

# BAILLIE GIFFORD

Baillie Gifford UK & Balanced Funds ICVC

---

Annual Report & Financial Statements

*for the year ended 31 January 2019*



---

**Contents**

About the Company*	1
Statement of Authorised Corporate Directors' Responsibilities	4
Statement of Depositary's Responsibilities and Report to Shareholders	5
Report of the Independent Auditor	6
Accounting Policies	9
Risk Disclosures	12
Remuneration Report	14
Baillie Gifford British Smaller Companies Fund*	17
Baillie Gifford Global Alpha Growth Fund*	41
Baillie Gifford Global Income Growth Fund*	69
Baillie Gifford International Fund *	99
Baillie Gifford Managed Fund *	127
Baillie Gifford Responsible Global Equity Income Fund*	169
Baillie Gifford UK And Worldwide Equity Fund*	193
Baillie Gifford UK Equity Alpha Fund *	219
Baillie Gifford UK Equity Focus Fund*	245
Glenfinlas Global Fund *	265
General Information	279
The Group's Funds	286

---

\*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 UK & Balanced 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 January 2019 the Company offered nine sub-funds, and the range may be varied in the future. Each sub-fund is valued on a daily basis. All nine sub-funds are subject to different charging structures and subscription limits. All shares are single priced. Details of the sub-funds and the share classes are contained in the Prospectus, along with details of the switching facility available between sub-funds. The Prospectus was last revised on 6 December 2018 and the Instrument of Incorporation was last revised on 30 November 2018. Copies of the Prospectus or Instrument of Incorporation can be obtained from Baillie Gifford & Co Limited, the Authorised Corporate Director ('ACD') by contacting Client Relations.

The Company is registered in Scotland, registered number SI 8, 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') ('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 UCITS retail scheme under COLL.

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

### **Glenfinlas Global Fund**

On 13 November 2015 the shareholders in the Fund redeemed their holdings. Consequently, the ACD is no longer actively seeking subscriptions for the Fund.

### **Addition of New Sub-funds**

Baillie Gifford Responsible Global Equity Income Fund was authorised by the FCA on 12 October 2018 and was launched on 6 December 2018.

### **Changes to Share Classes**

Class G Shares were launched in two of the sub-funds, Baillie Gifford International Fund and Baillie Gifford UK Equity Alpha Fund, on 5 February 2018. Class G Shares are only available to persons who were previously invested in Baillie Gifford International Private Pension Fund and Baillie Gifford UK Private Pension Fund respectively, and such other persons as the ACD may permit at its sole discretion. The pension funds were unit-linked funds of Baillie Gifford Life Limited, an associate of the ACD.

Class C Income Shares were launched in one of the sub-funds, Baillie Gifford Global Alpha Growth Fund, on 21 March 2018.

### **Amendment to the Investment Objective and Policy of Baillie Gifford Global Income Growth Fund**

With effect from 30 September 2018 the investment objective and policy of Baillie Gifford Global Income Growth Fund was amended.

The new investment objective and policy are:

#### Objective

The objective is to obtain a yield higher than the FTSE All World Index whilst, over the longer term, achieving growth in both income and capital.

#### Policy

The Fund will be actively managed and will invest almost exclusively in equities worldwide. Such investment may be direct or indirect. The Fund may also invest in other transferable securities, money market instruments, cash and near cash, deposits and collective investment schemes including those managed or operated by the ACD.

## About the Company cont.

### Change of Depositary and Custodian

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

### Sub-fund Cross-holdings Table

Sub-fund	Cross-holding	Number of Shares	Value of Shares £'000
Baillie Gifford Managed Fund	Baillie Gifford British Smaller Companies Fund C Acc	2,729,352	25,836
Baillie Gifford UK and Worldwide Fund	Baillie Gifford British Smaller Companies Fund C Acc	988,579	9,358

At 31 January 2019 no other sub-funds had any cross-holdings.

## About the Company cont.

### Authorised Corporate Director

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

### Directors of the ACD

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

### Investment Adviser

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

### Depository

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

### Registrar

Baillie Gifford & Co Limited  
(Authorised & 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:

*C M Fraser, Director*  
*D S McGowan, Director*  
*Baillie Gifford & Co Limited*  
28 March 2019

# Statement of the Depositary's Responsibilities and Report of the Depositary to the Shareholders of Baillie Gifford UK & Balanced Funds ICVC ('The Company') for the Year Ended 31 January 2019

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes 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 the 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 Authorised Fund Manager ('the AFM') 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 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 AFM:

- (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 Regulations and the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

*National Westminster Bank Plc  
Trustee & Depositary Services  
Edinburgh  
1 February 2019*



# Independent Auditors' Report to the Shareholders of Baillie Gifford UK & Balanced Funds ICVC

## Report on the audit of the financial statements

### Opinion

In our opinion, Baillie Gifford UK & Balanced 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 January 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/period 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 UK & Balanced Funds ICVC (the "Company") is an Open Ended Investment Company ('OEIC') with ten 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 January 2019; the statement of total return and the statement of change in net assets attributable to shareholders for the year/period then ended; the distribution tables; the accounting policies; and notes to the financial statements.

### Emphasis of Matter – Basis of Preparation

In forming our opinion on the financial statements, which is not modified, we draw attention to accounting policy 1 which describes the directors' reasons why the financial statements for the Glenfinlas Global Fund have been prepared on a basis other than going concern. For the avoidance of doubt, all other sub-funds in these financial statements have been prepared on a going concern basis.

### 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

With the exception of the circumstances described in the Emphasis of Matter – Glenfinlas Global Fund paragraph above regarding the basis of preparation of this sub-fund, we have nothing to report in respect of the following matters in relation to which 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.



# Independent Auditors' Report to the Shareholders of Baillie Gifford UK & Balanced Funds ICVC cont.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's or any of the sub-funds' ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the fund's business 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.

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 Responsibilities*

In our opinion, the information given in the Statement of Authorised Corporate Director's Responsibilities 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 the 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.

#### **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.

# 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.

The financial statements have been prepared on a going concern basis, with the exception of Glenfinlas Global Fund. Glenfinlas Global Fund is no longer considered to be a going concern because all shareholders redeemed their shares on 13 November 2015 and it is the ACD's intention to terminate the sub-fund. Consequently the sub-fund is not a going concern and the financial statements have been prepared on a basis other than going concern. The prior year financial statements were also prepared on a basis other than going concern. There is no impact on the financial statements or disclosure notes of the sub-fund on the basis that the assets and liabilities on the balance sheet are valued at fair value, which materially equate to their residual values, and costs relating to the disposal of assets and settlement of liabilities will be met by the Investment Adviser. No reclassification of fixed assets and long-term liabilities as current assets and liabilities are required in the financial statements.

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 and property income 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 distributions. 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.

*Swap Agreements:* Income payable or receivable on swap agreements is accrued on a daily basis.

*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.

## Accounting Policies cont.

### (3) *Treatment of management expenses*

For all 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 Baillie Gifford Global Income Growth Fund and Baillie Gifford Responsible Global Equity Income Fund, for the purpose of the distribution, a percentage of the ACD's periodic charge, with the agreement of the Depositary, is allocated to capital. 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.

### (5) *Distribution policies*

*Distributions:* Baillie Gifford Global Income Growth Fund and Baillie Gifford Responsible Global Equity Income Fund distribute quarterly. Baillie Gifford Global Alpha Growth Fund, Baillie Gifford International Fund, Baillie Gifford Managed Fund, Baillie Gifford UK & Worldwide Equity Fund, Baillie Gifford UK Equity Alpha Fund and Baillie Gifford UK Equity Focus Fund distribute six monthly. Baillie Gifford British Smaller Companies Fund distributes annually. All sub-funds pay dividend distributions out of income after the deduction of relevant expenses.

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

### (6) *Taxation*

Corporation tax is charged at 20% of the revenue liable to corporation tax less expenses allocated to revenue. 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 closing bid prices on 31 January 2019, or the Investment Adviser's valuation where indicated. Investments are valued using the fair value hierarchy, referenced in account 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 January 2019. Transactions during the year have been translated at the exchange rate ruling on the transaction date.

## Accounting Policies cont.

### (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.

*Swap Agreements:* Swaps are marked to market daily based upon quotations from market makers and the change in value, if any, is recorded by the sub-fund as an unrealised gain or loss. A liquidation payment received or made at the termination of the swap is recorded as a realised gain or loss. Net periodic payments received by the sub-fund are included as part of realised gains or losses.

# 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 the 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

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 operational risk. 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 the sub-funds' 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.

A sub-fund may use derivatives for the purposes of hedging (which includes efficient portfolio management) and also, in the case of Baillie Gifford Managed Fund, for the purposes of meeting its investment objectives. The Investment Adviser's use of derivatives is constrained to a level that this risk and exposure is within the prescribed limits.

For Baillie Gifford Managed Fund, the strategies that may be used include active currency management, bond curve strategies, interest rate strategies, asset allocation and market spread strategies. In addition, derivatives and forwards may be used for the purposes of portfolio management for any sub-fund. The Investment Adviser may make use of these strategies as and when it considers it appropriate to do so.

The Investment Adviser does not consider the use of derivatives to be either extensive and complex or significant for any sub-fund 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 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 and Baillie Gifford UK and Worldwide Fund are denominated in currencies other than sterling, with the effect that the balance sheet and total return can be affected by currency movements. The balance sheet currency exposure is disclosed in the Notes to the Financial Statements of each sub-fund, where appropriate.

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.

The sub-funds may 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.



## Risk Disclosures cont.

### *Interest rate risk*

With the exception of Baillie Gifford Managed Fund, the majority of the financial assets of the other sub-funds are equities and other investments which neither pay interest nor have a maturity date. Therefore, these sub-funds' direct exposure to interest rate risk is not considered to be significant.

The majority of Baillie Gifford Managed Fund's financial assets are equities and other investments which neither pay interest nor have a maturity date. As at 31 January 2019 18.99% of Baillie Gifford Managed Fund was exposed to interest rate risk through investments in bonds, swaps and futures. The prior year exposure was 17.29% through investments in Fixed Income securities.

### *Other price risk*

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

### *Counterparty credit risk*

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.

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

### *Liquidity risk*

Each sub-funds' assets mainly consist of readily realisable securities. This enables the payment of any investor redemptions without unbalancing the portfolio.

### *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. 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 (the 'Company'), which is the group's sole UCITS management company for the range of UCITS operated within the group. The Policy is subject to review on at least an annual basis by the Management Committee of Baillie Gifford & Co and the Board of Baillie Gifford & Co Limited. It was updated in May 2018, no material changes were made.

## *Application of the UCITS Remuneration Code*

The Company is required to identify individuals whose professional activities have a material impact on the risk profiles of the UCITS it manages (known as 'Code Staff'), and the UCITS Remuneration Code requirements and disclosures apply to those individuals. The list of Code Staff compiled by the Company principally covers governance and control functions.

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

## *General Principles of the UCITS Remuneration Code*

The Company 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 its clients. The Policy is designed to be consistent with and promote sound and effective risk management and should not encourage risk-taking which is inconsistent with the risk profiles of the UCITS it manages. It is designed to be in line with the Company's strategy, objectives, values and long-term interests, its UCITS and investors in such UCITS. 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, the Management Committee. The Board of the Company also oversees adherence to the UCITS 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 (Business Risk) 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.

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.

## Remuneration Report cont.

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

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

	Headcount	Total Remuneration <sup>1</sup> £'000
<b>Baillie Gifford &amp; Co Limited</b>		
Fixed remuneration	29	810
Variable remuneration	29	640
<b>Baillie Gifford &amp; Co Limited Remuneration Code Staff<sup>2</sup></b>		
Total remuneration	18	1330

This remuneration disclosure has been provided at the level of Baillie Gifford & Co Limited as authorised fund manager of UCITS, as at 31 March 2018. Remuneration information at an individual AIF or UCITS 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 UCITS related activity for Baillie Gifford & Co Limited.

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





# BAILLIE GIFFORD

## Baillie Gifford British Smaller Companies Fund

---

a sub-fund of Baillie Gifford UK & Balanced Funds ICVC

*Annual Report & Financial Statements  
for the year ended 31 January 2019*



# Baillie Gifford British Smaller Companies Fund

## Investment Objective

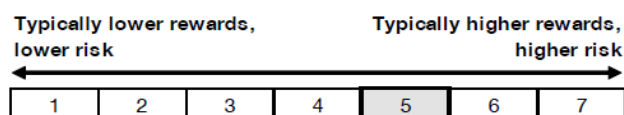
The Fund aims to produce attractive returns, mainly through capital growth, over the long term.

## Investment Policy

To invest in any economic sector of the UK. Investment will be mainly in shares of smaller companies. Investment may also be in smaller companies with their primary listing on the London Stock Exchange. We will decide what constitutes a smaller company.

## Risk and Reward Profile

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



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

The Fund is classified in the category above because it invests in company shares which generally provide higher rewards and higher risks than other investments, such as bonds or cash.

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.

Custody of assets involves a risk of loss if the custodian becomes insolvent or breaches duties of care.

The Fund's exposure to a single market may increase share price movements.

The Fund's concentrated portfolio relative to similar funds may result in large movements in the share price in the short term.

Investment in smaller companies is generally considered higher risk as changes in their share prices may be greater than those of larger companies and the shares may be harder to sell. Smaller companies may do less well in unfavourable economic conditions.

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

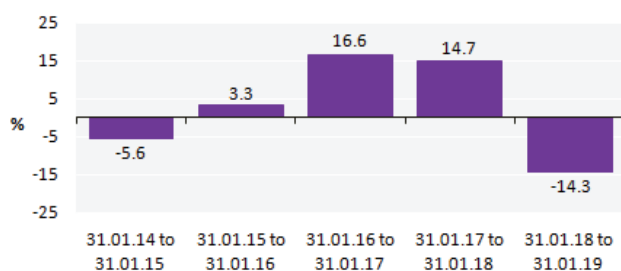
The result of the UK Referendum on membership of the European Union introduces elements of political uncertainty and may have practical consequences for the Fund. Developments will be closely monitored.

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



# Investment Report

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



The performance figures shown in this graph are for Class B Accumulation Shares. Performance figures reflect the ACD's annual fee of 0.65%, 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. Movements in the prices of company shares in which the Fund invests and foreign exchange rates between the two valuation points can lead to distortions in the returns. 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 January 2019 the return on B Accumulation Shares was -12.9%<sup>2</sup>, compared to the return the FTSE Small Cap (ex-Investment Trust) Index of -9.7%<sup>3</sup>. We believe that shorter-term performance measurements are of limited relevance in assessing investment ability and would suggest that five years is a more sensible timeframe over which to judge performance.

Although it is only a short period, and we always say it is too short to deduce anything meaningful, the last year has been a difficult year for our relative performance. Part of this simply reflects a broader shift in markets globally, which meant it was a tougher environment for our style of investing in growth companies, particularly in smaller companies.

Amongst the most significant detractors from performance were Ted Baker and Ten Lifestyle Group. Towards the end of 2018 serious allegations emerged about the behaviour of the founder and Chief Executive Officer (CEO) of Ted Baker. This was clearly a concern, but we decided not to take any immediate action as the board responded swiftly instigating a thorough investigation, and the CEO took voluntary leave whilst this process was undertaken. We also spoke to the Chairman who reassured us that this would be carried out in an appropriate manner. Despite this, and despite the difficulties being faced by many high street retailers, the

operational performance at Ted Baker has been encouraging and highlights that its differentiated brand and products continue to appeal to consumers.

Ten Lifestyle Group has seen some delays in rolling out a global platform for its services which has held back various new contracts. Ten Lifestyle Group provides concierge services to a range of customers globally including Coutts, Citibank and HSBC. It had trialled a UK version of its online platform successfully, but management admitted that they underestimated the complexity of building a product for a global customer base, particularly when it came to making travel arrangements. They have responded to this by hiring new technology leaders who have quickly corrected the problem, allowing the product to launch shortly before Christmas. We were reassured by a visit to the company headquarters, where we met executives, a non-executive and members of the technology development team, that the short-term trading issues Ten Lifestyle Group had suffered were not indicative of a wider issue and that the long-term opportunity remains significant. We have therefore added to the holding.

On a more positive note, Creo Medical Group, the medical devices company developing sophisticated surgical endoscopy devices, has been performing very well as it has expanded the scope of procedures carried out with its equipment from the bowel to the upper

<sup>1</sup>Source: FE, 10am dealing prices, income accumulated. <sup>2</sup>Source: Baillie Gifford & Co Limited, closing net asset value, income accumulated. <sup>3</sup>Source: FE and relevant underlying index provider, total return. Please see Disclaimer on page 281. You should be aware that past performance is not a guide to future performance.

## Investment Report cont.

gastro-intestinal tract, and has been approved for use in more markets geographically. Elsewhere, Craneware, the Scottish company with around 50% of the US hospital billing software market, has continued to expand successfully and YouGov, the online market research company has seen sustained strong demand for its services from a global customer base.

During the year, we took a new holding in Angling Direct as the company was raising funds to support its roll-out into European markets. This leading online fishing tackle retailer has performed very well operationally since its IPO and the management has demonstrated a strong grasp of the business and has ambition to grow significantly. Its large scale relative to competitors has allowed it to invest heavily in its online offer as well as rolling out a small number of stores in the UK. We also took an initial holding in First Derivatives, a leader in databases for time series data. It has a strong position in financial markets and is expanding into other areas. The shares have been weak recently, as a sensationalist analyst report and some short selling have pushed the shares down. We saw this as an opportunity to buy a fast-growing business on an attractive rating. Finally, we took a starter holding in Shearwater during a recent fund raise. Shearwater is aggregating a few cyber security businesses and leveraging its management experience to accelerate growth at the acquired operations. We added to the holding in Science In Sport (SiS) as the company raised money to purchase the protein supplement business PhD. This is a good fit for SiS and opens the very large gym market to them. There should be meaningful synergies between these two complementary businesses which we do not believe are reflected in the current valuation.

Overall, the last twelve months turned out to be a forgettable year for equity returns in the UK. Whilst the last few months have not been our finest for relative performance, these occasional bumps are an inevitable consequence of our investment style. Without being dismissive, we think it is important not to get too euphoric in the good short-term spells, or too despondent in the bad. What matters is how the underlying holdings perform over multi-year periods. The good news is that the vast bulk of the portfolio continues to perform well operationally, and we remain confident that these

businesses will not only be able to navigate the short-term uncertainties around Brexit in the coming months but continue to grow and thrive in the years ahead. Market declines will always throw up more exciting new opportunities, and competition for places in the portfolio is strong. This is a great time to be a long-term growth investor.

*Andrew Strathdee, 26 February 2019*

## Principal Holdings as at 31 January 2019

Investment	Percentage of total Fund
Creo Medical Group	5.99
Boohoo	5.04
Renishaw	4.96
YouGov	4.65
Abcam	4.38
Craneware	4.05
Ricardo	2.66
Fever-Tree	2.57
Genus	2.57
Hostelworld Group	2.55

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

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
Creo Medical Group	3,200	Abcam	5,508
LoopUp Group	3,014	Cityfibre Infrastructure	4,366
On The Beach	2,047	Boohoo	3,505
Shearwater Gp	2,000	M&C Saatchi	3,220
FDM Group	1,927	Quixant	2,974
Focusrite	1,921	Fever-Tree	2,190
Victoria	1,786	Wilmington	1,967
Science In Sport	1,500	City of London Investment Group	1,898
Dotdigital Group	1,375	Renishaw	1,876
Hostelworld Group	1,325	The Gym Group	1,616

# Portfolio Statement as at 31 January 2019

Stock description	Holding	Market value £'000	% of total net assets
<b>Basic Materials - 2.14% (2.81%)</b>			
Applied Graphene Materials	1,090,100	305	0.19
Victrex	138,012	3,152	1.95
<b>Consumer Goods - 10.32% (9.28%)</b>			
Fever-Tree	160,960	4,137	2.57
Focusrite	402,387	1,996	1.24
Gear4music (Holdings)	542,199	976	0.60
Hotel Chocolat Group	1,125,915	3,378	2.09
Science In Sport	3,788,336	2,008	1.25
Ted Baker	174,878	3,254	2.02
Victoria	210,760	885	0.55
<b>Consumer Services - 19.82% (23.36%)</b>			
4imprint Group	129,569	2,572	1.60
Angling Direct	1,008,000	736	0.46
AO World Plc	2,495,438	2,965	1.84
Arena Events Group	2,309,000	877	0.54
Boohoo	4,324,619	8,128	5.04
easyHotel	1,466,000	1,143	0.71
Hostelworld Group	2,008,211	4,117	2.55
Majestic Wine	371,759	1,011	0.63
On The Beach	390,891	1,710	1.06
Patisserie Holdings <sup>1</sup>	323,677	-	0.00
Ten Lifestyle Group	2,942,438	1,195	0.74
YouGov	1,720,990	7,486	4.65
<b>Financials - 7.52% (8.75%)</b>			
Draper Esprit Plc	750,202	3,938	2.44
Helical	1,044,050	3,508	2.17
IP Group	1,272,541	1,349	0.84
Mercia Technologies	4,643,976	1,319	0.82
Numis Corporation	748,301	2,009	1.25

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
<b>Health Care - 23.25% (20.36%)</b>			
Abcam	533,491	7,053	4.38
Avacta Group PLC	2,964,805	1,245	0.77
Benchmark Holdings	5,111,459	2,811	1.74
Clinigen Group Plc	471,568	3,751	2.33
Creo Medical Group	4,268,312	9,647	5.99
Genus	185,820	4,136	2.57
Horizon Discovery Group	1,984,456	3,016	1.87
Kromek Group	3,963,822	1,122	0.70
Midatech Pharma	1,283,696	51	0.03
Reneuron Group	256,442	144	0.09
Tissue Regenix Group	13,308,769	732	0.45
Vectura Group Plc	5,064,343	3,763	2.33
<b>Industrials - 19.09% (22.15%)</b>			
Clipper Logistics Plc	954,395	2,300	1.43
Fisher (James) & Sons	119,145	2,307	1.43
Gooch & Housego	123,623	1,762	1.09
Oxford Instruments	401,164	3,606	2.24
Porvair	459,228	2,089	1.30
Renishaw	171,220	7,993	4.96
Ricardo	710,327	4,290	2.66
Robert Walters	772,783	3,972	2.46
Smart Metering Systems	243,133	1,595	0.99
Xaar	287,381	431	0.27
Xeros Group	2,614,265	424	0.26
<b>Oil &amp; Gas - 1.42% (0.97%)</b>			
Ceres Power	1,024,434	1,593	0.99
Ilika	2,667,861	694	0.43
<b>Technology - 12.92% (9.10%)</b>			
Alfa Financial Software	550,927	769	0.48
Craneware	235,441	6,522	4.05
Dotdigital Group	1,739,676	1,392	0.86



## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
FDM Group	380,743	3,137	1.95
First Derivatives Plc	55,484	1,221	0.76
Kainos Group	13,500	55	0.03
LoopUp Group	734,371	2,203	1.37
NCC Group	1,801,447	2,301	1.43
Proactis Holdings	1,460,626	1,782	1.10
Shearwater Gp	55,555,000	1,444	0.89
<b>Telecommunications - 0.00% (1.33%)</b>			
<b>Portfolio of investments</b>		<b>155,507</b>	<b>96.48</b>
<b>Net other assets - 3.52% (1.89%)</b>		<b>5,680</b>	<b>3.52</b>
<b>Net assets</b>		<b>161,187</b>	<b>100.00</b>

<sup>1</sup>This stock was unlisted at the year end and has been valued at the Investment Adviser's valuation.

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 January 2018.

# Comparative Tables

## Comparative Table: A Accumulation Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	719.14	644.51	552.35
Return before operating charges*	(87.25)	85.19	101.17
Operating charges	(10.59)	(10.56)	(9.01)
Return after operating charges*	(97.84)	74.63	92.16
Distributions	0.00	0.00	(0.21)
Retained distributions on accumulation shares	0.00	0.00	0.21
<b>Closing net asset value per share</b>	<b>621.30</b>	<b>719.14</b>	<b>644.51</b>
*After direct transaction costs of:	0.28	0.21	0.15
<b>Performance:</b>			
Return after charges	(13.61)%	11.58%	16.69%
<b>Other Information:</b>			
Closing net asset value (£'000)	2,038	3,000	4,409
Closing number of shares	328,094	417,175	684,098
Operating charges	1.52%	1.53%	1.54%
Direct transaction costs <sup>1</sup>	0.04%	0.03%	0.03%
<b>Prices:</b>			
Highest share price (pence)	754.2	748.5	658.0
Lowest share price (pence)	594.3	647.5	517.0

## Comparative Tables cont.

### Comparative Table: B Accumulation Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	836.76	743.58	631.82
Return before operating charges*	(102.20)	98.55	116.33
Operating charges	(5.47)	(5.37)	(4.57)
Return after operating charges*	(107.67)	93.18	111.76
Distributions	(5.68)	(5.26)	(6.04)
Retained distributions on accumulation shares	5.68	5.26	6.04
<b>Closing net asset value per share</b>	<b>729.09</b>	<b>836.76</b>	<b>743.58</b>
*After direct transaction costs of:	0.33	0.24	0.17
<b>Performance:</b>			
Return after charges	(12.87)%	12.53%	17.69%
<b>Other Information:</b>			
Closing net asset value (£'000)	21,386	39,969	43,528
Closing number of shares	2,933,323	4,776,712	5,853,725
Operating charges	0.67%	0.67%	0.68%
Direct transaction costs <sup>1</sup>	0.04%	0.03%	0.03%
<b>Prices:</b>			
Highest share price (pence)	882.5	870.8	758.7
Lowest share price (pence)	696.8	747.9	593.4

## Comparative Tables cont.

### Comparative Table: B Income Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	599.54	536.13	459.27
Return before operating charges*	(73.30)	71.07	84.59
Operating charges	(3.81)	(3.87)	(3.34)
Return after operating charges*	(77.11)	67.20	81.25
Distributions on income shares	(4.07)	(3.79)	(4.39)
<b>Closing net asset value per share</b>	<b>518.36</b>	<b>599.54</b>	<b>536.13</b>
 *After direct transaction costs of:	 0.22	 0.17	 0.13
<b>Performance:</b>			
Return after charges	(12.86)%	12.53%	17.69%
<b>Other Information:</b>			
Closing net asset value (£'000)	12,679	3,471	3,442
Closing number of shares	2,445,968	579,016	642,074
Operating charges	0.68%	0.67%	0.68%
Direct transaction costs <sup>1</sup>	0.04%	0.03%	0.03%
<b>Prices:</b>			
Highest share price (pence)	632.4	627.9	551.5
Lowest share price (pence)	499.3	539.3	431.4

## Comparative Tables cont.

### Comparative Table: C Accumulation Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	939.11	829.13	699.92
Return before operating charges*	(115.32)	110.16	129.44
Operating charges	(0.18)	(0.18)	(0.23)
Return after operating charges*	(115.50)	109.98	129.21
Distributions	(12.34)	(11.71)	(11.64)
Retained distributions on accumulation shares	12.34	11.71	11.64
<b>Closing net asset value per share</b>	<b>823.61</b>	<b>939.11</b>	<b>829.13</b>
*After direct transaction costs of:	0.37	0.27	0.19
<b>Performance:</b>			
Return after charges	(12.30)%	13.26%	18.46%
<b>Other Information:</b>			
Closing net asset value (£'000)	125,079	149,228	139,380
Closing number of shares	15,186,664	15,890,289	16,810,345
Operating charges	0.02%	0.02%	0.03%
Direct transaction costs <sup>1</sup>	0.04%	0.03%	0.03%
<b>Prices:</b>			
Highest share price (pence)	994.8	977.1	845.7
Lowest share price (pence)	786.6	834.6	659.2

## Comparative Tables cont.

### Comparative Table: C Income Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	603.13	539.20	460.29
Return before operating charges*	(73.98)	71.67	86.74
Operating charges	(0.12)	(0.12)	(0.15)
Return after operating charges*	(74.10)	71.55	86.59
Distributions on income shares	(7.92)	(7.62)	(7.68)
<b>Closing net asset value per share</b>	<b>521.11</b>	<b>603.13</b>	<b>539.20</b>
 *After direct transaction costs of:	 0.23	 0.18	 0.13
<b>Performance:</b>			
Return after charges	(12.29)%	13.27%	18.81%
<b>Other Information:</b>			
Closing net asset value (£'000)	5	6	5
Closing number of shares	1,000	1,000	1,000
Operating charges	0.02%	0.02%	0.03%
Direct transaction costs <sup>1</sup>	0.04%	0.03%	0.03%
<b>Prices:</b>			
Highest share price (pence)	639.0	635.5	557.8
Lowest share price (pence)	505.3	542.8	434.8

<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.

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 January 2019

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	1		(26,017)		21,472
Revenue	3	2,546		2,581	
Expenses	4	(328)		(392)	
Net revenue before taxation		2,218		2,189	
Taxation	5	-		-	
Net revenue after taxation			2,218		2,189
Total return before distributions			(23,799)		23,661
Distributions	6		(2,222)		(2,195)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(26,021)</b>		<b>21,466</b>

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

	2019		2018	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>195,674</b>		<b>190,764</b>
Amounts receivable on issue of shares	6,251		3,984	
Amounts payable on cancellation of shares	(16,858)		(22,765)	
		(10,607)		(18,781)
Dilution adjustment		100		113
Change in net assets attributable to shareholders from investment activities		(26,021)		21,466
Retained distributions on accumulation shares		2,041		2,112
<b>Closing net assets attributable to shareholders</b>		<b>161,187</b>		<b>195,674</b>

## Financial Statements cont.

### Balance Sheet as at 31 January 2019

	Notes	2019 £'000	2018 £'000
<b>Assets:</b>			
Fixed assets:			
Investments	13	155,507	191,978
Current assets:			
Debtors	8	574	530
Cash and bank balances	9	5,353	3,570
<b>Total assets</b>		<b>161,434</b>	<b>196,078</b>
<b>Liabilities:</b>			
Creditors:			
Distributions payable		(100)	(22)
Other creditors	10	(147)	(382)
<b>Total liabilities</b>		<b>(247)</b>	<b>(404)</b>
<b>Net assets attributable to shareholders</b>		<b>161,187</b>	<b>195,674</b>

# Notes to the Financial Statements

## 1 Net capital gains/(losses)

	2019	2018
	£'000	£'000
Non-derivative securities	(26,014)	21,474
Transaction costs	(3)	(2)
<b>Net capital gains/(losses)</b>	<b>(26,017)</b>	<b>21,472</b>

## 2 Purchases, sales and transaction costs

	2019	2018
	£'000	£'000
<b>Purchases and transaction costs</b>		
Gross purchases of equities excluding transaction costs	28,967	20,939
Commissions	11	7
Taxes	29	44
Total transaction costs on equity purchases <sup>1</sup>	40	51
<b>Purchases including transaction costs</b>	<b>29,007</b>	<b>20,990</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	0.04	0.03
Taxes on equity purchases	0.10	0.21

	2019	2018
	£'000	£'000
<b>Sales and transaction costs</b>		
Gross sales of equities excluding transaction costs	39,487	37,331
Commissions	(23)	(17)
Taxes	-	-
Total transaction costs on equity sales <sup>1</sup>	(23)	(17)
<b>Sales net of transaction costs</b>	<b>39,464</b>	<b>37,314</b>

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

## Notes to the Financial Statements cont.

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

	2019		2018	
	%		%	
Transaction costs as a percentage of principal amount				
Commission on equity sales	(0.06)		(0.05)	
Taxes on equity sales	0.00		0.00	
	2019		2018	
	£'000	% of average NAV	£'000	% of average NAV
Portfolio transaction costs				
Commissions	34	0.02	24	0.01
Taxes	29	0.02	44	0.02
Total direct transaction costs	63	0.04	68	0.03
	2019		2018	
	%		%	
Average portfolio dealing spread	1.74		1.40	

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

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

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

### 3 Revenue

	2019	2018
	£'000	£'000
UK dividends	2,284	2,127
Overseas dividends	207	394
Property income	46	57
Bank interest	9	3
<b>Total revenue</b>	<b>2,546</b>	<b>2,581</b>

## Notes to the Financial Statements cont.

### 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	298	357
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fee	20	24
Bank charges	4	5
	24	29
<b>Other expenses:</b>		
Audit fee	6	6
<b>Total expenses</b>	<b>328</b>	<b>392</b>

### 5 Taxation

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

At 31 January 2019, the Fund had excess management expenses of £3,139,000 (2018: £2,866,000) 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	2,218	2,189
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% (2018: 20%)	444	438
Effects of:		
Non-taxable UK dividends	(457)	(425)
Non-taxable overseas dividends	(41)	(79)
Excess management expenses	54	66
<b>Total taxation</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements cont.

### 6 Distributions

	2019	2018
	£'000	£'000
Final to 31 January	2,141	2,134
Amounts deducted on cancellation of shares	180	90
Amounts added on issue of shares	(99)	(29)
<b>Total distributions</b>	<b>2,222</b>	<b>2,195</b>

The distributions take account of 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	2,218	2,189
Add capital transfers for deficits of income	3	6
Add distributable revenue brought forward	1	1
Less distributable revenue carried forward	-	(1)
<b>Net distributions for the year</b>	<b>2,222</b>	<b>2,195</b>

### 8 Debtors

	2019	2018
	£'000	£'000
Receivable for issue of shares	-	299
Sales awaiting settlement	217	74
Accrued income	257	100
Overseas tax recoverable	99	57
Other debtors	1	-
<b>Total debtors</b>	<b>574</b>	<b>530</b>

### 9 Cash and bank balances

	2019	2018
	£'000	£'000
Sterling bank accounts	5,353	3,570
<b>Total cash and bank balances</b>	<b>5,353</b>	<b>3,570</b>

## Notes to the Financial Statements cont.

### 10 Other creditors

	2019	2018
	£'000	£'000
Payable for cancellation of shares	117	340
Due to the ACD or associates	21	32
Due to the Depositary or associates	3	4
Other accrued expenses	6	6
<b>Total other creditors</b>	<b>147</b>	<b>382</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	24.28	24.65

### 12 Reconciliation of shares in issue

	2019				
	A Accumulation Shares	B Accumulation Shares	B Income Shares	C Accumulation Shares	C Income Shares
Opening shares in issue	417,175	4,776,712	579,016	15,890,289	1,000
Shares issued	21,381	372,324	261,172	177,034	1,000
Shares cancelled	(97,669)	(882,585)	(269,897)	(880,659)	(1,000)
Shares converted	(12,793)	(1,333,128)	1,875,677	-	-
<b>Closing shares in issue</b>	<b>328,094</b>	<b>2,933,323</b>	<b>2,445,968</b>	<b>15,186,664</b>	<b>1,000</b>

### 13 Basis of valuation

	2019	2018
	Assets	Assets
	£'000	£'000
Level 1: Quoted prices	155,507	191,515
Level 2: Observable market data	-	-
Level 3: Unobservable data <sup>1</sup>	-	463
<b>Total</b>	<b>155,507</b>	<b>191,978</b>

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

# Distribution Table

Final distribution for the year ended 31 January 2019

Group 1 : shares purchased prior to 1 February 2018

Group 2 : shares purchased 1 February 2018 to 31 January 2019

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 31.03.19)	Distribution (paid/accumulated 31.03.18)
	31.01.19 pence per share	31.01.19 pence per share	31.01.19 pence per share	31.01.18 pence per share
A Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
B Accumulation				
Group 1	5.68000	-	5.68000	5.26000
Group 2	2.30001	3.37999	5.68000	5.26000
B Income				
Group 1	4.07000	-	4.07000	3.79000
Group 2	1.37274	2.69726	4.07000	3.79000
C Accumulation				
Group 1	12.34000	-	12.34000	11.71000
Group 2	5.94821	6.39179	12.34000	11.71000
C Income				
Group 1	7.92000	-	7.92000	7.62000
Group 2	7.92000	-	7.92000	7.62000





# BAILLIE GIFFORD

## Baillie Gifford Global Alpha Growth Fund

---

a sub-fund of Baillie Gifford UK & Balanced Funds ICVC

*Annual Report & Financial Statements  
for the year ended 31 January 2019*





# Baillie Gifford Global Alpha Growth Fund

## Investment Objective

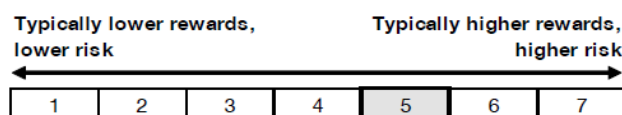
The Fund aims to outperform the MSCI AC World Index by at least 2.0% per annum (before management fees), over rolling five year periods.

## Investment Policy

To invest mainly in shares of companies worldwide. We will assess performance of the Fund compared to the index over rolling five year periods. There is no guarantee that a positive return will be achieved over rolling five year periods or any time period.

## Risk and Reward Profile

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



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

The Fund is classified in the category above because it invests in company shares which generally provide higher rewards and higher risks than other investments such as bonds or cash.

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.

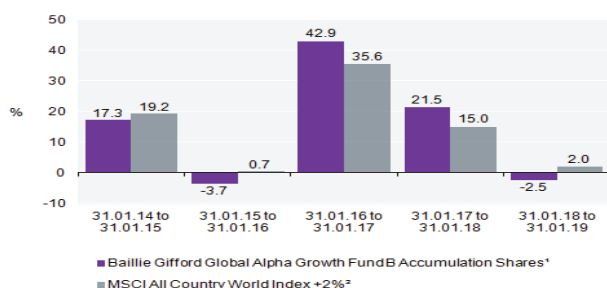
Where possible, charges are taken from the Fund's revenue. Where there is insufficient revenue, the remainder will be taken from capital. This will reduce the capital value of the Fund.

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

Further details of the risks associated with investing in the Fund can be found in the Prospectus which is available by contacting Client Relations 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 0.57% (until 30 September 2017, the ACD's annual fee on Class B Shares was 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. Movements in the prices of company shares in which the Fund invests and foreign exchange rates between the two valuation points can lead to distortions in the returns. Performance 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 January 2019 the return on B Accumulation Shares was -1.8%<sup>3</sup> compared to the return on the MSCI All Country World Index +2% of 2.0%<sup>2</sup>, in sterling terms. We believe that shorter-term performance measurements are of limited relevance in assessing investment ability and would suggest that five years is a more sensible time frame over which to judge performance.

Market participants have experienced the return of volatility to global stock markets over the period, after enjoying a steady spell of rising markets in prior years. This comes as no surprise given numerous headlines relating to Brexit, tit-for-tat trade tariff exchanges between the US and China and teeth gnashing over the impact that rising rates and a strong dollar may have on emerging markets.

Among the detractors from performance were Prudential, a UK listed insurance company which has a significant Asian insurance operation, and Naspers, the South African media technology business, both of which have seen their share prices affected amid broader concerns about emerging markets. Prudential has seen its share price under further pressure as uncertainty around Brexit remains. We believe that the market is underestimating Prudential's exposure to the multi-decade growth opportunity in Asia where penetration rates of investment and life insurance

products are low and likely to grow significantly faster than the underlying economies. Naspers, which the market often perceives as a proxy for Tencent, the Chinese media and gaming business in which it has approximately a 30% stake, suffered further weakness due to a regulatory freeze in video game approvals, which has now eased. We continue to believe that Naspers' portfolio of global technology investments, managed with a disciplined and return-focused approach to capital allocation, is well placed for future growth.

Positively, Amazon has performed well, reaching US\$1 trillion market capitalisation in early September. The world's leading online retailer continues to grow its top line impressively in both e-commerce and Amazon Web Services (AWS), its cloud computing division, expanding its market share. The company is successfully growing its margins through Prime membership and the strong growth of higher margin divisions like AWS. Anthem (US health insurer) has been a strong contributor over the period. Being one of the largest players in the health insurance market with an established franchise, the company has been making steady operational progress supported by a recovering US economy and rising healthcare costs.

Portfolio turnover remains low (< 20%) which reflects our long-term approach to investing. Online platform businesses make up around 23% of the portfolio.

<sup>1</sup>Source: FE, 10am dealing prices, income accumulated. <sup>2</sup>Source: FE and relevant underlying index provider, total return. Please see Disclaimer on page 281. <sup>3</sup>Source: Baillie Gifford & Co Limited, closing net asset values, income accumulated. You should be aware that past performance is not a guide to future performance.

## Investment Report cont.

Throughout the year we established several positions in earlier stage platform businesses which we believe have transformational growth prospects and the potential to become significant holdings. These included Grubhub, the US online food delivery business and Spotify, the online music streaming platform. Elsewhere, we continue to appreciate the benefits of diversification and added stocks which we believe are uncorrelated to the existing portfolio. Examples of such companies include BHP Billiton (diversified commodities conglomerate) and Chipotle Mexican Grill (Tex-Mex fast-casual food chain). Finally, we reduced the portfolio's semiconductor exposure (from 9% to 4%), where we have concerns about the cyclical nature of the industry and emerging Chinese competition. This included complete sales of NVIDIA (graphic processing chip specialist) and Samsung Electronics (memory chips), and a reduction to TSMC (Taiwanese semiconductors).

We believe that the portfolio is well positioned for future growth. First and foremost, we are confident in the ability of the companies that the Fund holds to grow their revenues and earnings at above average rates over the long term. Second, we believe many of these companies are supported by lasting structural growth drivers such as growing discretionary spend in many emerging markets, the rise of technology and the internet, and advances in medical care. We remain focused on corporate fundamentals and the search for enduring growth opportunities.

*Baillie Gifford & Co, 8 February 2019*



## Principal Holdings as at 31 January 2019

Investment	Percentage of total Fund
Naspers	4.00
Amazon.com	3.46
Anthem Inc	2.99
Prudential	2.98
Banco Bradesco Pref	2.41
Alibaba	2.22
AIA Group	2.21
MasterCard	2.08
Alphabet Inc Class C	2.08
Moody's	2.04

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

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
Ping An Insurance	72,497	Amazon.com	136,979
ICICI Bank ADR	65,357	TSMC ADR	85,696
BHP Billiton	49,939	Royal Caribbean Cruises	71,944
Service Corp.Intl.	48,535	Samsung Electronics	65,865
Sumitomo Mitsui Trust	48,437	ICICI Bank	64,702
Apache	47,804	NVIDIA	63,582
Microsoft	37,095	Abiomed	60,190
Kirby	35,768	Naspers	48,533
Zillow Group Inc Class C	26,848	SAP	44,607
Naspers	26,674	Novo Nordisk	41,911

# Portfolio Statement as at 31 January 2019

Stock description	Holding	Market value £'000	% of total net assets
<b>Australia - 0.48% (0.00%)</b>			
Orica	1,897,923	18,031	0.48
<b>Brazil - 3.21% (1.80%)</b>			
B3 S.A.	4,588,800	30,136	0.80
Banco Bradesco Pref	9,589,960	90,557	2.41
<b>Canada - 2.15% (1.46%)</b>			
Fairfax Financial Holdings	104,550	37,581	1.00
Ritchie Bros Auctioneers (USA)	750,460	20,521	0.55
Shopify 'A'	175,945	22,544	0.60
<b>China - 7.51% (6.35%)</b>			
58.Com Inc Adr	526,598	25,372	0.67
Alibaba	650,347	83,280	2.22
Autohome Inc - ADR	359,665	19,790	0.53
Baidu.com ADR	250,871	32,920	0.88
Ctrip.com International	891,649	22,572	0.60
Meituan Dianping	2,800,600	14,448	0.38
NetEase.com ADR	76,590	14,668	0.39
Ping An Insurance	8,274,000	60,841	1.62
Tsingtao Brewery 'H'	2,482,000	8,260	0.22
<b>Denmark - 1.01% (1.71%)</b>			
AP Moller Maersk B	22,361	22,686	0.60
Genmab	137,214	15,191	0.41
<b>France - 2.40% (1.92%)</b>			
Bureau Veritas	1,751,589	29,634	0.79
Pernod Ricard SA	478,558	60,508	1.61
<b>Germany - 2.93% (3.53%)</b>			
Deutsche Boerse	294,889	29,890	0.80
Infineon Technologies AG	983,815	16,653	0.44

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
SAP	808,472	63,612	1.69
<b>Hong Kong - 2.64% (2.63%)</b>			
AIA Group	12,170,000	83,063	2.21
Sands China	4,527,200	16,338	0.43
<b>India - 3.65% (3.15%)</b>			
HDFC Corp	2,688,583	55,245	1.47
ICICI Bank ADR	8,631,757	66,996	1.78
Reliance Inds. GDR	574,828	15,054	0.40
<b>Ireland - 3.01% (3.94%)</b>			
Bank of Ireland (Dublin)	5,990,949	27,384	0.73
CRH	2,313,579	50,667	1.35
Ryanair	3,645,337	34,914	0.93
<b>Italy - 1.01% (1.55%)</b>			
Fiat Chrysler Automobiles	2,907,047	37,829	1.01
<b>Japan - 7.07% (7.09%)</b>			
Advantest Corp	1,801,200	31,114	0.83
CyberAgent Inc	935,500	22,871	0.61
Kansai Paint Co Ltd	639,100	8,527	0.23
Line Corp	452,100	11,953	0.32
MS&AD Insurance	2,117,300	47,830	1.27
Olympus	1,280,689	39,988	1.06
Persol Holdings	996,400	13,454	0.36
Rohm	400,400	21,368	0.57
SMC	124,200	30,998	0.82
Sumitomo Mitsui Trust	1,307,400	37,689	1.00
<b>Netherlands - 0.71% (0.53%)</b>			
Signify NV	1,408,397	26,586	0.71

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
<b>Norway - 1.03% (0.87%)</b>			
Schibsted	984,046	26,234	0.70
Schibsted B	517,584	12,472	0.33
<b>Russia - 1.24% (1.79%)</b>			
Mail.ru Group GDR	779,882	14,573	0.39
Sberbank Spon ADR	3,114,242	32,114	0.85
<b>Singapore - 0.63% (0.51%)</b>			
Jardine Matheson	463,500	23,544	0.63
<b>South Africa - 4.00% (4.36%)</b>			
Naspers	863,082	150,145	4.00
<b>South Korea - 0.00% (1.36%)</b>			
<b>Spain - 0.00% (0.35%)</b>			
<b>Sweden - 1.77% (1.95%)</b>			
Atlas Copco B	1,504,725	27,342	0.73
Epiroc B	2,798,937	18,986	0.50
Spotify Technology SA	141,556	14,576	0.39
Svenska Handelsbanken	685,891	5,659	0.15
<b>Switzerland - 1.90% (2.69%)</b>			
Richemont	563,461	29,541	0.79
Schindler	258,226	41,750	1.11
<b>Taiwan - 1.17% (3.11%)</b>			
TSMC ADR	1,540,976	44,082	1.17
<b>United Kingdom - 4.89% (3.71%)</b>			
BHP Billiton	2,327,676	39,342	1.05
Hays	10,480,807	15,795	0.42
Just Eat	2,393,524	16,649	0.44

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Prudential	7,553,534	112,170	2.98
<b>United States - 44.34% (41.87%)</b>			
AJ Gallagher & Co	733,254	41,617	1.11
Albemarle	256,598	15,751	0.42
Alnylam Pharmaceuticals	196,964	12,507	0.33
Alphabet Inc Class C	92,153	78,181	2.08
Amazon.com	99,417	129,896	3.46
Anthem Inc	487,905	112,421	2.99
Apache	2,613,756	65,192	1.73
Chegg	505,246	13,520	0.36
Chipotle Mexican Grill	54,095	21,774	0.58
DistributionNOW	1,149,977	11,828	0.31
EOG Resources	516,395	38,934	1.04
Facebook	392,235	49,685	1.32
First Republic Bank	419,855	30,838	0.82
GrubHub Inc	457,544	27,962	0.74
Howard Hughes	193,324	16,319	0.43
Interactive Brokers Group	460,476	17,709	0.47
Jefferies Financial	1,559,564	24,684	0.66
Kirby	869,548	49,484	1.32
LendingTree	88,160	19,846	0.53
Markel	47,748	38,118	1.01
MarketAxess Holdings	209,880	34,257	0.91
Martin Marietta Materials	311,509	41,839	1.11
MasterCard	487,106	78,221	2.08
Microsoft	449,468	35,675	0.95
Moody's	636,679	76,719	2.04
Myriad Genetics Inc	1,014,028	21,731	0.58
Netflix Inc	96,553	24,921	0.66
Novocure Ltd	126,660	4,718	0.13
ResMed Inc	532,520	38,527	1.03
Royal Caribbean Cruises	493,049	44,993	1.20
Seattle Genetics	701,991	40,755	1.08
Service Corp.Intl.	1,307,960	42,666	1.14

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
SiteOne Landscape Supply	261,131	10,581	0.28
Stericycle	553,011	18,531	0.49
TD Ameritrade Holding Corp	766,191	32,583	0.87
Teradyne	742,420	20,312	0.54
Tesla Inc	135,226	31,533	0.84
Thermo Fisher Scientific	259,358	48,419	1.29
Verisk Analytics	381,949	34,082	0.91
Visa Inc-Class A Shares	665,104	68,237	1.82
Wabtec	447,723	23,529	0.63
Waters	261,992	46,049	1.23
Zillow Group Inc Class C	1,162,681	30,988	0.82
<b>Portfolio of investments</b>		<b>3,710,669</b>	<b>98.75</b>
<b>Net other assets - 1.25% (1.77%)</b>		<b>46,996</b>	<b>1.25</b>
<b>Net assets</b>		<b>3,757,665</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 January 2018.



# Comparative Tables

## Comparative Table: A Accumulation Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	262.61	216.81	158.80
Return before operating charges*	(3.22)	49.40	60.88
Operating charges	(3.77)	(3.60)	(2.87)
Return after operating charges*	(6.99)	45.80	58.01
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>255.62</b>	<b>262.61</b>	<b>216.81</b>
*After direct transaction costs of:	0.10	0.12	0.06
<b>Performance:</b>			
Return after charges	(2.66)%	21.12%	36.53%
<b>Other Information:</b>			
Closing net asset value (£'000)	12,612	11,811	20,825
Closing number of shares	4,933,837	4,497,381	9,605,302
Operating charges	1.44%	1.51% <sup>1</sup>	1.54%
Direct transaction costs <sup>3</sup>	0.04%	0.05%	0.03%
<b>Prices:</b>			
Highest share price (pence)	283.9	268.7	221.3
Lowest share price (pence)	234.1	215.8	144.1

## Comparative Tables cont.

### Comparative Table: B Accumulation Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	281.97	230.83	167.63
Return before operating charges*	(3.49)	52.82	64.54
Operating charges	(1.67)	(1.68)	(1.34)
Return after operating charges*	(5.16)	51.14	63.20
Distributions	(1.81)	(1.19)	(1.21)
Retained distributions on accumulation shares	1.81	1.19	1.21
<b>Closing net asset value per share</b>	<b>276.81</b>	<b>281.97</b>	<b>230.83</b>
*After direct transaction costs of:	0.11	0.13	0.06
<b>Performance:</b>			
Return after charges	(1.83)%	22.15%	37.70%
<b>Other Information:</b>			
Closing net asset value (£'000)	1,651,178	442,412	282,254
Closing number of shares	596,504,064	156,899,643	122,278,530
Operating charges	0.59%	0.65% <sup>2</sup>	0.68%
Direct transaction costs <sup>3</sup>	0.04%	0.05%	0.03%
<b>Prices:</b>			
Highest share price (pence)	306.3	288.5	235.5
Lowest share price (pence)	253.3	229.8	152.2

## Comparative Tables cont.

### Comparative Table: B Income Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	263.91	216.98	158.45
Return before operating charges*	(3.21)	49.63	60.94
Operating charges	(1.59)	(1.59)	(1.26)
Return after operating charges*	(4.80)	48.04	59.68
Distributions on income shares	(1.70)	(1.11)	(1.15)
<b>Closing net asset value per share</b>	<b>257.41</b>	<b>263.91</b>	<b>216.98</b>
 *After direct transaction costs of:	 0.11	 0.12	 0.06
<b>Performance:</b>			
Return after charges	(1.82)%	22.14%	37.66%
<b>Other Information:</b>			
Closing net asset value (£'000)	178,564	209,243	219,950
Closing number of shares	69,369,030	79,284,562	101,370,860
Operating charges	0.60%	0.66% <sup>2</sup>	0.68%
Direct transaction costs <sup>3</sup>	0.04%	0.05%	0.03%
<b>Prices:</b>			
Highest share price (pence)	286.3	270.7	222.3
Lowest share price (pence)	236.7	216.0	143.8

## Comparative Tables cont.

### Comparative Table: C Accumulation Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	296.49	241.21	174.03
Return before operating charges*	(3.68)	55.39	67.24
Operating charges	(0.09)	(0.11)	(0.06)
Return after operating charges*	(3.77)	55.28	67.18
Distributions	(3.62)	(2.92)	(2.60)
Retained distributions on accumulation shares	3.62	2.92	2.60
<b>Closing net asset value per share</b>	<b>292.72</b>	<b>296.49</b>	<b>241.21</b>
*After direct transaction costs of:	0.12	0.14	0.06
<b>Performance:</b>			
Return after charges	(1.27)%	22.92%	38.60%
<b>Other Information:</b>			
Closing net asset value (£'000)	1,896,926	4,046,484	372,011
Closing number of shares	648,029,351	1,364,804,417	154,227,410
Operating charges	0.03%	0.04%	0.03%
Direct transaction costs <sup>3</sup>	0.04%	0.05%	0.03%
<b>Prices:</b>			
Highest share price (pence)	323.1	303.3	246.1
Lowest share price (pence)	267.7	240.1	158.0

## Comparative Tables cont.

### Comparative Table: C Income Shares

	Financial Period Ended 31 January 2019 (pence per share)
<b>Change in net assets per share:</b>	
Opening net asset value per share	293.90 <sup>4</sup>
Return before operating charges*	(1.35)
Operating charges	(0.08)
Return after operating charges*	(1.43)
Distributions on income shares	(3.29)
<b>Closing net asset value per share</b>	<b>289.18</b>
 *After direct transaction costs of:	 0.10
<b>Performance:</b>	
Return after charges	(0.49)%
<b>Other Information:</b>	
Closing net asset value (£'000)	18,385
Closing number of shares	6,357,625
Operating charges	0.03%
Direct transaction costs <sup>3</sup>	0.04%
<b>Prices:</b>	
Highest share price (pence)	322.1
Lowest share price (pence)	266.8

<sup>1</sup>With effect from 1 October 2017, the ACD's annual fee for Class A shares was reduced from 1.50% to 1.42%. As at 31 January 2018 the ACD considered 1.46% to be a more indicative rate for the ongoing charges figure.

<sup>2</sup>With effect from 1 October 2017, the ACD's annual fee for Class B shares was reduced from 0.65% to 0.57%. As at 31 January 2018 the ACD considered 0.61% to be a more indicative rate for the ongoing charges figure.

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

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

<sup>4</sup>Class C Income Shares were launched on 21 March 2018.

# Financial Statements

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

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	1		(113,372)		170,649
Revenue	3	62,253		11,403	
Expenses	4	(12,055)		(3,606)	
Net revenue before taxation		50,198		7,797	
Taxation	5	(5,668)		(842)	
Net revenue after taxation			44,530		6,955
Total return before distributions			(68,842)		177,604
Distributions	6		(44,622)		(6,872)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(113,464)</b>		<b>170,732</b>

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

	2019		2018	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>4,709,950</b>		<b>895,040</b>
Amounts receivable on issue of shares	153,351		123,300	
Amounts payable on cancellation of shares	(722,972)		(145,733)	
Creation of shares settled by transfer of stocks	-		3,350,792	
Scheme of Arrangement transfer in on issue of shares	-		289,765	
Stocks transferred out on cancellation of shares	(306,768)		-	
		(876,389)		3,618,124
Dilution adjustment		594		(6)
Change in net assets attributable to shareholders from investment activities		(113,464)		170,732
Retained distributions on accumulation shares		36,974		26,060
<b>Closing net assets attributable to shareholders</b>		<b>3,757,665</b>		<b>4,709,950</b>

## Financial Statements cont.

### Balance Sheet as at 31 January 2019

	Notes	2019 £'000	2018 £'000
<b>Assets:</b>			
Fixed assets:			
Investments	13	3,710,669	4,626,350
Current assets:			
Debtors	8	14,641	174,871
Cash and bank balances	9	47,503	20,634
<b>Total assets</b>		<b>3,772,813</b>	<b>4,821,855</b>
<b>Liabilities:</b>			
Creditors:			
Bank overdrafts	9	(8,045)	(242)
Distributions payable		(1,066)	(563)
Other creditors	10	(6,037)	(111,100)
<b>Total liabilities</b>		<b>(15,148)</b>	<b>(111,905)</b>
<b>Net assets attributable to shareholders</b>		<b>3,757,665</b>	<b>4,709,950</b>



# Notes to the Financial Statements

## 1 Net capital gains/(losses)

	2019	2018
	£'000	£'000
Non-derivative securities	(112,612)	171,684
Currency gains/(losses)	(747)	(1,026)
Transaction costs	(13)	(9)
<b>Net capital gains/(losses)</b>	<b>(113,372)</b>	<b>170,649</b>

## 2 Purchases, sales and transaction costs

	2019	2018
	£'000	£'000
<b>Purchases and transaction costs</b>		
Purchases of equities	887,473	444,478
Equity transferred in	-	3,441,477
Gross purchases of equities excluding transaction costs	887,473	3,885,955
Commissions	531	140
Taxes	754	327
Total transaction costs on equity purchases <sup>1</sup>	1,285	467
<b>Purchases including transaction costs</b>	<b>888,758</b>	<b>3,886,422</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	0.06	0.00
Taxes on equity purchases	0.08	0.01

## 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 equities	1,403,079	-
Equity transferred out	289,340	-
Gross sales of equities excluding transaction costs	1,692,419	324,554
Commissions	(458)	(105)
Taxes	(137)	(17)
Total transaction costs on equity sales <sup>1</sup>	(595)	(122)
<b>Sales net of transaction costs</b>	<b>1,691,824</b>	<b>324,432</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	(0.03)	(0.03)
Taxes on equity sales	(0.01)	(0.01)

	2019		2018	
	£'000	% of average NAV	£'000	% of average NAV
<b>Portfolio transaction costs</b>				
Commissions	989	0.02	245	0.02
Taxes	891	0.02	344	0.03
<b>Total direct transaction costs</b>	<b>1,880</b>	<b>0.04</b>	<b>589</b>	<b>0.05</b>

	2019	2018
	%	%
Average portfolio dealing spread	0.05	0.05

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
UK dividends	6,281	1,060
Overseas dividends	55,754	10,337
Bank interest	218	6
<b>Total revenue</b>	<b>62,253</b>	<b>11,403</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	11,087	3,286
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fee	429	115
Bank charges	525	157
	954	272
<b>Other expenses:</b>		
Audit fee	6	5
Professional fees	8	43
	14	48
<b>Total expenses</b>	<b>12,055</b>	<b>3,606</b>

### 5 Taxation

	2019	2018
	£'000	£'000
<b>Analysis of charge in the year</b>		
Corporation tax	-	-
Overseas tax	5,668	1,081
Prior year tax reclaims not previously recognised	-	(239)
<b>Total taxation</b>	<b>5,668</b>	<b>842</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 January 2019, the Fund had excess management expenses of £25,206,000 (2018: £15,701,000) 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	50,198	7,797
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% (2018: 20%)	10,039	1,559
Effects of:		
Non-taxable UK dividends	(1,256)	(212)
Non-taxable overseas dividends	(10,602)	(1,982)
Overseas tax on dividends	5,668	1,081
Excess management expenses	1,901	648
Prior year tax reclaims not previously recognised	-	(239)
Expense relief claimed on overseas tax	(82)	(13)
<b>Total taxation</b>	<b>5,668</b>	<b>842</b>

### 6 Distributions

	2019	2018
	£'000	£'000
Interim to 31 July	13,898	3,030
Final to 31 January	24,512	23,913
	<b>38,410</b>	<b>26,943</b>
Amounts deducted on cancellation of shares	6,650	838
Amounts added on issue of shares	(438)	(20,909)
<b>Total distributions</b>	<b>44,622</b>	<b>6,872</b>

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

## Notes to the Financial Statements cont.

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

	2019	2018
	£'000	£'000
Net revenue after taxation for the year	44,530	6,955
Add capital transfers for deficits of income	27	42
Add distributable revenue brought forward	140	15
Less distributable revenue carried forward	(75)	(140)
<b>Net distributions for the year</b>	<b>44,622</b>	<b>6,872</b>

### 8 Debtors

	2019	2018
	£'000	£'000
Receivable for issue of shares	537	109,223
Sales awaiting settlement	8,035	59,430
Accrued income	2,347	374
Overseas tax recoverable	3,644	5,663
VAT recoverable	14	4
Other debtors	64	177
<b>Total debtors</b>	<b>14,641</b>	<b>174,871</b>

### 9 Cash and bank balances

	2019	2018
	£'000	£'000
Sterling bank accounts	19,568	18,369
Foreign currency bank accounts	27,935	2,265
	<b>47,503</b>	<b>20,634</b>
Sterling bank accounts overdrawn	(8,045)	(22)
Foreign currency bank accounts overdrawn	-	(220)
<b>Total cash and bank balances</b>	<b>39,458</b>	<b>20,392</b>

## Notes to the Financial Statements cont.

### 10 Other creditors

	2019	2018
	£'000	£'000
Payable for cancellation of shares	2,605	101,353
Purchases awaiting settlement	2,349	8,920
Due to the ACD or associates	877	301
Due to the Depositary or associates	197	97
Other accrued expenses	9	429
<b>Total other creditors</b>	<b>6,037</b>	<b>111,100</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.

On 19 January 2018 all of the assets held by Baillie Gifford Global Alpha Pension Fund were transferred into the Fund. UK and Irish stocks were transferred through a merger with Baillie Gifford Transitional Global Alpha Growth Fund via a Scheme of Arrangement. All other assets were transferred into the Fund in a share exchange. The value of these related party transactions can be seen in the Statement of Change in Net Assets Attributable to Shareholders.

## 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	10.39	84.23

### 12 Reconciliation of shares in issue

	2019				
	A Accumulation Shares	B Accumulation Shares	B Income Shares	C Accumulation Shares	C Income Shares
Opening shares in issue	4,497,381	156,899,643	79,284,562	1,364,804,417	-
Shares issued	1,127,463	31,541,191	16,200,398	6,704,140	-
Shares cancelled	(568,166)	(103,255,189)	(21,428,304)	(235,370,309)	-
Shares converted	(122,841)	511,318,419	(4,687,626)	(488,108,897)	6,357,625
<b>Closing shares in issue</b>	<b>4,933,837</b>	<b>596,504,064</b>	<b>69,369,030</b>	<b>648,029,351</b>	<b>6,357,625</b>

### 13 Basis of valuation

	2019	2018
	Assets	Assets
	£'000	£'000
Level 1: Quoted prices	3,710,669	4,626,350
Level 2: Observable market data	-	-
Level 3: Unobservable data	-	-
<b>Total</b>	<b>3,710,669</b>	<b>4,626,350</b>

## Notes to the Financial Statements cont.

### 14 Derivatives and other financial instruments

#### Currency exposures

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

Currency	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	2019			2018		
	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Brazilian real	-	30,136	30,136	-	84,940	84,940
Canadian dollar	-	-	-	-	46,302	46,302
Danish krone	-	-	-	-	80,510	80,510
Euro	-	155,002	155,002	(220)	482,839	482,619
Hong Kong dollar	-	83,063	83,063	-	123,700	123,700
Indian rupee	-	-	-	-	148,335	148,335
Japanese yen	-	139,388	139,388	-	333,902	333,902
Norwegian krona	-	-	-	-	41,180	41,180
South African rand	-	-	-	-	205,368	205,368
Swedish krona	-	33,001	33,001	-	91,938	91,938
Swiss franc	-	71,291	71,291	-	126,585	126,585
Taiwanese dollar	-	-	-	-	12,337	12,337
UK sterling	11,523	168,162	179,685	18,347	248,467	266,814
US dollar	27,935	1,011,550	1,039,484	2,265	2,599,944	2,602,209

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.



## Distribution Tables

Interim distribution for the period ended 31 July 2018

Group 1 : shares purchased prior to 1 February 2018

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

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 30.09.18)	Distribution (paid/accumulated 30.09.17)
	31.07.18 pence per share	31.07.18 pence per share	31.07.18 pence per share	31.07.17 pence per share
A Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
B Accumulation				
Group 1	0.40000	-	0.40000	0.40000
Group 2	-	0.40000	0.40000	0.40000
B Income				
Group 1	0.40000	-	0.40000	0.40000
Group 2	0.28186	0.11814	0.40000	0.40000
C Accumulation				
Group 1	1.30000	-	1.30000	1.30000
Group 2	0.28744	1.01256	1.30000	1.30000
C Income				
Group 1	0.70000	-	0.70000	n/a
Group 2	0.70000	-	0.70000	n/a

## Distribution Tables cont.

Final distribution for the period ended 31 January 2019

Group 1 : shares purchased prior to 1 August 2018

Group 2 : shares purchased 1 August 2018 to 31 January 2019

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 31.03.19)	Distribution (paid/accumulated 31.03.18)
	31.01.19 pence per share	31.01.19 pence per share	31.01.19 pence per share	31.01.18 pence per share
A Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
B Accumulation				
Group 1	1.41000	-	1.41000	0.79000
Group 2	0.14403	1.26597	1.41000	0.79000
B Income				
Group 1	1.30000	-	1.30000	0.71000
Group 2	0.11607	1.18393	1.30000	0.71000
C Accumulation				
Group 1	2.32000	-	2.32000	1.62000
Group 2	0.65151	1.66849	2.32000	1.62000
C Income				
Group 1	2.59000	-	2.59000	n/a
Group 2	2.59000	-	2.59000	n/a

# BAILLIE GIFFORD

## Baillie Gifford Global Income Growth Fund

---

a sub-fund of Baillie Gifford UK & Balanced Funds ICVC

*Annual Report & Financial Statements  
for the year ended 31 January 2019*



# Baillie Gifford Global Income Growth Fund

## Investment Objective

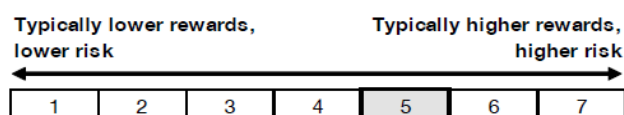
The Fund aims to achieve a higher level of income than the FTSE ALL World Index whilst, over the longer-term, achieving growth in both income and capital.

## Investment Policy

To invest in shares of companies worldwide. 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 company shares which generally provide higher rewards and higher risks than other investments such as investments such as 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 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.

Part or all of the Authorised Corporate Director's annual fee will be taken from the Fund's capital. This will reduce the capital value of the Fund.

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

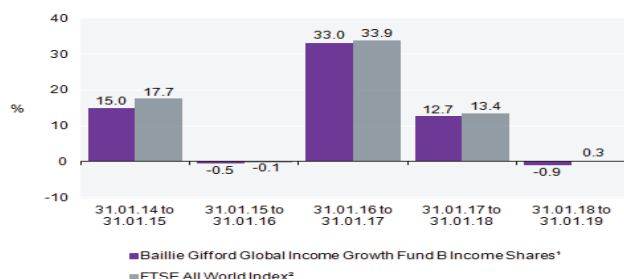
Further details of the risks associated with investing in the Fund can be found in the Prospectus which is available by contacting Client Relations or visiting our website.

## Fees Charged to Capital

To assist in achieving the Fund's investment objective, part or all of the ACD's annual fee is charged to capital (year to 31 January 2019: 71%).

# Investment Report

## Past Performance



The performance figures shown in this graph are for Class B Income Shares. Performance figures reflect the ACD's annual fee of 0.57% (until 30 September 2017, the ACD's annual fee on Class B Shares was 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. Movements in the prices of company shares in which the Fund invests and foreign exchange rates between the two valuation points can lead to distortions in the returns. 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 January 2019 the return on B Income Shares was -0.3%<sup>3</sup> compared to the return on the FTSE All World Index of 0.3%<sup>2</sup>, in sterling terms. We believe that shorter-term performance measurements are of limited relevance in assessing investment ability and would suggest that five years is a more sensible time frame over which to judge performance. The yield on the portfolio at 2.8%<sup>4</sup> remains above the yield on the comparative index of 2.6%<sup>5</sup> and both the underlying performance of the portfolios holdings and their ordinary dividend growth have been encouraging.

Many of the portfolio's holdings benefited from strong operational performance during the period. For example, Edenred, the French meal vouchers business, saw double digit growth in its most mature markets as it rolled out its mobile-based vouchers for employees and restaurants. Wolters Kluwer, the Dutch information business, also contributed positively, with the growth rate continuing to accelerate as the portfolio of products steadily shifts towards digital solutions that will enable doctors, accountants and lawyers to do their jobs more efficiently.

A common factor in several of the investments that we sold during the year was that we lost faith in the ability of management to steer their businesses through increasingly challenging markets. In some cases, this loss of confidence was exacerbated by unplanned management changes. Examples of this included WPP

Group, Continental, Pandora and Dia. In each case, the specific circumstances were different, but we felt our investment case no longer held, and that we should move on. When we sell holdings, we always make sure to reflect on what we can learn from our period of ownership. Our ideal holding period is forever, with investments in great businesses that can grow their earnings and dividends ever-higher. Occasionally, the valuation of a company can become so extreme that we will sell the shares even if the company's prospects remain good. But more often we will make sales because something has gone off-track with our original investment case, as was the case with those holdings mentioned above.

Overall portfolio turnover remains low however, consistent with our five-year investment horizon. We continue to identify and invest in attractive new holdings for the Fund. New investments over the year included a holding in family-run coatings business RPM, partly based on the strength of its decentralised corporate culture. We were somewhat concerned when an activist investor, Elliott, became involved a few months later. In November, the company set out its medium-term plans to improve the efficiency of the business. While there is sense in the individual measures, and the market was pleased by the ambitious margin improvement targets, we intend to speak to management in 2019 about how they plan to protect the most distinctive elements of the

<sup>1</sup>Source: FE, 10am dealing prices, income reinvested. <sup>2</sup>Source: FE and relevant underlying index provider, total return. Please see Disclaimer on page 281. <sup>3</sup>Source: Baillie Gifford & Co Limited, closing net asset values, income reinvested. You should be aware that past performance is not a guide to future performance. <sup>4</sup>Source: Baillie Gifford & Co Limited, historic yield. <sup>5</sup>Source: Bloomberg, net yield.

## Investment Report cont.

company's operating culture. Cullen/Frost Bankers was also among the new purchases during the year. A regional bank based in Texas, it has a strong deposit franchise and commercial lending. Like most of the banks we admire, it has a distinctive business model, focused on building close relationships with small or medium-sized enterprise (SME) customers, rather than more commoditised lending. It has a fantastic underwriting record across many cycles and is strongly committed to the dividend. We believe the business is currently under-earning and that the long-term growth prospects are healthy.

What 2019 brings for the global economy remains to be seen, but whatever transpires, we will continue to invest with an unchanged approach – focusing on long term earnings and dividend potential, not short-term profit or yield and seek resilience and diversification from the companies in which we invest. We will also treat share price volatility as an opportunity, not a threat. We are confident that this approach, diligently applied, will be highly rewarding for investors with a long-term horizon, who seek a growing and dependable income stream.

*The Baillie Gifford Global Income Growth Team,  
5 March 2019*

## Principal Holdings as at 31 January 2019

Investment	Percentage of total Fund
Coca Cola	3.01
Fastenal	2.83
Procter & Gamble	2.78
Deutsche Boerse	2.77
CH Robinson	2.67
Edenred	2.57
B3 S.A.	2.37
Microsoft	2.34
Analog Devices	2.30
Sonic Healthcare	2.28

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

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
Glaxosmithkline	9,295	Johnson & Johnson	9,959
RPM	6,963	Brambles	7,869
Cullen/Frost Bankers	6,522	WPP	7,527
Roche	5,030	Pearson	7,168
Kuehne & Nagel	4,976	MTN Group	5,213
Wolters Kluwer NV	4,694	Continental	4,445
Albemarle	4,163	Pandora	4,388
Signify NV	4,160	Partners Group	4,165
CH Robinson	3,679	Cochlear	3,803
Fastenal	3,649	Challenger Ltd	3,762



## Portfolio Statement as at 31 January 2019

Stock description	Holding	Market value £'000	% of total net assets
<b>Australia - 4.02% (6.48%)</b>			
Cochlear	67,655	7,250	1.42
Sonic Healthcare	912,761	11,642	2.28
WPP AUNZ	5,539,514	1,658	0.32
<b>Brazil - 3.59% (2.42%)</b>			
Ambev SA	1,701,200	6,216	1.22
B3 S.A.	1,845,100	12,117	2.37
<b>China - 1.19% (1.19%)</b>			
Want Want China	9,986,000	6,105	1.19
<b>Denmark - 1.07% (2.21%)</b>			
Novo Nordisk	153,744	5,447	1.07
<b>France - 5.75% (5.20%)</b>			
Edenred	425,804	13,156	2.57
Kering	18,873	7,184	1.41
Total	216,357	9,050	1.77
<b>Germany - 3.68% (4.76%)</b>			
Deutsche Boerse	139,469	14,137	2.77
SAP	59,081	4,648	0.91
<b>Hong Kong - 6.32% (6.94%)</b>			
ANTA Sports Products	2,655,327	10,406	2.03
China Mobile	1,111,000	8,853	1.73
Hong Kong Exchanges & Clearing	265,700	6,270	1.23
Li & Fung	23,262,000	2,997	0.59
Man Wah Holdings Ltd	10,632,400	3,791	0.74
<b>Japan - 2.81% (2.24%)</b>			
Sumitomo Mitsui Trust	229,600	6,619	1.30
USS Co	247,200	3,288	0.64

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Zenkoku Hosho Co Ltd	168,000	4,465	0.87
<b>Mexico - 1.39% (1.35%)</b>			
Kimberly-Clark De Mexico	5,588,700	7,118	1.39
<b>Netherlands - 3.31% (1.98%)</b>			
Signify NV	292,455	5,520	1.08
Wolters Kluwer NV	239,966	11,383	2.23
<b>Singapore - 1.20% (1.14%)</b>			
United Overseas Bank	429,500	6,117	1.20
<b>South Africa - 1.67% (2.98%)</b>			
AVI	1,602,087	8,524	1.67
<b>Spain - 1.23% (3.04%)</b>			
Bankinter SA	1,060,171	6,296	1.23
<b>Sweden - 3.63% (4.15%)</b>			
Atlas Copco A	317,993	6,298	1.23
Sandvik	503,376	6,099	1.20
Svenska Handelsbanken	743,885	6,138	1.20
<b>Switzerland - 6.41% (4.83%)</b>			
Kuehne & Nagel	48,344	4,977	0.97
Nestle	127,890	8,471	1.66
Partners Group	17,273	9,033	1.77
Roche	50,941	10,301	2.01
<b>Taiwan - 1.70% (1.78%)</b>			
TSMC ADR	303,867	8,692	1.70
<b>United Kingdom - 15.48% (16.30%)</b>			
Admiral Group	542,151	11,228	2.20
British American Tobacco	192,182	5,161	1.01

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
British American Tobacco - ADR	105,461	2,828	0.55
Experian	566,709	10,835	2.12
Glaxosmithkline	603,234	8,909	1.74
Greencoat UK Wind	5,402,329	7,228	1.41
Hiscox plc	552,525	7,829	1.53
Prudential	666,133	9,892	1.94
Rio Tinto	152,160	6,372	1.25
Scottish & Southern Energy	758,163	8,867	1.73
<b>United States - 33.75% (28.67%)</b>			
AJ Gallagher & Co	114,744	6,513	1.27
Albemarle	106,102	6,513	1.27
Alphabet Inc Class A	5,839	4,998	0.98
Analog Devices	156,395	11,752	2.30
Apache	192,419	4,799	0.94
Apple	56,689	7,165	1.40
CH Robinson	206,704	13,633	2.67
Coca Cola	419,621	15,408	3.01
Cullen/Frost Bankers	74,190	5,485	1.07
Dolby Laboratories	102,440	5,033	0.98
Fastenal	314,189	14,445	2.83
Johnson & Johnson	44,269	4,511	0.88
McDonald's	80,298	10,937	2.14
Microsoft	150,509	11,946	2.34
National Instruments Corp	189,131	6,358	1.24
Pepsico	120,086	10,286	2.01
Procter & Gamble	193,568	14,199	2.78
RPM	118,279	5,136	1.01
TJX Companies	143,065	5,399	1.06
UPS	100,144	8,019	1.57
<b>Portfolio of investments</b>		<b>501,950</b>	<b>98.20</b>
<b>Net other assets - 1.80% (2.34%)</b>		<b>9,223</b>	<b>1.80</b>
<b>Net assets</b>		<b>511,173</b>	<b>100.00</b>

## Portfolio Statement as at 31 January 2019 cont.

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 January 2018.

# Comparative Tables

## Comparative Table: A Accumulation Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	1,260.37	1,126.09	883.74
Return before operating charges*	3.48	152.67	242.82
Operating charges	(18.30)	(18.39)	(0.47)
Return after operating charges*	(14.82)	134.28	242.35
Distributions	(35.82)	(29.78)	(25.63)
Retained distributions on accumulation shares	35.82	29.78	25.63
<b>Closing net asset value per share</b>	<b>1,245.55</b>	<b>1,260.37</b>	<b>1,126.09</b>
*After direct transaction costs of:	0.63	0.73	0.29
<b>Performance:</b>			
Return after charges	(1.18)%	11.92%	27.42%
<b>Other Information:</b>			
Closing net asset value (£'000)	1,581	2,016	1,689
Closing number of shares	126,884	159,992	150,028
Operating charges	1.45%	1.51% <sup>1</sup>	1.55%
Direct transaction costs <sup>2</sup>	0.05%	0.06%	0.05%
<b>Prices:</b>			
Highest share price (pence)	1,349	1,293	1,154
Lowest share price (pence)	1,182	1,121	828.2

## Comparative Tables cont.

### Comparative Table: A Income Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	613.27	561.73	452.91
Return before operating charges*	1.84	75.62	131.02
Operating charges	(8.81)	(9.09)	(7.94)
Return after operating charges*	(6.97)	66.53	123.08
Distributions on income shares	(17.30)	(14.99)	(14.26)
<b>Closing net asset value per share</b>	<b>589.00</b>	<b>613.27</b>	<b>561.73</b>
 *After direct transaction costs of:	 0.30	 0.36	 0.26
<b>Performance:</b>			
Return after charges	(1.14)%	11.84%	27.18%
<b>Other Information:</b>			
Closing net asset value (£'000)	2,827	2,453	1,869
Closing number of shares	479,984	399,919	332,660
Operating charges	1.45%	1.51% <sup>1</sup>	1.54%
Direct transaction costs <sup>2</sup>	0.05%	0.06%	0.05%
<b>Prices:</b>			
Highest share price (pence)	648.2	632.7	579.3
Lowest share price (pence)	563.7	559.4	424.4

## Comparative Tables cont.

### Comparative Table: B Accumulation Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	1,343.17	1,189.91	925.72
Return before operating charges*	3.65	161.80	271.62
Operating charges	(8.10)	(8.54)	(7.43)
Return after operating charges*	(4.45)	153.26	264.19
Distributions	(38.33)	(35.37)	(31.68)
Retained distributions on accumulation shares	38.33	35.37	31.68
<b>Closing net asset value per share</b>	<b>1,338.72</b>	<b>1,343.17</b>	<b>1,189.91</b>
*After direct transaction costs of:	0.68	0.78	0.62
<b>Performance:</b>			
Return after charges	(0.33)%	12.88%	28.54%
<b>Other Information:</b>			
Closing net asset value (£'000)	56,462	37,827	24,208
Closing number of shares	4,217,257	2,816,269	2,034,475
Operating charges	0.60%	0.66% <sup>3</sup>	0.69%
Direct transaction costs <sup>2</sup>	0.05%	0.06%	0.05%
<b>Prices:</b>			
Highest share price (pence)	1,445	1,377	1,219
Lowest share price (pence)	1,269	1,185	867.9

## Comparative Tables cont.

### Comparative Table: B Income Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	696.89	634.44	508.01
Return before operating charges*	2.08	85.66	147.59
Operating charges	(4.15)	(4.51)	(4.01)
Return after operating charges*	(2.07)	81.15	143.58
Distributions on income shares	(19.75)	(18.70)	(17.15)
<b>Closing net asset value per share</b>	<b>675.07</b>	<b>696.89</b>	<b>634.44</b>
 *After direct transaction costs of:	 0.35	 0.41	 0.30
<b>Performance:</b>			
Return after charges	(0.30)%	12.79%	28.26%
<b>Other Information:</b>			
Closing net asset value (£'000)	55,066	22,893	13,941
Closing number of shares	8,156,424	3,284,970	2,197,286
Operating charges	0.60%	0.66% <sup>3</sup>	0.69%
Direct transaction costs <sup>2</sup>	0.05%	0.06%	0.05%
<b>Prices:</b>			
Highest share price (pence)	740.1	720.4	655.2
Lowest share price (pence)	645.5	631.8	476.2



## Comparative Tables cont.

### Comparative Table: C Accumulation Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	1,408.32	1,239.88	958.24
Return before operating charges*	3.91	168.98	281.97
Operating charges	(0.43)	(0.54)	(0.33)
Return after operating charges*	3.48	168.44	281.64
Distributions	(42.20)	(39.20)	(34.27)
Retained distributions on accumulation shares	42.20	39.20	34.27
<b>Closing net asset value per share</b>	<b>1,411.80</b>	<b>1,408.32</b>	<b>1,239.88</b>
*After direct transaction costs of:	0.71	0.81	0.52
<b>Performance:</b>			
Return after charges	0.25%	13.59%	29.39%
<b>Other Information:</b>			
Closing net asset value (£'000)	394,256	421,088	328,508
Closing number of shares	27,925,725	29,900,000	26,495,100
Operating charges	0.03%	0.04%	0.03%
Direct transaction costs <sup>2</sup>	0.05%	0.06%	0.05%
<b>Prices:</b>			
Highest share price (pence)	1,520	1,444	1,270
Lowest share price (pence)	1,334	1,235	898.7

## Comparative Tables cont.

### Comparative Table: C Income Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	764.67	692.93	551.89
Return before operating charges*	2.04	93.72	160.79
Operating charges	(0.23)	(0.23)	(0.19)
Return after operating charges*	1.81	93.49	160.60
Distributions on income shares	(22.42)	(21.75)	(19.56)
<b>Closing net asset value per share</b>	<b>744.06</b>	<b>764.67</b>	<b>692.93</b>
*After direct transaction costs of:	0.38	0.46	0.32
<b>Performance:</b>			
Return after charges	0.24%	13.49%	29.10%
<b>Other Information:</b>			
Closing net asset value (£'000)	981	22,447	913
Closing number of shares	131,808	2,935,564	131,808
Operating charges	0.03%	0.03%	0.03%
Direct transaction costs <sup>2</sup>	0.05%	0.06%	0.05%
<b>Prices:</b>			
Highest share price (pence)	814.8	791.5	716.4
Lowest share price (pence)	712.0	690.0	517.4

<sup>1</sup>With effect from 1 October 2017, the ACD's annual fee for Class A shares was reduced from 1.50% to 1.42%. As at 31 January 2018 the ACD considered 1.46% to be a more indicative rate for the ongoing charges figure.

<sup>2</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.

<sup>3</sup>With effect from 1 October 2017, the ACD's annual fee for Class B shares was reduced from 0.65% to 0.57%. As at 31 January 2018 the ACD considered 0.61% to be a more indicative rate for the ongoing charges figure.

# Financial Statements

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

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	1		(14,486)		41,629
Revenue	3	16,555		13,725	
Expenses	4	(656)		(507)	
Net revenue before taxation		15,899		13,218	
Taxation	5	(1,173)		(735)	
Net revenue after taxation			14,726		12,483
Total return before distributions			240		54,112
Distributions	6		(15,102)		(12,718)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(14,862)</b>		<b>41,394</b>

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

	2019		2018	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>508,724</b>		<b>371,129</b>
Amounts receivable on issue of shares	72,634		94,739	
Amounts payable on cancellation of shares	(47,215)		(11,152)	
Stocks transferred out on cancellation of shares	(21,727)		-	
		3,692		83,587
Dilution adjustment		169		180
Change in net assets attributable to shareholders from investment activities		(14,862)		41,394
Retained distributions on accumulation shares		13,450		12,434
<b>Closing net assets attributable to shareholders</b>		<b>511,173</b>		<b>508,724</b>

## Financial Statements cont.

### Balance Sheet as at 31 January 2019

	Notes	2019 £'000	2018 £'000
<b>Assets:</b>			
Fixed assets:			
Investments	13	501,950	496,838
Current assets:			
Debtors	8	4,360	1,472
Cash and bank balances	9	8,590	10,899
<b>Total assets</b>		<b>514,900</b>	<b>509,209</b>
<b>Liabilities:</b>			
Creditors:			
Distributions payable		(511)	(422)
Other creditors	10	(3,216)	(63)
<b>Total liabilities</b>		<b>(3,727)</b>	<b>(485)</b>
<b>Net assets attributable to shareholders</b>		<b>511,173</b>	<b>508,724</b>

# Notes to the Financial Statements

## 1 Net capital gains/(losses)

	2019	2018
	£'000	£'000
Non-derivative securities	(14,122)	41,720
Currency gains/(losses)	(358)	(85)
Transaction costs	(6)	(6)
<b>Net capital gains/(losses)</b>	<b>(14,486)</b>	<b>41,629</b>

## 2 Purchases, sales and transaction costs

	2019	2018
	£'000	£'000
<b>Purchases and transaction costs</b>		
Gross purchases of equities excluding transaction costs	153,804	177,491
Commissions	48	52
Taxes	147	139
Total transaction costs on equity purchases <sup>1</sup>	195	191
<b>Purchases including transaction costs</b>	<b>153,999</b>	<b>177,682</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	0.03
Taxes on equity purchases	0.10	0.08

	2019	2018
	£'000	£'000
<b>Sales and transaction costs</b>		
Equity transferred out	20,197	-
Gross sales of equities excluding transaction costs	134,817	91,611
Commissions	(45)	(31)
Taxes	(7)	(25)
Total transaction costs on equity sales <sup>1</sup>	(52)	(56)
<b>Sales net of transaction costs</b>	<b>134,765</b>	<b>91,555</b>

## Notes to the Financial Statements cont.

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

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

	2019	2018		
	%	%		
Transaction costs as a percentage of principal amount				
Commission on equity sales	(0.03)	(0.03)		
Taxes on equity sales	(0.01)	(0.03)		
	2019	2018		
	£'000	% of average NAV	£'000	% of average NAV
Portfolio transaction costs				
Commissions	93	0.02	83	0.02
Taxes	154	0.03	164	0.04
Total direct transaction costs	247	0.05	247	0.06
	2019	2018		
	%	%		
Average portfolio dealing spread	0.10	0.08		

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

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

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

### 3 Revenue

	2019	2018
	£'000	£'000
UK dividends	3,466	3,185
Overseas dividends	13,081	10,538
Bank interest	8	2
<b>Total revenue</b>	<b>16,555</b>	<b>13,725</b>

## Notes to the Financial Statements cont.

### 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	531	355
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fee	52	50
Bank charges	62	59
	114	109
<b>Other expenses:</b>		
Audit fee	7	5
Professional fees	4	38
	11	43
<b>Total expenses</b>	<b>656</b>	<b>507</b>

### 5 Taxation

	2019	2018
	£'000	£'000
<b>Analysis of charge in the year</b>		
Corporation tax	-	-
Overseas tax	1,169	964
Prior year tax reclaims not previously recognised	-	(229)
Tax recoverable on overseas dividends	4	-
<b>Total taxation</b>	<b>1,173</b>	<b>735</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.

At 31 January 2019, the Fund had excess management expenses of £1,319,000 (2018: £1,001,000) which have not been recognised as a deferred tax asset. This is because the Fund is not expected to generate taxable income in a future period in excess of the deductible expenses of that future period and, accordingly, the Fund is unlikely to be able to reduce future tax liabilities through the use of existing excess expenses.

## Notes to the Financial Statements cont.

### 5 Taxation (continued)

The tax charge is explained as follows:

	2019	2018
	£'000	£'000
Net revenue/(expense) before taxation	15,899	13,218
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% (2018: 20%)	3,180	2,644
Effects of:		
Non-taxable UK dividends	(693)	(637)
Non-taxable overseas dividends	(2,540)	(2,068)
Overseas tax on dividends	1,169	964
Excess management expenses	63	66
Prior year tax reclaims not previously recognised	-	(229)
Tax recoverable on overseas dividends	4	-
Expense relief claimed on overseas tax	(10)	(5)
<b>Total taxation</b>	<b>1,173</b>	<b>735</b>

### 6 Distributions

	2019	2018
	£'000	£'000
Interim to 30 April	3,346	2,469
Interim to 31 July	3,303	3,100
Interim to 31 October	3,629	3,129
Final to 31 January	4,887	4,824
	<b>15,165</b>	<b>13,522</b>
Amounts deducted on cancellation of shares	555	89
Amounts added on issue of shares	(618)	(893)
<b>Total distributions</b>	<b>15,102</b>	<b>12,718</b>

The distributions take account of 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	14,726	12,483
Add ACD's periodic charge allocated to capital	375	237
Add distributable revenue brought forward	3	1
Less distributable revenue carried forward	(2)	(3)
<b>Net distributions for the year</b>	<b>15,102</b>	<b>12,718</b>



## Notes to the Financial Statements cont.

### 8 Debtors

	2019	2018
	£'000	£'000
Receivable for issue of shares	1,258	219
Sales awaiting settlement	1,512	-
Accrued income	839	474
Overseas tax recoverable	750	777
VAT recoverable	1	1
Other debtors	-	1
<b>Total debtors</b>	<b>4,360</b>	<b>1,472</b>

### 9 Cash and bank balances

	2019	2018
	£'000	£'000
Sterling bank accounts	8,590	10,899
<b>Total cash and bank balances</b>	<b>8,590</b>	<b>10,899</b>

### 10 Other creditors

	2019	2018
	£'000	£'000
Payable for cancellation of shares	107	1
Purchases awaiting settlement	3,022	-
Due to the ACD or associates	56	36
Due to the Depositary or associates	24	21
Other accrued expenses	7	5
<b>Total other creditors</b>	<b>3,216</b>	<b>63</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	75.95	82.77

### 12 Reconciliation of shares in issue

	2019					
	A Accumulation Shares	A Income Shares	B Accumulation Shares	B Income Shares	C Accumulation Shares	C Income Shares
Opening shares in issue	159,991	399,919	2,816,269	3,284,971	29,900,000	2,935,564
Shares issued	39,025	108,086	1,643,210	6,209,002	425,725	135,012
Shares cancelled	(69,435)	(21,210)	(222,986)	(1,385,978)	(2,400,000)	(2,938,768)
Shares converted	(2,697)	(6,811)	(19,236)	48,429	-	-
<b>Closing shares in issue</b>	<b>126,884</b>	<b>479,984</b>	<b>4,217,257</b>	<b>8,156,424</b>	<b>27,925,725</b>	<b>131,808</b>

### 13 Basis of valuation

	2019	2018
	Assets	Assets
	£'000	£'000
Level 1: Quoted prices	501,950	496,838
Level 2: Observable market data	-	-
Level 3: Unobservable data	-	-
<b>Total</b>	<b>501,950</b>	<b>496,838</b>

## Notes to the Financial Statements cont.

### 14 Derivatives and other financial instruments

#### Currency exposures

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

Currency	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	2019			2018		
	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Australian dollar	-	20,550	20,550	-	32,943	32,943
Brazilian real	-	18,334	18,334	-	12,296	12,296
Danish krone	-	5,447	5,447	-	11,235	11,235
Euro	-	71,374	71,374	-	76,283	76,283
Hong Kong dollar	-	38,422	38,422	-	41,371	41,371
Japanese yen	-	14,372	14,372	-	11,376	11,376
Mexican peso	-	7,118	7,118	-	6,885	6,885
Singapore dollar	-	6,117	6,117	-	5,787	5,787
South African rand	-	8,524	8,524	-	15,139	15,139
Swedish krona	-	18,535	18,535	-	21,110	21,110
Swiss franc	-	32,782	32,782	-	24,586	24,586
UK sterling	8,590	76,321	84,911	10,899	78,421	89,320
US dollar	-	184,055	184,055	-	159,406	159,406

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.

## Distribution Tables

Interim distribution for the period ended 30 April 2018

Group 1 : shares purchased prior to 1 February 2018

Group 2 : shares purchased 1 February 2018 to 30 April 2018

	Net Revenue	Equalisation	Distribution (paid/accumulated 30.06.18)	Distribution (paid/accumulated 30.06.17)
	30.04.18 pence per share	30.04.18 pence per share	30.04.18 pence per share	30.04.17 pence per share
A Accumulation				
Group 1	8.13000	-	8.13000	7.44000
Group 2	1.54861	6.58139	8.13000	7.44000
A Income				
Group 1	3.95000	-	3.95000	3.71000
Group 2	1.32197	2.62803	3.95000	3.71000
B Accumulation				
Group 1	8.67000	-	8.67000	7.87000
Group 2	2.70747	5.96253	8.67000	7.87000
B Income				
Group 1	4.50000	-	4.50000	4.20000
Group 2	1.90253	2.59747	4.50000	4.20000
C Accumulation				
Group 1	9.10000	-	9.10000	8.22000
Group 2	9.10000	-	9.10000	8.22000
C Income				
Group 1	4.94000	-	4.94000	4.59000
Group 2	4.94000	-	4.94000	4.59000

## Distribution Tables cont.

Interim distributions for the period ended 31 July 2018

Group 1 : shares purchased prior to purchased prior to 1 May 2018

Group 2 : shares purchased purchased prior to 1 May 2018 to 31 July 2018

	Net Revenue	Equalisation	Distribution (paid/accumulated 30.09.18)	Distribution (paid/accumulated 30.09.17)
	31.07.18 pence per share	31.07.18 pence per share	31.07.18 pence per share	31.07.17 pence per share
<b>A Accumulation</b>				
Group 1	8.34000	-	8.34000	7.83000
Group 2	-	8.34000	8.34000	7.83000
<b>A Income</b>				
Group 1	4.03000	-	4.03000	3.89000
Group 2	-	4.03000	4.03000	3.89000
<b>B Accumulation</b>				
Group 1	8.91000	-	8.91000	8.30000
Group 2	-	8.91000	8.91000	8.30000
<b>B Income</b>				
Group 1	4.60000	-	4.60000	4.40000
Group 2	-	4.60000	4.60000	4.40000
<b>C Accumulation</b>				
Group 1	9.37000	-	9.37000	8.66000
Group 2	-	9.37000	9.37000	8.66000
<b>C Income</b>				
Group 1	5.06000	-	5.06000	4.82000
Group 2	3.25380	1.80620	5.06000	4.82000

## Distribution Tables cont.

Interim distribution for the period ended 31 October 2018

Group 1 : share purchased prior to 1 August 2018

Group 2 : share purchased 1 August 2018 to 31 October 2018

	Net Revenue	Equalisation	Distribution (paid/accumulated 31.12.18)	Distribution (paid/accumulated 31.12.17)
	31.10.18 pence per share	31.10.18 pence per share	31.10.18 pence per share	31.10.18 pence per share
<b>A Accumulation</b>				
Group 1	8.73000	-	8.73000	7.83000
Group 2	-	8.73000	8.73000	7.83000
<b>A Income</b>				
Group 1	4.21000	-	4.21000	3.89000
Group 2	-	4.21000	4.21000	3.89000
<b>B Accumulation</b>				
Group 1	9.35000	-	9.35000	8.30000
Group 2	-	9.35000	9.35000	8.30000
<b>B Income</b>				
Group 1	4.80000	-	4.80000	4.40000
Group 2	-	4.80000	4.80000	4.40000
<b>C Accumulation</b>				
Group 1	9.83000	-	9.83000	8.66000
Group 2	9.83000	-	9.83000	8.66000
<b>C Income</b>				
Group 1	5.28000	-	5.28000	4.82000
Group 2	-	5.28000	5.28000	4.82000

## Distribution Tables cont.

Final distribution for the period ended 31 January 2019

Group 1 : shares purchased prior to 1 November 2018

Group 2 : shares purchased 1 November 2018 to 31 January 2019

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 31.03.19)	Distribution (paid/accumulated 31.03.18)
	31.01.19 pence per share	31.01.19 pence per share	31.01.19 pence per share	31.01.18 pence per share
A Accumulation				
Group 1	10.62000	-	10.62000	6.68000
Group 2	0.89011	9.72989	10.62000	6.68000
A Income				
Group 1	5.11000	-	5.11000	3.50000
Group 2	0.52393	4.58607	5.11000	3.50000
B Accumulation				
Group 1	11.40000	-	11.40000	10.90000
Group 2	1.32328	10.07672	11.40000	10.90000
B Income				
Group 1	5.85000	-	5.85000	5.70000
Group 2	0.26439	5.58561	5.85000	5.70000
C Accumulation				
Group 1	13.90000	-	13.90000	13.66000
Group 2	13.90000	-	13.90000	13.66000
C Income				
Group 1	7.14000	-	7.14000	7.52000
Group 2	3.04530	4.09470	7.14000	7.52000





# BAILLIE GIFFORD

## Baillie Gifford International Fund

---

a sub-fund of Baillie Gifford UK & Balanced Funds ICVC

*Annual Report & Financial Statements  
for the year ended 31 January 2019*



# Baillie Gifford International Fund

## Investment Objective

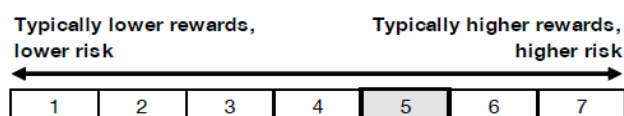
The Fund aims to produce attractive returns, mainly through capital growth, over the long term.

## Investment Policy

To invest mainly in shares of companies worldwide excluding the UK.

## Risk and Reward Profile

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



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

The Fund is classified in the category above because it invests in company shares which generally provide higher rewards and higher risks than other investments such as bonds or cash.

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.

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

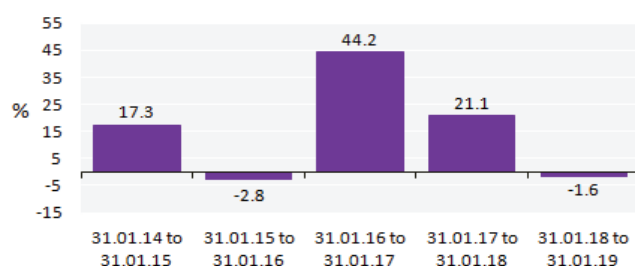
The result of the UK Referendum on membership of the European Union introduces elements of political uncertainty and may have practical consequences for the Fund. Developments will be closely monitored.

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



# Investment Report

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



The performance figures shown in this graph are for Class B Accumulation Shares. Performance figures reflect the ACD's annual fee of 0.57% (until 30 September 2017, the ACD's annual fee on Class B Shares was 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. Movements in the prices of company shares in which the Fund invests and foreign exchange rates between the two valuation points can lead to distortions in the returns. 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 January 2019 the return on B Accumulation Shares was -0.9%<sup>2</sup> compared to the return on the MSCI All Country World ex-UK Index of 0.2%<sup>3</sup>, in sterling terms. We believe that shorter-term performance measurements are of limited relevance in assessing investment ability and suggest that five years is a more sensible time frame over which to judge performance.

Market participants have experienced the return of volatility to global stock markets over the period, after enjoying a steady spell of rising markets in prior years. This comes as no surprise given numerous headlines relating to Brexit, tit-for-tat trade tariff exchanges between the US and China and teeth gnashing over the impact that rising rates and a strong dollar may have on emerging markets.

Among the detractors from performance were Naspers, the South African media technology business and Apache, the US oil and gas business. Naspers, which the market often perceives as a proxy for Tencent, the Chinese media and gaming business in which it has approximately a 30% stake, suffered further weakness due to a regulatory freeze in video game approvals, which has now eased. We continue to believe that Naspers' portfolio of global technology investments, managed with a disciplined and return-focused approach to capital allocation, is well placed for future growth.

Apache's shares have been weak as the oil price has fallen from a recent high of around \$75 per barrel in October to approximately \$55 per barrel in short order. Elsewhere, the market remains sceptical with regards the value of Apache's Texan asset, Alpine High. The company remain confident that this is an oil rich asset which should generate high returns in the future. We remain confident that Apache is genuinely focused on returns and well placed to grow its cashflow sustainably in the future.

Positively, Amazon has performed well, reaching US\$1 trillion market capitalisation in early September. The world's leading online retailer continues to grow its top line impressively in both e-commerce and Amazon Web Services (AWS), its cloud computing division, expanding its market share. The company is successfully growing its margins through Prime membership and the strong growth of higher margin divisions like AWS. Anthem (US health insurer) has been a strong contributor over the period. Being one of the largest players in the health insurance market with an established franchise, the company has been making steady operational progress supported by a recovering US economy and rising healthcare costs.

Portfolio turnover remains low (< 20%) which reflects our long-term approach to investing. Online platform businesses make up around 23% of the portfolio.

<sup>1</sup>Source: FE, 10am dealing prices, income accumulated. <sup>2</sup>Source: Baillie Gifford & Co Limited, closing net asset values, income accumulated. <sup>3</sup>Source: FE and relevant underlying index provider, total return. Please see Disclaimer on page 281. You should be aware that past performance is not a guide to future performance.

## Investment Report cont.

Throughout the year we established several positions in earlier stage platform businesses which we believe have transformational growth prospects and the potential to become significant holdings. These included Grubhub, the US online food delivery business and Spotify, the online music streaming platform. Elsewhere, we continue to appreciate the benefits of diversification and added stocks which we believe are uncorrelated to the existing portfolio. Examples of such companies include BHP Billiton, the diversified commodities conglomerate, and Chipotle Mexican Grill, the Tex-Mex fast-casual food chain. Finally, we reduced the portfolio's semiconductor exposure (from 9% to 4%), where we have concerns about the cyclical nature of the industry and emerging Chinese competition. This included complete sales of NVIDIA (graphic processing chip specialist) and Samsung Electronics (memory chips), and a reduction to TSMC (Taiwanese semiconductors).

We believe that the portfolio is well positioned for future growth. First and foremost, we are confident in the ability of the companies that the Fund holds to grow their revenues and earnings at above average rates over the long term. Second, we believe many of these companies are supported by lasting structural growth drivers such as growing discretionary spend in many emerging markets, the rise of technology and the internet, and advances in medical care. We remain focused on corporate fundamentals and the search for enduring growth opportunities.

*Baillie Gifford & Co, 8 February 2019*

## Principal Holdings as at 31 January 2019

Investment	Percentage of total Fund
Naspers	4.09
Amazon.com	3.57
Anthem Inc	3.03
AIA Group	2.88
Alibaba	2.25
Banco Bradesco Pref	2.24
MasterCard	2.22
Alphabet Inc Class C	2.16
Moody's	2.11
Visa Inc-Class A Shares	1.88

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

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
Ping An Insurance	16,485	Amazon.com	20,760
ICICI Bank ADR	14,408	TSMC ADR	15,239
Service Corp.Intl.	11,819	Samsung Electronics	13,023
Apache	11,780	Abiomed	12,272
Sumitomo Mitsui Trust	10,405	ICICI Bank	12,142
Naspers	10,203	NVIDIA	11,520
BHP Billiton (Aus. listing)	10,182	Royal Caribbean Cruises	10,990
Microsoft	9,919	CH Robinson	8,846
Kirby	9,407	Advanced Micro Devices	8,174
Zillow Group Inc Class C	7,246	Novo Nordisk	7,796

## Portfolio Statement as at 31 January 2019

Stock description	Holding	Market value £'000	% of total net assets
<b>Australia - 1.58% (0.00%)</b>			
BHP Billiton (Aus. listing)	552,286	10,662	1.08
Orica	519,105	4,932	0.50
<b>Brazil - 3.06% (1.91%)</b>			
B3 S.A.	1,232,300	8,093	0.82
Banco Bradesco Pref	2,345,640	22,150	2.24
<b>Canada - 2.18% (1.56%)</b>			
Fairfax Financial Holdings	27,189	9,773	0.99
Ritchie Bros Auctioneers (USA)	206,989	5,660	0.57
Shopify 'A'	47,790	6,124	0.62
<b>China - 7.61% (6.61%)</b>			
58.Com Inc ADR	136,162	6,560	0.66
Alibaba	173,794	22,255	2.25
Autohome Inc - ADR	95,363	5,247	0.53
Baidu.com ADR	68,531	8,993	0.91
Ctrip.com International	228,077	5,774	0.59
Meituan Dianping	788,700	4,069	0.41
NetEase.com ADR	19,947	3,820	0.39
Ping An Insurance	2,229,500	16,394	1.66
Tsingtao Brewery 'H'	624,000	2,077	0.21
<b>Denmark - 0.98% (1.73%)</b>			
AP Moller Maersk B	5,805	5,889	0.60
Genmab	33,692	3,730	0.38
<b>France - 2.48% (1.96%)</b>			
Bureau Veritas	491,028	8,307	0.84
Pernod Ricard SA	127,944	16,177	1.64
<b>Germany - 3.11% (3.59%)</b>			
Deutsche Boerse	84,743	8,590	0.87
Infineon Technologies AG	276,020	4,672	0.47

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
SAP	221,405	17,420	1.77
<b>Hong Kong - 3.28% (3.29%)</b>			
AIA Group	4,163,200	28,415	2.88
Sands China	1,085,600	3,918	0.40
<b>India - 3.63% (3.22%)</b>			
HDFC Corp	673,793	13,845	1.40
ICICI Bank ADR	2,311,973	17,945	1.82
Reliance Inds. GDR	155,195	4,064	0.41
<b>Ireland - 3.02% (4.15%)</b>			
Bank of Ireland (Dublin)	1,527,268	6,981	0.71
CRH	614,537	13,459	1.36
Ryanair	981,055	9,396	0.95
<b>Italy - 1.00% (1.58%)</b>			
Fiat Chrysler Automobiles	761,497	9,909	1.00
<b>Japan - 7.27% (6.70%)</b>			
Advantest Corp	491,600	8,492	0.86
CyberAgent Inc	249,500	6,100	0.62
Kansai Paint Co Ltd	157,400	2,100	0.21
Line Corp	104,800	2,771	0.28
MS&AD Insurance	596,800	13,482	1.37
Olympus	353,600	11,041	1.12
Persol Holdings	278,800	3,764	0.38
Rohm	110,300	5,886	0.60
SMC	32,800	8,186	0.83
Sumitomo Mitsui Trust	343,800	9,911	1.00
<b>Netherlands - 0.74% (0.54%)</b>			
Signify NV	387,440	7,314	0.74



## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
<b>Norway - 1.08% (0.91%)</b>			
Schibsted	287,059	7,653	0.77
Schibsted B	126,506	3,048	0.31
<b>Russia - 1.23% (1.83%)</b>			
Mail.ru Group GDR	187,474	3,503	0.35
Sberbank Spon ADR	839,389	8,656	0.88
<b>Singapore - 0.58% (0.52%)</b>			
Jardine Matheson	113,300	5,755	0.58
<b>South Africa - 4.09% (4.58%)</b>			
Naspers	232,261	40,405	4.09
<b>South Korea - 0.00% (1.41%)</b>			
<b>Spain - 0.00% (0.38%)</b>			
<b>Sweden - 1.82% (1.98%)</b>			
Atlas Copco B	400,946	7,285	0.74
Epiroc B	766,547	5,200	0.53
Spotify Technology SA	38,548	3,969	0.40
Svenska Handelsbanken	187,237	1,545	0.15
<b>Switzerland - 1.99% (2.82%)</b>			
Richemont	157,726	8,269	0.84
Schindler	70,177	11,346	1.15
<b>Taiwan - 1.17% (3.30%)</b>			
TSMC ADR	403,461	11,542	1.17
<b>United States - 45.93% (43.60%)</b>			
AJ Gallagher & Co	202,654	11,502	1.16
Albemarle	66,670	4,093	0.41
Alnylam Pharmaceuticals	57,823	3,672	0.37

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Alphabet Inc Class C	25,098	21,293	2.16
Amazon.com	26,973	35,242	3.57
Anthem Inc	129,959	29,945	3.03
Apache	719,180	17,938	1.82
Chegg	134,641	3,603	0.36
Chipotle Mexican Grill	14,650	5,897	0.60
DistributionNOW	269,113	2,768	0.28
EOG Resources	141,757	10,688	1.08
Facebook	106,932	13,545	1.37
First Republic Bank	114,146	8,384	0.85
GrubHub Inc	127,981	7,821	0.79
Howard Hughes	47,722	4,028	0.41
Interactive Brokers Group	131,014	5,039	0.51
Jefferies Financial	399,537	6,324	0.64
Kirby	224,638	12,784	1.29
LendingTree	26,636	5,996	0.61
Markel	13,096	10,455	1.06
MarketAxess Holdings	56,056	9,149	0.93
Martin Marietta Materials	84,974	11,413	1.16
MasterCard	136,300	21,888	2.22
Microsoft	120,182	9,539	0.97
Moody's	173,099	20,858	2.11
Myriad Genetics Inc	273,581	5,863	0.59
Netflix Inc	28,330	7,312	0.74
Novocure Ltd	33,460	1,246	0.13
ResMed Inc	142,416	10,303	1.04
Royal Caribbean Cruises	137,680	12,564	1.27
Seattle Genetics	188,807	10,961	1.11
Service Corp.Intl.	360,048	11,745	1.19
SiteOne Landscape Supply	74,047	3,000	0.30
Stericycle	160,148	5,366	0.54
TD Ameritrade Holding Corp	209,849	8,924	0.90
Teradyne	222,954	6,100	0.62
Tesla Inc	36,911	8,607	0.87
Thermo Fisher Scientific	69,107	12,901	1.31

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Verisk Analytics	100,141	8,936	0.91
Visa Inc-Class A Shares	181,362	18,607	1.88
Wabtec	114,357	6,010	0.61
Waters	73,931	12,994	1.32
Zillow Group Inc Class A	26,449	700	0.07
Zillow Group Inc Class C	285,619	7,612	0.77
<b>Portfolio of investments</b>		<b>966,138</b>	<b>97.83</b>
<b>Net other assets - 2.17% (1.83%)</b>		<b>21,413</b>	<b>2.17</b>
<b>Net assets</b>		<b>987,551</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 January 2018.

# Comparative Tables

## Comparative Table: A Accumulation Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	5,431.19	4,499.99	3,276.38
Return before operating charges*	(15.50)	1,006.39	1,282.07
Operating charges	(79.02)	(75.19)	(58.46)
Return after operating charges*	(94.52)	931.20	1,223.61
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>5,336.67</b>	<b>5,431.19</b>	<b>4,499.99</b>
*After direct transaction costs of:	2.18	2.00	0.38
<b>Performance:</b>			
Return after charges	(1.74)%	20.69%	37.35%
<b>Other Information:</b>			
Closing net asset value (£'000)	13,727	14,032	9,999
Closing number of shares	257,237	258,364	222,199
Operating charges	1.45%	1.50% <sup>1</sup>	1.55%
Direct transaction costs <sup>3</sup>	0.04%	0.04%	0.01%
<b>Prices:</b>			
Highest share price (pence)	5,898	5,555	4,596
Lowest share price (pence)	4,886	4,485	2,971

## Comparative Tables cont.

### Comparative Table: B Accumulation Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	6,240.44	5,126.78	3,700.94
Return before operating charges*	(18.56)	1,151.33	1,456.06
Operating charges	(37.69)	(37.67)	(30.22)
Return after operating charges*	(56.25)	1,113.66	1,425.84
Distributions	(36.15)	(22.86)	(22.75)
Retained distributions on accumulation shares	36.15	22.86	22.75
<b>Closing net asset value per share</b>	<b>6,184.19</b>	<b>6,240.44</b>	<b>5,126.78</b>
*After direct transaction costs of:	2.51	2.28	0.44
<b>Performance:</b>			
Return after charges	(0.90)%	21.72%	38.53%
<b>Other Information:</b>			
Closing net asset value (£'000)	561,310	480,127	453,933
Closing number of shares	9,076,551	7,693,802	8,854,144
Operating charges	0.60%	0.66% <sup>2</sup>	0.69%
Direct transaction costs <sup>3</sup>	0.04%	0.04%	0.01%
<b>Prices:</b>			
Highest share price (pence)	6,810	6,382	5,234
Lowest share price (pence)	5,657	5,110	3,357

## Comparative Tables cont.

### Comparative Table: B Income Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	5,245.09	4,325.25	3,137.10
Return before operating charges*	(15.05)	970.51	1,233.09
Operating charges	(31.72)	(31.39)	(25.65)
Return after operating charges*	(46.77)	939.12	1,207.44
Distributions on income shares	(30.38)	(19.28)	(19.29)
<b>Closing net asset value per share</b>	<b>5,167.94</b>	<b>5,245.09</b>	<b>4,325.25</b>
 *After direct transaction costs of:	 2.11	 1.93	 0.37
<b>Performance:</b>			
Return after charges	(0.89)%	21.71%	38.49%
<b>Other Information:</b>			
Closing net asset value (£'000)	240,722	199,091	143,666
Closing number of shares	4,657,992	3,795,763	3,321,558
Operating charges	0.60%	0.65% <sup>2</sup>	0.69%
Direct transaction costs <sup>3</sup>	0.04%	0.04%	0.01%
<b>Prices:</b>			
Highest share price (pence)	5,717	5,377	4,431
Lowest share price (pence)	4,749	4,311	2,845

## Comparative Tables cont.

### Comparative Table: C Accumulation Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	6,854.81	5,596.57	4,013.74
Return before operating charges*	(20.87)	1,260.76	1,584.26
Operating charges	(2.08)	(2.52)	(1.43)
Return after operating charges*	(22.95)	1,258.24	1,582.83
Distributions	(79.16)	(63.80)	(55.96)
Retained distributions on accumulation shares	79.16	63.80	55.96
<b>Closing net asset value per share</b>	<b>6,831.86</b>	<b>6,854.81</b>	<b>5,596.57</b>
*After direct transaction costs of:	2.77	2.52	0.48
<b>Performance:</b>			
Return after charges	(0.33)%	22.48%	39.44%
<b>Other Information:</b>			
Closing net asset value (£'000)	104,537	164,082	77,654
Closing number of shares	1,530,138	2,393,672	1,387,536
Operating charges	0.03%	0.04%	0.03%
Direct transaction costs <sup>3</sup>	0.04%	0.04%	0.01%
<b>Prices:</b>			
Highest share price (pence)	7,505	7,010	5,713
Lowest share price (pence)	6,246	5,578	3,641

## Comparative Tables cont.

### Comparative Table: C Income Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	5,256.18	4,332.32	3,140.26
Return before operating charges*	(15.08)	975.13	1,236.90
Operating charges	(1.59)	(1.94)	(1.12)
Return after operating charges*	(16.67)	973.19	1,235.78
Distributions on income shares	(60.67)	(49.33)	(43.72)
<b>Closing net asset value per share</b>	<b>5,178.84</b>	<b>5,256.18</b>	<b>4,332.32</b>
 *After direct transaction costs of:	 2.12	 1.94	 0.37
<b>Performance:</b>			
Return after charges	(0.32)%	22.46%	39.35%
<b>Other Information:</b>			
Closing net asset value (£'000)	3	3	2
Closing number of shares	50	50	50
Operating charges	0.03%	0.04%	0.03%
Direct transaction costs <sup>3</sup>	0.04%	0.04%	0.01%
<b>Prices:</b>			
Highest share price (pence)	5,741	5,412	4,456
Lowest share price (pence)	4,778	4,318	2,848



## Comparative Tables cont.

### Comparative Table: G Accumulation Shares

	Financial Period Ended 31 January 2019 (pence per share)
<b>Change in net assets per share:</b>	
Opening net asset value per share	6,674.00 <sup>4</sup>
Return before operating charges*	159.27
Operating charges	(36.11)
Return after operating charges*	123.16
Distributions	(44.10)
Retained distributions on accumulation shares	44.10
<b>Closing net asset value per share</b>	<b>6,797.16</b>
*After direct transaction costs of:	2.73
<b>Performance:</b>	
Return after charges	1.85%
<b>Other Information:</b>	
Closing net asset value (£'000)	67,252
Closing number of shares	989,419
Operating charges	0.53%
Direct transaction costs <sup>3</sup>	0.04%
<b>Prices:</b>	
Highest share price (pence)	7,483
Lowest share price (pence)	6,218

<sup>1</sup>With effect from 1 October 2017, the ACD's annual fee for Class A shares was reduced from 1.50% to 1.42%. As at 31 January 2018 the ACD considered 1.46% to be a more indicative rate for the ongoing charges figure.

<sup>2</sup>With effect from 1 October 2017, the ACD's annual fee for Class B shares was reduced from 0.65% to 0.57%. As at 31 January 2018 the ACD considered 0.61% to be a more indicative rate for the ongoing charges figure.

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

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

<sup>4</sup>Class G Accumulation Shares were launched on 5 February 2018.

# Financial Statements

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

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	1		(16,950)		137,209
Revenue	3	11,935		7,987	
Expenses	4	(5,040)		(4,099)	
Net revenue before taxation		6,895		3,888	
Taxation	5	(1,139)		(608)	
Net revenue after taxation			5,756		3,280
Total return before distributions			(11,194)		140,489
Distributions	6		(5,794)		(3,337)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(16,988)</b>		<b>137,152</b>

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

	2019		2018	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>857,335</b>		<b>685,254</b>
Amounts receivable on issue of shares	200,647		154,817	
Amounts payable on cancellation of shares	(58,484)		(123,196)	
		142,163		31,621
Dilution adjustment		181		293
Change in net assets attributable to shareholders from investment activities		(16,988)		137,152
Retained distributions on accumulation shares		4,860		3,015
<b>Closing net assets attributable to shareholders</b>		<b>987,551</b>		<b>857,335</b>

## Financial Statements cont.

### Balance Sheet as at 31 January 2019

	Notes	2019 £'000	2018 £'000
<b>Assets:</b>			
Fixed assets:			
Investments	13	966,138	841,653
Current assets:			
Debtors	8	5,406	4,452
Cash and bank balances	9	18,450	13,190
<b>Total assets</b>		<b>989,994</b>	<b>859,295</b>
<b>Liabilities:</b>			
Creditors:			
Distributions payable		(1,089)	(466)
Other creditors	10	(1,354)	(1,494)
<b>Total liabilities</b>		<b>(2,443)</b>	<b>(1,960)</b>
<b>Net assets attributable to shareholders</b>		<b>987,551</b>	<b>857,335</b>

# Notes to the Financial Statements

## 1 Net capital gains/(losses)

	2019	2018
	£'000	£'000
Non-derivative securities	(16,942)	138,008
Currency gains/(losses)	4	(790)
Transaction costs	(12)	(9)
<b>Net capital gains/(losses)</b>	<b>(16,950)</b>	<b>137,209</b>

## 2 Purchases, sales and transaction costs

	2019	2018
	£'000	£'000
<b>Purchases and transaction costs</b>		
Gross purchases of equities excluding transaction costs	323,101	223,345
Commissions	138	84
Taxes	145	157
Total transaction costs on equity purchases <sup>1</sup>	283	241
<b>Purchases including transaction costs</b>	<b>323,384</b>	<b>223,586</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	0.04	0.04
Taxes on equity purchases	0.04	0.07

	2019	2018
	£'000	£'000
<b>Sales and transaction costs</b>		
Gross sales of equities excluding transaction costs	182,049	197,297
Commissions	(71)	(63)
Taxes	(22)	(11)
Total transaction costs on equity sales <sup>1</sup>	(93)	(74)
<b>Sales net of transaction costs</b>	<b>181,956</b>	<b>197,223</b>

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

## Notes to the Financial Statements cont.

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

	2019		2018	
	%		%	
Transaction costs as a percentage of principal amount				
Commission on equity sales	(0.04)		(0.03)	
Taxes on equity sales	(0.01)		(0.01)	
	2019		2018	
	£'000	% of average NAV	£'000	% of average NAV
Portfolio transaction costs				
Commissions	209	0.02	147	0.02
Taxes	167	0.02	168	0.02
Total direct transaction costs	376	0.04	315	0.04
	2019		2018	
	%		%	
Average portfolio dealing spread	0.05		0.05	

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

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

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

### 3 Revenue

	2019	2018
	£'000	£'000
Overseas dividends	11,881	7,981
Bank interest	54	6
<b>Total revenue</b>	<b>11,935</b>	<b>7,987</b>

## Notes to the Financial Statements cont.

### 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	4,830	3,884
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fee	85	75
Bank charges	109	89
	194	164
<b>Other expenses:</b>		
Audit fee	6	5
Professional fees	10	46
	16	51
<b>Total expenses</b>	<b>5,040</b>	<b>4,099</b>

### 5 Taxation

	2019	2018
	£'000	£'000
<b>Analysis of charge in the year</b>		
Corporation tax	-	-
Overseas tax	1,161	812
Prior year tax reclaims not previously recognised	-	(204)
Tax recoverable on overseas dividends	(22)	-
<b>Total taxation</b>	<b>1,139</b>	<b>608</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.

At 31 January 2019, the Fund had excess management expenses of £25,411,000 (2018: £20,963,000) which have not been recognised as a deferred tax asset. This is because the Fund is not expected to generate taxable income in a future period in excess of the deductible expenses of that future period and, accordingly, the Fund is unlikely to be able to reduce future tax liabilities through the use of existing excess expenses.

## Notes to the Financial Statements cont.

### 5 Taxation (continued)

The tax charge is explained as follows:

	2019	2018
	£'000	£'000
Net revenue/(expense) before taxation	6,895	3,888
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% (2018: 20%)	1,379	778
Effects of:		
Non-taxable overseas dividends	(2,250)	(1,529)
Overseas tax on dividends	1,161	812
Excess management expenses	890	761
Prior year tax reclaims not previously recognised	-	(204)
Tax recoverable on overseas dividends	(22)	-
Expense relief claimed on overseas tax	(19)	(10)
<b>Total taxation</b>	<b>1,139</b>	<b>608</b>

### 6 Distributions

	2019	2018
	£'000	£'000
Interim to 31 July	1,475	1,188
Final to 31 January	4,801	2,525
	<b>6,276</b>	<b>3,713</b>
Amounts deducted on cancellation of shares	241	212
Amounts added on issue of shares	(723)	(588)
<b>Total distributions</b>	<b>5,794</b>	<b>3,337</b>

The distributions take account of 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	5,756	3,280
Add capital transfers for deficits of income	38	58
Add distributable revenue brought forward	1	-
Less distributable revenue carried forward	(1)	(1)
<b>Net distributions for the year</b>	<b>5,794</b>	<b>3,337</b>

## Notes to the Financial Statements cont.

### 8 Debtors

	2019	2018
	£'000	£'000
Receivable for issue of shares	1,915	414
Sales awaiting settlement	2,122	3,114
Accrued income	587	294
Overseas tax recoverable	769	625
VAT recoverable	3	3
Other debtors	10	2
<b>Total debtors</b>	<b>5,406</b>	<b>4,452</b>

### 9 Cash and bank balances

	2019	2018
	£'000	£'000
Sterling bank accounts	17,113	12,062
Foreign currency bank accounts	1,337	1,128
<b>Total cash and bank balances</b>	<b>18,450</b>	<b>13,190</b>

### 10 Other creditors

	2019	2018
	£'000	£'000
Payable for cancellation of shares	272	317
Purchases awaiting settlement	610	769
Due to the ACD or associates	418	367
Due to the Depositary or associates	41	35
Other accrued expenses	13	6
<b>Total other creditors</b>	<b>1,354</b>	<b>1,494</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	0.00	9.63

### 12 Reconciliation of shares in issue

	2019					
	A Accumulation Shares	B Accumulation Shares	B Income Shares	C Accumulation Shares	C Income Shares	G Accumulation Shares
Opening shares in issue	258,364	7,693,802	3,795,763	2,393,672	50	-
Shares issued	82,608	1,524,831	1,313,354	444,197	50	-
Shares cancelled	(76,501)	(150,914)	(448,072)	(102,990)	(50)	(216,963)
Shares converted	(7,234)	8,832	(3,053)	(1,204,741)	-	1,206,382
<b>Closing shares in issue</b>	<b>257,237</b>	<b>9,076,551</b>	<b>4,657,992</b>	<b>1,530,138</b>	<b>50</b>	<b>989,419</b>

### 13 Basis of valuation

	2019	2018
	Assets	Assets
	£'000	£'000
Level 1: Quoted prices	966,138	841,653
Level 2: Observable market data	-	-
Level 3: Unobservable data	-	-
<b>Total</b>	<b>966,138</b>	<b>841,653</b>

## Notes to the Financial Statements cont.

### 14 Derivatives and other financial instruments

#### Currency exposures

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

Currency	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	2019			2018		
	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Australian dollar	432	15,594	16,027	-	-	-
Brazilian real	-	30,243	30,243	-	16,339	16,339
Canadian dollar	-	9,773	9,773	-	8,833	8,833
Danish krone	-	9,619	9,619	-	14,834	14,834
Euro	-	102,225	102,225	-	90,253	90,253
Hong Kong dollar	-	54,872	54,872	-	28,220	28,220
Indian rupee	-	13,845	13,845	-	27,603	27,603
Japanese yen	-	71,733	71,733	-	61,140	61,140
Norwegian krona	-	10,701	10,701	-	7,801	7,801
South African rand	-	40,405	40,405	-	39,229	39,229
Swedish krona	-	14,030	14,030	-	16,997	16,997
Swiss franc	-	19,615	19,615	-	24,199	24,199
Taiwanese dollar	-	-	-	-	2,534	2,534
UK sterling	17,113	-	17,113	12,062	-	12,062
US dollar	905	573,482	574,387	1,128	489,355	490,483

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.

## Distribution Tables

Interim distribution for the period ended 31 July 2018

Group 1 : shares purchased prior to 1 February 2018

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

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 30.09.18)	Distribution (paid/accumulated 30.09.17)
	31.07.18 pence per share	31.07.18 pence per share	31.07.18 pence per share	31.07.17 pence per share
A Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
B Accumulation				
Group 1	8.25000	-	8.25000	8.25000
Group 2	-	8.25000	8.25000	8.25000
B Income				
Group 1	7.00000	-	7.00000	7.00000
Group 2	-	7.00000	7.00000	7.00000
C Accumulation				
Group 1	24.75000	-	24.75000	24.75000
Group 2	4.86959	19.88041	24.75000	24.75000
C Income				
Group 1	13.25000	-	13.25000	13.25000
Group 2	13.25000	-	13.25000	13.25000
G Accumulation				
Group 1	9.00000	-	9.00000	n/a
Group 2	9.00000	-	9.00000	n/a

## Distribution Tables cont.

Final distribution for the period ended 31 January 2019

Group 1 : shares purchased prior to 1 August 2018

Group 2 : shares purchased 1 August 2018 to 31 January 2019

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 31.03.19)	Distribution (paid/accumulated 31.03.18)
	31.01.19 pence per share	31.01.19 pence per share	31.01.19 pence per share	31.01.18 pence per share
A Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
B Accumulation				
Group 1	27.90000	-	27.90000	14.61000
Group 2	3.42078	24.47922	27.90000	14.61000
B Income				
Group 1	23.38000	-	23.38000	12.28000
Group 2	1.85004	21.52996	23.38000	12.28000
C Accumulation				
Group 1	54.41000	-	54.41000	39.05000
Group 2	13.31704	41.09296	54.41000	39.05000
C Income				
Group 1	47.42000	-	47.42000	36.08000
Group 2	47.42000	-	47.42000	36.08000
G Accumulation				
Group 1	35.10000	-	35.10000	n/a
Group 2	35.10000	-	35.10000	n/a

# BAILLIE GIFFORD

## Baillie Gifford Managed Fund

---

a sub-fund of Baillie Gifford UK & Balanced Funds ICVC

*Annual Report & Financial Statements  
for the year ended 31 January 2019*



# Baillie Gifford Managed Fund

## Investment Objective

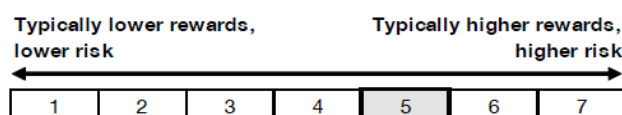
The Fund aims to produce capital growth, over the long term.

## Investment Policy

To invest in any economic sector worldwide. Investment will mainly be in shares of companies, bonds, cash and other funds which may include those managed or operated by the ACD. Derivatives, which are a type of financial contract, are used to protect or enhance the return of the Fund, including for investment purposes. The Fund is exposed to foreign currencies.

## Risk and Reward Profile

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



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 mainly in company shares, bonds and other funds 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 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.

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.

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

Derivatives may be used to obtain, increase or reduce exposure to assets and may result in the Fund being leveraged. This may result in greater movements (down or up) in the price of shares in the Fund. It is not our intention that the use of derivatives will significantly alter the overall risk profile of the Fund.

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

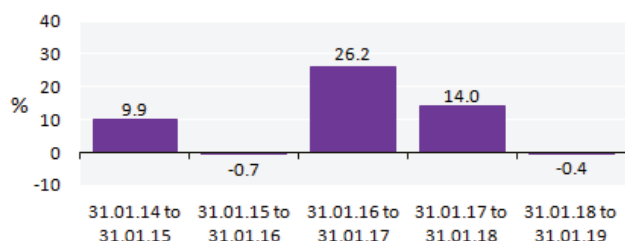
The result of the UK Referendum on membership of the European Union introduces elements of political uncertainty and may have practical consequences for the Fund. Developments will be closely monitored.

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



# Investment Report

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



The performance figures shown in this graph are for Class B Accumulation Shares. Performance figures reflect the ACD's annual fee of 0.40%, 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. Movements in the prices of company shares in which the Fund invests and foreign exchange rates between the two valuation points can lead to distortions in the returns. 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 January 2019 the return on B Accumulation Shares was 0.2%<sup>2</sup> compared to the return on the mean of the Investment Association 40%-85% Shares Sector of -3.1%<sup>3</sup>. We believe that shorter-term performance measurements are of limited relevance in assessing investment ability and would suggest that five years is a more sensible timeframe over which to judge performance. We are therefore pleased to report that, over this longer time period, performance is similarly strong in absolute and relative terms. For the five years to 31 January 2019, the return on B Accumulation Shares was 56.4%<sup>2</sup> compared to the return of the comparative benchmark of 32.0%<sup>3</sup>.

Whilst acknowledging the extent of market falls in the last quarter of 2018, it is worth reflecting on this weakness in the context of the longer term. Equity markets have had a tremendously strong run over the past three to five years. Indeed, part of the reason that this period of volatility was so high profile is that it follows an exceptionally good few years for equity investors. From our perspective, these shifts in sentiment reiterate the importance of our ability and willingness to take a long-term view and to focus on the individual businesses in which we invest.

Against this backdrop, Fund performance was broadly flat in absolute terms but positive versus the return of the competitive sector, helped by the holdings in North American equities.

There is a diverse range of companies which have been helpful over the twelve-month period despite being unfairly punished in the market sell-off at the end of 2018. For example, the internet behemoth Amazon continues to gain share in retail and signed up more customers for Prime in 2018 than ever before. It is also extending its position of leadership in the rapidly growing cloud services business. Elsewhere, Abiomed, the manufacturer of the world's smallest heart pump (that helps hearts rest and recover following a heart attack) is growing rapidly in the US. The company is also continuing to develop a strong research pipeline. Together with international expansion, these factors should significantly increase the total number of addressable patients. Online streaming platform Netflix was also amongst the positive contributors to performance. The company's subscriber base now stands at 139 million versus 80 million when we first took a holding for the Fund in 2016. Netflix continues to invest for future growth, spending around \$12bn on content in 2018, up 50% from the previous year.

<sup>1</sup>Source: FE, 10am dealing prices, income accumulated. <sup>2</sup>Source: Baillie Gifford & Co Limited, closing net asset values, income accumulated. <sup>3</sup>Source: FE and relevant underlying index provider, total return. Please see Disclaimer on page 281. You should be aware that past performance is not a guide to future performance.

## Investment Report cont.

As you would expect, there were also some stocks which were less beneficial for returns. Europe's largest online retailer Zalando reported slowing revenue growth because of a generally tough retail environment which has seen unexpectedly high levels of discounting. Exacerbating this was a long summer that led to consumers delaying the purchase of full price winter clothing. We believe that over the long term, Zalando should benefit from structural growth in online retail sales. Pilot strikes, flight cancellations and lower than expected profits have all impacted the share price of Ryanair over the period. Although the company's cost base continues to rise, it remains much lower than rivals such as EasyJet. We will monitor the ongoing investment case with care. Spanish-listed supermarket DIA has also been unhelpful for returns and we have now sold this holding. We endeavoured to be patient as the company struggled with several operational challenges. However, we no longer had confidence in the ability of management to improve its position within a reasonable timeframe and note the business' heavy debt load which may exacerbate the situation.

The Fund's bond holdings delivered positive absolute returns over the year. The large sell-off in emerging market government bonds earlier in 2018 detracted from returns, with the Argentinian bond holdings being particularly unhelpful. However, we reduced the Fund's exposure to this asset class earlier in the year and subsequently had a larger allocation to developed market government bonds, such as US Treasuries. This was helpful in light of equity market weakness.

Whilst mindful of recent market volatility, we remain focussed on the fundamentals of the companies in which we invest. Looking ahead, it is (as always) difficult to determine what the next 12 months hold in store. The road ahead will inevitably present challenges, but it will also present opportunities for the patient investor to identify and invest in some great businesses that will contribute to the strong long-term performance of the portfolio.

*Baillie Gifford & Co, 13 February 2019*



## Principal Holdings as at 31 January 2019

Investment	Percentage of total Fund
US Treasury 0.125% IL 15/04/2021	4.89
Amazon.com	2.23
Spain 5.85% 31/01/2022	1.21
Tesla Inc	1.10
IMCD Group NV	1.09
Netflix Inc	1.06
US Treasury 3% 15/11/2045	1.04
Mettler-Toledo	0.91
GrubHub Inc	0.87
Abiomed	0.86

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

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
US Treasury 0.125% IL 15/04/2021	174,288	US Treasury 2.25% 15/02/2021	93,805
US Treasury 2.25% 15/02/2021	93,426	US Treasury 6.25% 15/08/2023	74,683
Belgium 4.25% 28/09/2021	51,403	Belgium 4.25% 28/09/2021	51,022
Italy 0.35% 15/06/2020	41,165	Italy 0.35% 15/06/2020	42,643
Spain 5.85% 31/01/2022	34,820	Greece 3.75% 30/01/2028	40,744
Kingspan Group	29,005	Nestle	30,053
Bund 4.75% 04/07/2034	28,157	Coca Cola HBC (CDI)	21,931
US Treasury 2.875% 15/08/2028	24,380	BTPS 0.65% 15/10/2023	21,364
Bechtle AG	24,282	Spain 5.85% 31/01/2022	19,714
Spotify Technology SA	23,491	France 0.5% 25/05/2026	19,424

# Portfolio Statement as at 31 January 2019

Stock description	Holding	Market value £'000	% of total net assets
<b>Equities - 73.16%(75.66%)</b>			
<b>Developed Asia Pacific - 10.10% (11.39%)</b>			
Advantest Corp	798,800	13,799	0.39
AIA Group	930,200	6,349	0.18
Asahi Group Holdings	115,900	3,680	0.11
Baillie Gifford Japanese Smaller Companies Fund C Acc <sup>1</sup>	581,955	28,894	0.82
BHP Billiton (Aus. listing)	421,577	8,139	0.23
Bridgestone	172,900	5,058	0.14
Cochlear	105,171	11,271	0.32
CyberAgent Inc	201,300	4,921	0.14
Denso	186,500	6,498	0.19
FANUC	58,800	7,541	0.22
Fast Retailing	16,400	5,708	0.16
Galaxy Entertainment Group	1,676,000	8,760	0.25
Hong Kong Exchanges & Clearing	432,200	10,200	0.29
INPEX	614,200	4,485	0.13
IRESS LTD	979,756	6,370	0.18
James Hardie Industries	632,542	5,375	0.15
Jardine Matheson	170,900	8,681	0.25
Kakaku.com	556,800	7,405	0.21
Keyence	9,300	3,629	0.10
Makita Corporation	302,400	8,132	0.23
Mesoblast	1,685,866	1,098	0.03
Misumi	174,900	3,030	0.09
MS&AD Insurance	527,500	11,916	0.34
Murata	66,400	7,152	0.20
Nidec	62,700	5,707	0.16
Olympus	278,500	8,696	0.25
Pigeon	330,400	9,785	0.28
REA Group	86,702	3,639	0.10
Recruit Holdings	370,400	7,536	0.22
Sarine Technologies	1,472,200	379	0.01
SBI Holdings	826,700	13,386	0.38
SEEK	955,384	8,997	0.26
Shimano	97,400	10,355	0.30

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Shiseido	385,000	17,413	0.50
SMC	42,100	10,507	0.30
SoftBank Group	205,600	12,245	0.35
Sugi Holdings	170,300	5,377	0.15
Techtronic Industries	870,000	3,827	0.11
TPG Telecom	1,764,552	6,827	0.20
Treasury Wine Estates	932,921	7,989	0.23
Tsingtao Brewery 'H'	2,046,000	6,809	0.19
United Overseas Bank	1,088,168	15,497	0.44
Washington Soul Pattinson	777,729	11,338	0.32
<b>Emerging Markets - 8.31% (7.93%)</b>			
Alibaba	178,178	22,817	0.65
Banco Bradesco Pref	2,348,110	22,173	0.63
Bank Rakyat Indonesia	62,858,100	13,167	0.37
Cemex ADR	2,807,536	11,589	0.33
Geely Automobile Holdings	8,930,000	11,472	0.33
Grupo Financiero Banorte O	2,344,400	9,939	0.28
Hon Hai Precision	3,314,200	5,741	0.16
ICICI Prudential Life Insurance	2,767,871	8,457	0.24
MercadoLibre	64,249	17,778	0.51
Naspers	65,909	11,466	0.33
NAVER Corp	62,280	5,787	0.16
Netmarble Games	89,852	6,569	0.19
Norilsk Nickel ADR	917,282	14,504	0.41
Petrobras Common ADR	1,599,619	19,809	0.56
Reliance Industries Ltd.	1,362,516	17,872	0.51
Samsung Electronics	451,298	14,230	0.41
Sberbank Spon ADR	1,450,043	14,953	0.43
Siam Commercial Bank P-NVDR	3,730,600	12,027	0.34
SK Hynix Inc	255,104	12,880	0.37
Tencent	593,000	19,867	0.57
TSMC	3,414,000	18,628	0.53

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
<b>Europe (ex UK) - 17.95% (17.79%)</b>			
Alfa Laval	1,607,689	27,652	0.79
ASML	179,430	23,981	0.68
Atlas Copco B	1,300,999	23,640	0.67
Avanza Bank Holding	585,646	20,205	0.58
Bechtle AG	390,648	23,581	0.67
Carl Zeiss Meditec	284,128	19,567	0.56
DSV	407,209	24,662	0.70
Epiroc B	1,271,525	8,625	0.25
EXOR	621,030	30,185	0.86
Hexpol AB	3,318,009	22,304	0.64
IMCD Group NV	684,877	38,175	1.09
Inditex	1,072,829	22,778	0.65
Infineon Technologies AG	1,446,026	24,477	0.70
Investor	868,328	28,988	0.83
Kingspan Group	773,191	24,186	0.69
Kinnevik	605,640	11,236	0.32
Legrand	380,268	17,169	0.49
L'Oreal	123,666	22,643	0.64
Mettler-Toledo	65,500	31,784	0.91
Nibe Industrier AB 'B' Shares	2,822,672	24,287	0.69
Novozymes	619,050	19,686	0.56
Ryanair	2,306,124	22,088	0.63
Sartorius Stedim Biotech	312,175	26,155	0.75
Schindler	152,867	24,715	0.70
Spotify Technology SA	204,176	21,024	0.60
Svenska Handelsbanken	3,621,788	29,884	0.85
Zalando SE	682,949	15,870	0.45
<b>North America - 18.95% (17.58%)</b>			
Abiomed	113,283	30,233	0.86
Activision Blizzard Inc	163,503	5,872	0.17
Agios Pharmaceuticals	110,725	4,508	0.13
Alnylam Pharmaceuticals	156,772	9,955	0.28
Alphabet Inc Class A	6,407	5,485	0.16

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Alphabet Inc Class C	29,196	24,769	0.71
Amazon.com	59,962	78,345	2.23
Celgene	100,775	6,773	0.19
Chegg	339,319	9,080	0.26
CoStar Group	36,451	10,827	0.31
Denali Therapeutics	431,113	6,237	0.18
DistributionNOW	552,986	5,688	0.16
Ellie Mae	151,280	8,714	0.25
Eventbrite Inc Class A	187,939	4,292	0.12
Facebook	210,453	26,658	0.76
First Republic Bank	285,811	20,993	0.60
Fortive Corp	168,980	9,632	0.28
Glaukos Corp	205,860	9,978	0.28
GrubHub Inc	498,246	30,449	0.87
HEICO	146,041	9,381	0.27
Illumina	130,804	27,819	0.79
Interactive Brokers Group	248,879	9,571	0.27
Markel	8,424	6,725	0.19
MarketAxess Holdings	181,560	29,635	0.84
MasterCard	145,936	23,435	0.67
Moderna Inc	207,093	2,613	0.07
Netflix Inc	144,063	37,183	1.06
New Relic	128,880	9,955	0.28
Novocure Ltd	387,034	14,417	0.41
NVIDIA	49,317	5,389	0.15
Penumbra Inc	98,949	10,945	0.31
Redfin	557,335	7,580	0.22
Shopify 'A'	124,717	15,980	0.46
Stitch Fix	433,885	7,398	0.21
Tableau Software Class A	152,824	14,851	0.42
Tesla Inc	165,656	38,629	1.10
The Trade Desk	162,011	17,561	0.50
Under Armour Class C	442,134	6,363	0.18
Vertex Pharmaceuticals	79,123	11,480	0.33
Wabtec	126,382	6,642	0.19
Watsco Inc	122,609	13,736	0.39

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Wayfair Inc	352,074	29,296	0.84
<b>UK - 17.85% (20.97%)</b>			
Abcam	444,441	5,876	0.17
Ashtead	706,616	13,627	0.39
Auto Trader Group	2,428,771	11,099	0.32
Baillie Gifford British Smaller Companies Fund C Acc <sup>1</sup>	2,595,836	21,566	0.61
BHP Billiton	1,556,843	26,314	0.75
Bodycote	1,072,557	8,157	0.23
Breedon Group	6,395,379	4,298	0.12
British American Tobacco	474,884	12,753	0.36
Bunzl	892,399	21,409	0.61
Burberry	722,430	13,015	0.37
Carnival	329,556	14,197	0.40
Compass Group	805,931	13,137	0.37
Diageo	883,144	25,624	0.73
Enquest	18,913,418	3,628	0.10
Euromoney Institutional Investor	398,723	4,912	0.14
Fisher (James) & Sons	325,853	6,309	0.18
Genus	233,590	5,200	0.15
Halma	639,833	8,951	0.26
Hargreaves Lansdown	776,075	12,673	0.36
Helical	1,076,935	3,618	0.10
Hiscox plc	776,223	10,999	0.31
Homeserve	1,284,322	12,118	0.35
Howden Joinery Group PLC	2,069,927	10,461	0.30
HSBC	2,313,913	14,781	0.42
IG Group	957,867	6,082	0.17
Inchcape	2,043,326	11,688	0.33
Informa Group	1,795,731	12,146	0.35
Integrafin Holdings	916,491	3,121	0.09
Intermediate Capital Group	1,114,703	11,325	0.32
Jardine Lloyd Thompson	600,194	11,404	0.32
Johnson Matthey	241,284	7,342	0.21
Jupiter Fund Management	2,391,099	7,821	0.22
Just Eat	1,448,613	10,077	0.29

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Just Group	10,686,038	10,825	0.31
Keller	315,575	1,635	0.05
Legal & General	6,327,445	16,413	0.47
Meggitt	1,830,521	9,442	0.27
Melrose Industries	4,306,949	7,257	0.21
Mitchells & Butlers	2,656,218	7,522	0.21
Pagegroup plc	2,437,345	10,754	0.31
Prudential	2,002,185	29,732	0.85
Relx Plc	660,205	11,124	0.32
Renishaw	92,710	4,328	0.12
Rightmove	2,987,890	14,103	0.40
Rio Tinto	451,749	18,917	0.54
Rolls-Royce	1,138,047	10,060	0.29
Royal Dutch Shell B Shares	1,012,524	23,982	0.68
Schroders Nv.	161,881	3,335	0.10
Scottish & Southern Energy	471,774	5,517	0.16
St. James's Place	2,231,265	20,929	0.60
Standard Chartered	878,097	5,390	0.15
Ted Baker	169,836	3,161	0.09
Travis Perkins	535,371	6,553	0.19
Ultra Electronics Hdg.	558,862	7,176	0.20
Unilever	426,460	16,990	0.48
Victrex	304,274	6,950	0.20
Volution Group	2,154,526	3,372	0.10
Wood Group	966,925	5,233	0.15



## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
<b>Fixed Income - 19.04% (17.27%)</b>			
<b>Overseas Bonds - 17.58% (15.75%)</b>			
<b>Credit Bonds - 4.42% (5.05%)</b>			
Alfa 5.25% 2024 (144A)	2,774,000	2,151	0.06
Alimentation Couche-Tard 1.875% 2026	2,399,000	2,096	0.06
American Water Capital 2.95% 2027	2,117,000	1,531	0.04
American Water Capital 3% 2026	691,000	496	0.01
Aroundtown Properties 3% 2029	3,180,000	2,964	0.08
Asian Development Bank 1.75% 2019	6,973,000	5,296	0.15
AT&T 5.3% 2058	3,869,000	2,816	0.08
Bank of America 4.183% 2027	1,353,000	1,017	0.03
Bank of America Corp 3.248% 2027	2,920,000	2,115	0.06
Bed Bath & Beyond 4.915% 2034	3,005,000	1,684	0.05
Bell Canada 2.9% 2026	6,886,000	3,818	0.11
Bertelsmann SE & Co 3.5% 2027/75	4,500,000	3,800	0.11
Brown-Forman 2.6% 2028	1,959,000	1,990	0.06
Cirsa 6.25% 2023	1,865,000	1,691	0.05
Citigroup 2.9% 2021	4,028,000	3,018	0.09
Citigroup 6.625% 2032	1,095,000	991	0.03
Colfax 3.25% 2025	1,550,000	1,303	0.04
Darling Ingredients 3.625% 2026	2,700,000	2,418	0.07
Dell 6.02% 2026 (144A)	3,213,000	2,552	0.07
E.ON 6.65% 2038	2,600,000	2,347	0.07
EDF 6% 2026 Perp	3,500,000	3,515	0.10
EIB 1.625% 2020	8,190,000	6,158	0.18
Equinor 5.1% 2040	3,817,000	3,328	0.09
Eversource Energy 3.35% 2026	387,000	284	0.01
Fairfax Financial Holdings 5.84% 2022	4,284,000	2,701	0.08
Ferreycorp SAA 4.875% 2020 (144A)	596,000	450	0.01
Fidelity 2.5% 2026	3,573,000	3,060	0.09
Fortive Corporation 4.3% 2046	2,000,000	1,434	0.04
Frontier Communications 8.5% 2026	1,330,000	917	0.03
GE Capital 2.342% 2020	4,978,000	3,673	0.10
General Electric 4.375% 2020	2,917,000	2,232	0.06

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Graham Holdings 5.75% 2026 (144A)	2,925,000	2,301	0.07
Harley-Davidson 2.85% 2021 144A	2,710,000	2,025	0.06
IBRD 4.75% 2035	5,705,000	5,205	0.15
IMS Health 3.25% 2025	3,280,000	2,896	0.08
ING Group 3.15% 2022	3,031,000	2,287	0.06
Interxion 4.75% 2025	1,890,000	1,725	0.05
James Hardie 4.75% 2025 (144A)	1,907,000	1,374	0.04
James Hardie Industries 3.625% 2026	1,090,000	934	0.03
KFW 2.125% 2022	8,058,000	6,033	0.17
L Brands 6.875% 2035	4,250,000	2,784	0.08
Leggett & Platt 3.4% 2022	1,005,000	757	0.02
Lycra 7.5% 2025 (144A)	3,100,000	2,240	0.06
Match.com 5% 2027 144A	2,260,000	1,684	0.05
MetLife 3.45% 2026 (144A)	2,386,000	1,799	0.05
MetLife 3.5% 2026	2,231,000	2,457	0.07
Moody's Corp 4.875% 2024	2,449,000	1,962	0.06
Naspers 4.85% 2027	1,563,000	1,180	0.03
Netflix 3.625% 2027	3,142,000	2,730	0.08
Netflix 4.625% 2029	1,650,000	1,448	0.04
Orsted 4.875% 2032	2,480,000	3,050	0.09
Praxair 3.2% 2026	2,526,000	1,881	0.05
Russian Railways 7.487% 2031	937,000	1,134	0.03
Scentre Group 3.5% 2025 (144A)	3,697,000	2,757	0.08
SES 5.3% 2044 (144A)	2,348,000	1,541	0.04
Southern Cal Edison 4% 2047	2,882,000	1,912	0.05
Sunpower 4% 2023 Convertible	1,823,000	1,083	0.03
Swiss Re 4.625% 2022 Perp	4,000,000	2,815	0.08
Swiss Re 6.3024% 2019 Perp	350,000	354	0.01
Telecom Italia 7.2% 2036	3,054,000	2,264	0.06
Time Warner Cable 6.55% 2037	1,748,000	1,396	0.04
Ubisoft 1.289% 2023	2,200,000	1,905	0.05
Unicredit 5.375% 2025 Perp	565,000	421	0.01
Unicredit 6.625% 2023 Perp	1,943,000	1,624	0.05
Virgin Australia 2013-1 A (144A)	4,613,000	812	0.02
Vonovia 5% 2023 (144a)	1,197,000	935	0.03
Walt Disney 4.375% 2041	2,083,000	1,650	0.05

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Walt Disney 7% 2032	863,000	881	0.02
Want Want China Finance 2.875% 2022	2,730,000	2,023	0.06
Welltower 4% 2025	2,734,000	2,069	0.06
WP Carey 4.25% 2026	4,964,000	3,724	0.11
Ziggo 3.75% 2025	1,428,000	1,268	0.04
<b>Government Bonds - 7.94% (9.94%)</b>			
Argentina 7.125% 06/07/2036 (USD)	11,290,000	6,819	0.19
Australia 3% 21/03/2047	20,280,000	11,713	0.33
Bund 4.75% 04/07/2034	19,500,000	28,090	0.80
Canada 3.5% 01/12/2045	4,000,000	2,949	0.08
Colombia 7% 30/06/2032 (COP)	28,400,000,000	6,946	0.20
Egypt T Bill 28/05/2019	87,000,000	3,527	0.10
France 3.25% 25/05/2045	13,005,000	15,885	0.45
Italy 4.5% 01/05/2023	18,500,000	18,211	0.52
Japan (Govt) 0.7% 20/12/2022 #326	2,775,300,000	20,041	0.57
Japan (Govt) 2.3% 20/06/35 #19	1,413,600,000	13,018	0.37
Mexico 10% 05/12/2024	2,480,000	10,719	0.31
Peru 6.95% 12/08/2031	26,000	6,545	0.19
South Africa 6.25% 31/03/2036	125,800,000	5,283	0.15
South Africa 7.75% 28/02/2023	168,000,000	9,631	0.27
Spain 5.85% 31/01/2022	41,520,000	42,628	1.21
US Treasury 2.875% 15/08/2028	25,180,200	19,487	0.56
US Treasury 3% 15/11/2045	47,728,000	36,388	1.04
US Treasury 4.25% 15/05/2039	22,927,000	21,153	0.60
<b>Index Linked Bonds - 5.22% (0.76%)</b>			
Japan (Govt) 0.1% CPI Linked 10/03/2026	1,069,000,000	7,837	0.23
Mexico 4% IL 30/11/2028	140,000	3,452	0.10
US Treasury 0.125% IL 15/04/2021	216,000,000	171,738	4.89
<b>UK Bonds - 1.46% (1.52%)</b>			
<b>Credit Bonds - 1.30% (1.34%)</b>			
Barclays 7.625% 2022	1,712,000	1,390	0.04
British Telecom 8.625% 2030	1,883,000	1,997	0.06

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Close Brothers Finance plc 3.875% 2021	1,880,000	1,959	0.06
Co-operative Group 6.25% 2026	2,634,000	2,888	0.08
DS Smith 1.375% 2024	2,750,000	2,329	0.07
Enquest 7% 2022 PIK (USD) (144A)	2,056,688	1,129	0.03
Global Switch 4.375% 2022	2,771,000	2,977	0.09
HSBC 3.4% 2021	2,690,000	2,053	0.06
International Game Technology 3.5% 2024	2,600,000	2,235	0.06
J Sainsbury 6.5% 2020 Perp	1,759,000	1,861	0.05
Legal & General 5.125% 2028/48	1,750,000	1,816	0.05
Legal & General 5.375% 2025/45	1,921,000	2,046	0.06
Mitchells & Butlers 5.574% 15/12/2030	3,520,000	1,690	0.05
Mitchells & Butlers 6.469% 2030	1,441,000	1,521	0.04
Motability 0.875% 2025	1,662,000	1,448	0.04
Pension Insurance 6.5% 2024	1,305,000	1,416	0.04
Pension Insurance 8% 2026	1,538,000	1,783	0.05
Phoenix Life 7.25% 2021 Perp	1,690,000	1,749	0.05
Rothsay Life 8% 2025	1,865,000	2,111	0.06
RSA 5.125% 2025/45	726,000	772	0.02
Standard Chartered Bank 5.125% 2034	1,959,000	2,223	0.06
Telereal 5.3887% 2031/33 (A5)	102,000	73	0.00
Telereal 5.5534% 2031/33 (A3)	199,000	186	0.01
Telereal 5.9478% 2031/33 (A4)	1,306,000	1,241	0.04
Tesco Property Finance 6 5.4111% 2044	2,226,000	2,431	0.07
Yorkshire Building Society 3.375% 2027/28	2,397,000	2,152	0.06
<b>Government Bonds - 0.16% (0.18%)</b>			
UK Treasury 3.5% 22/01/2045	4,123,000	5,648	0.16
<b>Derivatives - -0.05% (0.02%)</b>			
Forward currency contracts (see Table 1)		(1,389)	(0.04)
Futures contracts (see Table 2)		-	0.00
Interest rate swaps contracts (see Table 3)		(436)	(0.01)
<b>Portfolio of investments</b>		<b>3,233,697</b>	<b>92.15</b>

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
<b>Net other assets - 7.85% (7.05%)</b>		<b>275,637</b>	<b>7.85</b>
<b>Net assets</b>		<b>3,509,334</b>	<b>100.00</b>

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

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 January 2018.

## Portfolio Statement as at 31 January 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	28/02/19	GBP	7,133,059	MYR	39,000,000	(107)	0.00
Barclays	28/02/19	JPY	1,150,000,000	GBP	7,987,294	22	0.00
Barclays	14/03/19	NOK	77,000,000	GBP	6,993,637	(65)	0.00
Barclays	04/04/19	GBP	13,154,200	KRW	19,000,000,000	211	0.01
Deutsche Bank	18/04/19	SEK	15,000,000	GBP	1,330,261	(73)	0.00
HSBC	14/03/19	COP	26,000,000,000	GBP	6,243,990	164	0.01
HSBC	14/03/19	GBP	9,448,819	USD	12,000,000	358	0.01
HSBC	21/03/19	EUR	5,700,000	GBP	5,156,893	(189)	(0.01)
JP Morgan Chase	07/02/19	GBP	3,719,799	MXN	99,000,000	(232)	(0.01)
JP Morgan Chase	28/02/19	JPY	3,860,000,000	GBP	26,809,526	74	0.00
National Australia Bank	28/02/19	GBP	13,512,045	HUF	4,900,000,000	35	0.00
National Australia Bank	14/03/19	AUD	18,400,000	GBP	10,404,109	(221)	(0.01)
Royal Bank of Canada	07/02/19	GBP	9,769,169	MXN	260,000,000	(610)	(0.02)
Royal Bank of Canada	25/04/19	GBP	10,832,047	CAD	18,900,000	(59)	0.00
Royal Bank of Scotland	07/02/19	NOK	220,000,000	GBP	20,302,133	(467)	(0.01)
Royal Bank of Scotland	28/02/19	DKK	11,000,000	GBP	1,317,799	(35)	0.00
Royal Bank of Scotland	28/02/19	JPY	1,970,000,000	GBP	13,682,582	38	0.00
Royal Bank of Scotland	14/03/19	CHF	11,340,000	GBP	9,045,803	(347)	(0.01)
Royal Bank of Scotland	14/03/19	NOK	10,000,000	GBP	908,265	(8)	0.00
Royal Bank of Scotland	21/03/19	GBP	16,362,849	USD	20,900,000	539	0.02
Standard Chartered Bank	14/03/19	GBP	15,011,325	ZAR	270,000,000	(346)	(0.01)
Standard Chartered Bank	04/04/19	EUR	5,500,000	GBP	4,994,391	(199)	(0.01)
Standard Chartered Bank	04/04/19	GBP	6,903,626	CNH	60,000,000	129	0.00
Unrealised gains/(losses) on open forward currency contracts						(1,389)	(0.04)

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

Futures	Maturity	Notional	Unrealised gains/(losses) £'000	% of total net assets
Long Gilt Future 10 Year March 2019	29/03/19	(210)	-	0.00
US 5 Year Note March 2019	03/04/19	838	-	0.00
Unrealised gains/(losses) on futures contracts			-	0.00

## Portfolio Statement as at 31 January 2019 cont.

**Table 3: Unrealised gains/(losses) on open interest rate swap contracts**

Counterparty	Ccy	Termination	Notional	Fund pays	Fund receives	Unrealised gains/(losses) £'000	% of total net assets
HSBC	HUF	11/12/23	12,500,000,000	1.84%	Budapest Interbank Offered Rates 6 Month Index	(436)	(0.01)
Unrealised gains/(losses) on open interest rate swap contracts						(436)	(0.01)

# Comparative Tables

## Comparative Table: A Accumulation Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	861.19	763.33	624.57
Return before operating charges*	5.78	110.46	149.43
Operating charges	(13.39)	(12.60)	(10.67)
Return after operating charges*	(7.61)	97.86	138.76
Distributions	(4.10)	(3.87)	(2.99)
Retained distributions on accumulation shares	4.10	3.87	2.99
<b>Closing net asset value per share</b>	<b>853.58</b>	<b>861.19</b>	<b>763.33</b>
*After direct transaction costs of:	0.26	0.33	0.21
<b>Performance:</b>			
Return after charges	(0.88)%	12.82%	22.22%
<b>Other Information:</b>			
Closing net asset value (£'000)	13,679	14,650	17,890
Closing number of shares	1,602,511	1,701,130	2,343,674
Operating charges	1.53%	1.53%	1.53%
Direct transaction costs <sup>1</sup>	0.03%	0.04%	0.03%
<b>Prices:</b>			
Highest share price (pence)	941.9	875.9	777.5
Lowest share price (pence)	810.1	763.6	587.1



## Comparative Tables cont.

### Comparative Table: A Income Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	678.02	603.70	495.98
Return before operating charges*	4.64	87.29	118.64
Operating charges	(10.57)	(9.91)	(8.54)
Return after operating charges*	(5.93)	77.38	110.10
Distributions on income shares	(3.22)	(3.06)	(2.38)
<b>Closing net asset value per share</b>	<b>668.87</b>	<b>678.02</b>	<b>603.70</b>
 *After direct transaction costs of:	 0.21	 0.26	 0.17
<b>Performance:</b>			
Return after charges	(0.87)%	12.82%	22.20%
<b>Other Information:</b>			
Closing net asset value (£'000)	1,939	2,263	2,748
Closing number of shares	289,904	333,813	455,245
Operating charges	1.53%	1.52%	1.54%
Direct transaction costs <sup>1</sup>	0.03%	0.04%	0.03%
<b>Prices:</b>			
Highest share price (pence)	740.8	692.0	616.8
Lowest share price (pence)	637.2	604.0	466.2

## Comparative Tables cont.

### Comparative Table: B Accumulation Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	1,013.85	888.82	719.23
Return before operating charges*	6.24	129.21	173.07
Operating charges	(4.46)	(4.18)	(3.48)
Return after operating charges*	1.78	125.03	169.59
Distributions	(15.85)	(15.14)	(12.41)
Retained distributions on accumulation shares	15.85	15.14	12.41
<b>Closing net asset value per share</b>	<b>1,015.63</b>	<b>1,013.85</b>	<b>888.82</b>
*After direct transaction costs of:	0.31	0.39	0.24
<b>Performance:</b>			
Return after charges	0.18%	14.07%	23.58%
<b>Other Information:</b>			
Closing net asset value (£'000)	1,893,902	1,397,516	790,601
Closing number of shares	186,475,005	137,842,827	88,949,952
Operating charges	0.43%	0.43%	0.43%
Direct transaction costs <sup>1</sup>	0.03%	0.04%	0.03%
<b>Prices:</b>			
Highest share price (pence)	1,116	1,031	904.9
Lowest share price (pence)	962.9	889.2	676.4

## Comparative Tables cont.

### Comparative Table: B Income Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	678.61	604.02	495.91
Return before operating charges*	4.44	87.67	119.05
Operating charges	(2.98)	(2.81)	(2.40)
Return after operating charges*	1.46	84.86	116.65
Distributions on income shares	(10.58)	(10.27)	(8.54)
<b>Closing net asset value per share</b>	<b>669.49</b>	<b>678.61</b>	<b>604.02</b>
*After direct transaction costs of:			
	0.21	0.26	0.17
<b>Performance:</b>			
Return after charges	0.22%	14.05%	23.52%
<b>Other Information:</b>			
Closing net asset value (£'000)	195,963	165,838	189,804
Closing number of shares	29,270,578	24,437,863	31,423,641
Operating charges	0.43%	0.43%	0.43%
Direct transaction costs <sup>1</sup>	0.03%	0.04%	0.03%
<b>Prices:</b>			
Highest share price (pence)	742.9	696.8	621.6
Lowest share price (pence)	641.2	604.4	466.3

## Comparative Tables cont.

### Comparative Table: C Accumulation Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	1,021.42	891.88	718.81
Return before operating charges*	5.39	129.84	173.31
Operating charges	(0.31)	(0.30)	(0.24)
Return after operating charges*	5.08	129.54	173.07
Distributions	(19.28)	(19.11)	(15.68)
Retained distributions on accumulation shares	19.28	19.11	15.68
<b>Closing net asset value per share</b>	<b>1,026.50</b>	<b>1,021.42</b>	<b>891.88</b>
*After direct transaction costs of:	0.31	0.40	0.24
<b>Performance:</b>			
Return after charges	0.50%	14.52%	24.08%
<b>Other Information:</b>			
Closing net asset value (£'000)	1,299,267	1,531,520	54,741
Closing number of shares	126,573,084	149,939,603	6,137,659
Operating charges	0.03%	0.03%	0.03%
Direct transaction costs <sup>1</sup>	0.03%	0.04%	0.03%
<b>Prices:</b>			
Highest share price (pence)	1,126	1,039	907.9
Lowest share price (pence)	972.9	892.3	676.1

## Comparative Tables cont.

### Comparative Table: C Income Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	679.52	604.73	496.39
Return before operating charges*	3.93	87.89	119.15
Operating charges	(0.21)	(0.20)	0.00
Return after operating charges*	3.72	87.69	119.15
Distributions on income shares	(12.82)	(12.90)	(10.81)
<b>Closing net asset value per share</b>	<b>670.42</b>	<b>679.52</b>	<b>604.73</b>
 *After direct transaction costs of:	 0.21	 0.26	 0.17
<b>Performance:</b>			
Return after charges	0.55%	14.50%	24.00%
<b>Other Information:</b>			
Closing net asset value (£'000)	3	3	3
Closing number of shares	500	500	500
Operating charges	0.03%	0.03%	0.02%
Direct transaction costs <sup>1</sup>	0.03%	0.04%	0.03%
<b>Prices:</b>			
Highest share price (pence)	743.9	699.1	623.9
Lowest share price (pence)	642.8	605.1	466.8

## Comparative Tables cont.

### Comparative Table: K Income Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Period Ended 31 January 2018 (pence per share)
<b>Change in net assets per share:</b>		
Opening net asset value per share	860.39	855.66 <sup>2</sup>
Return before operating charges*	5.17	9.13
Operating charges	(3.08)	(0.22)
Return after operating charges*	2.09	8.91
Distributions on income shares	(13.99)	(4.18)
<b>Closing net asset value per share</b>	<b>848.49</b>	<b>860.39</b>
 *After direct transaction costs of:	 0.26	 0.35
<b>Performance:</b>		
Return after charges	0.24%	1.04%
<b>Other Information:</b>		
Closing net asset value (£'000)	104,581	105,467
Closing number of shares	12,325,613	12,258,052
Operating charges	0.35%	0.33%
Direct transaction costs <sup>1</sup>	0.03%	0.04%
<b>Prices:</b>		
Highest share price (pence)	947.1	879.3
Lowest share price (pence)	817.7	855.7

<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.

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.

Please note that with effect from 1 September 2017 the investment objective and policy of the Fund were amended.

<sup>2</sup>Class K Income Shares were launched on 3 January 2018, when Class K Accumulation Shares were converted to Class K Income Shares.

# Financial Statements

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

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	1		(53,749)		176,716
Revenue	3	68,519		32,608	
Expenses	4	(9,048)		(6,711)	
Net revenue before taxation		59,471		25,897	
Taxation	5	(4,085)		(668)	
Net revenue after taxation			55,386		25,229
Total return before distributions			1,637		201,945
Distributions	6		(55,381)		(25,221)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(53,744)</b>		<b>176,724</b>

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

	2019		2018	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>3,217,257</b>		<b>1,148,616</b>
Amounts receivable on issue of shares	599,273		436,435	
Amounts payable on cancellation of shares	(307,637)		(129,092)	
Creation of shares settled by transfer of stocks	-		1,132,169	
Scheme of Arrangement transfer in on issue of shares	-		414,751	
		291,636		1,854,263
Dilution adjustment		1,313		879
Change in net assets attributable to shareholders from investment activities		(53,744)		176,724
Retained distributions on accumulation shares		52,872		36,775
<b>Closing net assets attributable to shareholders</b>		<b>3,509,334</b>		<b>3,217,257</b>

## Financial Statements cont.

### Balance Sheet as at 31 January 2019

	Notes	2019 £'000	2018 £'000
<b>Assets:</b>			
Fixed assets:			
Investments	13	3,237,091	2,991,630
Current assets:			
Debtors	8	19,456	50,822
Cash and bank balances	9	264,882	219,256
<b>Total assets</b>		<b>3,521,429</b>	<b>3,261,708</b>
<b>Liabilities:</b>			
Investment liabilities	13	(3,394)	(1,191)
Creditors:			
Bank overdrafts	9	(288)	(212)
Distributions payable		(3,730)	(2,114)
Other creditors	10	(4,683)	(40,934)
<b>Total liabilities</b>		<b>(12,095)</b>	<b>(44,451)</b>
<b>Net assets attributable to shareholders</b>		<b>3,509,334</b>	<b>3,217,257</b>



# Notes to the Financial Statements

## 1 Net capital gains/(losses)

	2019	2018
	£'000	£'000
Non-derivative securities	(44,472)	174,992
Derivative contracts	28	591
Forward currency contracts	(7,581)	162
Currency gains/(losses)	(1,710)	987
Transaction costs	(14)	(16)
<b>Net capital gains/(losses)</b>	<b>(53,749)</b>	<b>176,716</b>

## 2 Purchases, sales and transaction costs

	2019	2018
	£'000	£'000
<b>Purchases and transaction costs</b>		
Purchases of bonds	686,748	562,628
Bonds exchanged in	-	49,601
Bonds transferred in	-	215,449
Gross purchases of bonds excluding transaction costs	686,748	827,678
Purchases of equities	445,698	475,992
Equity transferred in	-	1,338,858
Gross purchases of equities excluding transaction costs	445,698	1,814,850
Commissions	179	229
Taxes	673	432
Total transaction costs on equity purchases <sup>1</sup>	852	661
<b>Purchases including transaction costs</b>	<b>1,133,298</b>	<b>2,643,189</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	0.04	0.01
Taxes on equity purchases	0.15	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 bonds	576,726	529,858
Bonds exchanged out	-	53,343
Gross sales of bonds excluding transaction costs	576,726	476,515
Gross sales of equities excluding transaction costs	264,304	414,282
Commissions	(112)	(119)
Taxes	(13)	(13)
Total transaction costs on equity sales <sup>1</sup>	(125)	(132)
<b>Sales net of transaction costs</b>	<b>840,905</b>	<b>890,665</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	(0.04)	(0.03)
Taxes on equity sales	(0.00)	(0.00)

	2019	2018
	£'000	£'000
<b>Transaction cost on derivative contracts</b>		
Commission on trading futures contracts	11	4

	2019		2018	
	£'000	% of average NAV	£'000	% of average NAV
<b>Portfolio transaction costs</b>				
Commissions	302	0.01	352	0.02
Taxes	686	0.02	445	0.02
<b>Total direct transaction costs</b>	<b>988</b>	<b>0.03</b>	<b>797</b>	<b>0.04</b>

## Notes to the Financial Statements cont.

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

	2019	2018
	%	%
Average portfolio dealing spread	0.11	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.

### 3 Revenue

	2019	2018
	£'000	£'000
UK dividends <sup>1</sup>	21,291	11,694
Overseas dividends	24,219	9,904
Property income	-	56
Interest on debt securities	22,341	10,802
Bank interest	922	219
Swaps interest	(254)	(68)
Other income	-	1
<b>Total revenue</b>	<b>68,519</b>	<b>32,608</b>

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

## Notes to the Financial Statements cont.

### 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	8,225	6,318
Expenses rebate	-	(33)
	8,225	6,285
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fee	344	209
Bank charges	438	197
	782	406
<b>Other expenses:</b>		
Audit fee	16	6
Professional fees	25	14
	41	20
<b>Total expenses</b>	<b>9,048</b>	<b>6,711</b>

### 5 Taxation

	2019	2018
	£'000	£'000
<b>Analysis of charge in the year</b>		
Overseas tax	1,813	674
Prior year tax reclaims not previously recognised	-	(6)
Tax recoverable on overseas dividends	(94)	-
Corporation tax	2,366	-
<b>Total taxation</b>	<b>4,085</b>	<b>668</b>

## Notes to the Financial Statements cont.

### 5 Taxation (continued)

	2019	2018
	£'000	£'000
Net revenue/(expense) before taxation	59,471	25,897
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% (2018: 20%)	11,894	5,179
Effects of:		
Non-taxable UK dividends	(4,258)	(2,339)
Non-taxable overseas dividends	(4,746)	(1,956)
Overseas tax on dividends	1,625	639
Overseas tax on coupons	188	35
Utilisation of excess management expenses	(119)	(880)
Prior year tax reclaims not previously recognised	-	(6)
Tax recoverable on overseas dividends	(94)	-
Expense relief claimed on overseas tax	-	(4)
Double taxation relief	(405)	-
<b>Total taxation</b>	<b>4,085</b>	<b>668</b>

### 6 Distributions

	2019	2018
	£'000	£'000
Interim to 31 July	20,113	7,188
Final to 31 January	37,528	32,517
	<b>57,641</b>	<b>39,705</b>
Amounts deducted on cancellation of shares	2,519	3,638
Amounts added on issue of shares	(4,779)	(18,122)
<b>Total distributions</b>	<b>55,381</b>	<b>25,221</b>

The distributions take account of 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	55,386	25,229
Add distributable revenue brought forward	13	5
Less distributable revenue carried forward	(18)	(13)
<b>Net distributions for the year</b>	<b>55,381</b>	<b>25,221</b>

## Notes to the Financial Statements cont.

### 8 Debtors

	2019	2018
	£'000	£'000
Receivable for issue of shares	4,008	19,303
Sales awaiting settlement	401	17,813
Accrued income	10,121	10,027
Overseas tax recoverable	2,478	3,116
VAT recoverable	5	2
Collateral held by counterparties	1,705	470
Amounts due from clearing brokers	517	-
Other debtors	221	91
<b>Total debtors</b>	<b>19,456</b>	<b>50,822</b>

### 9 Cash and bank balances

	2019	2018
	£'000	£'000
Sterling amounts held at clearing houses and brokers	111	573
Foreign amounts held at clearing houses and brokers	1,041	350
Sterling bank accounts	263,250	204,470
Foreign currency bank accounts	480	13,863
	<b>264,882</b>	<b>219,256</b>
Sterling amounts held at clearing houses and brokers overdrawn	(288)	(212)
<b>Total cash and bank balances</b>	<b>264,594</b>	<b>219,044</b>

### 10 Other creditors

	2019	2018
	£'000	£'000
Payable for cancellation of shares	153	17,134
Purchases awaiting settlement	1,229	21,999
Due to the ACD or associates	743	555
Due to the Depositary or associates	138	147
Collateral held on behalf of counterparty	-	920
Amounts due to clearing broker	-	174
Capital gains tax provision	42	-
Corporation tax due on prior periods	2,366	-
Other accrued expenses	12	5
<b>Total other creditors</b>	<b>4,683</b>	<b>40,934</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 to 31 January 2018, as part of an internal restructuring, the Fund exchanged its holdings in various Baillie Gifford managed UK and Irish funds for a proportionate share of the assets of those funds. Subsequent to this, the assets of Baillie Gifford Life Limited, an associate of the ACD, relevant to the policies of Baillie Gifford Managed Pension Fund and Baillie Gifford Balanced Pension Fund were transferred into the Fund in exchange for shares in the Fund. During the year ended 31 January 2019, all shares in the Fund which were owned by Baillie Gifford Life Limited were transferred to the direct ownership of the relevant policy holders of Baillie Gifford Life Limited.

	2019			2018		
	Purchases £'000	Sales £'000	Income £'000	Purchases £'000	Sales £'000	Income £'000
Baillie Gifford Active Gilt Investment Fund C Acc	-	-	-	-	20,002	118
Baillie Gifford Active Long Gilt Investment Fund C Acc	-	-	-	-	8,307	71
Baillie Gifford British Smaller Companies Fund C Acc	-	1,296	285	19,052	-	320
Baillie Gifford Emerging Markets Bond Fund C Acc	-	-	-	99,196	156,408	3,475
Baillie Gifford Emerging Markets Growth Fund C Acc	-	-	-	57,276	71,847	165
Baillie Gifford Emerging Markets Leading Companies Fund C Acc	-	-	-	12,961	40,504	287
Baillie Gifford Global Bond Fund C Acc	-	-	-	-	12,932	65
Baillie Gifford Investment Grade Bond Fund C Acc	-	-	-	-	12,768	192
Baillie Gifford Japanese Smaller Companies Fund C Acc	288	3,729	176	18,817	3,671	112
Baillie Gifford Sterling Aggregate Bond Fund C Acc	-	-	-	-	60,725	703
Baillie Gifford Worldwide Active Cash Plus Fund C GBP Acc	-	-	-	-	23,505	-
Baillie Gifford Worldwide Global Credit Fund C GBP Acc	-	-	-	-	40,412	-

## 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	44.46

### 12 Reconciliation of shares in issue

	2019						
	A Accumulation Shares	A Income Shares	B Accumulation Shares	B Income Shares	C Accumulation Shares	C Income Shares	K Income Shares
Opening shares in issue	1,701,130	333,813	137,842,827	24,437,863	149,939,603	500	12,258,052
Shares issued	477,529	115,769	44,178,946	5,221,249	9,963,308	500	110,410
Shared cancelled	(145,060)	(105,282)	(8,252,137)	(590,028)	(20,988,424)	(500)	(41,375)
Shares converted	(431,088)	(54,396)	12,705,369	201,493	(12,341,402)	-	(1,475)
<b>Closing shares in issue</b>	<b>1,602,511</b>	<b>289,904</b>	<b>186,475,005</b>	<b>29,270,577</b>	<b>126,573,085</b>	<b>500</b>	<b>12,325,612</b>

### 13 Basis of valuation

	2019		2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices	2,516,711	-	2,375,396	-
Level 2: Observable market data	720,380	(3,394)	616,234	(1,191)
Level 3: Unobservable data	-	-	-	-
<b>Total</b>	<b>3,237,091</b>	<b>(3,394)</b>	<b>2,991,630</b>	<b>(1,191)</b>



## Notes to the Financial Statements cont.

### 14 Derivatives and other financial instruments

#### Currency exposures

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

Currency	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	2019			2018		
	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Argentine peso	-	-	-	-	25,741	25,741
Australian dollar	319	22,984	23,303	-	49,078	49,078
Brazilian real	-	-	-	-	33,037	33,037
Canadian dollar	-	3,818	3,818	-	8,767	8,767
Colombian peso	-	6,946	6,946	-	-	-
Czech koruna	-	-	-	174	-	174
Danish krone	-	19,686	19,686	-	42,529	42,529
Egyptian pound	-	-	-	-	19,558	19,558
Euro	-	125,066	125,066	90	348,263	348,353
Hong Kong dollar	-	36,417	36,417	-	69,879	69,879
Hungarian forint	94	-	94	-	-	-
Indian rupee	-	-	-	-	38,923	38,923
Indonesian rupiah	-	-	-	-	21,711	21,711
Japanese yen	-	99,852	99,852	-	239,146	239,146
Malaysian ringgit	-	-	-	-	25,281	25,281
Mexican peso	-	(14,332)	(14,332)	-	8,002	8,002
New Zealand dollar	-	-	-	-	13,122	13,122
Norwegian krona	-	19,835	19,835	-	19,231	19,231
Peruvian nuevo sol	-	-	-	-	9,341	9,341
Polish zloty	-	-	-	-	32,478	32,478
Russian ruble	-	-	-	-	18,198	18,198
Singapore dollar	-	15,497	15,497	-	17,302	17,302
South African rand	-	-	-	-	10,289	10,289
South Korean won	-	-	-	-	29,066	29,066
Swedish krona	-	53,524	53,524	-	193,308	193,308
Swiss franc	-	33,415	33,415	-	57,664	57,664
Taiwanese dollar	160	24,368	24,528	-	23,549	23,549
Thai baht	-	-	-	-	10,248	10,248
UK sterling	264,778	570,380	835,159	204,381	737,875	942,469
US dollar	947	599,546	600,492	13,949	888,447	902,396

Short term debtors and creditors have not been disclosed.

## Notes to the Financial Statements cont.

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

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.

### 15 Derivative exposure

The exposure to derivative counterparties was:

Counterparty	2019				2018			
	Forward currency contracts	Interest rate swaps	Cash collateral held	Total exposure	Forward currency contracts	Interest rate swaps	Cash collateral held	Total exposure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Deutsche Bank	211	-	-	211	819	222	(465)	576
JP Morgan Chase	57	-	-	57	148	-	(140)	8
Merrill Lynch	-	-	-	-	-	181	-	181
National Australia Bank	38	-	-	38	24	-	-	24
Royal Bank of Canada	129	-	-	129	-	-	-	-
Royal Bank of Scotland	1,135	-	-	1,135	430	-	(315)	115

Collateral pledged on derivatives was:

Counterparty	2019			2018		
	Cash	Bonds	Total	Cash	Bonds	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Barclays	-	-	-	50	-	50
Deutsche Bank	45	-	45	-	-	-
HSBC	520	1,937	2,457	420	-	420
JP Morgan Chase	90	-	90	-	-	-
National Australia Bank	260	-	260	-	-	-
Royal Bank of Canada	610	-	610	-	-	-
Royal Bank of Scotland	180	-	180	-	-	-

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. The Fund also trades cleared swaps through HSBC as clearing broker for LCH.Clearnet, the clearing house. The swap positions are collateralised and the collateral is held at the clearing house which reduces the counterparty exposure to nil.

## Notes to the Financial Statements cont.

### 16 Global Exposure

As per the COLL Rules, the Commitment Approach is used for the calculation of Global Exposure. The Commitment Approach is a measure of leverage and requires the conversion of each derivative and forward contract into the market value of an equivalent position in the underlying asset of the derivative or forward transaction. Under the Commitment Approach the ACD may take account of netting and hedging arrangements when calculating Global Exposure of a Fund where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.

The leverage limits of the Fund have not been exceeded in the year. The Fund's maximum and actual leverage levels (calculated using the Commitment Approach) as at 31 January 2019 are shown below:

	2019
	%
Maximum Limit	100.00
Actual Commitment Exposure	7.15

# Distribution Tables

Interim distribution for the period ended 31 July 2018

Group 1 : shares purchased prior to 1 February 2018

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

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 30.09.18)	Distribution (paid/accumulated 30.09.17)
	31.07.18 pence per share	31.07.18 pence per share	31.07.18 pence per share	31.07.17 pence per share
A Accumulation				
Group 1	0.80000	-	0.80000	0.80000
Group 2	-	0.80000	0.80000	0.80000
A Income				
Group 1	0.70000	-	0.70000	0.70000
Group 2	-	0.70000	0.70000	0.70000
B Accumulation				
Group 1	5.75000	-	5.75000	5.75000
Group 2	-	5.75000	5.75000	5.75000
B Income				
Group 1	3.75000	-	3.75000	3.75000
Group 2	-	3.75000	3.75000	3.75000
C Accumulation				
Group 1	7.50000	-	7.50000	7.50000
Group 2	-	7.50000	7.50000	7.50000
C Income				
Group 1	5.00000	-	5.00000	5.00000
Group 2	5.00000	-	5.00000	5.00000
K Income				
Group 1	n/a	n/a	n/a	n/a
Group 2	n/a	n/a	n/a	n/a

## Distribution Tables cont.

Final distribution for the period ended 31 January 2019

Group 1 : shares purchased prior to 1 August 2018

Group 2 : shares purchased 1 August 2018 to 31 January 2019

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 31.03.19)	Distribution (paid/accumulated 31.03.18)
	31.01.19 pence per share	31.01.19 pence per share	31.01.19 pence per share	31.01.18 pence per share
A Accumulation				
Group 1	3.30000	-	3.30000	3.07000
Group 2	-	3.30000	3.30000	3.07000
A Income				
Group 1	2.52000	-	2.52000	2.36000
Group 2	-	2.52000	2.52000	2.36000
B Accumulation				
Group 1	10.10000	-	10.10000	9.39000
Group 2	2.04572	8.05428	10.10000	9.39000
B Income				
Group 1	6.83000	-	6.83000	6.52000
Group 2	1.52896	5.30104	6.83000	6.52000
C Accumulation				
Group 1	11.78000	-	11.78000	11.61000
Group 2	3.45712	8.32288	11.78000	11.61000
C Income				
Group 1	7.82000	-	7.82000	7.90000
Group 2	7.82000	-	7.82000	7.90000
K Income				
Group 1	13.99000	-	13.99000	4.18000
Group 2	1.73451	12.25549	13.99000	4.18000



# BAILLIE GIFFORD

Baillie Gifford Responsible Global Equity Income Fund

---

a sub-fund of Baillie Gifford UK & Balanced Funds ICVC

*Annual Report & Financial Statements  
for the period ended 31 January 2019*



# Baillie Gifford Responsible Global Equity Income Fund

## Investment Objective

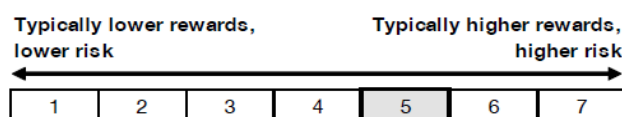
The Fund aims to achieve a higher level of income than the FTSE All World Index; and both income and capital growth, over the longer term by investing responsibly.

## Investment Policy

To invest in shares of companies worldwide which are managed and behave responsibly. The Fund will apply an environmental, social and governance overlay.

## Risk and Reward Profile

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



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

The Fund is classified in the category above because it invests in company shares and bonds 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 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 invests according to responsible investment criteria and with reference to the ten principles of the United Nations Global Compact for business. This means the Fund will not invest in certain sectors and companies and may experience a higher level of volatility than a fund which has no such restrictions.

Part or all of the Fund's expenses will be taken from the Fund's capital. This will reduce the capital value of the Fund. The figure for the current financial period has not yet been determined.

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

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



# Investment Report

## Past Performance

Performance figures for the past five years are not shown as the Fund was launched on 6 December 2018. 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 period from inception on 6 December 2018 the return on B Income Shares was 0.6%<sup>1</sup> compared to the return on the FTSE All World Index of 0.7%<sup>2</sup>, in sterling terms. 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.

Many clients want a dependable income stream and real growth in income and capital. Some clients have an additional requirement: that these investment objectives are met responsibly, by a fund which has demonstrably higher standards than the norm and a process which ensures that such standards are met.

By investing responsibly, we aim to deliver two outcomes to our clients over the long term: a dependable income stream, and real growth in income and capital. To meet our objectives, the typical company we are looking for is cash-generative, its cash flow is resilient through cycles, and its growth is capital-light. This is how a company can both grow and pay a dependable dividend.

Our long-term focus requires us to think hard about the sustainability of the business models we choose to invest in. It forces us to be rigorous in making sure that the management teams we back are behaving in a responsible way that is consistent with our long-term ambitions for the business. This focus on sustainability is embedded in the very heart of our research process.

Within the Fund, we invite our Governance and Sustainability team to independently challenge the investment team on the major governance and sustainability factors that they see potentially affecting the portfolio over the years ahead. We use this challenge

to build an engagement plan for the coming year on the most pressing issues. Our first priority is always to engage constructively with the companies we invest in; we believe that seeking improvement from within is often where we can have the greatest value.

Whilst we strongly believe that a focus on sustainability is intrinsically linked to consideration of the good that companies can do, it is clear the avoidance of harm is a legitimate concern for those who wish to invest responsibly. In managing the Fund, we have therefore taken the decision to exclude companies that derive more than 10% of their annual revenues from: the production or sale of alcohol; thermal coal; production or sale of tobacco; tar sands; production or sale of armaments; and gambling and adult entertainment.

Another key feature of our approach is that we use the United Nations Global Compact's Ten Principles in selecting investments for the Fund. The Principles set out to ensure that companies are operating in ways that, at a minimum, meet fundamental responsibilities in the area of human rights, labour, environment and anti-corruption.

In managing the Fund, our Global Income Growth team builds on the robust Investment process they use to manage Baillie Gifford's Global Income Growth Fund. The fundamental philosophy is the same – a belief that the best way of delivering a dependable income stream and real growth in income and capital is to invest in companies which can themselves deliver both of these outcomes. Such companies can pay dependable dividends across the cycle; and also hold out the prospect of real growth in profits, which can in turn lead to growth

<sup>1</sup>Source: Baillie Gifford & Co Limited, closing net asset value, income reinvested. <sup>2</sup>Source: FE and relevant underlying index provider, total return. Please see Disclaimer on page 281. You should be aware that past performance is not a guide to future performance.

## Investment Report cont.

in dividends and capital over the long term. In other words, they offer the prospect of sustainable and dependable growth.

*The Baillie Gifford Global Income Growth Team,  
5 March 2019*

## Principal Holdings as at 31 January 2019

Investment	Percentage of total Fund
Coca Cola	3.14
Deutsche Boerse	3.01
Procter & Gamble	2.92
Fastenal	2.92
Edenred	2.80
CH Robinson	2.80
Microsoft	2.53
Sonic Healthcare	2.50
B3 S.A.	2.49
Analog Devices	2.49

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

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
Coca Cola	1,712	Brambles	762
Deutsche Boerse	1,535	Johnson & Johnson	734
CH Robinson	1,515	RPM	208
Procter & Gamble	1,502	ANTA Sports Products	176
Fastenal	1,442	Want Want China	73
Microsoft	1,380		
Edenred	1,334		
Johnson & Johnson	1,301		
McDonald's	1,233		
ANTA Sports Products	1,228		

# Portfolio Statement as at 31 January 2019

Stock description	Holding	Market value £'000	% of total net assets
<b>Australia - 4.36%</b>			
Cochlear	7,385	791	1.52
Sonic Healthcare	101,977	1,301	2.50
WPP AUNZ	598,846	179	0.34
<b>Brazil - 2.49%</b>			
B3 S.A.	197,500	1,297	2.49
<b>China - 1.27%</b>			
Want Want China	1,078,000	659	1.27
<b>Denmark - 1.18%</b>			
Novo Nordisk	17,319	614	1.18
<b>France - 6.24%</b>			
Edenred	47,162	1,457	2.80
Kering	2,077	791	1.52
Total	23,907	1,000	1.92
<b>Germany - 3.99%</b>			
Deutsche Boerse	15,451	1,566	3.01
SAP	6,468	509	0.98
<b>Hong Kong - 4.91%</b>			
ANTA Sports Products	287,185	1,125	2.16
Hong Kong Exchanges & Clearing	29,100	687	1.32
Li & Fung	2,514,000	324	0.62
Man Wah Holdings Ltd	1,179,600	421	0.81
<b>Japan - 2.99%</b>			
Sumitomo Mitsui Trust	24,900	718	1.38
USS Co	27,100	360	0.69
Zenkoku Hosho Co Ltd	18,100	481	0.92

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
<b>Mexico - 1.51%</b>			
Kimberly-Clark De Mexico	616,500	785	1.51
<b>Netherlands - 3.54%</b>			
Signify NV	31,713	599	1.15
Wolters Kluwer NV	26,236	1,244	2.39
<b>Singapore - 1.28%</b>			
United Overseas Bank	46,700	665	1.28
<b>South Africa - 1.80%</b>			
AVI	176,197	938	1.80
<b>Spain - 1.31%</b>			
Bankinter SA	114,973	683	1.31
<b>Sweden - 3.93%</b>			
Atlas Copco A	34,796	689	1.33
Sandvik	55,454	672	1.29
Svenska Handelsbanken	82,801	683	1.31
<b>Switzerland - 6.83%</b>			
Kuehne & Nagel	5,256	541	1.04
Nestle	13,961	925	1.77
Partners Group	1,902	995	1.91
Roche	5,426	1,097	2.11
<b>Taiwan - 1.85%</b>			
TSMC ADR	33,664	963	1.85
<b>United Kingdom - 14.88%</b>			
Admiral Group	59,665	1,236	2.37
Experian	60,404	1,155	2.22
Glaxosmithkline	66,201	978	1.88
Greencoat UK Wind	586,075	784	1.51

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Hiscox plc	60,407	856	1.64
Prudential	73,343	1,089	2.09
Rio Tinto	16,775	702	1.35
Scottish & Southern Energy	81,017	947	1.82
<b>United States - 34.79%</b>			
AJ Gallagher & Co	12,659	719	1.38
Albemarle	11,331	696	1.34
Alphabet Inc Class A	634	543	1.04
Analog Devices	17,239	1,295	2.49
Apple	6,371	805	1.55
CH Robinson	22,070	1,456	2.80
Coca Cola	44,529	1,635	3.14
Cullen/Frost Bankers	8,097	599	1.15
Dolby Laboratories	11,466	563	1.08
Fastenal	33,023	1,518	2.92
Johnson & Johnson	4,464	455	0.87
McDonald's	8,593	1,170	2.25
Microsoft	16,634	1,320	2.53
National Instruments Corp	20,625	693	1.33
Pepsico	12,870	1,102	2.12
Procter & Gamble	20,717	1,520	2.92
RPM	12,860	558	1.07
TJX Companies	15,514	586	1.12
UPS	10,995	880	1.69
Portfolio of investments		51,619	99.15
Net other assets - 0.85%		441	0.85
<b>Net assets</b>		<b>52,060</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.

# Comparative Tables

## Comparative Table: B Accumulation Shares

	Financial Period Ended 31 January 2019 (pence per share)
<b>Change in net assets per share:</b>	
Opening net asset value per share	100.00 <sup>1</sup>
Return before operating charges*	0.77
Operating charges	(0.09)
Return after operating charges*	0.68
Distributions	(0.10)
Retained distributions on accumulation shares	0.10
<b>Closing net asset value per share</b>	<b>100.68</b>
*After direct transaction costs of:	0.00
<b>Performance:</b>	
Return after charges	0.68%
<b>Other Information:</b>	
Closing net asset value (£'000)	1
Closing number of shares	1,000
Operating charges	0.62%
Direct transaction costs <sup>2</sup>	0.01%
<b>Prices:</b>	
Highest share price (pence)	101.7
Lowest share price (pence)	95.87



## Comparative Tables cont.

### Comparative Table: B Income Shares

		Financial Period Ended 31 January 2019 (pence per share)
<b>Change in net assets per share:</b>		
Opening net asset value per share		100.00 <sup>1</sup>
Return before operating charges*		0.77
Operating charges		(0.09)
Return after operating charges*		0.68
Distributions on income shares		(0.10)
<b>Closing net asset value per share</b>		<b>100.58</b>
*After direct transaction costs of:		0.00
<b>Performance:</b>		
Return after charges		0.68%
<b>Other Information:</b>		
Closing net asset value (£'000)		1
Closing number of shares		1,000
Operating charges		0.62%
Direct transaction costs <sup>2</sup>		0.01%
<b>Prices:</b>		
Highest share price (pence)		101.7
Lowest share price (pence)		95.87

## Comparative Tables cont.

### Comparative Table: C Accumulation Shares

	Financial Period Ended 31 January 2019 (pence per share)
<b>Change in net assets per share:</b>	
Opening net asset value per share	100.00 <sup>1</sup>
Return before operating charges*	0.78
Operating charges	(0.01)
Return after operating charges*	0.77
Distributions	(0.19)
Retained distributions on accumulation shares	0.19
<b>Closing net asset value per share</b>	<b>100.77</b>
*After direct transaction costs of:	0.00
<b>Performance:</b>	
Return after charges	0.77%
<b>Other Information:</b>	
Closing net asset value (£'000)	1
Closing number of shares	1,000
Operating charges	0.04%
Direct transaction costs <sup>2</sup>	0.01%
<b>Prices:</b>	
Highest share price (pence)	101.8
Lowest share price (pence)	95.90

## Comparative Tables cont.

### Comparative Table: C Income Shares

	Financial Period Ended 31 January 2019 (pence per share)
<b>Change in net assets per share:</b>	
Opening net asset value per share	100.00 <sup>1</sup>
Return before operating charges*	0.78
Operating charges	(0.01)
Return after operating charges*	0.77
Distributions on income shares	(0.19)
<b>Closing net asset value per share</b>	<b>100.58</b>
 *After direct transaction costs of:	 0.00
<b>Performance:</b>	
Return after charges	0.77%
<b>Other Information:</b>	
Closing net asset value (£'000)	52,057
Closing number of shares	51,756,431
Operating charges	0.04%
Direct transaction costs <sup>2</sup>	0.01%
<b>Prices:</b>	
Highest share price (pence)	101.8
Lowest share price (pence)	95.90

<sup>1</sup>Class B Shares and C Shares were launched on 6 December 2018.

<sup>2</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 period ended 31 January 2019

		6 December 2018 to 31 January 2019	
	Notes	£'000	£'000
Income			
Net capital gains/(losses)	1		465
Revenue	3	114	
Expenses	4	(2)	
Net revenue before taxation		112	
Taxation	5	(12)	
Net revenue after taxation			100
Total return before distributions			565
Distributions	6		(98)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>467</b>

## Statement of Change in Net Assets Attributable to Shareholders for the period ended 31 January 2019

	6 December 2018 to 31 January 2019	
	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		-
Amounts receivable on issue of shares	3,887	
Amounts payable on cancellation of shares	-	
Creation of shares settled by transfer of stocks	47,703	
		51,590
Dilution adjustment		3
Change in net assets attributable to shareholders from investment activities		467
Retained distributions on accumulation shares		-
<b>Closing net assets attributable to shareholders</b>		<b>52,060</b>

## Financial Statements cont.

### Balance Sheet as at 31 January 2019

	Notes	2019 £'000
<b>Assets</b>		
Fixed assets:		
Investments	13	51,619
Current assets:		
Debtors	8	234
Cash and bank balances	9	641
<b>Total Assets</b>		<b>52,494</b>
<b>Liabilities</b>		
Creditors:		
Distributions payable		(98)
Other creditors	10	(336)
<b>Total Liabilities</b>		<b>(434)</b>
<b>Net assets attributable to shareholders</b>		<b>52,060</b>

# Notes to the Financial Statements

## 1 Net capital gains/(losses)

	6 December 2018 to 31 January 2019 £'000
Non-derivative securities	488
Currency losses	(22)
Transaction costs	(1)
<b>Net capital gains/(losses)</b>	<b>465</b>

## 2 Purchases, sales and transaction costs

	6 December 2018 to 31 January 2019 £'000
<b>Purchases and transaction costs</b>	
Purchases of equities	5,317
Equity transferred in	47,754
Gross purchases of equities excluding transaction costs	53,071
Commissions	1
Taxes	3
Total transaction costs on equity purchases <sup>1</sup>	4
<b>Purchases including transaction costs</b>	<b>53,075</b>

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

	6 December 2018 to 31 January 2019 %
<b>Transaction costs as a percentage of principal amount</b>	
Commission on equity purchases	0.00
Taxes on equity purchases	0.01

## Notes to the Financial Statements cont.

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

	6 December 2018 to 31 January 2019 £'000
<b>Sales and transaction costs</b>	
Gross sales of equities excluding transaction costs	1,954
Commissions	(1)
Taxes	-
Total transaction costs on equity sales <sup>1</sup>	(1)
<b>Sales net of transaction costs</b>	<b>1,953</b>

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

	6 December 2018 to 31 January 2019 %
<b>Transaction costs as a percentage of principal amount</b>	
Commission on equity sales	(0.05)
Taxes on equity sales	0.00

	6 December 2018 to 31 January 2019 £'000	% of average NAV
<b>Portfolio transaction costs</b>		
Commissions	2	0.00
Taxes	3	0.01
<b>Total direct transaction costs</b>	<b>5</b>	<b>0.01</b>

	6 December 2018 to 31 January 2019 %
Average portfolio dealing spread	0.09

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

	6 December 2018 to 31 January 2019 £'000
UK dividends	34
Overseas dividends	80
<b>Total revenue</b>	<b>114</b>

### 4 Expenses

	6 December 2018 to 31 January 2019 £'000
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>	
Depositary's fee	1
	1
<b>Other expenses:</b>	
Audit fee	1
	1
<b>Total expenses</b>	<b>2</b>

### 5 Taxation

	6 December 2018 to 31 January 2019 £'000
<b>Analysis of charge in the period</b>	
Corporation tax	-
Overseas tax	12
<b>Total taxation</b>	<b>12</b>

The Fund is subject to corporation tax at 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)

The tax charge is explained as follows:

	6 December 2018 to 31 January 2019 £'000
Net revenue before taxation	112
Net revenue/(expense) before taxation multiplied by the standard rate of corporation tax of 20%	22
Effects of:	
UK dividends	(7)
Non-taxable overseas dividends	(15)
Overseas tax on dividends	12
<b>Total taxation</b>	<b>12</b>

### 6 Distributions

	6 December 2018 to 31 January 2019 £'000
Final	98
<b>Total distributions</b>	<b>98</b>

The distributions take account of 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 period

	6 December 2018 to 31 January 2019 £'000
Net revenue after taxation for the period	100
Less distributable revenue carried forward	(2)
<b>Net distributions for the period</b>	<b>98</b>

### 8 Debtors

	2019 £'000
Sales awaiting settlement	166
Accrued income	64
Overseas tax recoverable	4
<b>Total debtors</b>	<b>234</b>

## Notes to the Financial Statements cont.

### 9 Cash and bank balances

	2019
	£'000
Sterling bank accounts	641
<b>Total cash and bank balances</b>	<b>641</b>

### 10 Other creditors

	2019
	£'000
Purchases awaiting settlement	332
Due to the Depositary or associates	3
Other accrued expenses	1
<b>Total other creditors</b>	<b>336</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 period 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 %
ACD and associates of the ACD	0.00

### 12 Reconciliation of shares in issue

	2019			
	B Accumulation Shares	B Income Shares	C Accumulation Shares	C Income Shares
Opening shares in issue	-	-	-	-
Shares issued	1,000	1,000	1,000	51,756,431
Shares cancelled	-	-	-	-
Shares converted	-	-	-	-
<b>Closing shares in issue</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>51,756,431</b>

### 13 Basis of valuation

	2019 Assets £'000
Level 1: Quoted prices	51,619
Level 2: Observable market data	-
Level 3: Unobservable data	-
<b>Total</b>	<b>51,619</b>

### 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.

## Notes to the Financial Statements cont.

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

Currency	Net foreign currency assets		
	2019		Total
	Monetary exposures	Non-monetary exposures	
	£'000	£'000	£'000
Australian dollar	-	2,271	2,271
Brazilian real	-	1,297	1,297
Danish krone	-	614	614
Euro	-	7,849	7,849
Hong Kong dollar	-	3,216	3,216
Japanese yen	-	1,559	1,559
Mexican peso	-	785	785
Singapore dollar	-	665	665
South African rand	-	938	938
Swedish krona	-	2,044	2,044
Swiss franc	-	3,558	3,558
UK sterling	641	7,747	8,388
US dollar	-	19,076	19,076

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.

# Distribution Table

Final distribution for the period ended 31 January 2019

Group 1 : shares issued at launch of Fund on 6 December 2018

Group 2 : shares purchased 7 December 2018 to 31 January 2019

	Net Revenue	Equalisation	Distribution (paid/accumulated 31.03.19)
	31.01.19 pence per share	31.01.19 pence per share	31.01.19 pence per share
B Accumulation Shares			
Group 1	0.10000	-	0.10000
Group 2	0.05650	0.04350	0.10000
B Income			
Group 1	0.10000	-	0.10000
Group 2	0.10000	-	0.10000
C Accumulation			
Group 1	0.19000	-	0.19000
Group 2	0.19000	-	0.19000
C Income			
Group 1	0.19000	-	0.19000
Group 2	0.19000	-	0.19000



# BAILLIE GIFFORD

## Baillie Gifford UK And Worldwide Equity Fund

---

a sub-fund of Baillie Gifford UK & Balanced Funds ICVC

*Annual Report & Financial Statements  
for the year ended 31 January 2019*





# Baillie Gifford UK and Worldwide Equity Fund

## Investment Objective

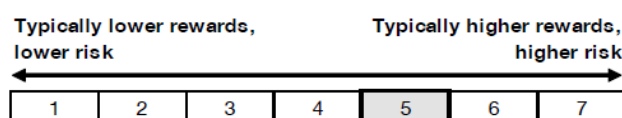
The objective is to outperform a composite index comprising 60% UK and 40% overseas equities by at least 1% per annum over rolling three year periods (before management fees). The composite index is calculated by Baillie Gifford and comprises: 60% FTSE All Share Index and 40% overseas. The overseas element is made up of 28% FTSE North America Index; 28% FTSE Europe (ex UK) Index; 28% MSCI Pacific Index; and 16% MSCI Emerging Markets Index.

## Investment Policy

To invest mainly in shares of companies with a bias to shares of UK companies. The Sub-Fund will be actively managed and the proportion of the Sub-Fund invested in UK and in worldwide equities will be at the investment manager's discretion. The Sub-Fund may also be invested in other funds which may include those managed or operated by the ACD. We will assess performance of the Sub-Fund compared to the index over rolling three year periods. There is no guarantee that a positive return will be achieved over rolling three year periods or any time period.

## Risk and Reward Profile

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



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

The Fund is classified in the category above because it invests in company shares which generally provide higher rewards and higher risks than other investments such as bonds or cash. Where no share price history is available for any part of the last five years (and thus no returns), the returns of the Fund's comparative index 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 involves a risk of loss if the custodian becomes insolvent or breaches duties of care.

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

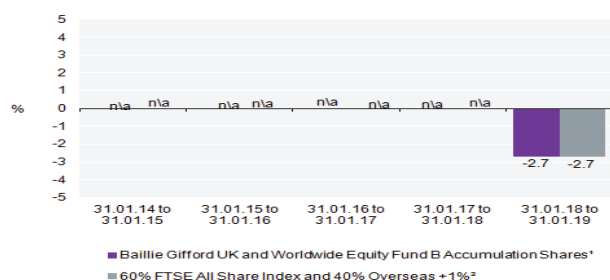
The result of the UK Referendum on membership of the European Union introduces elements of political uncertainty and may have practical consequences for the Fund. Developments will be closely monitored.

Further details of the risks associated with investing in the Fund can be found in the Prospectus which is available by contacting Client Relations 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 0.45%, 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 September 2017. Movements in the prices of company shares in which the Fund invests and foreign exchange rates between the two valuation points can lead to distortions in the returns. Performance for 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 January 2019 the return on B Accumulation Shares was -2.4%<sup>3</sup> compared to the return on the composite index<sup>4</sup> comprising 60% FTSE All Share and 40% Overseas +1% of -2.7%<sup>2</sup>. 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.

Whilst acknowledging the extent of market falls in the last quarter of 2018, it is worth reflecting on this weakness in the context of the longer term. Equity markets have had a tremendously strong run over the past three to five years. Indeed, part of the reason that this period of volatility was so high profile is that it follows an exceptionally good few years for equity investors. From our perspective, these shifts in sentiment reiterate the importance of our ability and willingness to take a long-term view and to focus on the individual businesses in which we invest.

Against this backdrop, Fund performance was negative in absolute terms but positive versus the returns of the benchmark index, helped by the holdings in North American equities.

There is a diverse range of companies which have been helpful over the twelve-month period despite a few being unfairly punished in the market sell-off at the end of 2018. For example, the internet behemoth Amazon,

continues to gain share in retail and signed up more customers for Prime in 2018 than ever before. It is also extending its position of leadership in the rapidly growing cloud services business. A further example is Abiomed, the manufacturer of the world's smallest heart pump (that helps hearts rest and recover following a heart attack), which is growing rapidly in the US. The company is also continuing to develop a strong research pipeline. Together with an international expansion, these factors should significantly increase the total number of addressable patients. Elsewhere, the share price of financial services provider Jardine Lloyd Thomson (JLT) was buoyed following the takeover announcement by Marsh and McLennan. While the takeover was helpful for short-term performance, our reaction was one of sadness rather than euphoria. JLT is a great business that we were happy to own in the portfolio. It is undoubtedly a loss when a unique, world class UK business agrees to be swallowed up by a bigger competitor.

As you would expect, there were also some stocks which were less beneficial for returns. In the UK, Just Group, the UK provider of specialist annuities, detracted over the past year as a result of the Prudential Regulation Authority's (PRA) consultation on equity release mortgages which would impact the company's regulatory capital position. However, towards the end of 2018, the

<sup>1</sup>Source: FE. 10am dealing prices, income accumulated. <sup>2</sup>Source: StatPro and relevant underlying index provider, total return. Please see Disclaimer on page 281. <sup>3</sup>Source: Baillie Gifford & Co Limited, closing net asset value, income accumulated. <sup>4</sup>The composite index is calculated by Baillie Gifford and comprises 60% FTSE All Share Index and 40% overseas. The overseas element is made up of 28% FTSE North America Index; 28% FTSE Europe (ex UK) Index; 28% MSCI Pacific Index; and 16% MSCI Emerging Markets Index. You should be aware that past performance is not a guide to future performance.

## Investment Report cont.

PRA announced concessions to the industry about capital requirements. In short, the PRA amended its proposal to allow for a longer transition for existing mortgage assets on the balance sheet of life insurers. We think this is a measured and welcome move and will lead to a better outcome for Just Group. Jupiter Fund Management has also been unhelpful for returns with market weakness, as well as large outflows from their Dynamic Bond Fund (following strong inflows in 2017), impacting the share price. We believe that Jupiter has an attractive retail franchise in the UK and is well positioned to benefit from long-term structural growth in the UK savings market. Not holding GlaxoSmithKline, Shire and Astrazeneca, which are large index constituents, also detracted from relative returns. In the case of the specific companies here we see either unexciting long-term growth prospects, full valuations, or a combination thereof.

Whilst mindful of recent market volatility, we remain focussed on the fundamentals of the companies in which we invest. Looking ahead, it is (as always) difficult to determine what the next 12 months hold in store. The road ahead will inevitably present challenges, but it will also present opportunities for the patient investor to identify and invest in some great businesses that will contribute to the strong long-term performance of the portfolio.

*Baillie Gifford & Co, 13 February 2019*

## Principal Holdings as at 31 January 2019

Investment	Percentage of total Fund
Baillie Gifford Emerging Markets Leading Companies Fund C Acc <sup>1</sup>	5.05
Baillie Gifford Emerging Markets Growth Fund C Acc <sup>1</sup>	4.60
Prudential	2.53
Royal Dutch Shell B Shares	2.27
BHP Billiton	2.26
Diageo	2.16
Baillie Gifford British Smaller Companies Fund C Acc <sup>1</sup>	2.03
St. James's Place	1.79
Bunzl	1.69
Rio Tinto	1.69

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

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

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
Just Eat	3,636	Ashtead	4,132
Prudential	2,360	Nestle	2,695
Shire	2,166	Shire	2,432
Kingspan Group	2,156	Coca Cola HBC (CDI)	1,956
Auto Trader Group	1,922	Konecranes	1,384
Bechtle AG	1,873	Carl Zeiss Meditec	1,376
Spotify Technology SA	1,772	Amazon.com	1,174
Sartorius Stedim Biotech	1,611	Waters	1,088
Avanza Bank Holding	1,185	TD Ameritrade Holding Corp	1,024
Inchcape	1,177	UBM Cash	988

# Portfolio Statement as at 31 January 2019

Stock description	Holding	Market value £'000	% of total net assets
<b>Developed Asia Pacific - 10.47% (11.50%)</b>			
Advantest Corp	101,300	1,750	0.43
AIA Group	106,600	728	0.18
Asahi Group Holdings	14,600	464	0.11
Baillie Gifford Japanese Smaller Companies Fund C Acc <sup>1</sup>	69,868	3,469	0.86
BHP Billiton (Aus. listing)	48,469	936	0.23
Bridgestone	21,000	614	0.15
Cochlear	12,751	1,366	0.34
CyberAgent Inc	24,200	592	0.15
Denso	22,700	791	0.20
FANUC	7,200	923	0.23
Fast Retailing	2,000	696	0.17
Galaxy Entertainment Group	203,000	1,061	0.26
Hong Kong Exchanges & Clearing	52,600	1,241	0.31
INPEX	74,200	542	0.13
IRESS LTD	122,198	794	0.20
James Hardie Industries	76,957	654	0.16
Jardine Matheson	20,700	1,051	0.26
Kakaku.com	67,200	894	0.22
Keyence	1,100	429	0.11
Makita Corporation	36,800	990	0.24
Mesoblast	188,546	123	0.03
Misumi	21,200	367	0.09
MS&AD Insurance	63,800	1,441	0.36
Murata	8,100	872	0.21
Nidec	7,600	692	0.17
Olympus	34,000	1,062	0.26
Pigeon	40,000	1,185	0.29
REA Group	10,660	447	0.11
Recruit Holdings	44,900	913	0.23
Sarine Technologies	185,400	48	0.01
SBI Holdings	99,800	1,616	0.40
SEEK	116,128	1,094	0.27
Shimano	11,700	1,244	0.31
Shiseido	46,100	2,085	0.51

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
SMC	5,100	1,273	0.31
SoftBank Group	24,900	1,483	0.37
Sugi Holdings	21,300	672	0.17
TPG Telecom	213,930	828	0.20
Treasury Wine Estates	107,038	917	0.23
Tsingtao Brewery 'H'	246,000	819	0.20
United Overseas Bank	131,900	1,878	0.46
Washington Soul Pattinson	94,091	1,372	0.34
<b>Emerging Markets - 9.96% (9.34%)</b>			
Baillie Gifford Emerging Markets Growth Fund C Acc <sup>1</sup>	2,156,329	18,620	4.60
Baillie Gifford Emerging Markets Leading Companies Fund C Acc <sup>1</sup>	4,371,181	20,479	5.05
Techtronic Industries	101,000	444	0.11
Tencent	23,900	801	0.20
<b>Europe (ex UK) - 11.79% (11.94%)</b>			
Alfa Laval	135,699	2,334	0.58
ASML	13,600	1,818	0.45
Atlas Copco B	96,584	1,755	0.43
Avanza Bank Holding	40,131	1,385	0.34
Bechtle AG	30,132	1,819	0.45
Carl Zeiss Meditec	21,899	1,508	0.37
DSV	30,784	1,864	0.46
Epiroc B	96,584	655	0.16
EXOR	48,047	2,335	0.58
Hexpol AB	251,526	1,691	0.42
IMCD Group NV	52,776	2,942	0.73
Inditex	84,538	1,795	0.44
Infineon Technologies AG	104,169	1,763	0.43
Investor	66,987	2,236	0.55
Kingspan Group	56,830	1,778	0.44
Kinnevik	46,840	869	0.21
Legrand	26,715	1,206	0.30
L'Oreal	8,438	1,545	0.38

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Mettler-Toledo	4,977	2,415	0.59
Nibe Industrier AB 'B' Shares	220,879	1,900	0.47
Novozymes	46,781	1,488	0.37
Ryanair	175,835	1,684	0.41
Sartorius Stedim Biotech	24,717	2,071	0.51
Schindler	11,791	1,906	0.47
Spotify Technology SA	15,207	1,566	0.39
Svenska Handelsbanken	278,488	2,298	0.57
Zalando SE	49,930	1,160	0.29
<b>North America - 13.55% (12.95%)</b>			
Abiomed	9,717	2,593	0.64
Activision Blizzard Inc	13,628	489	0.12
Agios Pharmaceuticals	9,293	378	0.09
Alnylam Pharmaceuticals	12,257	778	0.19
Alphabet Inc Class C	2,928	2,484	0.61
Amazon.com	4,871	6,364	1.57
Celgene	8,676	583	0.14
Chegg	32,165	861	0.21
CoStar Group	3,205	952	0.23
Denali Therapeutics	35,483	513	0.13
DistributionNOW	49,026	504	0.12
Ellie Mae	11,924	687	0.17
Eventbrite Inc Class A	14,782	338	0.08
Facebook	17,442	2,209	0.55
First Republic Bank	23,963	1,760	0.43
Fortive Corp	13,674	779	0.19
Glaukos Corp	17,156	832	0.21
GrubHub Inc	39,234	2,398	0.59
HEICO	8,658	556	0.14
Illumina	10,751	2,287	0.56
Interactive Brokers Group	20,597	792	0.20
Markel	695	555	0.14
MarketAxess Holdings	15,090	2,463	0.61
MasterCard	12,107	1,944	0.48

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Moderna Inc	16,826	212	0.05
Netflix Inc	11,856	3,060	0.75
New Relic	10,777	833	0.21
Novocure Ltd	31,646	1,179	0.29
NVIDIA	4,372	478	0.12
Penumbra Inc	8,010	886	0.22
Redfin	47,981	653	0.16
Shopify 'A'	10,110	1,295	0.32
Stitch Fix	39,499	674	0.17
Tableau Software Class A	13,533	1,315	0.32
Tesla Inc	13,298	3,101	0.77
The Trade Desk	13,110	1,421	0.35
Under Armour Class C	41,003	590	0.15
Vertex Pharmaceuticals	6,860	995	0.25
Wabtec	11,038	580	0.14
Watsco Inc	10,119	1,134	0.28
Wayfair Inc	28,997	2,413	0.60
<b>UK - 53.53% (52.77%)</b>			
Abcam	150,224	1,986	0.49
Ashtead	232,895	4,491	1.11
Auto Trader Group	905,763	4,139	1.02
Baillie Gifford British Smaller Companies Fund C Acc <sup>1</sup>	988,579	8,213	2.03
BHP Billiton	542,097	9,162	2.26
Bodycote	398,771	3,033	0.75
Breedon Group	2,311,676	1,553	0.38
British American Tobacco	167,006	4,485	1.11
Bunzl	285,898	6,859	1.69
Burberry	263,077	4,739	1.17
Carnival	109,271	4,707	1.16
Compass Group	257,641	4,200	1.04
Diageo	301,316	8,743	2.16
Enquest	6,919,601	1,327	0.33
Euromoney Institutional Investor	150,328	1,852	0.46
Fisher (James) & Sons	69,374	1,343	0.33



## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Genus	83,940	1,868	0.46
Halma	174,192	2,437	0.60
Hargreaves Lansdown	262,689	4,290	1.06
Helical	380,730	1,279	0.31
Hiscox plc	260,244	3,688	0.91
Homeserve	464,732	4,385	1.08
Howden Joinery Group PLC	703,871	3,557	0.88
HSBC	802,002	5,123	1.26
IG Group	358,852	2,279	0.56
Inchcape	738,244	4,223	1.04
Informa Group	656,718	4,442	1.10
Integrafin Holdings	321,586	1,095	0.27
Intermediate Capital Group	373,776	3,798	0.94
Jardine Lloyd Thompson	221,102	4,201	1.04
Johnson Matthey	83,655	2,546	0.63
Jupiter Fund Management	826,410	2,703	0.67
Just Eat	428,131	2,978	0.73
Just Group	3,490,321	3,536	0.87
Keller	120,454	624	0.15
Legal & General	2,025,327	5,254	1.30
Meggitt	674,482	3,479	0.86
Melrose Industries	1,507,937	2,541	0.63
Mitchells & Butlers	704,836	1,996	0.49
Pagegroup plc	815,224	3,597	0.89
Prudential	690,984	10,261	2.53
Relx Plc	212,198	3,576	0.88
Renishaw	39,975	1,866	0.46
Rightmove	1,018,660	4,808	1.19
Rio Tinto	163,635	6,852	1.69
Rolls-Royce	410,144	3,626	0.89
Royal Dutch Shell B Shares	388,018	9,190	2.27
Schroders Nv.	60,199	1,240	0.31
Scottish & Southern Energy	150,807	1,764	0.43
St. James's Place	772,372	7,245	1.79
Standard Chartered	344,702	2,116	0.52

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Ted Baker	57,254	1,065	0.26
Travis Perkins	184,917	2,263	0.56
Ultra Electronics Hdg.	172,296	2,212	0.54
Unilever	157,753	6,285	1.55
Victrex	112,000	2,558	0.63
Volution Group	823,388	1,289	0.32
Wood Group	364,159	1,971	0.49
Portfolio of investments		402,402	99.30
<b>Net other assets - 0.70% (1.50%)</b>		<b>2,838</b>	<b>0.70</b>
<b>Net assets</b>		<b>405,240</b>	<b>100.00</b>

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

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 January 2018.

# Comparative Tables

## Comparative Table: B Accumulation Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Period Ended 31 January 2018 (pence per share)
<b>Change in net assets per share:</b>		
Opening net asset value per share	106.34	100.00 <sup>1</sup>
Return before operating charges*	(2.08)	6.37
Operating charges	(0.51)	(0.03)
Return after operating charges*	(2.59)	6.34
Distributions	(1.93)	(0.19)
Retained distributions on accumulation shares	1.93	0.19
<b>Closing net asset value per share</b>	<b>103.75</b>	<b>106.34</b>
*After direct transaction costs of:	0.03	0.02
<b>Performance:</b>		
Return after charges	(2.44)%	6.34%
<b>Other Information:</b>		
Closing net asset value (£'000)	157,935	129,701
Closing number of shares	152,225,883	121,973,051
Operating charges	0.47%	0.08% <sup>2</sup>
Direct transaction costs <sup>3</sup>	0.03%	0.02%
<b>Prices:</b>		
Highest share price (pence)	116.4	108.4
Lowest share price (pence)	96.71	98.14

## Comparative Tables cont.

### Comparative Table: C Accumulation Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Period Ended 31 January 2018 (pence per share)
<b>Change in net assets per share:</b>		
Opening net asset value per share	106.53	100.00 <sup>1</sup>
Return before operating charges*	(2.09)	6.54
Operating charges	(0.02)	(0.01)
Return after operating charges*	(2.11)	6.53
Distributions	(2.42)	(0.38)
Retained distributions on accumulation shares	2.42	0.38
<b>Closing net asset value per share</b>	<b>104.42</b>	<b>106.53</b>
*After direct transaction costs of:	0.03	0.02
<b>Performance:</b>		
Return after charges	(1.98)%	6.53%
<b>Other Information:</b>		
Closing net asset value (£'000)	247,305	299,889
Closing number of shares	236,827,576	281,500,823
Operating charges	0.02%	0.03%
Direct transaction costs <sup>3</sup>	0.03%	0.02%
<b>Prices:</b>		
Highest share price (pence)	117.0	108.6
Lowest share price (pence)	97.30	98.16

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

<sup>2</sup>With effect from 1 October 2017, the ACD's annual fee for Class B shares was reduced from 0.55% to 0.45%. In addition a large creation on the second last day of the financial period has resulted in low Operating charges figure for this share class. As at 31 January 2018 the ACD considered 0.48% to be a more indicative rate for the ongoing charges figure.

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

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

# Financial Statements

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

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	1		(17,945)		25,602
Revenue	3	9,618		1,671	
Expenses	4	(800)		(39)	
Net revenue before taxation		8,818		1,632	
Taxation	5	(53)		(30)	
Net revenue after taxation			8,765		1,602
Total return before distributions			(9,180)		27,204
Distributions	6		(8,762)		(1,574)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(17,942)</b>		<b>25,630</b>

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

	2019		2018	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>429,590</b>		<b>-</b>
Amounts receivable on issue of shares	34,985		17,084	
Amounts payable on cancellation of shares	(50,291)		(42,184)	
Creation of shares settled by transfer of stocks	-		194,061	
Scheme of Arrangement transfer in on issue of shares	-		233,628	
		(15,306)		402,589
Dilution adjustment		205		70
Change in net assets attributable to shareholders from investment activities		(17,942)		25,630
Retained distributions on accumulation shares		8,693		1,301
<b>Closing net assets attributable to shareholders</b>		<b>405,240</b>		<b>429,590</b>

## Financial Statements cont.

### Balance Sheet as at 31 January 2019

	Notes	2019 £'000	2018 £'000
<b>Assets:</b>			
Fixed assets:			
Investments	13	402,402	423,131
Current assets:			
Debtors	8	1,041	133,793
Cash and bank balances	9	5,898	4,426
<b>Total assets</b>		<b>409,341</b>	<b>561,350</b>
<b>Liabilities:</b>			
Creditors:			
Bank overdrafts	9	(3,751)	-
Other creditors	10	(350)	(131,760)
<b>Total liabilities</b>		<b>(4,101)</b>	<b>(131,760)</b>
<b>Net assets attributable to shareholders</b>		<b>405,240</b>	<b>429,590</b>

# Notes to the Financial Statements

## 1 Net capital gains/(losses)

	2019	2018
	£'000	£'000
Non-derivative securities	(17,945)	25,584
Currency gains/(losses)	8	26
Transaction costs	(8)	(8)
<b>Net capital gains/(losses)</b>	<b>(17,945)</b>	<b>25,602</b>

## 2 Purchases, sales and transaction costs

	2019	2018
	£'000	£'000
<b>Purchases and transaction costs</b>		
Purchases of equities	38,373	31,840
Equity transferred in	-	427,689
Gross purchases of equities excluding transaction costs	38,373	459,529
Commissions	18	12
Taxes	90	40
Total transaction costs on equity purchases <sup>1</sup>	108	52
<b>Purchases including transaction costs</b>	<b>38,481</b>	<b>459,581</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	0.05	0.00
Taxes on equity purchases	0.23	0.01

	2019	2018
	£'000	£'000
<b>Sales and transaction costs</b>		
Gross sales of equities excluding transaction costs	41,633	62,171
Commissions	(16)	(19)
Taxes	(2)	(2)
Total transaction costs on equity sales <sup>1</sup>	(18)	(21)
<b>Sales net of transaction costs</b>	<b>41,615</b>	<b>62,150</b>

## Notes to the Financial Statements cont.

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

<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	(0.04)	(0.03)
Taxes on equity sales	(0.00)	(0.00)

	2019		2018	
	£'000	% of average NAV	£'000	% of average NAV
<b>Portfolio transaction costs</b>				
Commissions	34	0.01	31	0.01
Taxes	92	0.02	42	0.01
<b>Total direct transaction costs</b>	<b>126</b>	<b>0.03</b>	<b>73</b>	<b>0.02</b>

	2019	2018
	%	%
Average portfolio dealing spread	0.08	0.08

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

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

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

### 3 Revenue

	2019	2018
	£'000	£'000
UK dividends	7,449	1,279
Overseas dividends	2,166	390
Bank interest	3	2
<b>Total revenue</b>	<b>9,618</b>	<b>1,671</b>



## Notes to the Financial Statements cont.

### 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	728	2
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fee	42	20
Bank charges	24	11
	66	31
<b>Other expenses:</b>		
Audit fee	5	6
Professional fees	1	-
	6	6
<b>Total expenses</b>	<b>800</b>	<b>39</b>

### 5 Taxation

	2019	2018
	£'000	£'000
<b>Analysis of charge in the year</b>		
Corporation tax	-	-
Overseas tax	90	30
Tax recoverable on overseas dividends	(37)	-
<b>Total taxation</b>	<b>53</b>	<b>30</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.

At 31 January 2019, the Fund had excess management expenses of £832,000 (2018: £38,000) which have not been recognised as a deferred tax asset. This is because the Fund is not expected to generate taxable income in a future period in excess of the deductible expenses of that future period and, accordingly, the Fund is unlikely to be able to reduce future tax liabilities through the use of existing excess expenses.

## Notes to the Financial Statements cont.

### 5 Taxation (continued)

The tax charge is explained as follows:

	2019	2018
	£'000	£'000
Net revenue/(expense) before taxation	8,818	1,632
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% (2018: 20%)	1,764	326
Effects of:		
Non-taxable UK dividends	(1,490)	(256)
Non-taxable overseas dividends	(433)	(78)
Overseas tax on dividends	90	30
Excess management expenses	159	8
Tax recoverable on overseas dividends	(37)	-
<b>Total taxation</b>	<b>53</b>	<b>30</b>

### 6 Distributions

	2019	2018
	£'000	£'000
Interim to 31 July	1,935	-
Final to 31 January	6,758	1,301
	<b>8,693</b>	<b>1,301</b>
Amounts deducted on cancellation of shares	627	487
Amounts added on issue of shares	(558)	(214)
<b>Total distributions</b>	<b>8,762</b>	<b>1,574</b>

The distributions take account of 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	8,765	1,602
Add distributable revenue brought forward	28	-
Less distributable revenue carried forward	(31)	(28)
<b>Net distributions for the year</b>	<b>8,762</b>	<b>1,574</b>

## Notes to the Financial Statements cont.

### 8 Debtors

	2019	2018
	£'000	£'000
Receivable for issue of shares	153	131,141
Sales awaiting settlement	-	1,733
Accrued income	547	415
Overseas tax recoverable	341	495
Other debtors	-	9
<b>Total debtors</b>	<b>1,041</b>	<b>133,793</b>

### 9 Cash and bank balances

	2019	2018
	£'000	£'000
Sterling bank accounts	5,860	4,426
Foreign currency bank accounts	38	-
	5,898	4,426
Sterling bank accounts overdrawn	(3,751)	-
<b>Total cash and bank balances</b>	<b>2,147</b>	<b>4,426</b>

### 10 Other creditors

	2019	2018
	£'000	£'000
Payable for cancellation of shares	235	130,839
Purchases awaiting settlement	38	899
Due to the ACD or associates	59	2
Due to the Depositary or associates	12	14
Other accrued expenses	6	6
<b>Total other creditors</b>	<b>350</b>	<b>131,760</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)

During the year to 31 January 2018, as part of an internal restructuring, the assets of Baillie Gifford Life Limited, an associate of the ACD, relevant to the policy of Baillie Gifford 60:40 Worldwide Equity Pension Fund were transferred into the Fund in exchange for shares in the Fund. During the year ended 31 January 2019, all shares in the Fund which were owned by Baillie Gifford Life Limited were transferred to the direct ownership of the relevant policy holders of Baillie Gifford Life Limited.

	2019			2018		
	Purchases £'000	Sales £'000	Income £'000	Purchases £'000	Sales £'000	Income £'000
Baillie Gifford British Smaller Companies Fund C Acc	-	-	114	10,011	1,088	116
Baillie Gifford Emerging Markets Growth Fund C Acc	935	-	103	18,854	1,221	-
Baillie Gifford Emerging Markets Leading Companies Fund C Acc	-	-	-	20,939	1,359	-
Baillie Gifford Emerging Markets Leading Companies Fund C Acc	939	-	114	-	-	-
Baillie Gifford Japanese Smaller Companies Fund C Acc	-	944	18	4,640	817	-

## 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	66.91

### 12 Reconciliation of shares in issue

	2019	
	B Accumulation	C Accumulation
	Shares	Shares
Opening shares in issue	121,973,051	281,500,823
Shares issued	7,033,394	25,795,283
Shares cancelled	(19,481,446)	(27,852,384)
Shares converted	42,700,884	(42,616,146)
<b>Closing shares in issue</b>	<b>152,225,883</b>	<b>236,827,576</b>

### 13 Basis of valuation

	2019	2018
	Assets	Assets
	£'000	£'000
Level 1: Quoted prices	351,621	369,230
Level 2: Observable market data	50,781	53,901
Level 3: Unobservable data	-	-
<b>Total</b>	<b>402,402</b>	<b>423,131</b>

### 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.

## Notes to the Financial Statements cont.

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

Currency	Net foreign currency assets/(liabilities)			Net foreign 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	38	1,366	1,404	-	8,010	8,010
Danish krone	-	1,488	1,488	-	3,626	3,626
Euro	-	9,652	9,652	-	23,069	23,069
Hong Kong dollar	-	2,770	2,770	-	5,804	5,804
Japanese yen	-	12,100	12,100	-	27,832	27,832
Singapore dollar	-	1,878	1,878	-	2,334	2,334
Swedish krona	-	4,053	4,053	-	15,360	15,360
Swiss franc	-	1,906	1,906	-	5,017	5,017
UK sterling	2,109	216,937	219,046	4,426	273,083	277,509
US dollar	-	41,880	41,880	-	58,996	58,996

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.

## Distribution Tables

### Interim distribution for the period ended 31 July 2018

Group 1 : shares purchased prior to 1 February 2018

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

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 30.09.18)	Distribution (paid/accumulated 30.09.17)
	31.07.18 pence per share	31.07.18 pence per share	31.07.18 pence per share	31.07.17 pence per share
B Accumulation				
Group 1	0.40000	-	0.40000	n/a
Group 2	-	0.40000	0.40000	n/a
C Accumulation				
Group 1	0.55000	-	0.55000	n/a
Group 2	-	0.55000	0.55000	n/a

### Final distribution for the period ended 31 January 2019

Group 1 : shares purchased prior to 1 August 2018

Group 2 : shares purchased 1 August 2018 to 31 January 2019

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 31.03.19)	Distribution (paid/accumulated 31.03.18)
	31.01.19 pence per share	31.01.19 pence per share	31.01.19 pence per share	31.01.18 pence per share
B Accumulation				
Group 1	1.53000	-	1.53000	0.19000
Group 2	0.24605	1.28395	1.53000	0.19000
C Accumulation				
Group 1	1.87000	-	1.87000	0.38000
Group 2	0.39525	1.47475	1.87000	0.38000





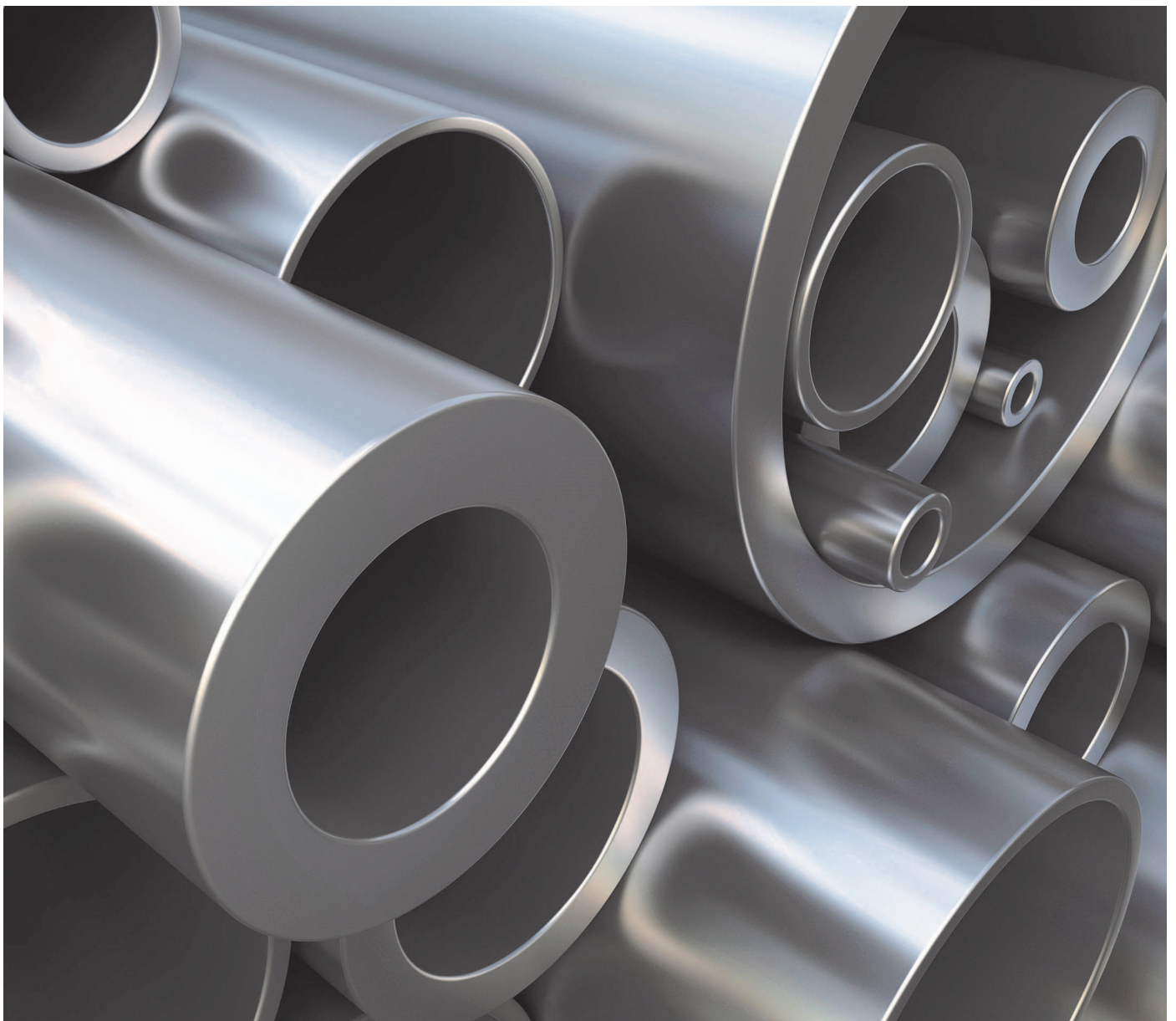
# BAILLIE GIFFORD

## Baillie Gifford UK Equity Alpha Fund

---

a sub-fund of Baillie Gifford UK & Balanced Funds ICVC

*Annual Report & Financial Statements  
for the year ended 31 January 2019*



# Baillie Gifford UK Equity Alpha Fund

## Investment Objective

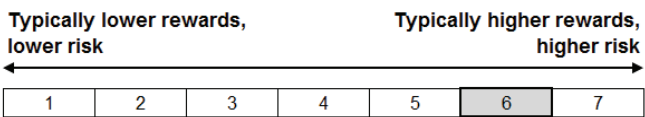
The Fund aims to produce returns, after management fees, mainly through capital growth, which exceeds that of the FTSE All-Share Index, over the long term.

## Investment Policy

To invest mainly in shares of UK companies listed in the FTSE All-Share Index. In addition the Fund may invest in shares of any other UK Companies. The Fund will be concentrated and comprise of between 30 and 40 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.



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.

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.

Custody of assets involves a risk of loss if the custodian becomes insolvent or breaches duties of care.

The Fund's exposure to a single market may increase share price movements.

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

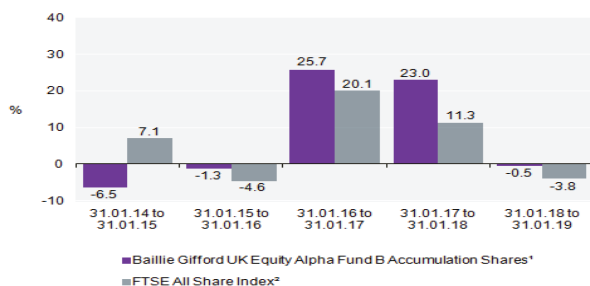
Where possible, charges are taken from the Fund's revenue. Where there is insufficient revenue, the remainder will be taken from capital. This will reduce the capital value of the Fund.

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

Further details of the risks associated with investing in the Fund can be found in the Prospectus which is available by contacting Client Relations 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 0.55% (until 30 September 2017, the ACD's annual fee on Class B Shares was 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. Movements in the prices of company shares in which the Fund invests between the two valuation points can lead to distortions in the returns. 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 January 2019 the return on B Accumulation Shares was -1.0%<sup>3</sup>, compared to the return on the FTSE All Share Index of -3.8%<sup>2</sup>. We believe that shorter-term performance measurements are of limited relevance in assessing investment ability and would suggest that five years is a more sensible timeframe over which to judge our performance.

Market volatility has been relatively benign in recent years but picked up in 2018 on the back of fears over Sino-American trade wars and the impact rising interest rates might have on emerging markets. Given that we here in the UK have become all consumed by it, it might be tempting to cite the growing shambles of the Brexit process as the cause of local market weakness but after a very challenging end to 2018, 2019 has got off to a more encouraging start and perhaps surprisingly, the performance patterns between the shares of domestically focused, economically sensitive businesses, and those of large dollar earning international ones, has been at best patchy. In fact, three out of the six top contributors to performance over the 12-month period to end January 2019 were companies with a strong bias to domestic UK revenues. Most notable amongst them was the online food retailer, Ocado, which returned almost 100% over the period after it announced four long-awaited licensing agreements with third parties in Europe and North America to provide its leading-edge warehousing and logistics technology. We believe that these agreements

will generate substantial licensing fees for many years to come and, as online food retailing continues to evolve rapidly, Ocado has a good chance of being a major beneficiary of this trend. Auto Trader, the online advertising portal for second hand cars in the UK, performed well as it made good progress in launching new products and diversifying its revenues. Finally, Rightmove, the online property portal, continued to benefit from its very high brand awareness and subscription based model which limits its exposure to the property cycle as its revenues are not directly related to the number of transactions or actual selling prices. Despite concerns over competition entering the market, Rightmove remains the #1 player in the UK market in terms of market share and of traffic to its site.

Online fashion retailer, ASOS, was the main detractor from performance over the period after a surprise profit warning in December. The company reported that demand had slowed meaningfully in November, particularly in France and Germany, coinciding with some fierce discounting, both from offline and online retailers, around the time of the Black Friday retail event. By the management team's own admission, they misjudged this. The combined impact resulted in the company making a significant downward revision to the expectations for growth in the current year and the share price fell on the back of this. We have engaged with the company and will monitor the situation closely.

<sup>1</sup>Source: FE, 10am dealing prices, income accumulated. <sup>2</sup>Source: FE and relevant underlying index provider, total return. Please see Disclaimer on page 281. <sup>3</sup>Source: Baillie Gifford & Co Limited, closing net asset values, income accumulated. You should be aware that past performance is not a guide to future performance.

## Investment Report cont.

Portfolio turnover remains low for the 12 months. There were no complete sales over the period but we took new holdings in Creo Medical - a medical devices company developing sophisticated surgical endoscopy devices, initially for surgical procedures in the bowel. We also participated in the Initial Public Offering of AJ Bell, the online investment platform in the UK. It offers its administration and stockbroking services directly to consumers as well as to independent financial advisers and we believe it is well positioned to benefit from the structural trends towards personal long-term savings and defined contribution pensions schemes in the UK market.

Overall, the last twelve months turned out to be a forgettable year for equity returns in the UK as whilst the Fund outperformed the FTSE All-Share Index, absolute returns were nevertheless negative. What matters is how the underlying holdings perform over a multi-year period and the vast bulk of the portfolio continues to perform well operationally. We remain confident that these businesses will be able to not only navigate the short-term uncertainties around Brexit in the coming months but will continue to grow and thrive in the years ahead. Market declines will always throw up more exciting new opportunities, and competition for places in the portfolio is strong. This is a great time to be a long-term growth investor.

*Baillie Gifford & Co, 26 February 2019*

## Principal Holdings as at 31 January 2019

Investment	Percentage of total Fund
Rightmove	6.98
Homeserve	5.35
Auto Trader Group	5.29
Renishaw	4.97
Aveva Group	4.84
Ocado Group	4.76
Abcam	4.68
Hargreaves Lansdown	4.66
Rathbone Brothers	4.15
Johnson Matthey	3.41

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

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
Homeserve	4,564	Aveva Group	6,232
Creo Medical Group	3,334	Ocado Group	3,429
Abcam	2,869	Abcam	1,586
ASOS	2,691	ASOS	1,001
Standard Chartered	2,161	Johnson Matthey	947
Weir	2,091	Hargreaves Lansdown	636
Keller	2,082	Intertek	626
Renishaw	1,984	BHP Billiton	381
AJ Bell	1,727		
Jupiter Fund Management	1,433		

# Portfolio Statement as at 31 January 2019

Stock description	Holding	Market value £'000	% of total net assets
<b>Basic Materials - 7.75% (8.37%)</b>			
BHP Billiton	479,667	8,107	2.15
Johnson Matthey	423,627	12,891	3.41
Rio Tinto	197,196	8,258	2.19
<b>Consumer Goods - 5.66% (5.16%)</b>			
Burberry	570,140	10,271	2.72
Diageo	381,485	11,069	2.94
<b>Consumer Services - 24.73% (25.46%)</b>			
ASOS	288,549	9,522	2.52
Auto Trader Group	4,369,766	19,970	5.29
Carnival	293,232	12,632	3.35
Ocado Group	1,810,800	17,949	4.76
On The Beach	1,573,065	6,882	1.83
Rightmove	5,576,321	26,320	6.98
<b>Financials - 17.40% (20.58%)</b>			
AJ Bell	1,079,625	2,803	0.74
Hargreaves Lansdown	1,075,692	17,566	4.66
IP Group	2,167,696	2,298	0.61
Jupiter Fund Management	2,688,166	8,793	2.33
Rathbone Brothers	676,501	15,654	4.15
Schroders Nv.	572,884	11,801	3.13
Standard Chartered	1,094,462	6,718	1.78
<b>Health Care - 9.87% (8.38%)</b>			
Abcam	1,334,552	17,643	4.68
Creo Medical Group	2,341,323	5,291	1.40
Genus	391,206	8,708	2.31
PureTech Health	3,290,308	5,594	1.48
<b>Industrials - 24.38% (23.47%)</b>			
Aggreko	627,643	4,351	1.15
Experian	496,518	9,493	2.52



## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Homeserve	2,137,375	20,166	5.35
Intertek	202,533	9,940	2.63
Keller	1,049,957	5,439	1.44
Oxford Instruments	1,203,630	10,821	2.87
Renishaw	401,656	18,749	4.97
Spectris	191,351	4,977	1.32
Weir	533,259	8,026	2.13
<b>Oil &amp; Gas - 1.87% (2.16%)</b>			
Wood Group	1,304,427	7,059	1.87
<b>Technology - 4.84% (5.15%)</b>			
Aveva Group	670,379	18,248	4.84
<b>Portfolio of investments</b>		<b>364,009</b>	<b>96.50</b>
<b>Net other assets - 3.50% (1.27%)</b>		<b>13,214</b>	<b>3.50</b>
<b>Net assets</b>		<b>377,223</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 January 2018.



# Comparative Tables

## Comparative Table: A Accumulation Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	546.11	446.30	366.53
Return before operating charges*	(2.28)	107.08	86.00
Operating charges	(7.77)	(7.27)	(6.23)
Return after operating charges*	(10.05)	99.81	79.77
Distributions	(3.93)	(2.55)	(2.08)
Retained distributions on accumulation shares	3.93	2.55	2.08
<b>Closing net asset value per share</b>	<b>536.06</b>	<b>546.11</b>	<b>446.30</b>
*After direct transaction costs of:	0.17	0.24	0.92
<b>Performance:</b>			
Return after charges	(1.84)%	22.36%	21.76%
<b>Other Information:</b>			
Closing net asset value (£'000)	1,927	1,516	1,798
Closing number of shares	359,485	277,582	402,869
Operating charges	1.41%	1.49% <sup>1</sup>	1.54%
Direct transaction costs	0.03%	0.05%	0.23%
<b>Prices:</b>			
Highest share price (pence)	605.8	554.4	456.6
Lowest share price (pence)	494.1	447.8	331.2

## Comparative Tables cont.

### Comparative Table: A Income Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	415.27	341.01	281.43
Return before operating charges*	(1.67)	81.77	65.97
Operating charges	(5.92)	(5.56)	(4.79)
Return after operating charges*	(7.59)	76.21	61.18
Distributions on income shares	(2.99)	(1.95)	(1.60)
<b>Closing net asset value per share</b>	<b>404.69</b>	<b>415.27</b>	<b>341.01</b>
 *After direct transaction costs of:	 0.13	 0.19	 0.71
<b>Performance:</b>			
Return after charges	(1.83)%	22.35%	21.74%
<b>Other Information:</b>			
Closing net asset value (£'000)	134	100	125
Closing number of shares	33,064	24,178	36,592
Operating charges	1.41%	1.49% <sup>1</sup>	1.54%
Direct transaction costs	0.03%	0.05%	0.23%
<b>Prices:</b>			
Highest share price (pence)	460.4	422.9	350.2
Lowest share price (pence)	375.2	342.2	254.3

## Comparative Tables cont.

### Comparative Table: B Accumulation Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	641.73	520.01	423.43
Return before operating charges*	(2.73)	125.39	99.76
Operating charges	(3.70)	(3.67)	(3.18)
Return after operating charges*	(6.43)	121.72	96.58
Distributions	(10.14)	(7.85)	(6.46)
Retained distributions on accumulation shares	10.14	7.85	6.46
<b>Closing net asset value per share</b>	<b>635.30</b>	<b>641.73</b>	<b>520.01</b>
*After direct transaction costs of:	0.19	0.29	1.06
<b>Performance:</b>			
Return after charges	(1.00)%	23.41%	22.81%
<b>Other Information:</b>			
Closing net asset value (£'000)	89,580	47,463	45,791
Closing number of shares	14,100,316	7,396,053	8,805,948
Operating charges	0.57%	0.64% <sup>2</sup>	0.68%
Direct transaction costs	0.03%	0.05%	0.23%
<b>Prices:</b>			
Highest share price (pence)	715.4	651.3	530.5
Lowest share price (pence)	585.1	521.8	382.7

## Comparative Tables cont.

### Comparative Table: B Income Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	415.51	341.00	281.24
Return before operating charges*	(1.63)	82.06	66.18
Operating charges	(2.40)	(2.41)	(2.14)
Return after operating charges*	(4.03)	79.65	64.04
Distributions on income shares	(6.55)	(5.14)	(4.28)
<b>Closing net asset value per share</b>	<b>404.93</b>	<b>415.51</b>	<b>341.00</b>
 *After direct transaction costs of:	 0.13	 0.19	 0.71
<b>Performance:</b>			
Return after charges	(0.97)%	23.36%	22.77%
<b>Other Information:</b>			
Closing net asset value (£'000)	28,039	34,221	28,073
Closing number of shares	6,924,304	8,236,009	8,232,663
Operating charges	0.57%	0.64% <sup>2</sup>	0.68%
Direct transaction costs	0.03%	0.05%	0.23%
<b>Prices:</b>			
Highest share price (pence)	462.1	425.4	351.2
Lowest share price (pence)	377.6	342.2	254.2

## Comparative Tables cont.

### Comparative Table: C Accumulation Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	708.39	570.50	461.51
Return before operating charges*	(3.09)	138.02	109.15
Operating charges	(0.14)	(0.13)	(0.16)
Return after operating charges*	(3.23)	137.89	108.99
Distributions	(15.16)	(12.51)	(10.45)
Retained distributions on accumulation shares	15.16	12.51	10.45
<b>Closing net asset value per share</b>	<b>705.16</b>	<b>708.39</b>	<b>570.50</b>
*After direct transaction costs of:	0.22	0.32	1.19
<b>Performance:</b>			
Return after charges	(0.46)%	24.17%	23.62%
<b>Other Information:</b>			
Closing net asset value (£'000)	224,192	272,132	77,581
Closing number of shares	31,793,092	38,415,660	13,598,818
Operating charges	0.02%	0.02%	0.03%
Direct transaction costs	0.03%	0.05%	0.23%
<b>Prices:</b>			
Highest share price (pence)	792.3	718.8	580.8
Lowest share price (pence)	649.1	572.5	417.3

## Comparative Tables cont.

### Comparative Table: C Income Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	415.97	341.19	281.28
Return before operating charges*	(1.64)	82.32	66.35
Operating charges	(0.08)	(0.08)	(0.09)
Return after operating charges*	(1.72)	82.24	66.26
Distributions on income shares	(8.89)	(7.46)	(6.35)
<b>Closing net asset value per share</b>	<b>405.36</b>	<b>415.97</b>	<b>341.19</b>
 *After direct transaction costs of:	 0.13	 0.19	 0.71
<b>Performance:</b>			
Return after charges	(0.41)%	24.10%	23.56%
<b>Other Information:</b>			
Closing net asset value (£'000)	2	2	2
Closing number of shares	500	500	500
Operating charges	0.02%	0.02%	0.03%
Direct transaction costs	0.03%	0.05%	0.23%
<b>Prices:</b>			
Highest share price (pence)	463.6	427.6	352.3
Lowest share price (pence)	379.5	342.4	254.2

## Comparative Tables cont.

### Comparative Table: G Accumulation Shares

	Financial Year Ended 31 January 2019 (pence per share)
<b>Change in net assets per share:</b>	
Opening net asset value per share	694.00 <sup>3</sup>
Return before operating charges*	11.35
Operating charges	(3.69)
Return after operating charges*	7.66
Distributions	(11.61)
Retained distributions on accumulation shares	11.61
<b>Closing net asset value per share</b>	<b>701.66</b>
*After direct transaction costs of:	0.21
<b>Performance:</b>	
Return after charges	1.10%
<b>Other Information:</b>	
Closing net asset value (£'000)	33,349
Closing number of shares	4,752,831
Operating charges	0.52%
Direct transaction costs	0.03%
<b>Prices:</b>	
Highest share price (pence)	790.0
Lowest share price (pence)	646.2

<sup>1</sup>With effect from 1 October 2017, the ACD's annual fee for Class A shares was reduced from 1.50% to 1.40%. As at 31 January 2018 the ACD considered 1.42% to be a more indicative rate for the ongoing charges figure.

<sup>2</sup>With effect from 1 October 2017, the ACD's annual fee for Class B shares was reduced from 0.65% to 0.55%. As at 31 January 2018 the ACD considered 0.57% to be a more indicative rate for the ongoing charges figure.

<sup>3</sup>Class G Accumulation Shares were launched on 5 February 2018.

# Financial Statements

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

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	1		(8,840)		52,283
Revenue	3	7,585		4,792	
Expenses	4	(780)		(535)	
Net revenue before taxation		6,805		4,257	
Taxation	5	-		-	
Net revenue after taxation			6,805		4,257
Total return before distributions			(2,035)		56,540
Distributions	6		(6,807)		(4,256)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(8,842)</b>		<b>52,284</b>

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

	2019		2018	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>355,434</b>		<b>153,370</b>
Amounts receivable on issue of shares	62,719		16,713	
Amounts payable on cancellation of shares	(39,213)		(27,656)	
Scheme of Arrangement transfer in on issue of shares	-		155,936	
		23,506		144,993
Dilution adjustment		448		127
Change in net assets attributable to shareholders from investment activities		(8,842)		52,284
Retained distributions on accumulation shares		6,677		4,660
<b>Closing net assets attributable to shareholders</b>		<b>377,223</b>		<b>355,434</b>



## Financial Statements cont.

### Balance Sheet as at 31 January 2019

	Notes	2019 £'000	2018 £'000
<b>Assets:</b>			
Fixed assets:			
Investments	13	364,009	350,927
Current assets:			
Debtors	8	795	6,267
Cash and bank balances	9	12,852	4,122
<b>Total assets</b>		<b>377,656</b>	<b>361,316</b>
<b>Liabilities:</b>			
Creditors:			
Bank overdrafts	9	-	(1,459)
Distributions payable		(351)	(300)
Other creditors	10	(82)	(4,123)
<b>Total liabilities</b>		<b>(433)</b>	<b>(5,882)</b>
<b>Net assets attributable to shareholders</b>		<b>377,223</b>	<b>355,434</b>

# Notes to the Financial Statements

## 1 Net capital gains/(losses)

	2019	2018
	£'000	£'000
Non-derivative securities	(8,839)	52,284
Transaction costs	(1)	(1)
<b>Net capital gains/(losses)</b>	<b>(8,840)</b>	<b>52,283</b>

## 2 Purchases, sales and transaction costs

	2019	2018
	£'000	£'000
<b>Purchases and transaction costs</b>		
Purchases of equities	36,629	21,447
Equity transferred in	-	156,947
Gross purchases of equities excluding transaction costs	36,629	178,394
Commissions	12	8
Taxes	118	90
Total transaction costs on equity purchases <sup>1</sup>	130	98
<b>Purchases including transaction costs</b>	<b>36,759</b>	<b>178,492</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	0.00
Taxes on equity purchases	0.32	0.05

## 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	14,841	29,203
Commissions	(3)	(13)
Taxes	-	-
Total transaction costs on equity sales <sup>1</sup>	(3)	(13)
<b>Sales net of transaction costs</b>	<b>14,838</b>	<b>29,190</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)	(0.04)
Taxes on equity sales	0.00	0.00

	2019		2018	
	£'000	% of average NAV	£'000	% of average NAV
<b>Portfolio transaction costs</b>				
Commissions	15	0.00	21	0.01
Taxes	118	0.03	90	0.04
<b>Total direct transaction costs</b>	<b>133</b>	<b>0.03</b>	<b>111</b>	<b>0.05</b>

	2019	2018
	%	%
Average portfolio dealing spread	0.23	0.13

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	7,381	4,684
Overseas dividends	172	105
Bank interest	32	2
Other income	-	1
<b>Total revenue</b>	<b>7,585</b>	<b>4,792</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	729	492
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fee	39	31
Bank charges	6	6
	45	37
<b>Other expenses:</b>		
Audit fee	6	6
<b>Total expenses</b>	<b>780</b>	<b>535</b>

### 5 Taxation

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

At 31 January 2019, the Fund had excess management expenses of £9,243,000 (2018: £8,494,000) which have not been recognised as a deferred tax asset. This is because the Fund is not expected to generate taxable income in a future period in excess of the deductible expenses of that future period and, accordingly, the Fund is unlikely to be able to reduce future tax liabilities through the use of existing excess expenses.

## Notes to the Financial Statements cont.

### 5 Taxation (continued)

The tax charge is explained as follows:

	2019	2018
	£'000	£'000
Net revenue/(expense) before taxation	6,805	4,257
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% (2018: 20%)	1,361	851
Effects of:		
Non-taxable UK dividends	(1,476)	(937)
Non-taxable overseas dividends	(34)	(21)
Excess management expenses	149	107
<b>Total taxation</b>	<b>-</b>	<b>-</b>

### 6 Distributions

	2019	2018
	£'000	£'000
Interim to 31 July	1,411	789
Final to 31 January	5,741	4,295
	<b>7,152</b>	<b>5,084</b>
Amounts deducted on cancellation of shares	452	316
Amounts added on issue of shares	(797)	(1,144)
<b>Total distributions</b>	<b>6,807</b>	<b>4,256</b>

The distributions take account of 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	6,805	4,257
Add distributable revenue brought forward	4	3
Less distributable revenue carried forward	(2)	(4)
<b>Net distributions for the year</b>	<b>6,807</b>	<b>4,256</b>

## Notes to the Financial Statements cont.

### 8 Debtors

	2019	2018
	£'000	£'000
Receivable for issue of shares	447	4,123
Sales awaiting settlement	-	1,915
Accrued income	344	229
Other debtors	4	-
<b>Total debtors</b>	<b>795</b>	<b>6,267</b>

### 9 Cash and bank balances

	2019	2018
	£'000	£'000
Sterling bank accounts	12,852	4,122
Sterling bank accounts overdrawn	-	(1,459)
<b>Total cash and bank balances</b>	<b>12,852</b>	<b>2,663</b>

### 10 Other creditors

	2019	2018
	£'000	£'000
Payable for cancellation of shares	3	4,069
Due to the ACD or associates	69	42
Due to the Depositary or associates	5	6
Other accrued expenses	5	6
<b>Total other creditors</b>	<b>82</b>	<b>4,123</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 to 31 January 2018, as part of an internal restructuring, the assets of Baillie Gifford Life Limited, an associate of the ACD, relevant to the policy of Baillie Gifford UK Equity Alpha Pension Fund were transferred into the Fund in exchange for shares in the Fund. During the year ended 31 January 2019, all shares in the Fund which were owned by Baillie Gifford Life Limited were transferred to the direct ownership of the relevant policy holders of Baillie Gifford Life Limited.

## 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	10.99	37.31

### 12 Reconciliation of shares in issue

	2019						
	A Accumulation Shares	A Income Shares	B Accumulation Shares	B Income Shares	C Accumulation Shares	C Income Shares	G Accumulation Shares
Opening shares in issue	277,582	24,178	7,396,053	8,236,009	38,415,660	500	-
Shares issued	329,543	17,752	5,961,823	566,705	2,992,470	500	3,130
Shares cancelled	(207,544)	(6,148)	(442,944)	(624,258)	(3,646,475)	(500)	(904,442)
Shares converted	(40,096)	(2,718)	1,185,384	(1,254,151)	(5,968,564)	-	5,654,143
<b>Closing shares in issue</b>	<b>359,485</b>	<b>33,064</b>	<b>14,100,316</b>	<b>6,924,305</b>	<b>31,793,091</b>	<b>500</b>	<b>4,752,831</b>

### 13 Basis of valuation

	2019	2018
	Assets	Assets
	£'000	£'000
Level 1: Quoted prices	364,009	350,927
Level 2: Observable market data	-	-
Level 3: Unobservable data	-	-
<b>Total</b>	<b>364,009</b>	<b>350,927</b>

# Distribution Tables

Interim distribution for the period ended 31 July 2018

Group 1 : shares purchased prior to 1 February 2018

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

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 30.09.18)	Distribution (paid/accumulated 30.09.17)
	31.07.18 pence per share	31.07.18 pence per share	31.07.18 pence per share	31.07.17 pence per share
A Accumulation				
Group 1	0.90000	-	0.90000	0.90000
Group 2	-	0.90000	0.90000	0.90000
A Income				
Group 1	0.60000	-	0.60000	0.60000
Group 2	-	0.60000	0.60000	0.60000
B Accumulation				
Group 1	2.00000	-	2.00000	2.00000
Group 2	-	2.00000	2.00000	2.00000
B Income				
Group 1	1.50000	-	1.50000	1.50000
Group 2	-	1.50000	1.50000	1.50000
C Accumulation				
Group 1	3.25000	-	3.25000	3.25000
Group 2	-	3.25000	3.25000	3.25000
C Income				
Group 1	2.00000	-	2.00000	2.00000
Group 2	2.00000	-	2.00000	2.00000
G Accumulation				
Group 1	2.25000	-	2.25000	-
Group 2	2.25000	-	2.25000	-



## Distribution Tables cont.

Final distribution for the period ended 31 January 2019

Group 1 : shares purchased prior to 1 August 2018

Group 2 : shares purchased 1 August 2018 to 31 January 2019

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 31.03.19)	Distribution (paid/accumulated 31.03.18)
	31.01.19 pence per share	31.01.19 pence per share	31.01.19 pence per share	31.01.18 pence per share
A Accumulation				
Group 1	3.03000	-	3.03000	1.65000
Group 2	-	3.03000	3.03000	1.65000
A Income				
Group 1	2.39000	-	2.39000	1.35000
Group 2	-	2.39000	2.39000	1.35000
B Accumulation				
Group 1	8.14000	-	8.14000	5.85000
Group 2	1.00535	7.13465	8.14000	5.85000
B Income				
Group 1	5.05000	-	5.05000	3.64000
Group 2	0.58084	4.46916	5.05000	3.64000
C Accumulation				
Group 1	11.91000	-	11.91000	9.26000
Group 2	0.97828	10.93172	11.91000	9.26000
C Income				
Group 1	6.89000	-	6.89000	5.46000
Group 2	6.89000	-	6.89000	5.46000
G Accumulation				
Group 1	9.36000	-	9.36000	-
Group 2	0.77045	8.58955	9.36000	-



# BAILLIE GIFFORD

## Baillie Gifford UK Equity Focus Fund

---

a sub-fund of Baillie Gifford UK & Balanced Funds ICVC

*Annual Report & Financial Statements  
for the year ended 31 January 2019*



# Baillie Gifford UK Equity Focus Fund

## Investment Objective

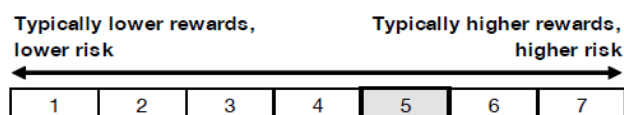
The Fund aims to outperform the FTSE All-Share Index by at least 1.5% per annum (before management fees).

## Investment Policy

To invest mainly in shares of UK companies. We will assess performance of the Fund compared to the FTSE All-Share Index over rolling three years periods. There is no guarantee that a positive return will be achieved over rolling three year periods or any time period.

## Risk and Reward Profile

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



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

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

Custody of assets involves a risk of loss if the custodian becomes insolvent or breaches duties of care.

The Fund's exposure to a single market may increase share price movements.

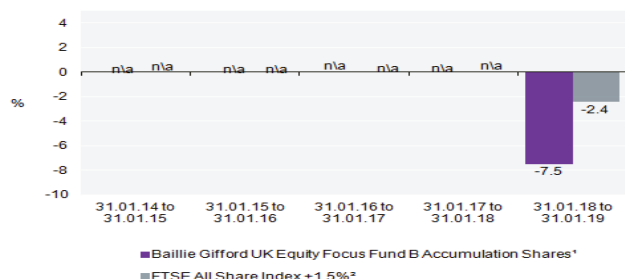
Where possible, charges are taken from the Fund's revenue. Where there is insufficient revenue, the remainder will be taken from capital. This will reduce the capital value of the Fund.

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

Further details of the risks associated with investing in the Fund can be found in the Prospectus which is available by contacting Client Relations 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 0.47% (until 30 September 2017, the ACD's annual fee on Class B Shares was 0.60%), 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 2 August 2017. Movements in the prices of company shares in which the Fund invests and foreign exchange rates between the two valuation points can lead to distortions in the returns. Performance 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 January 2019 the return on B Accumulation Shares was -6.5%<sup>3</sup> compared to the return on the FTSE All Share Index +1.5% of -2.4%<sup>2</sup>. We believe that shorter-term performance measurements are of limited relevance in assessing investment ability and would suggest that three years is a more sensible timeframe over which to judge performance.

Market volatility has been relatively benign in recent years but picked up in 2018 on the back of fears over Sino-American trade wars, the impact rising interest rates might have on emerging markets and closer to home, Brexit. Given that we here in the UK have become all consumed by it, it might be tempting to cite the growing shambles of the Brexit process as the cause of local market weakness but after a very challenging end to 2018, 2019 has got off to a more encouraging start and perhaps surprisingly, the performance patterns between the shares of domestically focused, economically sensitive businesses, and those of large dollar earning international ones, has been at best inconsistent.

The online fashion retailer, ASOS, was the main detractor from performance over the period after a surprise profit warning in December. The company reported that demand had slowed meaningfully in November, particularly in France and Germany, coinciding with some fierce discounting, both from offline and online retailers, around the time of the Black

Friday retail event. By the management team's own admission, they misjudged this. The combined impact resulted in the company making a significant downward revision to the expectations for growth in the current year and the share price fell on the back of this. We have engaged with management and whilst we believe that the long-term investment case for the business remains intact, we are confident it will prove to be a long-term winner. We will monitor the situation closely.

Not holding the three large pharmaceutical companies which together account for over 7% of the benchmark index also weighed on performance as investors looked for perceived 'safe' havens in this more challenging period.

On a more positive note, Aveva Group, the engineering and industrial software design company, performed strongly over the year following its tie up with Schneider Electric in March 2018. The initial results from the newly combined entity have been strong and the outlook is very positive as the company benefits from its increased scale and more comprehensive combined product suite. Abcam, the distributor of antibodies to the scientific community has continued to deliver impressive results operationally as has the emergency home insurance and repairs business HomeServe, which has seen particularly good results from its rapidly expanding business in the US.

<sup>1</sup>Source: FE. 10am dealing prices, income accumulated. <sup>2</sup>Source: FE and relevant underlying index provider, total return. Please see Disclaimer on page 281. <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.

Turnover remained low. Three holdings were taken over during the year and we sold the utility company Scottish and Southern Energy, property business Hansteen and Standard Chartered Bank. We invested the proceeds in a number of exciting new ideas including LoopUp, the provider of telephone conference software for corporates; Softcat, a provider of IT infrastructure to UK businesses and FDM, an IT outsourcing company with a unique business model: the company recruits graduates and ex-service personnel, trains them with the necessary skills to complete contracts for clients and then typically, after two years, they become permanent employees of FDM's clients. Robust demand for its services should underpin profitable growth well into the future.

Market volatility such as that seen in the last year will always throw up more exciting new opportunities and we added to a number of these and other holdings on share price weakness. Although in some cases, these additions may have been early from a timing point of view, we believe the valuations will prove to be highly attractive in the long run.

Overall, the last twelve months turned out to be a forgettable year for equity returns in the UK. Whilst the last few months have not been our finest for relative performance, these occasional bumps are an inevitable consequence of our investment style. Without being dismissive, we think it is important not to get too euphoric in the good short-term spells, or too despondent in the bad. What matters is how the underlying holdings perform over multi-year periods. The good news is that the vast bulk of the portfolio continues to perform well operationally, and we remain confident that these businesses will be able to not only navigate the short-term uncertainties around Brexit in the coming months but will continue to grow and thrive in the years ahead. This is a great time to be a long-term growth investor.

*Andrew Strathdee, 19 February 2019*

## Principal Holdings as at 31 January 2019

Investment	Percentage of total Fund
Boohoo	4.27
Abcam	4.08
Renishaw	3.32
Hargreaves Lansdown	3.20
Compass Group	2.74
Just Eat	2.64
Prudential	2.61
Experian	2.60
Homeserve	2.57
Rio Tinto	2.56

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

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
First Derivatives Plc	1,871	ZPG	1,397
On The Beach	1,127	Jardine Lloyd Thompson	1,368
Softcat	1,087	Cityfibre Infrastructure	1,252
FDM Group	1,004	Ashtead	1,140
Ricardo	952	Scottish & Southern Energy	928
Shire	789	Shire	886
Just Eat	637	Aveva Group	841
Renishaw	551	Abcam	825
LoopUp Group	453	Standard Chartered	718
Ted Baker	423	Hansteen Holdings	335



# Portfolio Statement as at 31 January 2019

Stock description	Holding	Market value £'000	% of total net assets
<b>Basic Materials - 7.75% (7.01%)</b>			
Antofagasta	130,894	1,138	1.43
BHP Billiton	116,372	1,967	2.46
Rio Tinto	48,763	2,042	2.56
Victrex	45,437	1,038	1.30
<b>Consumer Goods - 9.50% (9.87%)</b>			
British American Tobacco	51,151	1,374	1.72
Burberry	78,321	1,411	1.77
Diageo	48,517	1,408	1.76
Fever-Tree	30,008	771	0.97
Reckitt Benckiser	27,010	1,583	1.98
Ted Baker	55,788	1,038	1.30
<b>Consumer Services - 19.28% (20.53%)</b>			
4imprint Group	43,954	873	1.09
AO World Plc	921,697	1,095	1.37
ASOS	39,855	1,315	1.65
Auto Trader Group	148,028	677	0.85
Boohoo	1,811,719	3,405	4.27
Compass Group	134,142	2,187	2.74
Hostelworld Group	328,852	674	0.85
Informa Group	121,366	821	1.03
Just Eat	302,924	2,107	2.64
Majestic Wine	149,610	407	0.51
On The Beach	227,066	993	1.24
Wizz Air Holdings Plc	27,392	830	1.04
<b>Financials - 14.65% (17.18%)</b>			
Draper Esprit Plc	335,889	1,763	2.21
Hargreaves Lansdown	156,188	2,551	3.20
Helical	176,946	595	0.74
Hiscox plc	84,989	1,204	1.51
IP Group	631,113	669	0.84
Lancashire Holdings	140,432	792	0.99

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Mercia Technologies	1,684,676	478	0.60
Prudential	140,496	2,086	2.61
St. James's Place	165,726	1,555	1.95
<b>Health Care - 12.69% (12.19%)</b>			
Abcam	246,298	3,256	4.08
Benchmark Holdings	1,576,373	867	1.09
Clinigen Group Plc	188,180	1,497	1.88
Genus	50,752	1,130	1.42
Hikma Pharmaceuticals	80,881	1,302	1.63
Horizon Discovery Group	496,265	754	0.94
Vectura Group Plc	1,778,092	1,321	1.65
<b>Industrials - 24.59% (22.32%)</b>			
Ashtead	75,089	1,448	1.81
Experian	108,611	2,077	2.60
Fisher (James) & Sons	49,464	958	1.20
Halstead (James)	119,083	548	0.69
Homeserve	217,113	2,049	2.57
Howden Joinery Group PLC	237,873	1,202	1.51
Oxford Instruments	76,223	685	0.86
Renishaw	56,754	2,649	3.32
Ricardo	212,693	1,285	1.61
Rolls-Royce	111,375	985	1.23
Rotork	639,529	1,757	2.20
Smart Metering Systems	117,036	768	0.96
Spirax-Sarco	31,499	2,016	2.52
Travis Perkins	61,795	756	0.95
Ultra Electronics Hdg.	25,876	332	0.42
Xaar	74,852	112	0.14
<b>Oil &amp; Gas - 1.43% (1.70%)</b>			
Enquest	1,860,235	357	0.45
Tullow Oil	176,041	360	0.45

## Portfolio Statement as at 31 January 2019 cont.

Stock description	Holding	Market value £'000	% of total net assets
Wood Group	77,845	421	0.53
<b>Technology - 8.58% (5.03%)</b>			
Alfa Financial Software	188,189	263	0.33
Aveva Group	75,000	2,041	2.56
FDM Group	103,383	852	1.07
First Derivatives Plc	49,553	1,090	1.36
LoopUp Group	110,268	331	0.41
NCC Group	887,740	1,134	1.42
Softcat	163,891	1,139	1.43
<b>Telecommunications - 0.00% (0.89%)</b>			
<b>Utilities - 0.00% (1.08%)</b>			
<b>Portfolio of investments</b>		<b>78,589</b>	<b>98.47</b>
<b>Net other assets - 1.53% (2.20%)</b>		<b>1,223</b>	<b>1.53</b>
<b>Net assets</b>		<b>79,812</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 January 2018.

# Comparative Tables

## Comparative Table: B Accumulation Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Period Ended 31 January 2018 (pence per share)
<b>Change in net assets per share:</b>		
Opening net asset value per share	106.98	99.80 <sup>1</sup>
Return before operating charges*	(6.42)	7.46
Operating charges	(0.52)	(0.28)
Return after operating charges*	(6.94)	7.18
Distributions	(1.61)	(0.52)
Retained distributions on accumulation shares	1.61	0.52
<b>Closing net asset value per share</b>	<b>100.04</b>	<b>106.98</b>
*After direct transaction costs of:	0.07	0.05
<b>Performance:</b>		
Return after charges	(6.49)%	7.19%
<b>Other Information:</b>		
Closing net asset value (£'000)	382	1
Closing number of shares	381,353	1,009
Operating charges	0.49%	0.54% <sup>3</sup>
Direct transaction costs <sup>4</sup>	0.07%	0.05%
<b>Prices:</b>		
Highest share price (pence)	116.0	110.8
Lowest share price (pence)	93.28	97.84

## Comparative Tables cont.

### Comparative Table: C Accumulation Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Period Ended 31 January 2018 (pence per share)
<b>Change in net assets per share:</b>		
Opening net asset value per share	107.29	99.58 <sup>2</sup>
Return before operating charges*	(6.45)	7.73
Operating charges	(0.03)	(0.02)
Return after operating charges*	(6.48)	7.71
Distributions	(2.13)	(0.81)
Retained distributions on accumulation shares	2.13	0.81
<b>Closing net asset value per share</b>	<b>100.81</b>	<b>107.29</b>
*After direct transaction costs of:	0.07	0.05
<b>Performance:</b>		
Return after charges	(6.04)%	7.74%
<b>Other Information:</b>		
Closing net asset value (£'000)	79,430	84,762
Closing number of shares	78,794,566	79,001,225
Operating charges	0.03%	0.04%
Direct transaction costs <sup>4</sup>	0.07%	0.05%
<b>Prices:</b>		
Highest share price (pence)	116.6	111.1
Lowest share price (pence)	93.94	97.89

<sup>1</sup>Class B Accumulation Shares were launched on 3 August 2017.

<sup>2</sup>Class C Accumulation Shares were launched on 2 August 2018.

<sup>3</sup>With effect from 1 October 2017, the ACD's annual fee for Class B shares was reduced from 0.60% to 0.47%. As at 31 January 2018 the ACD considered 0.51% 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 January 2019

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	1		(6,745)		6,621
Revenue	3	1,696		950	
Expenses	4	(19)		(13)	
Net revenue before taxation		1,677		937	
Taxation	5	-		-	
Net revenue after taxation			1,677		937
Total return before distributions			(5,068)		7,558
Distributions	6		(1,680)		(932)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(6,748)</b>		<b>6,626</b>

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

	2019		2018	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>84,763</b>		<b>-</b>
Amounts receivable on issue of shares	8,098		3,804	
Amounts payable on cancellation of shares	(8,046)		(60,842)	
Scheme of Arrangement transfer in on issue of shares	-		134,387	
		52		77,349
Dilution adjustment		67		148
Change in net assets attributable to shareholders from investment activities		(6,748)		6,626
Retained distributions on accumulation shares		1,678		640
<b>Closing net assets attributable to shareholders</b>		<b>79,812</b>		<b>84,763</b>

## Financial Statements cont.

### Balance Sheet as at 31 January 2019

	Notes	2019 £'000	2018 £'000
<b>Assets:</b>			
Fixed assets:			
Investments	13	78,589	82,900
Current assets:			
Debtors	8	244	1,602
Cash and bank balances	9	1,101	495
<b>Total assets</b>		<b>79,934</b>	<b>84,997</b>
<b>Liabilities:</b>			
Creditors:			
Bank overdrafts	9	(18)	(121)
Other creditors	10	(104)	(113)
<b>Total liabilities</b>		<b>(122)</b>	<b>(234)</b>
<b>Net assets attributable to shareholders</b>		<b>79,812</b>	<b>84,763</b>

# Notes to the Financial Statements

## 1 Net capital gains/(losses)

	2019	2018
	£'000	£'000
Non-derivative securities	(6,743)	6,624
Transaction costs	(2)	(3)
<b>Net capital gains/(losses)</b>	<b>(6,745)</b>	<b>6,621</b>

## 2 Purchases, sales and transaction costs

	2019	2018
	£'000	£'000
<b>Purchases and transaction costs</b>		
Purchases of equities	14,417	6,876
Equity transferred in	-	134,387
Gross purchases of equities excluding transaction costs	14,417	141,263
Commissions	6	2
Taxes	40	26
Total transaction costs on equity purchases <sup>1</sup>	46	28
<b>Purchases including transaction costs</b>	<b>14,463</b>	<b>141,291</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	0.04	0.00
Taxes on equity purchases	0.28	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>		
Gross sales of equities excluding transaction costs	12,038	65,033
Commissions	(7)	(18)
Taxes	-	-
Total transaction costs on equity sales <sup>1</sup>	(7)	(18)
<b>Sales net of transaction costs</b>	<b>12,031</b>	<b>65,015</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	(0.06)	(0.03)
Taxes on equity sales	0.00	0.00

	2019		2018	
	£'000	% of average NAV	£'000	% of average NAV
<b>Portfolio transaction costs</b>				
Commissions	13	0.02	20	0.02
Taxes	40	0.05	26	0.03
<b>Total direct transaction costs</b>	<b>53</b>	<b>0.07</b>	<b>46</b>	<b>0.05</b>

	2019	2018
	%	%
Average portfolio dealing spread	0.38	0.36

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	1,501	871
Overseas dividends	182	66
Property income	9	12
Bank interest	4	1
<b>Total revenue</b>	<b>1,696</b>	<b>950</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	2	-
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fee	9	6
Bank charges	2	1
	11	7
<b>Other expenses:</b>		
Audit fee	6	6
<b>Total expenses</b>	<b>19</b>	<b>13</b>

### 5 Taxation

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

At 31 January 2019, the Fund had excess management expenses of £7,000 (2018: £1,000) which have not been recognised as a deferred tax asset. This is because the Fund is not expected to generate taxable income in a future period in excess of the deductible expenses of that future period and, accordingly, the Fund is unlikely to be able to reduce future tax liabilities through the use of existing excess expenses.

## Notes to the Financial Statements cont.

### 5 Taxation (continued)

The tax charge is explained as follows:

	2019	2018
	£'000	£'000
Net revenue/(expense) before taxation	1,677	937
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% (2018: 20%)	335	187
Effects of:		
Non-taxable UK dividends	(300)	(174)
Non-taxable overseas dividends	(36)	(13)
Excess management expenses	1	-
<b>Total taxation</b>	<b>-</b>	<b>-</b>

### 6 Distributions

	2019	2018
	£'000	£'000
Interim to 31 July	389	-
Final to 31 January	1,289	640
	<b>1,678</b>	<b>640</b>
Amounts deducted on cancellation of shares	81	303
Amounts added on issue of shares	(79)	(11)
<b>Total distributions</b>	<b>1,680</b>	<b>932</b>

The distributions take account of 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	1,677	937
Add distributable revenue brought forward	5	-
Less distributable revenue carried forward	(2)	(5)
<b>Net distributions for the year</b>	<b>1,680</b>	<b>932</b>

## Notes to the Financial Statements cont.

### 8 Debtors

	2019	2018
	£'000	£'000
Receivable for issue of shares	48	66
Sales awaiting settlement	-	1,379
Accrued income	158	129
Overseas tax recoverable	38	28
<b>Total debtors</b>	<b>244</b>	<b>1,602</b>

### 9 Cash and bank balances

	2019	2018
	£'000	£'000
Sterling bank accounts	1,101	495
	1,101	495
Sterling bank accounts overdrawn	(18)	(121)
<b>Total cash and bank balances</b>	<b>1,083</b>	<b>374</b>

### 10 Other creditors

	2019	2018
	£'000	£'000
Payable for cancellation of shares	96	72
Purchases awaiting settlement	-	32
Due to the Depositary or associates	2	3
Other accrued expenses	6	6
<b>Total other creditors</b>	<b>104</b>	<b>113</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 to 31 January 2018, as part of an internal restructuring, the assets of Baillie Gifford Life Limited, an associate of the ACD, relevant to the policy of Baillie Gifford UK Equity Focus Pension Fund were transferred into the Fund in exchange for shares in the Fund. During the year ended 31 January 2019, all shares in the Fund which were owned by Baillie Gifford Life Limited were transferred to the direct ownership of the relevant policy holders of Baillie Gifford Life Limited.

## 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	70.41

### 12 Reconciliation of shares in issue

	2019	
	B Accumulation	C Accumulation
	Shares	Shares
Opening shares in issue	1,009	79,001,225
Shares issued	282,181	7,456,868
Shares cancelled	(35,638)	(7,530,110)
Shares converted	133,801	(133,417)
<b>Closing shares in issue</b>	<b>381,353</b>	<b>78,794,566</b>

### 13 Basis of valuation

	2019	2018
	Assets	Assets
	£'000	£'000
Level 1: Quoted prices	78,589	82,900
Level 2: Observable market data	-	-
Level 3: Unobservable data	-	-
<b>Total</b>	<b>78,589</b>	<b>82,900</b>

## Distribution Tables

### Interim distribution for the period ended 31 July 2018

Group 1 : shares purchased prior to 1 February 2018

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

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 30.09.18)	Distribution (paid/accumulated 30.09.17)
	31.07.18 pence per share	31.07.18 pence per share	31.07.18 pence per share	31.07.17 pence per share
B Accumulation				
Group 1	0.35000	-	0.35000	n/a
Group 2	-	0.35000	0.35000	n/a
C Accumulation				
Group 1	0.50000	-	0.50000	n/a
Group 2	-	0.50000	0.50000	n/a

### Final distribution for the period ended 31 January 2019

Group 1 : shares purchased prior to 1 August 2018

Group 2 : shares purchased 1 August 2018 to 31 January 2019

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 31.03.19)	Distribution (paid/accumulated 31.03.18)
	31.01.19 pence per share	31.01.19 pence per share	31.01.19 pence per share	31.01.18 pence per share
B Accumulation				
Group 1	1.26000	-	1.26000	0.52000
Group 2	1.26000	-	1.26000	0.52000
C Accumulation				
Group 1	1.63000	-	1.63000	0.81000
Group 2	0.44994	1.18006	1.63000	0.81000

# BAILLIE GIFFORD

## Glenfinlas Global Fund

---

a sub-fund of Baillie Gifford UK & Balanced Funds ICVC

*Annual Report & Financial Statements  
for the year ended 31 January 2019*



## Investment Report

Following the redemption of all outstanding shares on 13 November 2015, the ACD is no longer actively seeking subscriptions for the Fund.



## Principal Holdings as at 31 January 2019

Investment	Percentage of total Fund
Espirito Santo Financial <sup>1</sup>	0.00
African Minerals Ltd <sup>2</sup>	0.00
SNS Reaal <sup>3</sup>	0.00

<sup>1</sup>This stock was suspended at the year end and has been valued at the Investment Adviser's valuation.

<sup>2</sup>This stock was in administration at the year end and has been valued at the Investment Adviser's valuation.

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

This Fund is no longer available for subscription. On 13 November 2015, all shares in the Fund were redeemed and the proceeds paid to the shareholders on 18 November 2015. The remaining holdings have been valued at zero, based on the Investment Adviser's valuation, as detailed in the Portfolio Statement.

## Portfolio Statement as at 31 January 2019

Stock description	Holding	Market value £'000	% of total net assets
<b>Luxembourg - 0.00% (0.00%)</b>			
Espirito Santo Financial <sup>1</sup>	32,000	-	0.00
<b>Netherlands - 0.00% (0.00%)</b>			
SNS Reaal <sup>2</sup>	133,875	-	0.00
<b>United Kingdom - 0.00% (0.00%)</b>			
African Minerals Ltd <sup>3</sup>	51,500	-	0.00
<b>Portfolio of investments</b>		<b>-</b>	<b>0.00</b>
<b>Net other liabilities - 0.00% (0.00%)</b>		<b>-</b>	<b>0.00</b>
<b>Net assets</b>		<b>-</b>	<b>0.00</b>

<sup>1</sup>This stock was suspended at the year end and has been valued at the Investment Adviser's valuation.

<sup>2</sup>This stock was delisted at the year end and has been valued at the Investment Adviser's valuation.

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

All investments are approved securities within the meaning of the FCA rules unless otherwise stated.

Figures in brackets refer to 31 January 2017.

This Fund is no longer available for subscription. On 13 November 2015, all shares in the Fund were redeemed and the proceeds paid to the shareholders on 18 November 2015.

# Comparative Tables

## Comparative Table: Z Accumulation Shares

	Financial Year Ended 31 January 2019 (pence per share)	Financial Year Ended 31 January 2018 (pence per share)	Financial Year Ended 31 January 2017 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	0.00	0.00	0.00
Return before operating charges*	-	-	-
Operating charges	-	-	-
Return after operating charges*	-	-	-
<b>Closing net asset value per share</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
*After direct transaction costs of:	n/a	n/a	n/a
<b>Performance:</b>			
Return after charges	-	-	-
<b>Other Information:</b>			
Closing net asset value (£'000)	-	-	-
Closing number of shares <sup>1</sup>	-	-	-
Operating charges	-	-	-
Direct transaction costs <sup>2</sup>	-	-	-
<b>Prices:</b>			
Highest share price (pence)	n/a	n/a	n/a
Lowest share price (pence)	n/a	n/a	n/a

<sup>1</sup>This Fund is no longer available for subscription. On 13 November 2015, all shares in the Fund were redeemed and the proceeds paid to the shareholders on 18 November 2015.

<sup>2</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 January 2019

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	1		-		-
Revenue	3	-		-	
Expenses	4	-		-	
Net revenue before taxation		-		-	
Taxation	5	-		-	
Net revenue after taxation			-		-
Total return before distributions			-		-
Distributions	6		-		-
<b>Change in net assets attributable to shareholders from investment activities</b>			-		-

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

	2019		2018	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		-		-
Amounts receivable on issue of shares	-		-	
Amounts payable on cancellation of shares	-		-	
		-		-
Dilution adjustment		-		-
Change in net assets attributable to shareholders from investment activities		-		-
<b>Closing net assets attributable to shareholders</b>		-		-

## Financial Statements cont.

### Balance Sheet as at 31 January 2019

	Notes	2019 £'000	2018 £'000
<b>Assets:</b>			
Fixed assets:			
Investments	13	-	-
Current assets:			
Debtors	8	2	4
Cash and bank balances	9	5	6
<b>Total assets</b>		<b>7</b>	<b>10</b>
<b>Liabilities:</b>			
Creditors:			
Bank overdrafts	9	(3)	-
Other creditors	10	(4)	(10)
<b>Total liabilities</b>		<b>(7)</b>	<b>(10)</b>
<b>Net assets attributable to shareholders</b>		<b>-</b>	<b>-</b>

# Notes to the Financial Statements

## 1 Net capital gains/(losses)

	2019	2018
	£'000	£'000
<b>Net capital gains/(losses)</b>	-	-

## 2 Purchases, sales and transaction costs

	2019	2018
	£'000	£'000
<b>Purchases and transaction costs</b>		
Purchases of equities	-	-
Equity transferred in	-	-
Gross purchases of equities excluding transaction costs	-	-
Commissions	-	-
Taxes	-	-
Total transaction costs on equity purchases <sup>1</sup>	-	-
<b>Purchases including transaction costs</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	0.00	0.00
Taxes on equity purchases	0.00	0.00

	2019	2018
	£'000	£'000
<b>Sales and transaction costs</b>		
Gross sales of equities excluding transaction costs	-	-
Commissions	-	-
Taxes	-	-
Total transaction costs on equity sales <sup>1</sup>	-	-
<b>Sales net of transaction costs</b>	-	-

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

## Notes to the Financial Statements cont.

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

	2019		2018	
	%		%	
Transaction costs as a percentage of principal amount				
Commission on equity sales	0.00		0.00	
Taxes on equity sales	0.00		0.00	
	2019		2018	
	£'000	% of average NAV	£'000	% of average NAV
Portfolio transaction costs				
Commissions	-	0.00	-	0.00
Taxes	-	0.00	-	0.00
Total direct transaction costs	-	0.00	-	0.00
	2019		2018	
	%		%	
Average portfolio dealing spread	0.00		0.00	

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

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

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

### 3 Revenue

	2019	2018
	£'000	£'000
<b>Total revenue</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements cont.

### 4 Expenses

	2019	2018
	£'000	£'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
Expenses rebate	(4)	(12)
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fee	-	-
Bank charges	-	2
	-	2
<b>Other expenses:</b>		
Audit fee	4	4
Professional fees	-	6
<b>Total expenses</b>	-	-

### 5 Taxation

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

The Fund is subject to corporation tax at 20% (2017: 20%), however, the majority of dividends received by the Fund are not liable to corporation tax. Accordingly, the tax deductible expenses combined with offsetable overseas tax exceed the taxable income of the Fund and the result is no corporation tax payable by the Fund.

	2019	2018
	£'000	£'000
Net revenue/(expense) before taxation	-	-
Net expense before taxation multiplied by the standard rate of corporation tax of 20% (2018: 20%)	-	-
<b>Total taxation</b>	-	-

### 6 Distributions

	2019	2018
	£'000	£'000
<b>Total distributions</b>	-	-

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



## Notes to the Financial Statements cont.

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

	2019	2018
	£'000	£'000
Net revenue after taxation for the year	-	-
<b>Net distributions for the year</b>	<b>-</b>	<b>-</b>

### 8 Debtors

	2019	2018
	£'000	£'000
Amounts due from ACD	2	4
<b>Total debtors</b>	<b>2</b>	<b>4</b>

### 9 Cash and bank balances

	2019	2018
	£'000	£'000
Sterling bank accounts	5	6
	5	6
Sterling bank accounts overdrawn	(3)	-
<b>Total cash and bank balances</b>	<b>2</b>	<b>6</b>

### 10 Other creditors

	2019	2018
	£'000	£'000
Due to the ACD or associates	-	8
Other accrued expenses	4	2
<b>Total other creditors</b>	<b>4</b>	<b>10</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.

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. Any amount due to be refunded back to the ACD, relating to surplus revenue, is given in note 10.

## Notes to the Financial Statements cont.

### 12 Reconciliation of shares in issue

	2019
	Z Accumulation
Opening shares in issue	-
Shares issued	-
Shares cancelled	-
Shares converted	-
<b>Closing shares in issue</b>	<b>-</b>

### 13 Basis of valuation

	2019	2018
	Assets	Assets
	£'000	£'000
Level 1: Quoted prices	-	-
Level 2: Observable market data	-	-
Level 3: Unobservable data	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

# Distribution Table

Final distribution for the year ended 31 January 2019

Group 1 : shares purchases prior to 1 February 2018

Group 2 : shares purchased 1 February 2018 to 31 January 2019

	Net Revenue	Equalisation	Distribution (paid/accumulated 31.03.19)	Distribution (paid/accumulated 31.03.18)
	31.01.19 pence per share	31.01.19 pence per share	31.01.19 pence per share	31.01.18 pence per share
Z Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-



## 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 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.

### Share Classes

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

Class C Shares 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.

Class G shares are only available to persons who were previously invested in Baillie Gifford International Private Pension Fund or Baillie Gifford UK Private Pension Fund (pension funds that were unit-linked funds of Baillie Gifford Life Limited, an associate of the ACD) and such other persons as the ACD may permit at its sole discretion.

Class K Shares 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.

The minimum lump sum investments are shown in the table on page 283.

### Equalisation

The Company will operate grouping for equalisation. Each class of shares will operate its own equalisation account. Shares purchased during a distribution period are called Group 2 shares. Shares purchased during any

## General Information cont.

### Equalisation cont.

previous distribution 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 sub-fund that has accrued up to the date of purchase. The amount of equalisation is averaged across all the holders 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.

### Fund Charges and Costs

A further explanation of charges and costs relating to the 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.

### Conflicts of Interest

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 persons associated with them 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 interests of the Company so far as practicable, having regard to its 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 Disclaimer

No third party data provider ('Provider') makes any warranty, express or implied, as to the accuracy, completeness or timeliness of the data contained herewith nor as to the results to be obtained by recipients of the data. No Provider shall in any way be liable to any recipient of the data for any inaccuracies, errors or omissions in the index data included in this document, regardless of cause, or for any damages (whether direct or indirect) resulting therefrom.

No Provider has any obligation to update, modify or amend the data or to otherwise notify a recipient thereof in the event that any matter stated herein changes or subsequently becomes inaccurate.

Without limiting the foregoing, no Provider shall have any liability whatsoever to you, whether in contract (including under an indemnity), in tort (including negligence), under a warranty, under statute or otherwise, in respect of any loss or damage suffered by you as a result of or in connection with any opinions, recommendations, forecasts, judgments, or any other conclusions, or any course of action determined, by you or any third party, whether or not based on the content, information or materials contained herein.

## General Information cont.

### Third Party Data Provider Disclaimer cont.

---

#### **MSCI Index Data**

The MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an 'as is' basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the 'MSCI Parties') expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. ([www.msci.com](http://www.msci.com))

#### **FTSE Index Data**

"FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. All rights in the FTSE indices and / or FTSE ratings vest in FTSE and / or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data and no party may rely on any FTSE indices, ratings and / or data underlying data contained in this communication. No further distribution of FTSE Data is permitted without FTSE's express written consent. FTSE does not promote, sponsor or endorse the content of this communication.



## General Information cont.

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

	Class A	Class B	Class C	Class G <sup>1</sup>	Class K	Class Z
<b>Minimum lump sum investments:</b>						
Baillie Gifford British Smaller Companies Fund	£1,000	£1,000	£250,000	n/a	n/a	n/a
Baillie Gifford Global Alpha Growth Fund	£1,000	£1,000	£250,000	n/a	n/a	n/a
Baillie Gifford Global Income Growth Fund	£1,000	£1,000	£250,000	n/a	n/a	n/a
Baillie Gifford International Fund	£1,000	£1,000	£250,000	£250,000	n/a	n/a
Baillie Gifford Managed Fund	£1,000	£1,000	£250,000	n/a	£250,000	n/a
Baillie Gifford Responsible Global Equity Income Fund <sup>2</sup>	£1,000	£1,000	£250,000	n/a	n/a	n/a
Baillie Gifford UK and Worldwide Equity Fund	n/a	£1,000	£250,000	n/a	n/a	n/a
Baillie Gifford UK Equity Alpha Fund	£1,000	£1,000	£250,000	£250,000	n/a	n/a
Baillie Gifford UK Equity Focus Fund	n/a	£1,000	£250,000	n/a	n/a	n/a
Glenfinlas Global Fund <sup>3</sup>	n/a	n/a	n/a	n/a	n/a	n/a
<b>ACD's annual fee:</b>						
Baillie Gifford British Smaller Companies Fund	1.50%	0.65%	Nil	n/a	n/a	n/a
Baillie Gifford Global Alpha Growth Fund	1.42%	0.57%	Nil	n/a	n/a	n/a
Baillie Gifford Global Income Growth Fund	1.42%	0.57%	Nil	n/a	n/a	n/a
Baillie Gifford International Fund	1.42%	0.57%	Nil	0.50%	n/a	n/a
Baillie Gifford Managed Fund	1.50%	0.40%	Nil	n/a	0.32%	n/a
Baillie Gifford Responsible Global Equity Income Fund <sup>2</sup>	n/a	0.57%	Nil	n/a	n/a	n/a
Baillie Gifford UK and Worldwide Equity Fund	n/a	0.45%	Nil	n/a	n/a	n/a
Baillie Gifford UK Equity Alpha Fund	1.40%	0.55%	Nil	0.50%	n/a	n/a
Baillie Gifford UK Equity Focus Fund	n/a	0.47%	Nil	n/a	n/a	n/a
Glenfinlas Global Fund <sup>3</sup>	n/a	n/a	Nil	n/a	n/a	n/a

<sup>1</sup>Class G Shares were launched on 6 February 2018.

<sup>2</sup>Baillie Gifford Responsible Global Equity Income Fund launched on 6 December 2018.

<sup>3</sup>Glenfinlas Global Fund is no longer available for subscription.

## General Information cont.

### Active Share

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

Sub-fund	Active Share	Comparative Index
Baillie Gifford British Smaller Companies Fund	90%	FTSE Small Cap (ex-Investment Trust) Index
Baillie Gifford Global Alpha Growth Fund	90%	MSCI All Country World Index
Baillie Gifford Global Income Growth Fund	89%	FTSE All World Index
Baillie Gifford International Fund	89%	MSCI All Country World ex-UK Index
Baillie Gifford Managed Fund	84%	Mean of the Investment Association Mixed 40-85% Shares Sector <sup>1</sup>
Baillie Gifford Responsible Global Equity Income Fund	90%	FTSE All World Index
Baillie Gifford UK and Worldwide Equity Fund	76%	Composite Index. 60% FTSE All Share Index and 40% overseas. The overseas element is made up of 28% FTSE North America Index; 28% FTSE Europe (ex UK) Index; 28% MSCI Pacific Index; and 16% MSCI Emerging Markets Index.
Baillie Gifford UK Equity Alpha Fund	88%	FTSE All Share Index
Baillie Gifford UK Equity Focus Fund	82%	FTSE All Share Index

<sup>1</sup>As this is a peer group benchmark, and therefore stock-level data is unavailable, we instead use an appropriately weighted composite of representative indices to estimate active share.

## General Information cont.

### Corporate Governance

---

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

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

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

## The Group's Funds

### Baillie Gifford Bond Funds ICVC

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

### Baillie Gifford Investment Funds ICVC

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

### Baillie Gifford Investment Funds II ICVC

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

### Baillie Gifford Overseas Growth Funds ICVC

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

### Baillie Gifford UK & Balanced Funds ICVC

Baillie Gifford British Smaller Companies Fund
Baillie Gifford Global Alpha Growth Fund
Baillie Gifford Global Income Growth Fund
Baillie Gifford International Fund
Baillie Gifford Managed Fund
Baillie Gifford Responsible Global Equity Income Fund <sup>7</sup>
Baillie Gifford UK and Worldwide Fund
Baillie Gifford UK Equity Alpha Fund
Baillie Gifford UK Equity Focus Fund
Glenfinlas Global Fund <sup>8</sup>

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

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

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

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

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

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

<sup>7</sup>Baillie Gifford Responsible Global Equity Income Fund launched on 6 December 2018.

<sup>8</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.

