</sup>	3,000,000	2,428	0.03
CADOG 12X C <sup>2</sup>	2,000,000	1,686	0.02
CGMSE 2014-1X DRN <sup>2</sup>	1,200,000	996	0.01
CGMSE 2014-3X CR <sup>2</sup>	3,000,000	2,415	0.03
CGMSE 2016-1X DR <sup>2</sup>	3,750,000	3,034	0.04
CGMSE 2018-2X C <sup>2</sup>	2,500,000	2,102	0.03
CRNCL 2016-6X DR <sup>2</sup>	2,750,000	2,330	0.03

## Portfolio Statement as at 31 December 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Galene Fund	580,400	89,730	1.25
GLGE 1X CRR <sup>2</sup>	2,000,000	1,585	0.02
GLME 2X D <sup>2</sup>	5,500,000	4,538	0.06
HARVT 9X DRE <sup>2</sup>	4,000,000	3,379	0.05
HLAE 2016-1X DR <sup>2</sup>	5,000,000	4,184	0.06
HOLPK 1X CRR <sup>2</sup>	3,300,000	2,796	0.04
HSBC Global Asset Backed High Yield Bond Fund	4,222,401	39,006	0.54
JUBIL 2016-17X CR <sup>2</sup>	4,000,000	3,369	0.05
JUBIL 2017-19X D <sup>2</sup>	2,800,000	2,295	0.03
JUBIL 2018-20X DNE <sup>2</sup>	2,500,000	2,060	0.03
Metreta Fund	1,139,100	133,377	1.86
MILPK 1X D <sup>2</sup>	3,000,000	2,370	0.03
MRLPK 1X C <sup>2</sup>	2,000,000	1,610	0.02
NEWH 1X DR <sup>2</sup>	3,500,000	2,966	0.04
OCPE 2017-1X DR <sup>2</sup>	3,000,000	2,542	0.04
OCPE 2017-2X C <sup>2</sup>	1,000,000	838	0.01
OHECP 2018-7X E <sup>2</sup>	2,000,000	1,593	0.02
PENTA 2018-4X C <sup>2</sup>	1,000,000	829	0.01
RPARK 1X DRRE <sup>2</sup>	3,000,000	2,504	0.04
TwentyFour Income Fund	19,641,314	21,900	0.31
<b>Derivatives - 0.80% (-1.36%)</b>			
Forward currency contracts (see Table 1)		57,800	0.80
Futures contracts (see Table 2)		-	0.00
<b>Portfolio of investments</b>		<b>6,539,547</b>	<b>90.91</b>



## Portfolio Statement as at 31 December 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
<b>Cash Equivalents - 6.69% (1.12%)</b>			
UK T Bill 17/02/2020	134,500,000	134,369	1.87
UK T Bill 30/03/2020	106,000,000	105,804	1.47
UK T Bill 11/05/2020	142,000,000	141,594	1.97
UK T Bill 15/06/2020	100,000,000	99,685	1.38
<b>Other Assets - 2.40% (9.33%)</b>		<b>172,366</b>	<b>2.40</b>
<b>Net assets</b>		<b>7,193,365</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 2018.

## Portfolio Statement as at 31 December 2019 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	15/01/20	GBP	271,841,665	EUR	302,400,000	15,483	0.22
Barclays	15/01/20	GBP	176,614,503	USD	218,500,000	11,749	0.16
Barclays	22/01/20	GBP	297,116,543	KRW	466,000,000,000	(7,352)	(0.10)
Barclays	23/01/20	GBP	40,731,679	USD	52,544,000	1,095	0.02
Barclays	23/01/20	GBP	70,449,140	ZAR	1,330,000,000	(1,081)	(0.01)
Barclays	12/02/20	GBP	283,998,212	EUR	325,000,000	8,219	0.11
Barclays	27/02/20	JPY	9,800,000,000	GBP	75,714,498	(7,531)	(0.10)
Barclays	27/02/20	SEK	440,070,000	GBP	35,345,236	183	0.00
Barclays	11/03/20	GBP	225,709,174	EUR	267,000,000	(1,093)	(0.02)
Barclays	19/03/20	GBP	71,305,070	KRW	108,000,000,000	728	0.01
Barclays	25/03/20	GBP	52,509,461	EUR	62,000,000	(182)	0.00
Barclays	25/03/20	GBP	176,432,111	USD	232,000,000	1,711	0.02
Citigroup	15/01/20	GBP	210,215,366	THB	8,400,000,000	(1,457)	(0.02)
Citigroup	23/01/20	BRL	4,000,000	GBP	764,474	(15)	0.00
Citigroup	23/01/20	GBP	37,562,696	USD	48,456,000	1,010	0.01
Citigroup	23/01/20	GBP	37,078,495	ZAR	700,000,000	(569)	(0.01)
Citigroup	13/02/20	GBP	34,524,857	TRY	263,000,000	1,556	0.02
Citigroup	13/02/20	GBP	35,659,694	USD	46,000,000	977	0.01
Citigroup	26/02/20	GBP	52,488,778	USD	68,000,000	1,237	0.02
Citigroup	27/02/20	BRL	68,000,000	GBP	12,324,199	389	0.01
Citigroup	19/03/20	RUB	14,840,000,000	GBP	180,075,779	(1,789)	(0.02)
Citigroup	25/03/20	GBP	38,958,633	EUR	46,000,000	(135)	0.00
Deutsche Bank	22/01/20	GBP	33,792,225	KRW	53,000,000,000	(836)	(0.01)
Deutsche Bank	23/01/20	GBP	73,451,896	EUR	81,200,000	4,596	0.06
HSBC	15/01/20	GBP	165,406,302	EUR	184,000,000	9,421	0.13
HSBC	22/01/20	GBP	20,402,854	KRW	32,000,000,000	(505)	(0.01)
HSBC	23/01/20	BRL	706,000,000	GBP	134,929,767	(2,634)	(0.04)
JP Morgan Chase	15/01/20	GBP	424,250,905	CHF	551,000,000	(5,529)	(0.08)
JP Morgan Chase	15/01/20	JPY	31,100,000,000	GBP	218,480,193	(2,373)	(0.03)
JP Morgan Chase	23/01/20	IDR	2,590,000,000,000	GBP	144,977,663	(4,139)	(0.06)

## Portfolio Statement as at 31 December 2019 cont.

Counterparty	Settlement	Buy	Buy Amount	Sell	Sell Amount	Unrealised gains/(losses) £'000	% of total net assets
JP Morgan Chase	29/01/20	GBP	49,420,774	USD	62,000,000	2,659	0.04
JP Morgan Chase	06/02/20	GBP	105,714,835	RON	588,000,000	1,885	0.03
JP Morgan Chase	13/02/20	GBP	34,884,483	USD	45,000,000	956	0.01
JP Morgan Chase	27/02/20	GBP	36,242,724	USD	47,000,000	819	0.01
JP Morgan Chase	11/03/20	GBP	171,881,925	USD	223,000,000	3,875	0.05
National Australia Bank	15/01/20	GBP	150,582,400	AUD	289,000,000	(2,760)	(0.04)
National Australia Bank	26/02/20	GBP	209,955,114	USD	272,000,000	4,946	0.07
National Australia Bank	27/02/20	GBP	71,066,894	EUR	83,000,000	601	0.01
Royal Bank of Canada	23/01/20	GBP	145,416,962	CAD	242,000,000	4,621	0.06
Royal Bank of Canada	23/01/20	GBP	18,181,889	EUR	20,500,000	798	0.01
Royal Bank of Canada	23/01/20	USD	22,960,000	GBP	18,410,317	(1,090)	(0.02)
Royal Bank of Canada	12/02/20	GBP	152,659,964	EUR	174,700,000	4,418	0.06
Royal Bank of Canada	13/02/20	GBP	3,153,952	EUR	3,570,000	125	0.00
Royal Bank of Canada	13/02/20	USD	4,040,000	GBP	3,214,792	(169)	0.00
Royal Bank of Canada	27/02/20	GBP	393,164,985	CAD	686,000,000	(5,633)	(0.08)
Royal Bank of Canada	11/03/20	GBP	187,668,302	EUR	222,000,000	(909)	(0.01)
Royal Bank of Scotland	23/01/20	NOK	2,090,194,000	GBP	194,243,968	(14,790)	(0.21)
Royal Bank of Scotland	29/01/20	GBP	181,740,913	USD	228,000,000	9,777	0.14
Royal Bank of Scotland	12/02/20	GBP	323,594,603	USD	419,000,000	7,672	0.11
Royal Bank of Scotland	27/02/20	SEK	439,930,000	GBP	35,333,991	183	0.00
Royal Bank of Scotland	11/03/20	GBP	179,975,022	USD	233,500,000	4,057	0.06
Royal Bank of Scotland	25/03/20	GBP	193,923,223	USD	255,000,000	1,881	0.03
Standard Chartered Bank	15/01/20	GBP	191,568,131	USD	237,000,000	12,744	0.18
Unrealised gains/(losses) on open forward currency contracts						57,800	0.80

## Portfolio Statement as at 31 December 2019 cont.

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

Futures	Maturity	Notional	Unrealised gains/(losses) £'000	% of total net assets
Australia 10yr Bond Future March 2020	16/03/20	(1,784)	-	0.00
Euro Stoxx 50 Index Dividend Futures 20	18/12/20	3,796	-	0.00
Euro Stoxx 50 Index Dividend Futures 21	17/12/21	3,674	-	0.00
Euro Stoxx 50 Index Dividend Futures 22	16/12/22	5,766	-	0.00
Euro Stoxx 50 Index Dividend Futures 23	15/12/23	6,457	-	0.00
Euro Stoxx 50 Index Dividend Futures 24	20/12/24	5,166	-	0.00
Euro-Bobl Future March 2020	10/03/20	(738)	-	0.00
Euro-Bund Future March 2020	10/03/20	(711)	-	0.00
Euro-Oat 10yr Future March 2020	10/03/20	(1,276)	-	0.00
Japan 10yr Bond (OSE) Future March 2020	23/03/20	(212)	-	0.00
S&P 500 Index Future Mar 20	20/03/20	(488)	-	0.00
US 10 Year Note Future March 2020	31/03/20	(2,012)	-	0.00
Unrealised gains/(losses) on futures contracts			-	0.00

## Portfolio Statement as at 31 December 2019 cont.

### Breakdown of portfolio of investments

	2019		2018	
	Market value £'000	Percentage of total Fund	Market value £'000	Percentage of total Fund
Bonds - Direct	1,553,536	21.60	1,829,274	27.26
Bonds - Indirect	1,183,370	16.45	1,503,256	22.40
Commodities - Indirect	368,897	5.13	191,483	2.85
Derivatives	57,800	0.80	(91,416)	(1.36)
Equities - Direct	645,942	8.98	692,955	10.31
Equities - Indirect	1,969,886	27.38	1,385,417	20.64
Property - Indirect	760,116	10.57	500,327	7.46
Portfolio of investments	6,539,547	90.91	6,011,296	89.56

# Comparative Tables

## Comparative Table: A Accumulation Shares

	Financial Year Ended 31 December 2019 (pence per share)	Financial Year Ended 31 December 2018 (pence per share)	Financial Year Ended 31 December 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	185.65	196.93	185.29
Return before operating charges*	23.48	(8.07)	14.83
Operating charges	(3.19)	(3.21)	(3.19)
Return after operating charges*	20.29	(11.28)	11.64
Distributions	(2.78)	(3.75)	(2.33)
Retained distributions on accumulation shares	2.78	3.75	2.33
<b>Closing net asset value per share</b>	<b>205.94</b>	<b>185.65</b>	<b>196.93</b>
*After direct transaction costs of:	0.06	0.04	0.02
<b>Performance:</b>			
Return after charges	10.93%	(5.73)%	6.28%
<b>Other Information:</b>			
Closing net asset value (£'000)	514	467	818
Closing number of shares	249,700	251,315	415,495
Operating charges	1.61%	1.64%	1.65%
Direct transaction costs <sup>1</sup>	0.03%	0.02%	0.01%
<b>Prices:</b>			
Highest share price (pence)	207.1	200.5	198.1
Lowest share price (pence)	184.8	184.5	185.7

## Comparative Tables cont.

### Comparative Table: A Income Shares

	Financial Year Ended 31 December 2019 (pence per share)	Financial Year Ended 31 December 2018 (pence per share)	Financial Year Ended 31 December 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	161.74	175.04	166.67
Return before operating charges*	20.40	(7.14)	13.34
Operating charges	(2.77)	(2.84)	(2.87)
Return after operating charges*	17.63	(9.98)	10.47
Distributions on income shares	(2.41)	(3.32)	(2.10)
<b>Closing net asset value per share</b>	<b>176.96</b>	<b>161.74</b>	<b>175.04</b>
 *After direct transaction costs of:	 0.05	 0.03	 0.02
<b>Performance:</b>			
Return after charges	10.90%	(5.70)%	6.28%
<b>Other Information:</b>			
Closing net asset value (£'000)	11	25	34
Closing number of shares	6,420	15,584	19,429
Operating charges	1.61%	1.64%	1.65%
Direct transaction costs <sup>1</sup>	0.03%	0.02%	0.01%
<b>Prices:</b>			
Highest share price (pence)	179.4	178.2	177.9
Lowest share price (pence)	161.0	163.0	166.9



## Comparative Tables cont.

### Comparative Table: B1 Accumulation Shares

	Financial Year Ended 31 December 2019 (pence per share)	Financial Year Ended 31 December 2018 (pence per share)	Financial Year Ended 31 December 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	198.33	208.59	194.60
Return before operating charges*	25.16	(8.64)	15.62
Operating charges	(1.62)	(1.62)	(1.63)
Return after operating charges*	23.54	(10.26)	13.99
Distributions	(4.79)	(5.75)	(4.20)
Retained distributions on accumulation shares	4.79	5.75	4.20
<b>Closing net asset value per share</b>	<b>221.87</b>	<b>198.33</b>	<b>208.59</b>
*After direct transaction costs of:	0.06	0.04	0.02
<b>Performance:</b>			
Return after charges	11.87%	(4.92)%	7.19%
<b>Other Information:</b>			
Closing net asset value (£'000)	599,143	529,778	493,842
Closing number of shares	270,038,417	267,123,795	236,758,020
Operating charges	0.76%	0.78%	0.80%
Direct transaction costs <sup>1</sup>	0.03%	0.02%	0.01%
<b>Prices:</b>			
Highest share price (pence)	223.2	212.5	209.7
Lowest share price (pence)	197.5	197.1	195.1

## Comparative Tables cont.

### Comparative Table: B2 Accumulation Shares

	Financial Year Ended 31 December 2019 (pence per share)	Financial Year Ended 31 December 2018 (pence per share)	Financial Year Ended 31 December 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	198.92	209.21	195.19
Return before operating charges*	25.24	(8.64)	15.66
Operating charges	(1.62)	(1.65)	(1.64)
Return after operating charges*	23.62	(10.29)	14.02
Distributions	(4.81)	(5.78)	(4.20)
Retained distributions on accumulation shares	4.81	5.78	4.20
<b>Closing net asset value per share</b>	<b>222.54</b>	<b>198.92</b>	<b>209.21</b>
*After direct transaction costs of:	0.06	0.04	0.02
<b>Performance:</b>			
Return after charges	11.87%	(4.92)%	7.18%
<b>Other Information:</b>			
Closing net asset value (£'000)	2,505,244	2,835,552	3,196,950
Closing number of shares	1,125,774,639	1,425,485,112	1,528,119,902
Operating charges	0.76%	0.79%	0.80%
Direct transaction costs <sup>1</sup>	0.03%	0.02%	0.01%
<b>Prices:</b>			
Highest share price (pence)	223.8	213.1	210.4
Lowest share price (pence)	198.1	197.6	195.5

## Comparative Tables cont.

### Comparative Table: B Income Shares

	Financial Year Ended 31 December 2019 (pence per share)	Financial Year Ended 31 December 2018 (pence per share)	Financial Year Ended 31 December 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	161.76	175.12	166.74
Return before operating charges*	20.48	(7.20)	13.53
Operating charges	(1.32)	(1.35)	(1.40)
Return after operating charges*	19.16	(8.55)	12.13
Distributions on income shares	(3.90)	(4.81)	(3.75)
<b>Closing net asset value per share</b>	<b>177.02</b>	<b>161.76</b>	<b>175.12</b>
 *After direct transaction costs of:	 0.05	 0.03	 0.02
<b>Performance:</b>			
Return after charges	11.84%	(4.88)%	7.27%
<b>Other Information:</b>			
Closing net asset value (£'000)	374,760	343,129	220,321
Closing number of shares	211,708,799	212,121,741	125,814,222
Operating charges	0.76%	0.78%	0.80%
Direct transaction costs <sup>1</sup>	0.03%	0.02%	0.01%
<b>Prices:</b>			
Highest share price (pence)	180.6	178.4	178.9
Lowest share price (pence)	161.1	164.0	167.0

## Comparative Tables cont.

### Comparative Table: C Accumulation Shares

	Financial Year Ended 31 December 2019 (pence per share)	Financial Year Ended 31 December 2018 (pence per share)	Financial Year Ended 31 December 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	222.57	232.56	215.57
Return before operating charges*	28.31	(9.69)	17.33
Operating charges	(0.26)	(0.30)	(0.34)
Return after operating charges*	28.05	(9.99)	16.99
Distributions	(6.96)	(7.99)	(6.13)
Retained distributions on accumulation shares	6.96	7.99	6.13
<b>Closing net asset value per share</b>	<b>250.62</b>	<b>222.57</b>	<b>232.56</b>
*After direct transaction costs of:	0.07	0.05	0.02
<b>Performance:</b>			
Return after charges	12.60%	(4.30)%	7.88%
<b>Other Information:</b>			
Closing net asset value (£'000)	3,301,509	3,003,298	2,935,537
Closing number of shares	1,317,340,424	1,349,363,648	1,262,274,682
Operating charges	0.11%	0.13%	0.15%
Direct transaction costs <sup>1</sup>	0.03%	0.02%	0.01%
<b>Prices:</b>			
Highest share price (pence)	252.1	237.0	233.8
Lowest share price (pence)	221.6	221.1	215.9

## Comparative Tables cont.

### Comparative Table: C Income Shares

	Financial Period Ended 31 December 2019 (pence per share)
<b>Change in net assets per share:</b>	
Opening net asset value per share	242.60 <sup>2</sup>
Return before operating charges*	4.17
Operating charges	(0.03)
Return after operating charges*	4.14
Distributions on income shares	(0.67)
<b>Closing net asset value per share</b>	<b>246.07</b>
 *After direct transaction costs of:	 0.01
<b>Performance:</b>	
Return after charges	1.71%
<b>Other Information:</b>	
Closing net asset value (£'000)	412,184
Closing number of shares	167,506,148
Operating charges	0.11%
Direct transaction costs <sup>1</sup>	0.03%
<b>Prices:</b>	
Highest share price (pence)	248.2
Lowest share price (pence)	241.8

<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 C Income Shares were launched on 18 November 2019.

# Financial Statements

## Statement of Total Return for the year ended 31 December 2019

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	1		625,115		(533,735)
Revenue	3	210,752		239,047	
Expenses	4	(26,192)		(27,130)	
Net revenue before taxation		184,560		211,917	
Taxation	5	(3,324)		(3,724)	
Net revenue after taxation			181,236		208,193
Total return before distributions			806,351		(325,542)
Distributions	6		(181,294)		(208,213)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>625,057</b>		<b>(533,755)</b>

## Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 December 2019

	2019		2018	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>6,712,249</b>		<b>6,847,502</b>
Amounts receivable on issue of shares	418,261		823,483	
Amounts payable on cancellation of shares	(728,131)		(630,616)	
		(309,870)		192,867
Dilution adjustment		1,772		2,977
Change in net assets attributable to shareholders from investment activities		625,057		(533,755)
Retained distributions on accumulation shares		164,157		202,658
<b>Closing net assets attributable to shareholders</b>		<b>7,193,365</b>		<b>6,712,249</b>

## Financial Statements cont.

### Balance Sheet as at 31 December 2019

	Notes	2019 £'000	2018 £'000
<b>Assets:</b>			
Fixed assets:			
Investments	13	6,602,119	6,116,752
Current assets:			
Debtors	8	66,003	141,231
Cash and bank balances	9	192,037	496,195
Cash equivalents		481,452	74,910
<b>Total assets</b>		<b>7,341,611</b>	<b>6,829,088</b>
<b>Liabilities:</b>			
Investment liabilities	13	(62,572)	(105,456)
Creditors:			
Bank overdrafts	9	(5,946)	-
Distributions payable		(6,416)	(7,022)
Other creditors	10	(73,312)	(4,361)
<b>Total liabilities</b>		<b>(148,246)</b>	<b>(116,839)</b>
<b>Net assets attributable to shareholders</b>		<b>7,193,365</b>	<b>6,712,249</b>



# Notes to the Financial Statements

## 1 Net capital gains/(losses)

	2019			2018		
	Realised	Unrealised	Total	Realised	Unrealised	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Non-derivative securities	215,729	359,502	575,231	64,569	(382,548)	(317,979)
Derivative contracts	(82,770)	-	(82,770)	57,030	-	57,030
Forward currency contracts	74,253	57,800	132,053	(184,241)	(91,416)	(275,657)
Currency gains/(losses)	1,485	(866)	619	2,244	639	2,883
Custodian transaction costs			(18)			(12)
<b>Net capital gain/(losses)</b>			<b>625,115</b>			<b>(533,735)</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

	2019	2018
	£'000	£'000
<b>Purchases and transaction costs</b>		
Gross purchases of bonds excluding transaction costs <sup>1</sup>	940,259	1,412,919
Gross purchases of equities excluding transaction costs	647,194	354,476
Commissions	185	174
Taxes	1,369	99
<b>Total transaction costs on equity purchases<sup>2</sup></b>	<b>1,554</b>	<b>273</b>
Gross purchases of funds excluding transaction costs	489,208	457,048
Commissions on purchases of funds	110	163
Taxes on purchases of funds	-	-
<b>Total transaction costs on fund purchases<sup>2</sup></b>	<b>110</b>	<b>163</b>
<b>Purchases including transaction costs</b>	<b>2,078,325</b>	<b>2,224,879</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)

	2019	2018
	%	%
<b>Transaction costs as a percentage of principal amount</b>		
Commission on equity purchases	0.03	0.05
Taxes on equity purchases	0.21	0.03
Commission on fund purchases	0.02	0.04
Taxes on fund purchases	0.00	0.00
	2019	2018
	£'000	£'000
<b>Sales and transaction costs</b>		
Gross sales of bonds excluding transaction costs <sup>1</sup>	1,253,754	597,992
Gross sales of equities excluding transaction costs	393,492	241,754
Commissions	(207)	(75)
Taxes	(4)	(4)
<b>Total transaction costs on equity sales<sup>2</sup></b>	<b>(211)</b>	<b>(79)</b>
Gross sales of funds excluding transaction costs	701,322	1,165,171
Commissions on sales of funds	(102)	(104)
Taxes on sales of funds	(8)	(300)
<b>Total transaction costs on fund sales<sup>2</sup></b>	<b>(110)</b>	<b>(404)</b>
<b>Sales net of transaction costs</b>	<b>2,348,247</b>	<b>2,004,434</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).

	2019	2018
	%	%
<b>Transaction costs as a percentage of principal amount</b>		
Commission on equity sales	(0.05)	(0.03)
Taxes on equity sales	(0.00)	(0.00)
Commission on fund sales	(0.01)	(0.01)
Taxes on fund sales	(0.00)	(0.03)

## Notes to the Financial Statements cont.

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

	2019		2018	
	£'000		£'000	
Transaction cost on derivative contracts				
Commission on trading futures contracts	201		280	
	2019		2018	
	£'000	% of average NAV	£'000	% of average NAV
Portfolio transaction costs				
Commissions	805	0.01	796	0.01
Taxes	1,381	0.02	403	0.01
Total direct transaction costs	2,186	0.03	1,199	0.02
	2019		2018	
	%		%	
Average portfolio dealing spread	0.20		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. 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

	2019	2018
	£'000	£'000
UK dividends <sup>1</sup>	28,372	22,585
Overseas dividends <sup>1</sup>	46,972	58,389
Property income distributions <sup>1</sup>	16,845	9,162
Interest on debt securities <sup>1</sup>	115,930	146,480
Bank interest	1,723	1,257
Management fee rebates from third party funds	910	1,082
Underwriting commission	-	92
<b>Total revenue</b>	<b>210,752</b>	<b>239,047</b>

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

### 4 Expenses

	2019	2018
	£'000	£'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	24,977	25,041
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fee	545	745
Bank charges	649	1,302
	1,194	2,047
<b>Other expenses:</b>		
Audit fee	10	15
Professional fees	11	27
	21	42
<b>Total expenses</b>	<b>26,192</b>	<b>27,130</b>

## Notes to the Financial Statements cont.

### 5 Taxation

	2019	2018
	£'000	£'000
<b>Analysis of charge in the year</b>		
Corporation tax	-	-
Overseas tax	2,570	1,964
Irrecoverable tax on property income distributions	3,315	1,760
Prior year tax reclaims written off	296	-
Tax recovered on overseas dividends previously written off	(2,857)	-
<b>Total taxation</b>	<b>3,324</b>	<b>3,724</b>

The Fund is subject to corporation tax at 20% (2018: 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:

	2019	2018
	£'000	£'000
Net revenue/(expense) before taxation	184,560	211,917
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% (2018: 20%)	36,912	42,383
Effects of:		
Non-taxable UK dividends	(5,674)	(4,517)
Non-taxable overseas dividends	(9,100)	(11,271)
Non-taxable property income distributions	(3,369)	(1,832)
Non-dividend distributions	(18,758)	(24,756)
Overseas tax on dividends	1,993	1,132
Irrecoverable tax on property income distributions	3,315	1,760
Overseas tax on coupons	577	832
Prior year tax reclaims written off	296	-
Tax recovered on overseas dividends previously written off	(2,857)	-
Expense relief claimed on overseas tax	(11)	(7)
<b>Total taxation</b>	<b>3,324</b>	<b>3,724</b>

## Notes to the Financial Statements cont.

### 6 Distributions

	2019	2018
	£'000	£'000
Interim to 30 June	62,130	56,778
Final to 31 December	111,320	155,828
	<b>173,450</b>	<b>212,606</b>
Amounts deducted on cancellation of shares	12,758	8,615
Amounts added on issue of shares	(4,914)	(13,008)
<b>Total distributions</b>	<b>181,294</b>	<b>208,213</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

	2019	2018
	£'000	£'000
Net revenue after taxation for the year	181,236	208,193
Add expenses allocated to capital	1	-
Add distributable revenue brought forward	331	351
Less distributable revenue carried forward	(274)	(331)
<b>Net distributions for the year</b>	<b>181,294</b>	<b>208,213</b>

### 8 Debtors

	2019	2018
	£'000	£'000
Receivable for issue of shares	2,105	230
Sales awaiting settlement	29,194	2,854
Accrued income	16,247	20,831
Overseas tax recoverable	1,905	1,965
VAT recoverable	17	10
Collateral held by counterparties	16,375	115,140
Other debtors	160	201
<b>Total debtors</b>	<b>66,003</b>	<b>141,231</b>

## Notes to the Financial Statements cont.

### 9 Cash and bank balances

	2019	2018
	£'000	£'000
Sterling amounts held at clearing houses and brokers	-	3,215
Foreign amounts held at clearing houses and brokers	46,052	26,514
Sterling bank accounts	136,103	461,231
Foreign currency bank accounts	9,882	5,235
	192,037	496,195
Sterling amounts held at clearing houses and brokers overdrawn	(5,946)	-
<b>Total cash and bank balances</b>	<b>186,091</b>	<b>496,195</b>

### 10 Other creditors

	2019	2018
	£'000	£'000
Payable for cancellation of shares	240	1,444
Purchases awaiting settlement	19,873	70
Due to the ACD or associates	1,973	2,051
Due to the Depositary or associates	249	760
Collateral held on behalf of counterparty	50,945	-
Other accrued expenses	32	36
<b>Total other creditors</b>	<b>73,312</b>	<b>4,361</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.

	2019			2018		
	Purchases £'000	Sales £'000	Income £'000	Purchases £'000	Sales £'000	Income £'000
Baillie Gifford Emerging Markets Bond Fund C Acc	-	161,981	34,010	67,974	133,313	45,587
Baillie Gifford Global Alpha Growth Fund C Acc	-	75,715	4,681	-	84,168	4,278
Baillie Gifford Global Income Growth Fund C Acc	-	79,951	11,740	-	34,176	12,085
Baillie Gifford High Yield Bond Fund C Acc	136,500	85,334	4,202	-	36,910	1,440
Baillie Gifford Long Term Global Growth Investment Fund C Acc	-	4,727	884	-	-	307
Baillie Gifford Pacific Fund C Acc	-	1,880	1,179	-	-	838
Baillie Gifford Worldwide Global Credit Fund C Acc USD	-	2,915	-	-	67,766	-
Baillie Gifford Worldwide Japanese Fund C Acc GBP	-	48,703	-	-	33,709	3,196

#### 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:

	2019	2018
	%	%
ACD and associates of the ACD	0.76	0.71

### 12 Reconciliation of shares in issue

	2019						
	A Accumulation Shares	A Income Shares	B1 Accumulation Shares	B2 Accumulation Shares	B Income Shares	C Accumulation Shares	C Income Shares
Opening shares in issue	251,315	15,584	267,123,795	1,425,485,112	212,121,741	1,349,363,648	-
Shares issued	83,986	1,312	17,889,853	81,829,478	6,518,098	82,083,549	-
Shared cancelled	(67,358)	(10,476)	(14,822,302)	(159,017,221)	(14,941,146)	(141,755,675)	(23,019)
Shares converted	(18,243)	-	(152,929)	(222,522,731)	8,010,107	27,648,902	167,529,167
<b>Closing shares in issue</b>	<b>249,700</b>	<b>6,420</b>	<b>270,038,417</b>	<b>1,125,774,638</b>	<b>211,708,800</b>	<b>1,317,340,424</b>	<b>167,506,148</b>

## Notes to the Financial Statements cont.

### 13 Basis of valuation

	2019		2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices	2,548,078	-	2,275,799	-
Level 2: Observable market data	3,780,625	(62,572)	3,625,877	(105,456)
Level 3: Unobservable data	273,417	-	215,076	-
<b>Total</b>	<b>6,602,119</b>	<b>(62,572)</b>	<b>6,116,752</b>	<b>(105,456)</b>

### 14 Credit ratings

Rating Block	2019		2018	
	Market value £'000	Percentage of total Fund	Market value £'000	Percentage of total Fund
Investment Grade	1,113,080	15.47	1,108,876	16.52
High Yield	253,841	3.53	498,222	7.42
Unrated	186,615	2.59	222,176	3.31
Total Bonds - Direct	1,553,536	21.59	1,829,274	27.25
Other	5,639,829	78.41	4,882,975	72.75
<b>Net Assets</b>	<b>7,193,365</b>	<b>100.00</b>	<b>6,712,249</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 currency assets/(liabilities)			Net currency assets/(liabilities)		
	2019			2018		
	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Australian dollar	4,897	(16,291)	(11,394)	-	(291,422)	(291,422)
Brazilian real	-	145,758	145,758	-	7,237	7,237
Canadian dollar	-	(513,948)	(513,948)	-	20,934	20,934
Chilean peso	-	-	-	-	69,323	69,323
Colombian peso	5	-	5	5	121,999	122,004
Egyptian pound	-	11,559	11,559	28	10,461	10,489
Euro	27,204	(551,465)	(524,261)	14,641	(911,670)	(897,029)
Hungarian forint	-	-	-	-	(134,454)	(134,454)
Indian rupee	45	45,970	46,016	48	48,630	48,678
Indonesian rupiah	-	140,839	140,839	-	37,645	37,645
Japanese yen	942	495,231	496,174	363	84,962	85,325
Malaysian ringgit	-	12,352	12,352	-	(55,850)	(55,850)
Mexican peso	-	-	-	-	2,017	2,017
Norwegian krona	-	179,454	179,454	-	270,795	270,795
Peruvian nuevo sol	-	43,587	43,587	-	108,755	108,755
Romanian leu	-	(103,830)	(103,830)	-	-	-
Russian ruble	-	178,287	178,287	-	-	-
Singapore dollar	-	15,029	15,029	-	14,137	14,137
South African rand	-	(109,177)	(109,177)	-	23,165	23,165
South Korean won	-	(417,399)	(417,399)	-	(507,069)	(507,069)
Swedish krona	-	71,044	71,044	-	124	124
Swiss franc	-	(401,343)	(401,343)	-	166,164	166,164
Thai baht	-	(211,672)	(211,672)	-	-	-
Turkish lira	-	(32,968)	(32,968)	-	-	-
UK sterling	130,157	7,965,204	8,095,361	579,586	7,501,167	8,080,753
US dollar	22,840	(406,674)	(383,835)	16,665	(575,755)	(559,090)

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	2019				2018			
	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
Australian dollar	141,949	-	-	141,949	-	-	135,939	135,939
Australian dollar	3,031	-	-	3,031	-	-	-	-
Brazilian real	-	-	145,758	145,758	-	146,126	-	146,126
Canadian dollar	-	-	25,645	25,645	-	-	20,934	20,934
Chilean peso	-	-	-	-	-	-	69,323	69,323
Colombian peso	5	-	-	5	5	-	121,999	122,004
Egyptian pound	-	11,559	-	11,559	28	10,461	-	10,489
Euro	434,048	20,141	524,817	979,006	73,330	-	375,798	449,128
Indian rupee	45	45,970	-	46,016	48	48,630	-	48,678
Indonesian rupiah	-	-	140,839	140,839	-	37,645	-	37,645
Japanese yen	211,883	-	284,291	496,174	145,002	-	208,760	353,762
Malaysian ringgit	-	-	12,352	12,352	-	-	13,314	13,314
Mexican peso	-	-	-	-	24,301	-	-	24,301
Norwegian krona	-	-	179,454	179,454	-	-	270,795	270,795
Peruvian nuevo sol	-	43,587	-	43,587	-	40,774	67,982	108,756
Russian ruble	-	-	178,287	178,287	-	-	-	-
Singapore dollar	-	-	15,029	15,029	-	-	14,137	14,137
South African rand	-	-	-	-	-	23,165	-	23,165
South Korean won	-	-	13,183	13,183	-	-	17,301	17,301
Swedish krona	-	-	71,044	71,044	-	-	70,220	70,220
Swiss franc	-	28,437	-	28,437	29,498	-	136,666	166,164
UK sterling	1,153,981	481,452	8,017,516	9,652,949	1,620,393	74,910	7,542,264	9,237,567
US dollar	720,449	326,578	594,916	1,641,944	1,207,889	445,860	404,559	2,058,308

## Notes to the Financial Statements cont.

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

Currency	2019				2018			
	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	-	-	153,343	153,343	-	-	427,360	427,360
Brazilian real	-	-	-	-	-	-	138,889	138,889
Canadian dollar	-	-	539,594	539,594	-	-	-	-
Euro	-	-	1,503,266	1,503,266	1,455	-	1,344,701	1,346,156
Hungarian forint	-	-	-	-	-	-	134,454	134,454
Japanese yen	-	-	-	-	-	-	268,437	268,437
Malaysian ringgit	-	-	-	-	-	-	69,164	69,164
Mexican peso	-	-	-	-	-	-	22,285	22,285
Romanian leu	-	-	103,830	103,830	-	-	-	-
South African rand	-	-	109,177	109,177	-	-	-	-
South Korean won	-	-	430,582	430,582	-	-	524,370	524,370
Swedish krona	-	-	-	-	-	-	70,095	70,095
Swiss franc	-	-	429,780	429,780	-	-	-	-
Thai baht	-	-	211,672	211,672	-	-	-	-
Turkish lira	-	-	32,968	32,968	-	-	-	-
UK sterling	56,891	-	1,053,815	1,110,706	-	-	1,081,904	1,081,904
US dollar	268	-	2,025,510	2,025,778	4,818	-	2,612,580	2,617,398

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.

## Notes to the Financial Statements cont.

### 16 Derivative exposure

The exposure to derivative counterparties was:

Counterparty	2019					2018				
	Forward	Inflation	Interest	Cash	Total	Forward	Inflation	Interest	Cash	Total
	currency contracts £'000	rate swaps £'000	rate swaps £'000	collateral held £'000	exposure £'000	currency contracts £'000	rate swaps £'000	rate swaps £'000	collateral held £'000	exposure £'000
Barclays	39,168	-	-	(3,575)	35,593	3,636	-	-	-	3,636
Deutsche Bank	4,596	-	-	(4,945)	(349)	-	-	-	-	-
HSBC	9,421	-	-	(5,960)	3,461	1,316	-	-	-	1,316
JP Morgan Chase	10,194	-	-	-	10,194	-	-	-	-	-
National Australia Bank	5,547	-	-	(9,925)	(4,378)	4,943	-	-	-	4,943
Royal Bank of Canada	9,962	-	-	(1,990)	7,972	1,001	-	-	-	1,001
Royal Bank of Scotland	23,571	-	-	-	23,571	3,144	-	-	-	3,144
Standard Chartered Bank	12,744	-	-	(10,530)	2,214	-	-	-	-	-
CitiGroup	5,169	-	-	(14,020)	(8,851)	-	-	-	-	-

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:

	2019	2018
	£'000	£'000
<b>Cash collateral pledged on derivatives</b>		
Barclays	-	34,695
Deutsche Bank	-	11,020
HSBC	-	990
JP Morgan Chase	7,130	6,870
National Australia Bank	-	17,305
Royal Bank of Canada	-	8,370
Royal Bank of Scotland	9,245	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 2019 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum Limit	1000%	300%
Actual	227%	173%

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 2019

Group 1 : shares purchased prior to 1 January 2019

Group 2 : shares purchased 1 January 2019 to 30 June 2019

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 31.08.19)	Distribution (paid/accumulated 31.08.18)
	30.06.19 pence per share	30.06.19 pence per share	30.06.19 pence per share	30.06.18 pence per share
A Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
A Income				
Group 1	-	-	-	-
Group 2	-	-	-	-
B1 Accumulation				
Group 1	0.50000	-	0.50000	0.60000
Group 2	-	0.50000	0.50000	0.60000
B2 Accumulation				
Group 1	0.50000	-	0.50000	0.60000
Group 2	-	0.50000	0.50000	0.60000
B Income				
Group 1	0.40000	-	0.40000	0.50000
Group 2	-	0.40000	0.40000	0.50000
C Accumulation				
Group 1	1.00000	-	1.00000	0.70000
Group 2	0.22534	0.77466	1.00000	0.70000
C Income				
Group 1	-	-	-	n/a
Group 2	-	-	-	n/a

## Distribution Tables cont.

Final dividend distribution for the period ended 31 December 2019

Group 1 : shares purchased prior to 1 July 2019

Group 2 : shares purchased 1 July 2019 to 31 December 2019

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 28.02.20)	Distribution (paid/accumulated 28.02.19)
	31.12.19 pence per share	31.12.19 pence per share	31.12.19 pence per share	31.12.18 pence per share
A Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
A Income				
Group 1	-	-	-	-
Group 2	-	-	-	-
B1 Accumulation				
Group 1	0.76000	-	0.76000	0.71000
Group 2	-	0.76000	0.76000	0.71000
B2 Accumulation				
Group 1	0.49000	-	0.49000	0.63000
Group 2	-	0.49000	0.49000	0.63000
B Income				
Group 1	0.66000	-	0.66000	0.69000
Group 2	-	0.66000	0.66000	0.69000
C Accumulation				
Group 1	1.98000	-	1.98000	2.19000
Group 2	0.76381	1.21619	1.98000	2.19000
C Income				
Group 1	0.19000	-	0.19000	-
Group 2	0.19000	-	0.19000	-

## Distribution Tables cont.

### Interim Non-Dividend Distribution for the period ended 30 June 2019

Group 1 : shares purchased prior to 1 January 2019

Group 2 : shares purchased 1 January 2019 to 30 June 2019

	Net Revenue (non-dividend distribution)	Equalisation	Distribution (paid/accumulated 31.08.19)	Distribution (paid/accumulated 31.08.18)
	30.06.19 pence per share	30.06.19 pence per share	30.06.19 pence per share	30.06.18 pence per share
A Accumulation				
Group 1	1.00000	-	1.00000	1.00000
Group 2	0.94820	0.05180	1.00000	1.00000
A Income				
Group 1	1.00000	-	1.00000	1.00000
Group 2	0.85257	0.14743	1.00000	1.00000
B1 Accumulation				
Group 1	1.00000	-	1.00000	1.00000
Group 2	0.44808	0.55192	1.00000	1.00000
B2 Accumulation				
Group 1	1.00000	-	1.00000	1.00000
Group 2	0.53313	0.46687	1.00000	1.00000
B Income				
Group 1	1.00000	-	1.00000	1.00000
Group 2	0.39985	0.60015	1.00000	1.00000
C Accumulation				
Group 1	1.50000	-	1.50000	1.50000
Group 2	0.40409	1.09591	1.50000	1.50000
C Income				
Group 1	-	-	-	n/a
Group 2	-	-	-	n/a

## Distribution Tables cont.

### Final Non-Dividend Distribution for the period ended 31 December 2019

Group 1 : shares purchased prior to 1 July 2019

Group 2 : shares purchased 1 July 2019 to 31 December 2019

	Net Revenue (non-dividend distribution)	Equalisation	Distribution (paid/accumulated 28.02.20)	Distribution (paid/accumulated 28.02.19)
	31.12.19 pence per share	31.12.19 pence per share	31.12.19 pence per share	31.12.18 pence per share
A Accumulation				
Group 1	1.78000	-	1.78000	2.75000
Group 2	1.78000	-	1.78000	2.75000
A Income				
Group 1	1.41000	-	1.41000	2.32000
Group 2	1.41000	-	1.41000	2.32000
B1 Accumulation				
Group 1	2.53000	-	2.53000	3.44000
Group 2	1.88434	0.64566	2.53000	3.44000
B2 Accumulation				
Group 1	2.82000	-	2.82000	3.55000
Group 2	2.08543	0.73457	2.82000	3.55000
B Income				
Group 1	1.84000	-	1.84000	2.62000
Group 2	1.25587	0.58413	1.84000	2.62000
C Accumulation				
Group 1	2.48000	-	2.48000	3.60000
Group 2	1.15850	1.32150	2.48000	3.60000
C Income				
Group 1	0.48000	-	0.48000	-
Group 2	0.48000	-	0.48000	-

# 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 2019*



# Baillie Gifford Long Term Global Growth Investment Fund

## Investment Objective

The Fund aims to outperform (after deduction of costs) the FTSE All World Index, as stated in sterling, by at least 2.5% per annum over rolling five year periods.

## Investment Policy

The Fund will invest at least 90% in shares of companies anywhere in the world. The Fund will invest in companies in any sector which, typically at the time of purchase, have a market capitalisation of more than US\$2 billion. The Fund will be actively managed and will be concentrated, typically comprising 30 to 60 holdings.

## 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 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.

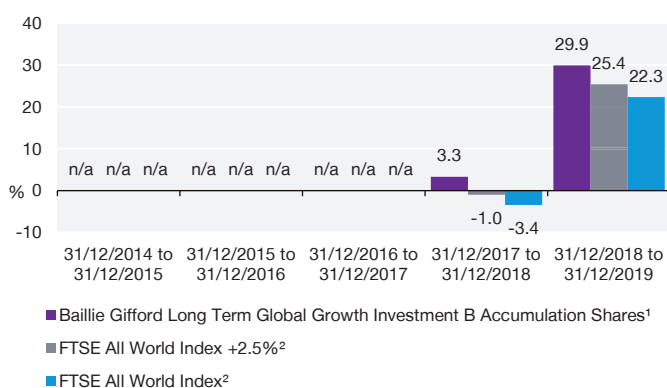
Where possible, charges are taken from the Fund's revenue. Where there is insufficient revenue, the remainder will be taken from capital. This will reduce the capital value of the Fund.

The process for the UK to exit 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 or visiting our website.

# Investment Report

## Past Performance



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 2019, the return on B Accumulation Shares was 28.9%<sup>3</sup> compared to the return on the FTSE All World Index (the 'Index') of 22.3%<sup>2</sup> and the Fund's target (the 'target return') of the Index +2.5% of 25.4%<sup>2</sup>. The investment objective of the Fund is to outperform the Index by at least 2.5% per annum over rolling five-year periods. As such, we believe that shorter-term performance measurements are of limited relevance in assessing investment ability, especially in the case of a new Fund such as this. We look forward to reporting to you on more meaningful performance time periods during the years to come.

During the year we acquired three new holdings for the Fund: Shopify, Pinduoduo and Peloton Interactive. Shopify provides e-commerce software for merchants of all sizes including payments, marketing, customer acquisition and most recently shipping services. Pinduoduo is a Chinese e-commerce website which has used WeChat to build a social shopping experience which has very interesting dynamics both for demand generation and supply-side management. Peloton Interactive is disrupting the global fitness market by using technology to stream workouts whilst building a strong subscription-based community.

These purchases were funded by complete sales of Under Armour, Atlas Copco, Baidu and Bluebird Bio. Under Armour has been a poor investment where we see no prospect of a recovery of domestic sales compounded by concerns over the company's culture. Atlas Copco and Baidu have both been good investments, but we think growth prospects going forward are not as strong. For Bluebird Bio, we have become more sanguine on their prospects of developing their innovative drugs into other therapeutic areas.

We have been pleased by the strong operational performance achieved by the companies across the portfolio. At a time of extreme macro noise such as the US/China trade war and political uncertainty across many geographies, we find that focusing on secular growth opportunities created by technological change is a valuable way to approach investment. Viewed through this long-term prism, we remain excited about the long-term potential of the portfolio.

*Mark A. Urquhart, 28 January 2020*

<sup>1</sup>Source: FE, 10am dealing prices, income accumulated. <sup>2</sup>Source: FE, StatPro and relevant underlying index provider, total return in sterling terms. The target return outperformance is compound daily therefore the index return plus the outperformance will not equal the target return. Please see Disclaimer on page 155. <sup>3</sup>Source: Baillie Gifford & Co Limited, closing net asset value, income accumulated. You should be aware that past performance is not a guide to future performance.



## Principal Holdings as at 31 December 2019

Investment	Percentage of total Fund
Amazon.com	7.70
Alibaba	7.30
Illumina	7.18
Tencent	6.89
Tesla Inc	6.17
Facebook	4.91
Kering	4.67
Alphabet Inc Class C	3.65
Netflix Inc	3.56
NVIDIA	3.51



## Material Portfolio Changes for the year ended 31 December 2019

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
Pinduoduo Inc ADR	35,995	Baidu.com ADR	46,197
Peloton Interactive Inc	30,469	Under Armour A	28,846
Shopify 'A'	29,335	Facebook	28,584
Spotify Technology SA	19,379	Bluebird Bio Inc	26,382
Meituan Dianping	16,194	Amazon.com	24,886
Amazon.com	15,134	Illumina	21,962
NVIDIA	14,559	Tencent	20,994
Illumina	13,016	Workday Inc	19,953
Tencent	12,016	Atlas Copco A	19,918
NIO Inc ADR	10,774	Alibaba	19,854

# Portfolio Statement as at 31 December 2019

Stock description	Holding	Market value £'000	% of total net assets
<b>Canada - 1.97% (0.00%)</b>			
Shopify 'A'	193,996	58,221	1.97
<b>China - 24.98% (24.07%)</b>			
Alibaba	1,346,937	215,662	7.30
Meituan Dianping	10,286,300	101,546	3.44
NetEase.com ADR	211,837	49,034	1.66
NIO Inc ADR	4,521,662	13,721	0.46
Pinduoduo Inc ADR	1,434,906	40,965	1.39
TAL Education Group ADR	1,882,329	68,487	2.32
Tencent	5,589,600	203,392	6.89
Trip.com Group	1,766,607	44,727	1.52
<b>France - 7.57% (7.41%)</b>			
Hermes International	93,647	52,862	1.79
Kering	278,090	137,891	4.67
L'Oreal	146,919	32,802	1.11
<b>Germany - 2.40% (2.17%)</b>			
Delivery Hero AG	1,125,234	67,369	2.28
Rocket Internet SE	190,396	3,572	0.12
<b>Hong Kong - 1.54% (1.65%)</b>			
AIA Group	5,735,200	45,450	1.54
<b>India - 1.93% (2.17%)</b>			
HDFC Corp	2,234,893	57,021	1.93
<b>Netherlands - 3.48% (2.48%)</b>			
ASML	460,284	102,688	3.48
<b>Spain - 2.32% (2.28%)</b>			
Inditex	2,571,895	68,536	2.32

## Portfolio Statement as at 31 December 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
<b>Sweden - 2.22% (2.48%)</b>			
Spotify Technology SA	579,290	65,369	2.22
<b>United States - 50.38% (54.31%)</b>			
Alphabet Inc Class C	106,873	107,756	3.65
Amazon.com	163,044	227,308	7.70
Atlassian Corp Plc	730,503	66,353	2.25
Dexcom Inc	432,710	71,451	2.42
Facebook	937,371	145,111	4.91
Illumina	846,706	211,934	7.18
Intuitive Surgical	185,704	82,821	2.81
Ionis Pharmaceuticals	849,248	38,694	1.31
Netflix Inc	430,394	105,085	3.56
NVIDIA	582,506	103,486	3.51
Peloton Interactive Inc	1,354,290	29,003	0.98
Salesforce.com	520,474	63,887	2.16
Tesla Inc	577,316	182,196	6.17
Workday Inc	422,089	52,397	1.77
<b>Portfolio of investments</b>		<b>2,916,797</b>	<b>98.79</b>
<b>Net other assets - 1.21% (0.98%)</b>		<b>35,795</b>	<b>1.21</b>
<b>Net assets</b>		<b>2,952,592</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 2018.

# Comparative Tables

## Comparative Table: B Accumulation Shares

	Financial Year Ended 31 December 2019 (pence per share)	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	496.73	475.06	391.75 <sup>1</sup>
Return before operating charges*	147.39	25.14	85.60
Operating charges	(3.75)	(3.47)	(2.29)
Return after operating charges*	143.64	21.67	83.31
Distributions	0.00	0.00	0.00
Retained distributions on accumulation shares	0.00	0.00	0.00
<b>Closing net asset value per share</b>	<b>640.37</b>	<b>496.73</b>	<b>475.06</b>
*After direct transaction costs of:	0.06	0.16	0.09
<b>Performance:</b>			
Return after charges	28.92%	4.56%	21.27%
<b>Other Information:</b>			
Closing net asset value (£'000)	611,289	563,053	77,869
Closing number of shares	95,458,492	113,351,306	16,391,215
Operating charges	0.65%	0.64%	0.69% <sup>3</sup>
Direct transaction costs <sup>4</sup>	0.01%	0.03%	0.02%
<b>Prices:</b>			
Highest share price (pence)	655.3	603.2	500.8
Lowest share price (pence)	487.5	469.2	382.9

## Comparative Tables cont.

### Comparative Table: B Income Shares

	Financial Period Ended 31 December 2019 (pence per share)
<b>Change in net assets per share:</b>	
Opening net asset value per share	584.00 <sup>2</sup>
Return before operating charges*	59.40
Operating charges	(2.56)
Return after operating charges*	56.84
Distributions on income shares	0.00
<b>Closing net asset value per share</b>	<b>640.84</b>
 *After direct transaction costs of:	 0.03
<b>Performance:</b>	
Return after charges	9.73%
<b>Other Information:</b>	
Closing net asset value (£'000)	30,337
Closing number of shares	4,733,742
Operating charges	0.93% <sup>2</sup>
Direct transaction costs <sup>4</sup>	0.01%
<b>Prices:</b>	
Highest share price (pence)	655.7
Lowest share price (pence)	533.5

## Comparative Tables cont.

### Comparative Table: C Accumulation Shares

	Financial Year Ended 31 December 2019 (pence per share)	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	543.97	517.00	424.26 <sup>1</sup>
Return before operating charges*	161.84	27.15	92.85
Operating charges	(0.19)	(0.18)	(0.11)
Return after operating charges*	161.65	26.97	92.74
Distributions	(2.31)	(1.70)	(1.25)
Retained distributions on accumulation shares	2.31	1.70	1.25
<b>Closing net asset value per share</b>	<b>705.62</b>	<b>543.97</b>	<b>517.00</b>
*After direct transaction costs of:	0.06	0.18	0.10
<b>Performance:</b>			
Return after charges	29.72%	5.22%	21.86%
<b>Other Information:</b>			
Closing net asset value (£'000)	2,267,191	1,795,345	2,971,656
Closing number of shares	321,303,706	330,046,195	574,789,231
Operating charges	0.03%	0.03%	0.03%
Direct transaction costs <sup>4</sup>	0.01%	0.03%	0.02%
<b>Prices:</b>			
Highest share price (pence)	722.0	659.1	544.7
Lowest share price (pence)	533.9	511.5	414.8

## Comparative Tables cont.

### Comparative Table: C Income Shares

	Financial Year Ended 31 December 2019 (pence per share)	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	502.35	478.93	393.97 <sup>1</sup>
Return before operating charges*	149.44	25.11	86.22
Operating charges	(0.17)	(0.11)	(0.10)
Return after operating charges*	149.27	25.00	86.12
Distributions on income shares	(2.12)	(1.58)	(1.16)
<b>Closing net asset value per share</b>	<b>649.50</b>	<b>502.35</b>	<b>478.93</b>
*After direct transaction costs of:			
	0.06	0.16	0.09
<b>Performance:</b>			
Return after charges	29.71%	5.22%	21.86%
<b>Other Information:</b>			
Closing net asset value (£'000)	43,775	57,354	61,722
Closing number of shares	6,739,843	11,417,120	12,887,340
Operating charges	0.03%	0.02%	0.03%
Direct transaction costs <sup>4</sup>	0.01%	0.03%	0.02%
<b>Prices:</b>			
Highest share price (pence)	666.7	610.6	505.8
Lowest share price (pence)	493.0	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>Class B Income Shares were launched on 1 May 2019. As at 31 December 2019 the ACD considered 0.65% to be a indicative rate for the ongoing charges figure.

<sup>3</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>4</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 2019

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	1		696,836		207,032
Revenue	3	11,318		9,961	
Expenses	4	(4,961)		(4,090)	
Net revenue before taxation		6,357		5,871	
Taxation	5	(368)		(151)	
Net revenue after taxation			5,989		5,720
Total return before distributions			702,825		212,752
Distributions	6		(7,473)		(7,745)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>695,352</b>		<b>205,007</b>

## Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 December 2019

	2019		2018	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>2,415,752</b>		<b>3,111,247</b>
Amounts receivable on issue of shares	283,997		226,480	
Amounts payable on cancellation of shares	(450,614)		(661,432)	
Stocks transferred out on cancellation of shares	-		(471,702)	
		(166,617)		(906,654)
Dilution adjustment		683		541
Change in net assets attributable to shareholders from investment activities		695,352		205,007
Retained distributions on accumulation shares		7,422		5,611
<b>Closing net assets attributable to shareholders</b>		<b>2,952,592</b>		<b>2,415,752</b>



## Financial Statements cont.

### Balance Sheet as at 31 December 2019

	Notes	2019 £'000	2018 £'000
<b>Assets:</b>			
Fixed assets:			
Investments	13	2,916,797	2,392,134
Current assets:			
Debtors	8	1,243	3,251
Cash and bank balances	9	37,879	21,212
<b>Total assets</b>		<b>2,955,919</b>	<b>2,416,597</b>
<b>Liabilities:</b>			
Creditors:			
Distributions payable		(143)	(180)
Other creditors	10	(3,184)	(665)
<b>Total liabilities</b>		<b>(3,327)</b>	<b>(845)</b>
<b>Net assets attributable to shareholders</b>		<b>2,952,592</b>	<b>2,415,752</b>

# Notes to the Financial Statements

## 1 Net capital gains/(losses)

	2019			2018		
	Realised	Unrealised	Total	Realised	Unrealised	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Non-derivative securities	47,373	651,308	698,681	272,559	(71,245)	201,314
Currency gains/(losses)	(1,772)	(69)	(1,841)	5,742	(20)	5,722
Custodian transaction costs			(4)			(4)
<b>Net capital gain/(losses)</b>			<b>696,836</b>			<b>207,032</b>

## 2 Purchases, sales and transaction costs

	2019	2018
	£'000	£'000
<b>Purchases and transaction costs</b>		
Gross purchases of equities excluding transaction costs	281,433	432,606
Commissions	85	429
Taxes	64	87
Total transaction costs on equity purchases <sup>1</sup>	149	516
<b>Purchases including transaction costs</b>	<b>281,582</b>	<b>433,122</b>

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

	2019	2018
	%	%
<b>Transaction costs as a percentage of principal amount</b>		
Commission on equity purchases	0.03	0.10
Taxes on equity purchases	0.02	0.02

## Notes to the Financial Statements cont.

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

	2019	2018
	£'000	£'000
<b>Sales and transaction costs</b>		
Sales of equity	456,225	850,732
Equity transferred out	-	467,621
Gross sales of equities excluding transaction costs	456,225	1,318,353
Commissions	(107)	(216)
Taxes	(51)	(77)
Total transaction costs on equity sales <sup>1</sup>	(158)	(293)
<b>Sales net of transaction costs</b>	<b>456,067</b>	<b>1,318,060</b>

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

	2019	2018
	%	%
<b>Transaction costs as a percentage of principal amount</b>		
Commission on equity sales	(0.02)	(0.02)
Taxes on equity sales	(0.01)	(0.01)

	2019		2018	
	£'000	% of average NAV	£'000	% of average NAV
<b>Portfolio transaction costs</b>				
Commissions	192	0.01	645	0.02
Taxes	115	0.00	164	0.01
<b>Total direct transaction costs</b>	<b>307</b>	<b>0.01</b>	<b>809</b>	<b>0.03</b>

	2019	2018
	%	%
Average portfolio dealing spread	0.03	0.06

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.

## Notes to the Financial Statements cont.

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

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

	2019	2018
	£'000	£'000
Overseas dividends	10,926	9,648
Bank interest	392	313
<b>Total revenue</b>	<b>11,318</b>	<b>9,961</b>

### 4 Expenses

	2019	2018
	£'000	£'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	4,276	3,476
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fee	217	304
Bank charges	452	296
	669	600
<b>Other expenses:</b>		
Audit fee	7	7
Professional fees	9	7
	16	14
<b>Total expenses</b>	<b>4,961</b>	<b>4,090</b>

### 5 Taxation

	2019	2018
	£'000	£'000
<b>Analysis of charge in the year</b>		
Corporation tax	-	-
Overseas tax	301	180
Prior year tax reclaims written off	416	-
Tax recoverable on overseas dividends	(349)	(29)
<b>Total taxation</b>	<b>368</b>	<b>151</b>

## Notes to the Financial Statements cont.

### 5 Taxation (continued)

The Fund is subject to corporation tax at 20% (2018: 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 2019, the Fund had excess management expenses of £8,986,000 (2018: £4,417,000) 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:

	2019	2018
	£'000	£'000
Net revenue/(expense) before taxation	6,357	5,871
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% (2018: 20%)	1,271	1,174
Effects of:		
Non-taxable overseas dividends	(2,185)	(1,930)
Overseas tax on dividends	301	180
Excess management expenses	914	756
Prior year tax reclaims written off	416	-
Tax recoverable on overseas dividends	(349)	(29)
<b>Total taxation</b>	<b>368</b>	<b>151</b>

### 6 Distributions

	2019	2018
	£'000	£'000
Final to 31 December	7,565	5,791
Amounts deducted on cancellation of shares	62	1,673
Amounts added on issue of shares	(154)	281
<b>Total distributions</b>	<b>7,473</b>	<b>7,745</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

	2019	2018
	£'000	£'000
Net revenue after taxation for the year	5,989	5,720
Add capital transfers for deficits of income	1,464	2,019
Add distributable revenue brought forward	29	35
Less distributable revenue carried forward	(9)	(29)
<b>Net distributions for the year</b>	<b>7,473</b>	<b>7,745</b>

## Notes to the Financial Statements cont.

### 8 Debtors

	2019	2018
	£'000	£'000
Receivable for issue of shares	263	2,272
Overseas tax recoverable	784	962
VAT recoverable	9	11
Other debtors	187	6
<b>Total debtors</b>	<b>1,243</b>	<b>3,251</b>

### 9 Cash and bank balances

	2019	2018
	£'000	£'000
Sterling bank accounts	25,348	19,653
Foreign currency bank accounts	12,531	1,559
<b>Total cash and bank balances</b>	<b>37,879</b>	<b>21,212</b>

### 10 Other creditors

	2019	2018
	£'000	£'000
Payable for cancellation of shares	1,514	152
Due to the ACD or associates	344	307
Due to the Depositary or associates	11	140
Capital gains tax provision	1,296	48
Other accrued expenses	19	18
<b>Total other creditors</b>	<b>3,184</b>	<b>665</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:

	2019	2018
	%	%
ACD and associates of the ACD	9.64	9.24

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

	2019			
	B Accumulation Shares	B Income Shares	C Accumulation Shares	C Income Shares
Opening shares in issue	113,351,306	-	330,046,195	11,417,120
Shares issued	30,344,811	1,373	17,044,761	-
Shares cancelled	(47,524,275)	(171)	(26,436,887)	-
Shares converted	(713,350)	4,732,540	649,637	(4,677,277)
<b>Closing shares in issue</b>	<b>95,458,492</b>	<b>4,733,742</b>	<b>321,303,706</b>	<b>6,739,843</b>

### 13 Basis of valuation

	2019	2018
	Assets	Assets
	£'000	£'000
Level 1: Quoted prices	2,916,797	2,392,134
Level 2: Observable market data	-	-
Level 3: Unobservable data	-	-
<b>Total</b>	<b>2,916,797</b>	<b>2,392,134</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 currency assets/(liabilities)			Net currency assets/(liabilities)		
	2019			2018		
	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Euro	12,381	465,720	478,101	-	346,495	346,495
Hong Kong dollar	-	350,387	350,387	-	262,828	262,828
Indian rupee	-	57,021	57,021	-	52,478	52,478
Swedish krona	-	-	-	-	18,418	18,418
UK sterling	25,348	-	25,348	19,653	-	19,653
US dollar	150	2,043,669	2,043,819	1,559	1,711,915	1,713,474

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 2019 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 2019

Group 1 : shares purchased prior to 1 January 2019

Group 2 : shares purchased 1 January 2019 to 31 December 2019

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 28.02.20)	Distribution (paid/accumulated 28.02.19)
	31.12.19 pence per share	31.12.19 pence per share	31.12.19 pence per share	31.12.18 pence per share
B Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
B Income				
Group 1	-	-	-	-
Group 2	-	-	-	-
C Accumulation				
Group 1	2.31000	-	2.31000	1.70000
Group 2	0.66454	1.64546	2.31000	1.70000
C Income				
Group 1	2.12000	-	2.12000	1.58000
Group 2	2.12000	-	2.12000	1.58000



# 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 2019*



# Baillie Gifford Multi Asset Growth Fund

## Investment Objective

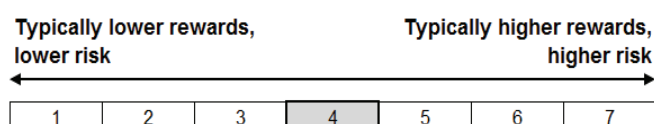
The Fund aims to achieve (after deduction of costs) an annualised return over five years that is 3.5% more than UK Base Rate; a positive return over three year periods; and annualised volatility of returns below 10%. There is no guarantee that a positive return will be achieved over three year periods, or any time period, and capital may be at risk.

## Investment Policy

The Fund will invest in a wide range of asset classes in any country or sector. At any one time, the Fund may be invested in any one or more of the following: shares, bonds, money market instruments, deposits and cash. This exposure may be achieved directly or indirectly through collective investment schemes. The Fund may also invest indirectly in property, infrastructure, commodities and loans. Currency forwards and derivatives, which are types of financial contracts, are used for both investment purposes and in the management of risk. The Fund will be exposed to foreign currencies. The Fund will be actively managed.

## Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential 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 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:

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 does not guarantee positive returns. It aims to limit the extent of loss in any short term period to a lower level than equities.

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.

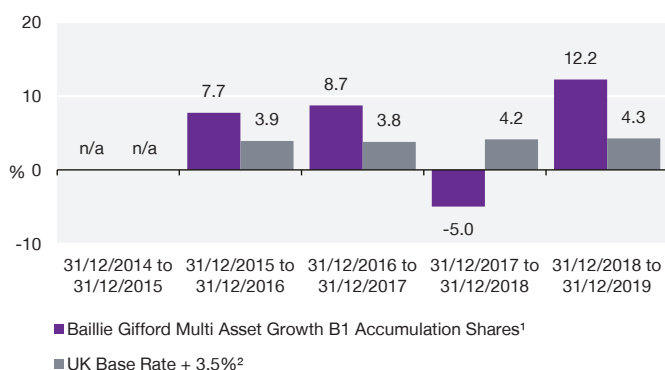
## Baillie Gifford Multi Asset Growth Fund cont.

The process for the UK to exit 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 or visiting our website.

# Investment Report

## Past Performance



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 2019, the return on B1 Accumulation Shares was 12.2%<sup>3</sup> compared to the UK Base Rate + 3.5% (the 'comparator') of 4.3%<sup>2</sup>. The investment objective of the Fund is to outperform the comparator over a rolling five-year period with annualised volatility of less than 10%. As such, we believe that shorter-term performance measurements are of limited relevance in assessing investment ability, especially in the case of a new Fund such as this. We look forward to reporting to you on more meaningful performance time periods during the years to come. The Fund also aims to achieve a positive return over three-year periods. The three-year return on B1 Accumulation Shares was 15.9%<sup>3</sup>.

The start of the year was dominated by concerns over declining global growth and trade, together with political headwinds. This had a negative impact on valuations across the majority of asset classes. A notable turning point was signalled by the US Federal Reserve as early as mid-January. Laying out a plan to effectively reverse its previously communicated monetary policy, the Federal Reserve's actions had an immediate effect of improving economic expectations. Other central banks followed suit, and asset prices started to climb.

The first quarter of the year saw a sharp rally across a broad range of investment markets, albeit from the low starting point inherited by the declines experienced at the end of 2018. However, the year was not without its ups and downs: the escalating trade rift between the US and China was a particularly acute risk; questions were also being asked about the efficacy of looser monetary policy to stimulate growth, and; the growing uncertainty regarding the UK's exit strategy from the EU.

After early additions to several of the more economically exposed asset classes in our opportunity set, our levels of enthusiasm for maintaining a reasonably high level of exposure to riskier assets started to fade. Over the course of the period, we became a little more defensive in our outlook, based on our appreciation of those economic and political risks as well as rising valuations.

Our view with regards the portfolio during the second and third quarters, therefore, was to make a series of small sales to those asset classes which had been performing well, and which were at the higher end of our expected risk profile. This included a reduction to emerging market government bonds, listed equities and infrastructure. At the same time, we added to the Fund's inflation protection, this time in Australian breakevens.

<sup>1</sup>Source: FE, 10am dealing prices, income accumulated. <sup>2</sup>Source: FE, StatPro and relevant underlying index provider, total return. Please see disclaimer on page 155. <sup>3</sup>Source: Baillie Gifford & Co Limited, closing net asset value, income accumulated. You should be aware that past performance is not a guide to future performance.

## Investment Report cont.

To achieve this, we bought Australian government inflation linked bonds and sold Australian government nominal bond futures. Such a position sits alongside similar breakeven positions we have in the portfolio, in the US, Europe and Japan, allowing us to clearly express our view that developed market inflation is too low.

As the year ended, positive sentiment was rediscovered. The prospect of a trade truce between the US and China, and the passing of a withdrawal agreement by a newly elected UK parliament helped to give us more confidence in the outlook for the global economy. The most notable change we made to the portfolio on the back of this improving outlook was an addition to listed equities, specifically European equities.

The main positive contributors to performance of the Fund over the period were listed equities, emerging market bonds, infrastructure and property. The latter two of these asset classes were beneficiaries of the improving political landscape in the UK, whilst equities and emerging market bonds climbed higher on the prospect of improving global trade. There were small negative contributions from some of the more defensive asset classes, including our allocation to externally-managed absolute return funds. These funds offer us protection against steadily declining global markets, and we would note their performance relative to other asset classes which did very well, particularly equity markets.

*Baillie Gifford & Co, 29 January 2020*

## Principal Holdings as at 31 December 2019

Investment	Percentage of total Fund
Baillie Gifford Emerging Markets Bond Fund C Acc <sup>1</sup>	7.28
Baillie Gifford Emerging Markets Leading Companies Fund C Acc <sup>1</sup>	5.54
US TII 0.125% 15/04/2020	4.91
Baillie Gifford European Fund C Acc <sup>1</sup>	4.80
Goldman Sachs Cross Asset Trend Portfolio	3.30
Japan (Govt) 0.1% CPI Linked 10/03/2027	3.02
Amundi MSCI Europe Value Factor ETF	2.97
Baillie Gifford Worldwide Japanese Fund C Acc GBP <sup>1</sup>	2.90
US TII 0.625% 15/01/2026	2.79
ETFS Nickel	2.73

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



## Material Portfolio Changes for the year ended 31 December 2019

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
US TII 0.125% 15/04/2020	104,166	Baillie Gifford Emerging Markets Bond Fund C Acc <sup>1</sup>	67,498
Baillie Gifford Emerging Markets Bond Fund C Acc <sup>1</sup>	96,977	US TII 0.125% 15/04/2019	57,833
Amundi MSCI Europe Value Factor ETF	60,721	US TII 0.625% 15/01/2026	37,275
BNP Paribas Nickel ETN	50,095	ETFS Brent Crude	33,397
France 0.7% IL 25/07/2030	38,553	Baillie Gifford Worldwide Japanese Fund C Acc GBP <sup>1</sup>	23,438
Germany 0.1% IL 15/04/2026	38,550	Baillie Gifford High Yield Bond Fund C Acc <sup>1</sup>	16,401
ETFS Brent Crude	35,238	HSBC Global Asset Backed High Yield Bond Fund	16,026
Baillie Gifford High Yield Bond Fund C Acc <sup>1</sup>	33,101	Brazil 0% 01/07/2021	15,601
Baillie Gifford Emerging Markets Leading Companies Fund C Acc <sup>1</sup>	26,876	ETFS Nickel	14,069
Deutsche Wohnen	26,781	Colombia 3.875% 25/04/2027 (USD)	6,865

<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 2019

Stock description	Holding	Market value £'000	% of total net assets
<b>Absolute Return - 4.30% (4.36%)</b>			
Credit Suisse Lux Multi-Trend Fund	28,300	20,265	1.00
Goldman Sachs Cross Asset Trend Portfolio	8,323,500	66,599	3.30
<b>Commodities - 5.13% (3.23%)</b>			
BNP Paribas Nickel ETN	748,310	48,545	2.40
ETFS Nickel	5,355,674	55,184	2.73
<b>Emerging Market Bonds - 13.12% (18.92%)</b>			
Argentina 6.875% 22/04/2021 (USD)	2,850,000	1,162	0.06
Baillie Gifford Emerging Markets Bond Fund C Acc <sup>1</sup>	72,974,444	147,189	7.28
Brazil 4.5% 30/05/2029 (USD)	3,500,000	2,800	0.14
Brazil 4.75% 14/01/2050 (USD)	1,850,000	1,380	0.07
Dominican Republic 6% 19/07/2028 (USD)	4,950,000	4,153	0.21
Dominican Republic 7.45% 30/04/2044 (USD)	3,100,000	2,821	0.14
Ecuador 10.75% 28/03/2022 (USD)	1,200,000	925	0.05
Ecuador 8.875% 23/10/2027 (USD)	4,450,000	3,095	0.15
Egypt 6.375% 11/04/31 EUR	2,500,000	2,263	0.11
Egypt 7.5% 31/01/2027 (USD)	2,000,000	1,683	0.08
Egypt 8.5% 31/01/2047 (USD)	1,500,000	1,256	0.06
Egypt T Bill 07/01/2020	44,200,000	2,073	0.10
Ethiopia 6.625% 2024 (USD)	1,200,000	979	0.05
Ghana 10.75% 14/10/2030 (USD)	1,900,000	1,834	0.09
Hungary 7.625% 29/03/2041 (USD)	2,250,000	2,795	0.14
India 8.6% 02/06/2028	1,020,500,000	11,943	0.59
Indonesia 5.25% 17/01/2042 (USD)	4,100,000	3,722	0.18
Indonesia 5.875% 15/01/2024 (USD)	2,900,000	2,476	0.12
Indonesia 7.5% 15/08/2032	20,500,000,000	1,110	0.06
Indonesia 8.75% 15/05/2031	54,287,000,000	3,258	0.16
Ivory Coast 5.25% 2030 (EUR)	2,500,000	2,157	0.11
Mexico 5.75% 12/10/2110 (USD)	1,968,000	1,757	0.09
Mongolia 8.75% 09/03/2024 (USD)	2,850,000	2,449	0.12
Namibia 5.5% 03/11/2021 (USD)	6,100,000	4,774	0.24
Nigeria 7.875% 16/02/2032 (USD)	2,372,000	1,854	0.09
OCP Morocco 4.5% 22/10/2025 (USD)	3,122,000	2,522	0.12

## Portfolio Statement as at 31 December 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
OCP Morocco 6.875% 25/04/44 (USD)	3,465,000	3,328	0.16
Peru 6.95% 12/08/2031	31,920	8,856	0.44
Petkim Petrokimya 5.875% 2023 (USD)	5,473,000	4,137	0.20
Petroleos Mexicanos 6.5% 13/03/2027	4,101,000	3,281	0.16
Qatar 4% 14/03/2029 (USD)	4,806,000	4,047	0.20
Qatar 4.817% 14/03/2049 (USD)	2,500,000	2,335	0.12
Republic Of Cameroon 9.5% 19/11/2025 (USD)	1,300,000	1,100	0.05
Russia 4.375% 21/03/2029 (USD)	6,400,000	5,369	0.27
Russia 5.25% 23/06/2047 (USD)	2,000,000	1,888	0.09
Tajikistan 7.125% 14/09/2027 (USD)	3,887,000	2,375	0.12
Transnet SOC 4% 26/07/2022 (USD)	5,344,000	4,100	0.20
Trinidad Petroleum Holdings 9.75% 2026 (144A)	1,300,000	1,094	0.05
Turkey 4.875% 16/04/2043	3,800,000	2,361	0.12
Ukraine 6.75% 20/06/2026 (EUR)	1,500,000	1,428	0.07
Ukraine 7.375% 25/09/2032 (USD)	1,400,000	1,127	0.06
Ukraine 7.75% 01/09/2023 (USD)	3,800,000	3,114	0.15
Uzbek Industrial And Con 5.75% 2024	1,300,000	1,010	0.05
<b>Government Bonds - 16.41% (12.65%)</b>			
Australia 0.75% IL 21/11/2027	30,400,000	17,895	0.88
Australia 2.5% IL 20/09/2030	25,332,000	20,631	1.02
France 0.7% IL 25/07/2030	36,800,000	38,865	1.92
Germany 0.1% IL 15/04/2026	38,879,988	37,924	1.87
Japan (Govt) 0.1% CPI Linked 10/03/2027	8,380,900,000	60,989	3.02
US TII 0.125% 15/04/2020	119,770,000	99,237	4.91
US TII 0.625% 15/01/2026	66,919,000	56,398	2.79
<b>High Yield Credit - 3.84% (2.45%)</b>			
ACI Worldwide 5.75% 2026 144A	318,000	259	0.01
Adient 7% 2026 (144A)	156,000	128	0.01
Alcoa 7% 2026 144A	200,000	165	0.01
Antero Resources 5.375% 2021	377,000	271	0.01
Aramark 5% 2028 (144A)	322,000	256	0.01
Ardagh Packaging 6% 2025 (144A)	325,000	257	0.01
Aroundtown Properties 5.25% 2023 Perp	500,000	392	0.02

## Portfolio Statement as at 31 December 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Baillie Gifford High Yield Bond Fund C Acc <sup>1</sup>	6,970,000	27,260	1.35
Catalent 4.875% 2026 (144A)	491,000	384	0.02
CCO Holdings 5.25% 2022	424,000	324	0.02
CCO Holdings 5.5% 2026 (144A)	410,000	325	0.02
Cemex 6% 2024	330,000	256	0.01
Centurylink 7.6% 2039	491,000	387	0.02
Cheniere Corpus Christi 5.125% 2027	387,000	323	0.02
Cincinnati Bell 7% 2024 (144A)	265,000	210	0.01
Cincinnati Bell 8% 2025 (144A)	390,000	311	0.01
Cirsa 7.875% 2023 (144A)	200,000	160	0.01
Cogent Communications 5.375% 2022 (144A)	325,000	258	0.01
Colfax 6% 2024 144A	398,000	320	0.02
Consolidated Energy 6.875% 2025 (144A)	535,000	386	0.02
Darling Ingredients 5.25% 2027 (144A)	484,000	389	0.02
Dell 7.1% 2028	575,000	518	0.03
Enviva Partners 6.5% 2026 (144A)	368,000	297	0.01
First Cash 5.375% 2024 (144A)	660,000	519	0.03
FMG Resources 4.75% 2022 (144A)	498,000	388	0.02
Freeport McMoran 3.55% 2022	337,000	258	0.01
Freeport McMoran 4.55% 2024	246,000	197	0.01
Frontdoor 6.75% 2026 144A	385,000	316	0.02
Graham Holdings 5.75% 2026 (144A)	487,000	392	0.02
Hanesbrands 4.625% 2024 (144A)	323,000	257	0.01
Hanesbrands 4.875% 2026 (144A)	245,000	196	0.01
HCA 5.875% 2026	601,000	516	0.03
Herbalife Nutrition 7.25% 2026 144A	403,000	322	0.02
International Game Tech 6.5% 2025 (144A)	490,000	415	0.02
Invesco Senior Income Trust	686,342	2,212	0.11
IQVIA 5% 2026 (144A)	410,000	327	0.02
James Hardie 4.75% 2025 (144A)	510,000	399	0.02
JBS 5.75% 2025 (144A)	488,000	381	0.02
Jefferies Finance 6.25% 2026 (144A)	470,000	372	0.02
L Brands 6.875% 2035	184,000	125	0.01
LABL 6.75% 2026 (144A)	325,000	261	0.01
Land O'Lakes 7.45% 2028 (144A)	284,000	241	0.01

## Portfolio Statement as at 31 December 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Liberty Interactive 4% 2029 Convertible	486,000	256	0.01
Liberty Latin America 6.75% 2027 (144A)	220,000	177	0.01
Matador Resources 5.875% 2026	429,000	325	0.02
Match.com 5% 2027 144A	412,000	324	0.02
Mednax 5.25% 2023 (144A)	337,000	260	0.01
Meritor 6.25% 2024	411,000	318	0.02
Merlin Entertainments 5.75% 2026 (144A)	200,000	165	0.01
Merlin Entertainments 6.625% 2027 (144A)	200,000	158	0.01
Millicom 6.625% 2026 (144A)	440,000	367	0.02
Mueller Water Products 5.5% 2026 144A	318,000	253	0.01
NB Global Floating Rate Income Fund	12,279,000	11,395	0.56
Neptune 6.625% 2025	400,000	302	0.01
Netflix 4.375% 2026 Reg S	338,000	261	0.01
Netflix 4.875% 2028	334,000	262	0.01
OCI 5.25% 2024 (144A)	220,000	172	0.01
Penske Automotive Group 5.5% 2026	490,000	389	0.02
PTC 6% 2024	331,000	261	0.01
QVC 4.375% 2023	333,000	259	0.01
Range Resources 4.875% 2025	727,000	469	0.02
Sally 5.625% 2025	333,000	263	0.01
Scientific Games 5% 2025 144A	329,000	260	0.01
Scientific Games 8.25% 2026 (144A)	390,000	323	0.02
Sealed Air 5.5% 2025 (144A)	386,000	320	0.02
Sensata Technologies 5% 2025 (144A)	478,000	392	0.02
Sequoia Economic Infrastructure Income Fund	8,324,545	9,690	0.48
Service Corporation International 5.125% 2029	325,000	260	0.01
Sirius Radio 5.375% 2025 (144A)	579,000	453	0.02
Six Flags 4.875% 2024 (144A)	326,000	255	0.01
SNF 4.875% 2025(144A)	575,000	452	0.02
Sprint 7.25% 2021	320,000	256	0.01
Sprint 7.625% 2026	310,000	258	0.01
Stars Group 7% 2026 144A	501,000	410	0.02
Sunpower 4% 2023 Convertible	126,000	78	0.00
SWM 6.875% 2026 (144A)	318,000	259	0.01
Telecom Italia 7.2% 2036	289,000	257	0.01

## Portfolio Statement as at 31 December 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Townsquare 6.5% 2023 (144A)	339,000	260	0.01
TransDigm Gp 6.25% 2026 144A	714,000	583	0.03
TTM Technologies 5.625% 2025 144A	330,000	257	0.01
Verisign 5.25% 2025	544,000	455	0.02
Vermilion Energy 5.625% 2025 (144A)	548,000	390	0.02
Virgin Media 5.5% 2026 (144A)	570,000	449	0.02
Voya Prime Rate Trust	571,000	2,164	0.11
Weight Watchers 8.625% 2025 (144A)	410,000	328	0.02
Wolverine 5% 2026 (144a)	313,000	240	0.01
XPO Logistics 6.5% 2022 (144A)	164,000	126	0.01
<b>Infrastructure - 9.40% (10.90%)</b>			
3i Infrastructure	2,369,300	6,966	0.35
BBGI	6,818,451	11,353	0.56
EDP Renovaveis	818,400	7,198	0.36
Foresight Solar Fund	9,683,300	12,153	0.60
Greencoat Renewables	2,150,155	2,168	0.11
Greencoat UK Wind	4,679,300	7,019	0.35
HICL Infrastructure Plc	21,445,100	36,585	1.81
Hydro One	477,000	6,936	0.34
International Public Partnerships	12,363,600	20,623	1.02
Italgas S.p.A	1,485,000	6,847	0.34
John Laing Environmental Assets Group	3,895,908	4,714	0.23
John Laing Group	5,952,100	22,618	1.12
Keppel Infrastructure Trust	15,519,600	4,705	0.23
Korea Electric Power	250,100	4,530	0.22
NextEnergy Solar Fund	9,368,400	11,617	0.57
Renewables Infrastructure Group	9,097,138	12,590	0.62
Tenaga Nasional	1,920,200	4,692	0.23
TerraForm Power	583,800	6,773	0.34
<b>Listed Equities - 21.43% (19.23%)</b>			
Amundi MSCI Europe Value Factor ETF	305,000	59,978	2.97
Baillie Gifford American Fund C Acc <sup>1</sup>	3,133,214	30,662	1.52
Baillie Gifford Emerging Markets Leading Companies Fund C Acc <sup>1</sup>	20,275,000	112,121	5.54

## Portfolio Statement as at 31 December 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Baillie Gifford European Fund C Acc <sup>1</sup>	3,514,371	96,997	4.80
Baillie Gifford UK Equity Alpha Fund C Acc <sup>1</sup>	5,956,013	51,662	2.55
Baillie Gifford Worldwide Japanese Fund C Acc GBP <sup>1</sup>	2,894,400	58,632	2.90
China A Shares ETC - CSI 300	127,435	12,121	0.60
China A Shares ETC - CSI 500	116,235	11,126	0.55
<b>Other Bonds - 2.11% (2.29%)</b>			
Baillie Gifford Worldwide Global Credit Fund C Acc USD <sup>1</sup>	3,547,800	42,741	2.11
<b>Property - 10.53% (7.72%)</b>			
ADO Properties	54,797	1,491	0.07
British Land	5,257,142	33,488	1.66
Covivio REIT	47,147	4,015	0.20
Deutsche Wohnen	912,330	28,161	1.39
Gecina	63,400	8,574	0.42
Hammerson	10,182,870	31,435	1.55
Hibernia	9,270,000	11,075	0.55
Icade	125,490	10,277	0.51
Immobiliare	813,190	4,272	0.21
Land Securities	3,342,000	33,079	1.64
LEG Immobilien	83,810	7,492	0.37
LondonMetric Property	3,039,947	7,186	0.36
LXi REIT	2,182,080	3,046	0.15
Merlin Properties	547,020	5,914	0.29
Tritax Big Box REIT	4,918,000	7,313	0.36
UK Commercial Property Trust	5,720,469	5,063	0.25
Vastned Retail	168,280	3,807	0.19
Vonovia SE	180,960	7,354	0.36
<b>Structured Finance - 4.75% (2.55%)</b>			
ACCUN 2X D <sup>2</sup>	1,000,000	821	0.04
ACCUN 3X D <sup>2</sup>	3,800,000	3,131	0.16
ALME 4X BR <sup>2</sup>	1,800,000	1,491	0.07
ALME 4X DR <sup>2</sup>	1,760,000	1,432	0.07

## Portfolio Statement as at 31 December 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
ALME 5X C1R <sup>2</sup>	3,000,000	2,536	0.13
AVOCA 16X DR <sup>2</sup>	2,000,000	1,690	0.08
AVOCA 18X B1 <sup>2</sup>	4,000,000	3,359	0.17
BABSE 2014-2X B1R <sup>2</sup>	2,000,000	1,684	0.08
BCCE 2018-1X D <sup>2</sup>	1,500,000	1,216	0.06
BECLO 7X D <sup>2</sup>	1,500,000	1,244	0.06
BLUME 3X D <sup>2</sup>	2,875,000	2,406	0.12
CADOG 11X D <sup>2</sup>	1,500,000	1,242	0.06
CADOG 5X CR <sup>2</sup>	2,000,000	1,690	0.08
CGMSE 2014-1A C1RN <sup>2</sup>	1,775,000	1,471	0.07
CGMSE 2016-1X CR <sup>2</sup>	2,000,000	1,627	0.08
CGMSE 2017-3X C <sup>2</sup>	4,000,000	3,232	0.16
CGMSE 2018-2X C <sup>2</sup>	1,100,000	925	0.05
CRNCL 2016-7X D <sup>2</sup>	2,000,000	1,697	0.08
GLGE 1X CRR <sup>2</sup>	2,000,000	1,585	0.08
GLGE 3X B1 <sup>2</sup>	2,000,000	1,684	0.08
GLGE 4X D <sup>2</sup>	4,000,000	3,186	0.16
GRIPK 1X CR <sup>2</sup>	4,250,000	3,613	0.18
HARVT 15X DR <sup>2</sup>	4,500,000	3,698	0.18
HARVT 16X DRE <sup>2</sup>	3,000,000	2,547	0.13
HOLPK 1X DRR <sup>2</sup>	1,700,000	1,433	0.07
JUBIL 2016-17X DR <sup>2</sup>	5,000,000	4,184	0.21
JUBIL 2017-18X D <sup>2</sup>	2,000,000	1,669	0.08
LWMC 2016-FL1 B <sup>2</sup>	1,500,000	1,524	0.08
LWMC 2017-FL1 C <sup>2</sup>	990,000	996	0.05
Metreta Fund	181,774	21,284	1.05
MRLPK 1X B <sup>2</sup>	2,300,000	1,860	0.09
NEWH 2X B1R <sup>2</sup>	5,000,000	4,095	0.20
OHECP 2018-7X E <sup>2</sup>	2,000,000	1,593	0.08
PENTA 2018-4X C <sup>2</sup>	1,000,000	829	0.04
TwentyFour Income Fund	4,465,108	4,979	0.25
WILPK 1X D <sup>2</sup>	3,000,000	2,383	0.12



## Portfolio Statement as at 31 December 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
<b>Derivatives - 0.11% (-0.73%)</b>			
Forward currency contracts (see Table 1)		2,242	0.11
Futures contracts (see Table 2)		-	0.00
<b>Portfolio of investments</b>		<b>1,843,100</b>	<b>91.12</b>
<b>Cash Equivalents - 5.51% (10.97%)</b>			
UK T Bill 17/02/2020	43,200,000	43,158	2.13
UK T Bill 06/01/2020	24,200,000	24,198	1.20
UK T Bill 06/04/2020	24,300,000	24,249	1.20
UK T Bill 15/06/2020	20,000,000	19,937	0.98
<b>Other Assets - 3.36% (5.46%)</b>		<b>68,064</b>	<b>3.36</b>
<b>Net assets</b>		<b>2,022,706</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.

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 2018.

**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	15/01/20	GBP	125,616,655	USD	161,380,000	3,850	0.19
Barclays	22/01/20	GBP	71,085,619	KRW	111,500,000,000	(1,765)	(0.09)
Barclays	23/01/20	GBP	11,408,371	USD	14,700,000	319	0.02
Barclays	23/01/20	GBP	17,211,612	ZAR	325,000,000	(267)	(0.01)
Barclays	12/02/20	GBP	205,964,710	USD	270,800,000	1,784	0.09
Barclays	27/02/20	SEK	120,000,000	GBP	9,638,078	50	0.00
Barclays	19/03/20	GBP	19,827,463	KRW	30,050,000,000	190	0.01
Citigroup	15/01/20	GBP	18,989,860	EUR	22,040,000	306	0.02
Citigroup	15/01/20	GBP	58,309,738	THB	2,330,000,000	(404)	(0.02)

## Portfolio Statement as at 31 December 2019 cont.

Counterparty	Settlement	Buy	Buy Amount	Sell	Sell Amount	Unrealised gains/(losses) £'000	% of total net assets
Citigroup	15/01/20	GBP	80,719,093	USD	103,700,000	2,474	0.12
Citigroup	23/01/20	BRL	12,200,000	GBP	2,336,139	(50)	0.00
Citigroup	23/01/20	GBP	10,089,036	USD	13,000,000	282	0.01
Citigroup	23/01/20	GBP	12,021,649	ZAR	227,000,000	(187)	(0.01)
Citigroup	12/02/20	GBP	10,142,520	EUR	12,000,000	(40)	0.00
Citigroup	12/02/20	GBP	35,138,734	USD	46,200,000	304	0.01
Citigroup	13/02/20	GBP	9,320,399	TRY	71,000,000	420	0.02
Citigroup	13/02/20	GBP	10,077,983	USD	13,000,000	276	0.01
Citigroup	27/02/20	BRL	33,000,000	GBP	5,980,861	189	0.01
Citigroup	19/03/20	RUB	3,870,000,000	GBP	46,960,460	(466)	(0.02)
HSBC	15/01/20	GBP	117,006,490	EUR	135,800,000	1,882	0.09
HSBC	22/01/20	GBP	26,330,369	KRW	41,300,000,000	(654)	(0.03)
HSBC	23/01/20	BRL	174,000,000	GBP	33,318,697	(713)	(0.04)
HSBC	23/01/20	GBP	2,071,434	EUR	2,290,000	130	0.01
HSBC	12/02/20	GBP	172,242,300	EUR	203,786,400	(681)	(0.03)
JP Morgan Chase	15/01/20	GBP	120,730,230	CHF	156,500,000	(1,340)	(0.07)
JP Morgan Chase	15/01/20	GBP	10,856,272	EUR	12,600,000	175	0.01
JP Morgan Chase	15/01/20	JPY	8,400,000,000	GBP	59,011,380	(641)	(0.03)
JP Morgan Chase	23/01/20	IDR	712,900,000,000	GBP	39,994,306	(1,228)	(0.06)
JP Morgan Chase	06/02/20	GBP	28,586,172	RON	159,000,000	510	0.03
JP Morgan Chase	12/02/20	GBP	19,439,829	EUR	23,000,000	(77)	0.00
JP Morgan Chase	13/02/20	GBP	9,535,322	USD	12,300,000	262	0.01
JP Morgan Chase	27/02/20	GBP	10,952,871	USD	14,200,000	251	0.01
JP Morgan Chase	27/02/20	JPY	1,810,000,000	GBP	13,987,226	(1,394)	(0.07)
National Australia Bank	15/01/20	GBP	39,286,896	AUD	75,400,000	(720)	(0.04)
National Australia Bank	27/02/20	GBP	20,121,460	EUR	23,500,000	170	0.01
Royal Bank of Canada	15/01/20	GBP	59,037,442	EUR	68,520,000	950	0.05
Royal Bank of Canada	15/01/20	JPY	1,100,000,000	GBP	7,727,680	(84)	0.00
Royal Bank of Canada	23/01/20	GBP	42,114,543	CAD	70,600,000	1,039	0.05
Royal Bank of Canada	23/01/20	GBP	5,458,437	EUR	6,150,000	243	0.01
Royal Bank of Canada	23/01/20	USD	6,888,800	GBP	5,528,622	(332)	(0.02)
Royal Bank of Canada	13/02/20	GBP	803,949	EUR	910,000	32	0.00
Royal Bank of Canada	13/02/20	USD	1,030,000	GBP	819,613	(43)	0.00
Royal Bank of Canada	27/02/20	GBP	111,515,410	CAD	194,600,000	(1,613)	(0.08)
Royal Bank of Scotland	23/01/20	GBP	17,910,213	EUR	19,800,000	1,120	0.06
Royal Bank of Scotland	23/01/20	NOK	580,500,000	GBP	53,814,919	(3,976)	(0.20)

## Portfolio Statement as at 31 December 2019 cont.

Counterparty	Settlement	Buy	Buy Amount	Sell	Sell Amount	Unrealised gains/(losses) £'000	% of total net assets
Royal Bank of Scotland	27/02/20	JPY	850,000,000	GBP	6,568,587	(655)	(0.03)
Royal Bank of Scotland	27/02/20	SEK	120,000,000	GBP	9,638,078	50	0.00
Standard Chartered Bank	15/01/20	GBP	75,503,876	USD	97,000,000	2,314	0.11
Unrealised gains/(losses) on open forward currency contracts						2,242	0.11

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

Futures	Maturity	Notional	Unrealised gains/(losses) £'000	% of total net assets
Australia 10yr Bond Future March 2020	16/03/20	(508)	-	0.00
Euro-Bobl Future March 2020	10/03/20	(204)	-	0.00
Euro-Bund Future March 2020	10/03/20	(175)	-	0.00
Euro-Oat 10yr Future March 2020	10/03/20	(326)	-	0.00
Japan 10yr Bond (OSE) Future March 2020	23/03/20	(62)	-	0.00
US 10 Year Note Future March 2020	31/03/20	(562)	-	0.00
Unrealised gains/(losses) on futures contracts			-	0.00

**Breakdown of portfolio of investments**

	2019		2018	
	Market value £'000	Percentage of total Fund	Market value £'000	Percentage of total Fund
Bonds - Direct	544,925	26.94	292,963	24.51
Bonds - Indirect	268,913	13.29	171,650	14.36
Commodities - Indirect	103,729	5.13	38,559	3.23
Derivatives	2,242	0.11	(8,759)	(0.73)
Equities - Direct	190,087	9.40	130,345	10.90
Equities - Indirect	520,162	25.72	281,990	23.59
Property - Indirect	213,042	10.53	92,310	7.72
Portfolio of investments	1,843,100	91.12	999,058	83.57

# Comparative Tables

## Comparative Table: B1 Accumulation Shares

	Financial Year Ended 31 December 2019 (pence per share)	Financial Year Ended 31 December 2018 (pence per share)	Financial Year Ended 31 December 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	111.25	116.86	107.63
Return before operating charges*	14.22	(4.92)	9.90
Operating charges	(0.69)	(0.69)	(0.67)
Return after operating charges*	13.53	(5.61)	9.23
Distributions	(2.28)	(2.93)	(1.92)
Retained distributions on accumulation shares	2.28	2.93	1.92
<b>Closing net asset value per share</b>	<b>124.78</b>	<b>111.25</b>	<b>116.86</b>
*After direct transaction costs of:	0.05	0.06	0.05
<b>Performance:</b>			
Return after charges	12.16%	(4.80)%	8.58%
<b>Other Information:</b>			
Closing net asset value (£'000)	766,876	378,042	158,473
Closing number of shares	614,563,500	339,800,630	135,614,925
Operating charges	0.57%	0.60%	0.58%
Direct transaction costs <sup>1</sup>	0.04%	0.05%	0.04%
<b>Prices:</b>			
Highest share price (pence)	125.2	119.4	117.3
Lowest share price (pence)	110.8	110.5	108.0

## Comparative Tables cont.

### Comparative Table: B2 Accumulation Shares

	Financial Year Ended 31 December 2019 (pence per share)	Financial Year Ended 31 December 2018 (pence per share)	Financial Year Ended 31 December 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	111.80	117.43	108.17
Return before operating charges*	14.29	(4.93)	9.93
Operating charges	(0.70)	(0.70)	(0.67)
Return after operating charges*	13.59	(5.63)	9.26
Distributions	(2.30)	(2.95)	(1.92)
Retained distributions on accumulation shares	2.30	2.95	1.92
<b>Closing net asset value per share</b>	<b>125.39</b>	<b>111.80</b>	<b>117.43</b>
*After direct transaction costs of:	0.05	0.06	0.05
<b>Performance:</b>			
Return after charges	12.16%	(4.79)%	8.56%
<b>Other Information:</b>			
Closing net asset value (£'000)	149,632	164,358	190,070
Closing number of shares	119,331,893	147,016,411	161,864,628
Operating charges	0.58%	0.60%	0.59%
Direct transaction costs <sup>1</sup>	0.04%	0.05%	0.04%
<b>Prices:</b>			
Highest share price (pence)	125.8	119.9	117.9
Lowest share price (pence)	111.3	111.0	108.4

## Comparative Tables cont.

### Comparative Table: B Income Shares

	Financial Year Ended 31 December 2019 (pence per share)	Financial Year Ended 31 December 2018 (pence per share)	Financial Year Ended 31 December 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	106.58	114.93	112.40 <sup>2</sup>
Return before operating charges*	13.58	(4.81)	4.13
Operating charges	(0.65)	(0.67)	(0.41)
Return after operating charges*	12.93	(5.48)	3.72
Distributions on income shares	(2.17)	(2.87)	(1.19)
<b>Closing net asset value per share</b>	<b>117.34</b>	<b>106.58</b>	<b>114.93</b>
 *After direct transaction costs of:	 0.05	 0.06	 0.05
<b>Performance:</b>			
Return after charges	12.13%	(4.77)%	3.31%
<b>Other Information:</b>			
Closing net asset value (£'000)	300,153	160,884	13,802
Closing number of shares	255,798,957	150,947,694	12,009,136
Operating charges	0.57%	0.60%	0.58%
Direct transaction costs <sup>1</sup>	0.04%	0.05%	0.04%
<b>Prices:</b>			
Highest share price (pence)	119.0	117.4	116.6
Lowest share price (pence)	106.1	107.6	112.4

## Comparative Tables cont.

### Comparative Table: C Accumulation Shares

	Financial Year Ended 31 December 2019 (pence per share)	Financial Year Ended 31 December 2018 (pence per share)	Financial Year Ended 31 December 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	113.49	118.61	108.71
Return before operating charges*	14.54	(5.00)	10.00
Operating charges	(0.10)	(0.12)	(0.10)
Return after operating charges*	14.44	(5.12)	9.90
Distributions	(2.94)	(3.57)	(2.50)
Retained distributions on accumulation shares	2.94	3.57	2.50
<b>Closing net asset value per share</b>	<b>127.93</b>	<b>113.49</b>	<b>118.61</b>
*After direct transaction costs of:	0.05	0.06	0.05
<b>Performance:</b>			
Return after charges	12.72%	(4.32)%	9.11%
<b>Other Information:</b>			
Closing net asset value (£'000)	761,202	479,363	172,793
Closing number of shares	595,011,464	422,379,376	145,685,669
Operating charges	0.08%	0.10%	0.09%
Direct transaction costs <sup>1</sup>	0.04%	0.05%	0.04%
<b>Prices:</b>			
Highest share price (pence)	128.3	121.2	119.1
Lowest share price (pence)	113.0	112.7	109.0

## Comparative Tables cont.

### Comparative Table: C Income Shares

	Financial Year Ended 31 December 2019 (pence per share)	Financial Year Ended 31 December 2018 (pence per share)	Financial Year Ended 31 December 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	108.16	116.63	114.10 <sup>3</sup>
Return before operating charges*	13.81	(4.86)	3.96
Operating charges	(0.09)	(0.12)	(0.05)
Return after operating charges*	13.72	(4.98)	3.91
Distributions on income shares	(2.80)	(3.49)	(1.38)
<b>Closing net asset value per share</b>	<b>119.08</b>	<b>108.16</b>	<b>116.63</b>
 *After direct transaction costs of:	 0.05	 0.06	 0.05
<b>Performance:</b>			
Return after charges	12.68%	(4.27)%	3.43%
<b>Other Information:</b>			
Closing net asset value (£'000)	10,275	8,828	9,082
Closing number of shares	8,628,317	8,161,652	7,786,388
Operating charges	0.08%	0.10%	0.09%
Direct transaction costs <sup>1</sup>	0.04%	0.05%	0.04%
<b>Prices:</b>			
Highest share price (pence)	121.2	119.2	118.5
Lowest share price (pence)	107.7	109.6	114.0



## Comparative Tables cont.

### Comparative Table: P Accumulation Shares

	Financial Year Ended 31 December 2019 (pence per share)	Financial Year Ended 31 December 2018 (pence per share)	Financial Year Ended 31 December 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	111.94	117.46	108.09
Return before operating charges*	14.32	(4.94)	9.93
Operating charges	(0.53)	(0.58)	(0.56)
Return after operating charges*	13.79	(5.52)	9.37
Distributions	(2.46)	(3.05)	(2.03)
Retained distributions on accumulation shares	2.46	3.05	2.03
<b>Closing net asset value per share</b>	<b>125.73</b>	<b>111.94</b>	<b>117.46</b>
*After direct transaction costs of:	0.05	0.06	0.05
<b>Performance:</b>			
Return after charges	12.32%	(4.70)%	8.67%
<b>Other Information:</b>			
Closing net asset value (£'000)	34,568	3,939	3,461
Closing number of shares	27,494,697	3,518,445	2,946,529
Operating charges	0.43%	0.50%	0.48%
Direct transaction costs <sup>1</sup>	0.04%	0.05%	0.04%
<b>Prices:</b>			
Highest share price (pence)	126.1	120.0	117.9
Lowest share price (pence)	111.5	111.2	108.3

<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 2019

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	1		147,009		(67,322)
Revenue	3	42,697		23,436	
Expenses	4	(5,570)		(2,573)	
Net revenue before taxation		37,127		20,863	
Taxation	5	(1,467)		(578)	
Net revenue after taxation			35,660		20,285
Total return before distributions			182,669		(47,037)
Distributions	6		(35,523)		(20,264)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>147,146</b>		<b>(67,301)</b>

## Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 December 2019

	2019		2018	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>1,195,414</b>		<b>547,681</b>
Amounts receivable on issue of shares	725,907		729,341	
Amounts payable on cancellation of shares	(80,710)		(40,197)	
		645,197		689,144
Dilution adjustment		1,302		996
Change in net assets attributable to shareholders from investment activities		147,146		(67,301)
Retained distributions on accumulation shares		33,647		24,894
<b>Closing net assets attributable to shareholders</b>		<b>2,022,706</b>		<b>1,195,414</b>

## Financial Statements cont.

### Balance Sheet as at 31 December 2019

	Notes	2019 £'000	2018 £'000
<b>Assets:</b>			
Fixed assets:			
Investments	13	1,860,430	1,010,742
Current assets:			
Debtors	8	24,065	16,747
Cash and bank balances	9	59,606	52,001
Cash equivalents		111,542	131,108
<b>Total assets</b>		<b>2,055,643</b>	<b>1,210,598</b>
<b>Liabilities:</b>			
Investment liabilities	13	(17,330)	(11,684)
Creditors:			
Bank overdrafts	9	(638)	-
Distributions payable		(3,399)	(2,855)
Other creditors	10	(11,570)	(645)
<b>Total liabilities</b>		<b>(32,937)</b>	<b>(15,184)</b>
<b>Net assets attributable to shareholders</b>		<b>2,022,706</b>	<b>1,195,414</b>

# Notes to the Financial Statements

## 1 Net capital gains/(losses)

	2019			2018		
	Realised	Unrealised	Total	Realised	Unrealised	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Non-derivative securities	27,184	93,860	121,044	(8,229)	(34,052)	(42,281)
Derivative contracts	(5,154)	-	(5,154)	4,458	-	4,458
Forward currency contracts	28,769	2,241	31,010	(20,731)	(8,759)	(29,490)
Currency gains/(losses)	220	(96)	124	(36)	40	4
Custodian transaction costs			(15)			(13)
<b>Net capital gain/(losses)</b>			<b>147,009</b>			<b>(67,322)</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

	2019	2018
	£'000	£'000
<b>Purchases and transaction costs</b>		
Gross purchases of bonds excluding transaction costs <sup>1</sup>	478,287	279,899
Gross purchases of equities excluding transaction costs	293,441	154,328
Commissions	76	55
Taxes	540	232
<b>Total transaction costs on equity purchases<sup>2</sup></b>	<b>616</b>	<b>287</b>
Gross purchases of funds excluding transaction costs	396,271	293,096
Commissions on purchases of funds	45	35
Taxes on purchases of funds	-	-
<b>Total transaction costs on fund purchases<sup>2</sup></b>	<b>45</b>	<b>35</b>
<b>Purchases including transaction costs</b>	<b>1,168,660</b>	<b>727,645</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)

	2019	2018
	%	%
<b>Transaction costs as a percentage of principal amount</b>		
Commission on equity purchases	0.03	0.04
Taxes on equity purchases	0.18	0.15
Commission on fund purchases	0.01	0.01
Taxes on fund purchases	0.00	0.00
	2019	2018
	£'000	£'000
<b>Sales and transaction costs</b>		
Gross sales of bonds excluding transaction costs <sup>1</sup>	226,289	78,299
Gross sales of equities excluding transaction costs	69,431	18,614
Commissions	(37)	(4)
Taxes	(1)	-
<b>Total transaction costs on equity sales<sup>2</sup></b>	<b>(38)</b>	<b>(4)</b>
Gross sales of funds excluding transaction costs	176,246	44,157
Commissions on sales of funds	(27)	(7)
Taxes on sales of funds	-	-
<b>Total transaction costs on fund sales<sup>2</sup></b>	<b>(27)</b>	<b>(7)</b>
<b>Sales net of transaction costs</b>	<b>471,901</b>	<b>141,059</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).

	2019	2018
	%	%
<b>Transaction costs as a percentage of principal amount</b>		
Commission on equity sales	(0.05)	(0.02)
Taxes on equity sales	(0.00)	0.00
Commission on fund sales	(0.02)	(0.02)
Taxes on fund sales	0.00	0.00

## Notes to the Financial Statements cont.

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

	2019		2018	
	£'000		£'000	
Transaction cost on derivative contracts				
Commission on trading futures contracts	30		25	
	2019		2018	
	£'000	% of average NAV	£'000	% of average NAV
Portfolio transaction costs				
Commissions	215	0.01	126	0.02
Taxes	541	0.03	232	0.03
Total direct transaction costs	756	0.04	358	0.05
	2019		2018	
	%		%	
Average portfolio dealing spread	0.09		0.11	

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

	2019	2018
	£'000	£'000
UK dividends <sup>1</sup>	4,594	1,623
Overseas dividends <sup>1</sup>	8,882	5,086
Property income distributions <sup>1</sup>	4,292	882
Interest on debt securities <sup>1</sup>	24,402	15,631
Bank interest	424	193
Management fee rebates from third party funds	103	12
Underwriting commission	-	9
<b>Total revenue</b>	<b>42,697</b>	<b>23,436</b>

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

### 4 Expenses

	2019	2018
	£'000	£'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	5,268	2,338
Expenses rebate	-	(18)
	<b>5,268</b>	<b>2,320</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fee	136	73
Bank charges	146	159
	<b>282</b>	<b>232</b>
<b>Other expenses:</b>		
Audit fee	11	14
Professional fees	9	7
	<b>20</b>	<b>21</b>
<b>Total expenses</b>	<b>5,570</b>	<b>2,573</b>

## Notes to the Financial Statements cont.

### 5 Taxation

	2019	2018
	£'000	£'000
<b>Analysis of charge in the year</b>		
Corporation tax	-	-
Overseas tax	587	408
Irrecoverable tax on property income distributions	848	170
Prior year tax reclaims written off	32	-
<b>Total taxation</b>	<b>1,467</b>	<b>578</b>

The Fund is subject to corporation tax at 20% (2018: 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:

	2019	2018
	£'000	£'000
Net revenue/(expense) before taxation	37,127	20,863
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% (2018: 20%)	7,425	4,173
Effects of:		
Non-taxable UK dividends	(919)	(325)
Non-taxable overseas dividends	(1,719)	(965)
Non-taxable property income distributions	(858)	(176)
Non-dividend distributions	(3,929)	(2,703)
Overseas tax on dividends	466	295
Irrecoverable tax on property income distributions	848	170
Overseas tax on coupons	121	113
Prior year tax reclaims written off	32	-
Expense relief claimed on overseas tax	-	(4)
<b>Total taxation</b>	<b>1,467</b>	<b>578</b>



## Notes to the Financial Statements cont.

### 6 Distributions

	2019	2018
	£'000	£'000
Interim to 30 June	14,032	6,514
Final to 31 December	25,286	21,661
	<b>39,318</b>	<b>28,175</b>
Amounts deducted on cancellation of shares	1,062	752
Amounts added on issue of shares	(4,857)	(8,663)
<b>Total distributions</b>	<b>35,523</b>	<b>20,264</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

	2019	2018
	£'000	£'000
Net revenue after taxation for the year	35,660	20,285
Add distributable revenue brought forward	64	42
Less distributable revenue carried forward	(201)	(63)
<b>Net distributions for the year</b>	<b>35,523</b>	<b>20,264</b>

### 8 Debtors

	2019	2018
	£'000	£'000
Receivable for issue of shares	208	418
Sales awaiting settlement	7,539	418
Accrued income	4,188	3,063
Overseas tax recoverable	85	64
VAT recoverable	6	3
Collateral held by counterparties	11,985	12,740
Amounts due from ACD	-	18
Other debtors	54	23
<b>Total debtors</b>	<b>24,065</b>	<b>16,747</b>

## Notes to the Financial Statements cont.

### 9 Cash and bank balances

	2019	2018
	£'000	£'000
Sterling amounts held at clearing houses and brokers	-	218
Foreign amounts held at clearing houses and brokers	3,666	519
Sterling bank accounts	51,048	49,630
Foreign currency bank accounts	4,892	1,634
	59,606	52,001
Sterling amounts held at clearing houses and brokers overdrawn	(638)	-
<b>Total cash and bank balances</b>	<b>58,968</b>	<b>52,001</b>

### 10 Other creditors

	2019	2018
	£'000	£'000
Payable for cancellation of shares	299	191
Purchases awaiting settlement	2,833	8
Due to the ACD or associates	537	291
Due to the Depositary or associates	52	103
Collateral held on behalf of counterparty	7,815	-
Capital gains tax provision	17	33
Other accrued expenses	17	19
<b>Total other creditors</b>	<b>11,570</b>	<b>645</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.

	2019			2018		
	Purchases	Sales	Income	Purchases	Sales	Income
	£'000	£'000	£'000	£'000	£'000	£'000
Baillie Gifford American Fund C Acc	3,826	-	41	4,478	-	27
Baillie Gifford Emerging Markets Bond Fund C Acc	96,977	67,498	7,761	53,177	6,374	4,546
Baillie Gifford Emerging Markets Leading Companies Fund C Acc	26,876	4,561	1,016	38,928	-	342
Baillie Gifford European Fund C Acc	19,064	-	682	28,913	-	500
Baillie Gifford High Yield Bond Fund C Acc	33,101	16,401	1,013	4,244	-	178
Baillie Gifford UK Equity Alpha Fund C Acc	12,154	-	471	15,543	-	259
Baillie Gifford Worldwide Global Credit Fund C Acc USD	12,363	-	-	9,976	-	-
Baillie Gifford Worldwide Japanese Fund C Acc GBP	19,716	23,438	-	30,347	-	275

#### 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:

	2019	2018
	%	%
ACD and associates of the ACD	0.00	0.00

## Notes to the Financial Statements cont.

### 12 Reconciliation of shares in issue

	2019					
	B1 Accumulation Shares	B2 Accumulation Shares	B Income Shares	C Accumulation Shares	C Income Shares	P Accumulation Shares
Opening shares in issue	339,800,630	147,016,411	150,947,694	422,379,376	8,161,652	3,518,445
Shares issued	331,140,484	7,394,630	74,193,488	196,319,053	466,665	5,960,919
Shares cancelled	(37,463,353)	(3,129,424)	(192,646)	(26,152,050)	-	(782,089)
Shares converted	(18,914,261)	(31,949,724)	30,850,421	2,465,085	-	18,797,422
<b>Closing shares in issue</b>	<b>614,563,500</b>	<b>119,331,893</b>	<b>255,798,957</b>	<b>595,011,464</b>	<b>8,628,317</b>	<b>27,494,697</b>

### 13 Basis of valuation

	2019		2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices	805,227	-	388,716	-
Level 2: Observable market data	985,429	(17,330)	614,314	(11,684)
Level 3: Unobservable data <sup>1</sup>	69,774	-	7,712	-
<b>Total</b>	<b>1,860,430</b>	<b>(17,330)</b>	<b>1,010,742</b>	<b>(11,684)</b>

<sup>1</sup>For further information on the assets included in Level 3, as at 31 December 2019, please refer to the Portfolio Statement.

### 14 Credit ratings

Rating Block	2019		2018	
	Market value £'000	Percentage of total Fund	Market value £'000	Percentage of total Fund
Investment Grade	455,384	22.51	171,564	14.35
High Yield	89,541	4.43	117,768	9.85
Unrated	-	-	3,631	0.30
<b>Total Bonds - Direct</b>	<b>544,925</b>	<b>26.94</b>	<b>292,963</b>	<b>24.51</b>
Other	1,477,781	73.06	902,451	75.49
<b>Net Assets</b>	<b>2,022,706</b>	<b>100.00</b>	<b>1,195,414</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 currency assets/(liabilities)			Net currency assets/(liabilities)		
	2019			2018		
	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Argentine peso	-	-	-	-	-	-
Australian dollar	1,394	(1,481)	(87)	-	(46,757)	(46,757)
Brazilian real	-	41,061	41,061	-	(352)	(352)
Canadian dollar	-	(147,267)	(147,267)	-	3,056	3,056
Chilean peso	-	-	-	-	8,919	8,919
Colombian peso	-	-	-	-	21,499	21,499
Egyptian pound	-	2,073	2,073	-	1,482	1,482
Euro	1,566	(131,356)	(129,791)	63	(152,403)	(152,340)
Hungarian forint	-	-	-	-	(20,168)	(20,168)
Indian rupee	1	11,943	11,944	1	12,407	12,408
Indonesian rupiah	-	43,134	43,134	-	4,130	4,130
Japanese yen	276	145,509	145,785	79	7,833	7,912
Malaysian ringgit	-	4,692	4,692	-	(8,771)	(8,771)
Mexican peso	-	-	-	-	296	296
Norwegian krona	-	49,839	49,839	-	46,779	46,779
Peruvian nuevo sol	-	8,856	8,856	-	18,216	18,216
Romanian leu	-	(28,076)	(28,076)	-	-	-
Russian ruble	-	46,494	46,494	-	-	-
Singapore dollar	-	4,705	4,705	-	2,790	2,790
South African rand	-	(29,688)	(29,688)	-	4,463	4,463
South Korean won	-	(114,942)	(114,942)	-	(81,056)	(81,056)
Swedish krona	-	19,376	19,376	-	2	2
Swiss franc	-	(122,070)	(122,070)	-	20,780	20,780
Thai baht	-	(58,714)	(58,714)	-	-	-
Turkish lira	-	(8,900)	(8,900)	-	-	-
UK sterling	54,579	2,261,077	2,315,656	62,588	1,386,301	1,448,889
US dollar	5,322	(90,026)	(84,705)	2,009	(99,277)	(97,268)

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	2019				2018			
	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
Australian dollar	39,920	-	-	39,920	-	-	23,658	23,658
Brazilian real	-	-	41,061	41,061	-	17,361	-	17,361
Canadian dollar	-	-	6,936	6,936	-	-	3,056	3,056
Chilean peso	-	-	-	-	-	-	8,919	8,919
Colombian peso	-	-	-	-	-	-	21,499	21,499
Egyptian pound	-	2,073	-	2,073	-	1,482	-	1,482
Euro	145,608	5,848	168,623	320,080	5,275	-	63,218	68,493
Indian rupee	1	11,943	-	11,944	1	12,407	-	12,408
Indonesian rupiah	-	4,368	38,766	43,134	-	4,130	-	4,130
Japanese yen	61,264	-	84,520	145,785	37,329	-	35,271	72,600
Malaysian ringgit	-	-	4,692	4,692	-	-	2,788	2,788
Mexican peso	-	-	-	-	6,066	-	-	6,066
Norwegian krona	-	-	49,839	49,839	-	-	46,779	46,779
Peruvian nuevo sol	-	8,856	-	8,856	-	8,134	10,082	18,216
Russian ruble	-	-	46,494	46,494	-	-	-	-
Singapore dollar	-	-	4,705	4,705	-	-	2,790	2,790
South African rand	-	-	-	-	-	4,463	-	4,463
South Korean won	-	-	4,530	4,530	-	-	2,772	2,772
Swedish krona	-	-	19,376	19,376	-	-	9,966	9,966
Swiss franc	-	-	-	-	-	-	20,780	20,780
UK sterling	332,863	111,542	2,223,433	2,667,838	237,886	131,108	1,256,900	1,625,894
US dollar	229,873	110,123	138,295	478,291	152,554	79,993	70,117	302,664

## Notes to the Financial Statements cont.

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

Currency	2019				2018			
	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	-	-	40,007	40,007	-	-	70,416	70,416
Brazilian real	-	-	-	-	-	-	17,713	17,713
Canadian dollar	-	-	154,204	154,204	-	-	-	-
Euro	-	-	449,871	449,871	16	-	220,816	220,832
Hungarian forint	-	-	-	-	-	-	20,168	20,168
Japanese yen	-	-	-	-	48	-	64,640	64,688
Malaysian ringgit	-	-	-	-	-	-	11,559	11,559
Mexican peso	-	-	-	-	-	-	5,770	5,770
Romanian leu	-	-	28,076	28,076	-	-	-	-
South African rand	-	-	29,688	29,688	-	-	-	-
South Korean won	-	-	119,472	119,472	-	-	83,828	83,828
Swedish krona	-	-	-	-	-	-	9,964	9,964
Swiss franc	-	-	122,070	122,070	-	-	-	-
Thai baht	-	-	58,714	58,714	-	-	-	-
Turkish lira	-	-	8,900	8,900	-	-	-	-
UK sterling	8,453	-	295,325	303,778	-	-	177,005	177,005
US dollar	106	-	562,889	562,995	340	-	399,592	399,932

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.

## Notes to the Financial Statements cont.

### 16 Derivative exposure

The exposure to derivative counterparties was:

Counterparty	2019			2018		
	Forward currency contracts	Cash collateral held	Total exposure	Forward currency contracts	Cash collateral held	Total exposure
	£'000	£'000	£'000	£'000	£'000	£'000
Barclays	6,193	-	6,193	380	-	380
Deutsche Bank	-	-	-	216	-	216
HSBC	2,012	-	2,012	214	-	214
JP Morgan Chase	1,197	-	1,197	236	-	236
National Australia Bank	170	(860)	(690)	1,266	-	1,266
Royal Bank of Canada	2,265	-	2,265	149	-	149
Royal Bank of Scotland	1,170	-	1,170	463	-	463
Standard Chartered Bank	2,314	(1,485)	829	-	-	-
CitiGroup	4,251	(5,470)	(1,219)	-	-	-

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.

Collateral pledged on derivatives was:

	2019	2018
	£'000	£'000
<b>Cash collateral pledged on derivatives</b>		
Barclays	600	4,940
Deutsche Bank	-	675
HSBC	1,380	3,880
JP Morgan Chase	4,510	845
Royal Bank of Canada	265	825
Royal Bank of Scotland	5,230	1,225
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 2019 are shown below:



## Notes to the Financial Statements cont.

### 17 Leverage (continued)

Leverage exposure	Gross method	Commitment method
Maximum Limit	1,000%	500%
Actual	220%	162%

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 2019

Group 1 : shares purchased prior to 1 January 2019

Group 2 : shares purchased 1 January 2019 to 30 June 2019

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 31.08.19)	Distribution (paid/accumulated 31.08.18)
	30.06.19 pence per share	30.06.19 pence per share	30.06.19 pence per share	30.06.18 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	0.25000	-	0.25000	0.30000
Group 2	0.07274	0.17726	0.25000	0.30000
B Income				
Group 1	0.30000	-	0.30000	0.30000
Group 2	0.00772	0.29228	0.30000	0.30000
C Accumulation				
Group 1	0.45000	-	0.45000	0.45000
Group 2	0.18739	0.26261	0.45000	0.45000
C Income				
Group 1	0.45000	-	0.45000	0.45000
Group 2	0.45000	-	0.45000	0.45000
P Accumulation				
Group 1	0.30000	-	0.30000	0.30000
Group 2	-	0.30000	0.30000	0.30000

## Distribution Tables cont.

Final dividend distribution for the period ended 31 December 2019

Group 1 : shares purchased prior to 1 July 2019

Group 2 : shares purchased 1 July 2019 to 31 December 2019

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 28.02.20)	Distribution (paid/accumulated 28.02.19)
	31.12.19 pence per share	31.12.19 pence per share	31.12.19 pence per share	31.12.18 pence per share
B1 Accumulation				
Group 1	0.33000	-	0.33000	0.55000
Group 2	-	0.33000	0.33000	0.55000
B2 Accumulation				
Group 1	0.27000	-	0.27000	0.28000
Group 2	-	0.27000	0.27000	0.28000
B Income				
Group 1	0.31000	-	0.31000	0.62000
Group 2	-	0.31000	0.31000	0.62000
C Accumulation				
Group 1	0.73000	-	0.73000	0.73000
Group 2	0.19907	0.53093	0.73000	0.73000
C Income				
Group 1	0.68000	-	0.68000	0.73000
Group 2	0.13137	0.54863	0.68000	0.73000
P Accumulation				
Group 1	0.69000	-	0.69000	0.33000
Group 2	-	0.69000	0.69000	0.33000

## Distribution Tables cont.

### Interim Non-Dividend Distribution for the period ended 30 June 2019

Group 1 : shares purchased prior to 1 January 2019

Group 2 : shares purchased 1 January 2019 to 30 June 2019

	Net Revenue (non-dividend distribution)	Equalisation	Distribution (paid/accumulated 31.08.19)	Distribution (paid/accumulated 31.08.18)
	30.06.19 pence per share	30.06.19 pence per share	30.06.19 pence per share	30.06.18 pence per share
B1 Accumulation				
Group 1	0.60000	-	0.60000	0.80000
Group 2	0.38696	0.21304	0.60000	0.80000
B2 Accumulation				
Group 1	0.60000	-	0.60000	0.80000
Group 2	0.45833	0.14167	0.60000	0.80000
B Income				
Group 1	0.60000	-	0.60000	0.80000
Group 2	0.41637	0.18363	0.60000	0.80000
C Accumulation				
Group 1	0.60000	-	0.60000	0.80000
Group 2	0.28344	0.31656	0.60000	0.80000
C Income				
Group 1	0.60000	-	0.60000	0.80000
Group 2	0.60000	-	0.60000	0.80000
P Accumulation				
Group 1	0.60000	-	0.60000	0.80000
Group 2	0.21523	0.38477	0.60000	0.80000

## Distribution Tables cont.

### Final Non-Dividend Distribution for the period ended 31 December 2019

Group 1 : shares purchased prior to 1 July 2019

Group 2 : shares purchased 1 July 2019 to 31 December 2019

	Net Revenue (non-dividend distribution)	Equalisation	Distribution (paid/accumulated 28.02.20)	Distribution (paid/accumulated 28.02.19)
	31.12.19 pence per share	31.12.19 pence per share	31.12.19 pence per share	31.12.18 pence per share
B1 Accumulation				
Group 1	1.05000	-	1.05000	1.28000
Group 2	0.77073	0.27927	1.05000	1.28000
B2 Accumulation				
Group 1	1.18000	-	1.18000	1.57000
Group 2	1.04146	0.13854	1.18000	1.57000
B Income				
Group 1	0.96000	-	0.96000	1.15000
Group 2	0.72913	0.23087	0.96000	1.15000
C Accumulation				
Group 1	1.16000	-	1.16000	1.59000
Group 2	0.45961	0.70039	1.16000	1.59000
C Income				
Group 1	1.07000	-	1.07000	1.51000
Group 2	0.47869	0.59131	1.07000	1.51000
P Accumulation				
Group 1	0.87000	-	0.87000	1.62000
Group 2	0.42557	0.44443	0.87000	1.62000



# 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 2019*



# Baillie Gifford Positive Change Fund

## Investment Objective

The Fund aims to outperform (after deduction of costs) the MSCI AC World Index, as stated in Sterling, by at least 2% per annum over rolling five-year periods.

## Investment Policy

The Fund will invest at least 90% in shares of companies of any size, any country and in any sector, whose products or behaviour make a positive impact on society and/or the environment in the investment managers' opinion. The Fund will invest in companies addressing critical challenges in areas such as, but not limited to; education, social inclusion, healthcare and the environment. The Fund will be actively managed and 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:

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 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.

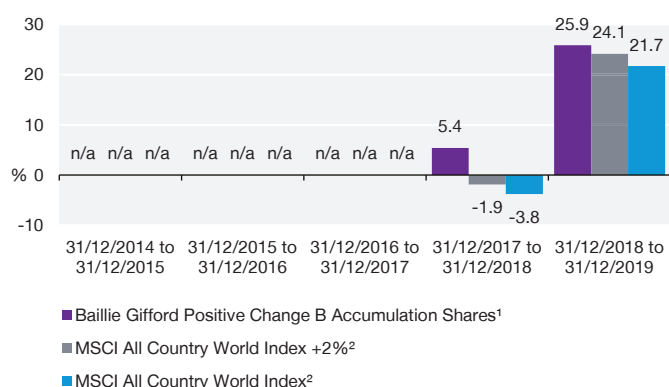
The process for the UK to exit the European Union introduces elements of political uncertainty and may have practical consequences for the Fund. Developments will be closely monitored.

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



# Investment Report

## Past Performance



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 2019, the return on B Accumulation Shares was 24.9%<sup>3</sup> compared to the return on the MSCI All Country World Index (the 'Index') of 21.7%<sup>2</sup> and the Fund's target (the 'target return') of the Index +2% of 24.1%<sup>2</sup>. The investment objective of the Fund is to outperform the Index by at least 2% per annum over rolling five-year periods. As such, we believe that shorter-term performance measurements are of limited relevance in assessing investment ability, especially in the case of a new Fund such as this. We look forward to reporting to you on more meaningful performance time periods during the years to come.

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. We published our second Positive Change Impact Report in June 2019 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 our website: [www.bailliegifford.com](http://www.bailliegifford.com).

Two of largest contributors to financial performance over the year were holdings in our Healthcare and Quality of Life impact theme. The top contributor M3, the Japanese healthcare platform, posted strong results with overall profits rising well ahead of market expectations. M3's platform uses technology and data to take costs out of healthcare systems and drive efficiencies for both doctors and pharmaceutical companies. Pleasingly, its recent strong results are due to growth in its core medical platform, which allows doctors to more efficiently source information about new drug developments. M3 also announced the acquisition of a French medical records company, which will help it to continue to expand internationally. We believe that M3 has huge growth potential to continue disrupting the existing drug information market and using this valuable data to expand into other areas such as clinical drug trials.

<sup>1</sup>Source: FE, 10am dealing prices, income accumulated. <sup>2</sup>Source: FE, StatPro and relevant underlying index provider, total return in sterling terms. The target return outperformance is compound daily therefore the index return plus the outperformance will not equal the target return. Please see Disclaimer on page 155. <sup>3</sup>Source: Baillie Gifford & Co Limited, closing net asset value, income accumulated. You should be aware that past performance is not a guide to future performance.

## Investment Report cont.

Another healthcare company which contributed significantly to performance over the period was Dexcom, the maker of continuous glucose monitoring (CGM) devices. Dexcom shares have been buoyed by strong patient additions, increasing global awareness of the benefits of real-time continuous glucose monitoring and impressive full-year guidance. Walgreens in the US announced that all Medicare patients can now fill their Dexcom CGM prescriptions through any of its nationwide retail locations, and Dexcom started selling its newest G6 device in Canada in November. Beyond North America, international growth was also strong. We believe Dexcom is still at the early stages of an exciting growth trajectory which will improve patient outcomes in the long run.

The two largest detractors over the period were Abiomed and Christian Hansen. Abiomed is the manufacturer of the world's smallest heart pump, Impella®. The pump is improving patient outcomes (both recovery times and mortality rates), and the company has a significant technological lead on competitors. Share price volatility in 2019 was driven by a restructuring of the salesforce as Abiomed prepares for the next leg of growth. Short-term earnings guidance came in below expectations as a result and the company was punished on the back of exceptionally strong share price performance in 2018. Our investment case is unchanged for this remarkable and still relatively young company.

Christian Hansen is a Danish life sciences company that specialises in cultures and enzymes, which have wide ranging health and environmental benefits. They own the world's largest commercial collections of bacteria numbering almost 30,000 strains. The company has had a difficult year after 2019 results came in below expectations and a profit warning was issued for 2020. Sales growth disappointed due to difficult trading conditions including increasing cost pressure from customers. We spoke to management about these results and were encouraged on several fronts: management were humble and stated there are several areas they can focus on to improve; the company remains focused on long-term investment rather than maximising short-term profitability; conviction in the long-term growth

opportunity remains intact, with management stating that we are only just beginning to understand the role bacteria play in our daily lives beyond fermenting food.

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 short-term 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, 24 January 2020*

## Principal Holdings as at 31 December 2019

Investment	Percentage of total Fund
Tesla Inc	6.40
Illumina	6.25
ASML	6.19
TSMC	6.08
Dexcom Inc	5.31
Umicore	5.28
M3	5.22
Kingspan Group	4.49
Bank Rakyat Indonesia	4.00
Alphabet Inc Class A	3.84

## Material Portfolio Changes for the year ended 31 December 2019

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
Illumina	7,406	Dexcom Inc	1,765
TSMC	5,738	M3	1,724
ASML	5,708	Novozymes	1,513
Umicore	5,549	Euglena	1,176
Chr Hansen Holding A/S	5,215	Ecolab	1,168
M3	5,035	Cogna Educacao	1,075
Dexcom Inc	5,027	Orsted	876
Tesla Inc	4,797	Tencent	840
Kingspan Group	4,692	Illumina	507
Discovery Ltd	4,690	Chr Hansen Holding A/S	306

## Portfolio Statement as at 31 December 2019

Stock description	Holding	Market value £'000	% of total net assets
<b>Belgium - 5.28% (4.26%)</b>			
Umicore	276,467	10,136	5.28
<b>Brazil - 0.00% (0.67%)</b>			
<b>Canada - 1.03% (0.00%)</b>			
Shopify 'A'	6,599	1,980	1.03
<b>China - 3.15% (3.91%)</b>			
Tencent	166,200	6,048	3.15
<b>Denmark - 8.46% (11.54%)</b>			
Chr Hansen Holding A/S	111,875	6,721	3.50
Novozymes	134,699	4,989	2.59
Orsted	58,119	4,551	2.37
<b>Germany - 0.99% (0.00%)</b>			
Sartorius Pref.	11,683	1,900	0.99
<b>India - 3.13% (3.41%)</b>			
HDFC Corp	235,430	6,007	3.13
<b>Indonesia - 4.00% (4.18%)</b>			
Bank Rakyat Indonesia	32,116,900	7,684	4.00
<b>Ireland - 4.49% (4.06%)</b>			
Kingspan Group	187,756	8,631	4.49
<b>Japan - 9.34% (8.98%)</b>			
M3	436,800	10,027	5.22
Pigeon	114,700	3,199	1.66
Sysmex Corp.	91,300	4,724	2.46

## Portfolio Statement as at 31 December 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
<b>Kenya - 0.52% (0.44%)</b>			
Safaricom Ltd	4,224,000	991	0.52
<b>Netherlands - 7.44% (5.52%)</b>			
ASML	53,294	11,890	6.19
Signify NV	101,766	2,400	1.25
<b>South Africa - 3.03% (2.98%)</b>			
Discovery Ltd	900,038	5,825	3.03
<b>Sweden - 3.84% (2.96%)</b>			
Nibe Industrier AB 'B' Shares	562,426	7,377	3.84
<b>Taiwan - 6.08% (5.24%)</b>			
TSMC	1,401,000	11,677	6.08
<b>United Kingdom - 0.63% (0.35%)</b>			
FDM Group	116,989	1,210	0.63
<b>United States - 37.56% (40.91%)</b>			
Abiomed	32,641	4,203	2.19
Alnylam Pharmaceuticals	65,241	5,672	2.95
Alphabet Inc Class A	7,315	7,386	3.84
Dexcom Inc	61,755	10,197	5.31
Ecolab	29,020	4,226	2.20
Glaukos Corp	98,854	4,068	2.12
Illumina	48,012	12,018	6.25
Moderna Inc	183,783	2,713	1.41
Teladoc	47,375	2,993	1.56
Tesla Inc	38,958	12,295	6.40
Xylem	107,646	6,401	3.33
<b>Portfolio of investments</b>		<b>190,139</b>	<b>98.97</b>

## Portfolio Statement as at 31 December 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
<hr/>			
<b>Net other assets - 1.03% (0.59%)</b>		<b>1,985</b>	<b>1.03</b>
<hr/>			
<b>Net assets</b>		<b>192,124</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 2018.

# Comparative Tables

## Comparative Table: B Accumulation Shares

	Financial Year Ended 31 December 2019 (pence per share)	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	151.34	141.85	100.00 <sup>1</sup>
Return before operating charges*	38.63	10.43	42.68
Operating charges	(0.95)	(0.94)	(0.83)
Return after operating charges*	37.68	9.49	41.85
Distributions	(0.95)	(0.64)	(0.30)
Retained distributions on accumulation shares	0.95	0.64	0.30
<b>Closing net asset value per share</b>	<b>189.02</b>	<b>151.34</b>	<b>141.85</b>
*After direct transaction costs of:	0.15	0.18	0.18
<b>Performance:</b>			
Return after charges	24.90%	6.69%	41.85%
<b>Other Information:</b>			
Closing net asset value (£'000)	123,446	42,994	6,624
Closing number of shares	65,308,200	28,408,733	4,669,757
Operating charges	0.56%	0.59%	0.60% <sup>2</sup>
Direct transaction costs <sup>3</sup>	0.09%	0.11%	0.13%
<b>Prices:</b>			
Highest share price (pence)	193.7	178.3	143.4
Lowest share price (pence)	148.9	137.5	100.0



## Comparative Tables cont.

### Comparative Table: B Income Shares

	Financial Year Ended 31 December 2019 (pence per share)	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	150.36	141.55	100.00 <sup>1</sup>
Return before operating charges*	38.38	10.37	42.71
Operating charges	(0.95)	(0.92)	(0.74)
Return after operating charges*	37.43	9.45	41.97
Distributions on income shares	(0.95)	(0.64)	(0.42)
<b>Closing net asset value per share</b>	<b>186.84</b>	<b>150.36</b>	<b>141.55</b>
 *After direct transaction costs of:	 0.15	 0.17	 0.16
<b>Performance:</b>			
Return after charges	24.89%	6.68%	41.97%
<b>Other Information:</b>			
Closing net asset value (£'000)	48,661	19,609	8,150
Closing number of shares	26,044,726	13,041,580	5,757,616
Operating charges	0.56%	0.58%	0.60% <sup>2</sup>
Direct transaction costs <sup>3</sup>	0.09%	0.11%	0.13%
<b>Prices:</b>			
Highest share price (pence)	192.4	177.9	143.4
Lowest share price (pence)	147.9	137.2	100.0

## Comparative Tables cont.

### Comparative Table: C Accumulation Shares

	Financial Year Ended 31 December 2019 (pence per share)	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	125.06	116.65	100.00 <sup>1</sup>
Return before operating charges*	32.01	8.51	16.70
Operating charges	(0.09)	(0.10)	(0.05)
Return after operating charges*	31.92	8.41	16.65
Distributions	(1.48)	(1.18)	(0.22)
Retained distributions on accumulation shares	1.48	1.18	0.22
<b>Closing net asset value per share</b>	<b>156.98</b>	<b>125.06</b>	<b>116.65</b>
*After direct transaction costs of:	0.13	0.14	0.14
<b>Performance:</b>			
Return after charges	25.52%	7.21%	16.65%
<b>Other Information:</b>			
Closing net asset value (£'000)	20,017	1	1
Closing number of shares	12,750,786	1,000	1,000
Operating charges	0.06%	0.08%	0.10%
Direct transaction costs <sup>3</sup>	0.09%	0.11%	0.13%
<b>Prices:</b>			
Highest share price (pence)	160.8	147.1	117.8
Lowest share price (pence)	123.1	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 2019

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	1		27,969		(2,428)
Revenue	3	1,480		375	
Expenses	4	(603)		(217)	
Net revenue before taxation		877		158	
Taxation	5	(166)		(48)	
Net revenue after taxation			711		110
Total return before distributions			28,680		(2,318)
Distributions	6		(711)		(108)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>27,969</b>		<b>(2,426)</b>

## Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 December 2019

	2019		2018	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>62,604</b>		<b>14,775</b>
Amounts receivable on issue of shares	119,029		53,356	
Amounts payable on cancellation of shares	(18,457)		(3,352)	
		100,572		50,004
Dilution adjustment		170		69
Change in net assets attributable to shareholders from investment activities		27,969		(2,426)
Retained distributions on accumulation shares		809		182
<b>Closing net assets attributable to shareholders</b>		<b>192,124</b>		<b>62,604</b>

## Financial Statements cont.

### Balance Sheet as at 31 December 2019

	Notes	2019 £'000	2018 £'000
<b>Assets:</b>			
Fixed assets:			
Investments	13	190,139	62,235
Current assets:			
Debtors	8	916	147
Cash and bank balances	9	2,167	471
<b>Total assets</b>		<b>193,222</b>	<b>62,853</b>
<b>Liabilities:</b>			
Creditors:			
Distributions payable		(247)	(83)
Other creditors	10	(851)	(166)
<b>Total liabilities</b>		<b>(1,098)</b>	<b>(249)</b>
<b>Net assets attributable to shareholders</b>		<b>192,124</b>	<b>62,604</b>

# Notes to the Financial Statements

## 1 Net capital gains/(losses)

	2019			2018		
	Realised	Unrealised	Total	Realised	Unrealised	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Non-derivative securities	1,526	26,567	28,093	670	(3,066)	(2,396)
Currency gains/(losses)	(112)	3	(109)	(5)	1	(4)
Custodian transaction costs			(15)			(28)
<b>Net capital gain/(losses)</b>			<b>27,969</b>			<b>(2,428)</b>

## 2 Purchases, sales and transaction costs

	2019	2018
	£'000	£'000
<b>Purchases and transaction costs</b>		
Gross purchases of equities excluding transaction costs	113,878	53,513
Commissions	27	12
Taxes	74	32
Total transaction costs on equity purchases <sup>2</sup>	101	44
<b>Purchases including transaction costs</b>	<b>113,979</b>	<b>53,557</b>

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

	2019	2018
	%	%
<b>Transaction costs as a percentage of principal amount</b>		
Commission on equity purchases	0.02	0.02
Taxes on equity purchases	0.06	0.06

## Notes to the Financial Statements cont.

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

	2019	2018
	£'000	£'000
<b>Sales and transaction costs</b>		
Gross sales of equities excluding transaction costs	14,303	3,466
Commissions	(5)	-
Taxes	(3)	-
Total transaction costs on equity sales <sup>2</sup>	(8)	-
<b>Sales net of transaction costs</b>	<b>14,295</b>	<b>3,466</b>

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

	2019	2018
	%	%
<b>Transaction costs as a percentage of principal amount</b>		
Commission on equity sales	(0.03)	0.00
Taxes on equity sales	(0.02)	0.00

	2019		2018	
	£'000	% of average NAV	£'000	% of average NAV
<b>Portfolio transaction costs</b>				
Commissions	32	0.03	12	0.03
Taxes	77	0.06	32	0.08
<b>Total direct transaction costs</b>	<b>109</b>	<b>0.09</b>	<b>44</b>	<b>0.11</b>

	2019	2018
	%	%
Average portfolio dealing spread	0.07	0.19

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

	2019	2018
	£'000	£'000
UK dividends	18	3
Overseas dividends	1,457	371
Bank interest	5	1
<b>Total revenue</b>	<b>1,480</b>	<b>375</b>

### 4 Expenses

	2019	2018
	£'000	£'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	550	210
Expenses rebate	0	(17)
	<b>550</b>	<b>193</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fee	9	4
Bank charges	22	8
	<b>31</b>	<b>12</b>
<b>Other expenses:</b>		
Audit fee	7	8
Professional fees	15	4
	<b>22</b>	<b>12</b>
<b>Total expenses</b>	<b>603</b>	<b>217</b>

### 5 Taxation

	2019	2018
	£'000	£'000
<b>Analysis of charge in the year</b>		
Corporation tax	-	-
Overseas tax	166	48
<b>Total taxation</b>	<b>166</b>	<b>48</b>

The Fund is subject to corporation tax at 20% (2018: 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 2019, the Fund had excess management expenses of £844,000 (2018: £254,000 ) 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:

	2019	2018
	£'000	£'000
Net revenue/(expense) before taxation	877	158
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% (2018: 20%)	175	32
Effects of:		
Non-taxable UK dividends	(4)	(1)
Non-taxable overseas dividends	(290)	(74)
Overseas tax on dividends	166	48
Excess management expenses	119	43
<b>Total taxation</b>	<b>166</b>	<b>48</b>

### 6 Distributions

	2019	2018
	£'000	£'000
Final to 31 December	1,057	265
Amounts deducted on cancellation of shares	81	15
Amounts added on issue of shares	(427)	(172)
<b>Total distributions</b>	<b>711</b>	<b>108</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

	2019	2018
	£'000	£'000
Net revenue after taxation for the year	711	110
Add distributable revenue brought forward	3	1
Less distributable revenue carried forward	(3)	(3)
<b>Net distributions for the year</b>	<b>711</b>	<b>108</b>



## Notes to the Financial Statements cont.

### 8 Debtors

	2019	2018
	£'000	£'000
Receivable for issue of shares	726	103
Accrued income	113	4
Overseas tax recoverable	76	23
Amounts due from ACD	-	17
Other debtors	1	-
<b>Total debtors</b>	<b>916</b>	<b>147</b>

### 9 Cash and bank balances

	2019	2018
	£'000	£'000
Sterling bank accounts	2,067	471
Foreign currency bank accounts	100	-
<b>Total cash and bank balances</b>	<b>2,167</b>	<b>471</b>

### 10 Other creditors

	2019	2018
	£'000	£'000
Payable for cancellation of shares	544	98
Purchases awaiting settlement	75	-
Due to the ACD or associates	73	27
Due to the Depositary or associates	6	14
Capital gains tax provision	138	17
Other accrued expenses	15	10
<b>Total other creditors</b>	<b>851</b>	<b>166</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:

	2019	2018
	%	%
ACD and associates of the ACD	0.00	0.00

### 12 Reconciliation of shares in issue

	2019		
	B Accumulation Shares	B Income Shares	C Accumulation Shares
Opening shares in issue	28,408,733	13,041,580	1,000
Shares issued	46,550,466	13,446,131	13,477,798
Shares cancelled	(9,319,078)	(777,175)	(728,012)
Shares converted	(331,921)	334,190	-
<b>Closing shares in issue</b>	<b>65,308,200</b>	<b>26,044,726</b>	<b>12,750,786</b>

### 13 Basis of valuation

	2019	2018
	Assets	Assets
	£'000	£'000
Level 1: Quoted prices	190,139	62,235
Level 2: Observable market data	-	-
Level 3: Unobservable data	-	-
<b>Total</b>	<b>190,139</b>	<b>62,235</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 currency assets/(liabilities)			Net currency assets/(liabilities)		
	2019			2018		
	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Brazilian real	-	-	-	-	422	422
Danish krone	-	16,261	16,261	-	7,227	7,227
Euro	-	34,957	34,957	-	8,659	8,659
Hong Kong dollar	-	6,048	6,048	-	2,449	2,449
Indian rupee	-	6,007	6,007	-	2,133	2,133
Indonesian rupiah	-	7,684	7,684	-	2,617	2,617
Japanese yen	-	17,950	17,950	-	5,615	5,615
Kenyan shilling	-	991	991	-	277	277
South African rand	-	5,825	5,825	-	1,867	1,867
Swedish krona	-	7,377	7,377	-	1,855	1,855
Taiwanese dollar	-	11,677	11,677	-	3,282	3,282
UK sterling	2,067	1,210	3,277	471	220	691
US dollar	100	74,152	74,252	-	25,613	25,613

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 2019 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum Limit	120%	110%
Actual	99%	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 2019

Group 1 : shares purchased prior to 1 January 2019

Group 2 : shares purchased 1 January 2019 to 31 December 2019

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 28.02.20)	Distribution (paid/accumulated 28.02.19)
	31.12.19 pence per share	31.12.19 pence per share	31.12.19 pence per share	31.12.18 pence per share
B Accumulation				
Group 1	0.95000	-	0.95000	0.64000
Group 2	0.44191	0.50809	0.95000	0.64000
B Income				
Group 1	0.95000	-	0.95000	0.64000
Group 2	0.19714	0.75286	0.95000	0.64000
C Accumulation				
Group 1	1.48000	-	1.48000	1.18000
Group 2	0.80380	0.67620	1.48000	1.18000



## 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 of each sub-fund, the net asset value per share, the number of shares in each class and the distributions per share class are shown in the Fund Information sections of the relevant sub-fund. 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 157.



## 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.

### Third Party Data Provider Disclaimers

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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	0.35%
Baillie Gifford Positive Change Fund	n/a	0.50%	Nil	n/a

<sup>1</sup>With effect from 1 April 2019, the ACD's annual fee for Class P Shares was decreased from 0.40% to 0.35%.

### 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 Target Benchmark. The Active Share as at the year end and the Target Benchmark 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.

Sub-fund	Active Share	Comparative Index
Baillie Gifford Long Term Global Growth Fund	93%	FTSE All 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
Baillie Gifford Active Index-Linked Gilt Investment Fund
Baillie Gifford Active Long Gilt Investment Fund
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

### 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
Baillie Gifford Japanese Income Growth Fund
Baillie Gifford Multi Asset Income Fund
Baillie Gifford Sterling Aggregate Bond Fund
Baillie Gifford Sterling Aggregate Plus Bond Fund
Baillie Gifford UK Equity Core Fund

### Baillie Gifford Overseas Growth Funds ICVC

Baillie Gifford American Fund
Baillie Gifford China Fund <sup>1</sup>
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 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
Baillie Gifford UK and Worldwide Equity Fund
Baillie Gifford UK Equity Alpha Fund
Baillie Gifford UK Equity Focus Fund
Glenfinlas Global Fund <sup>2</sup>

<sup>1</sup>With effect from 2 May 2019 the name of Baillie Gifford Greater China Fund was changed to Baillie Gifford China Fund.

<sup>2</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.

