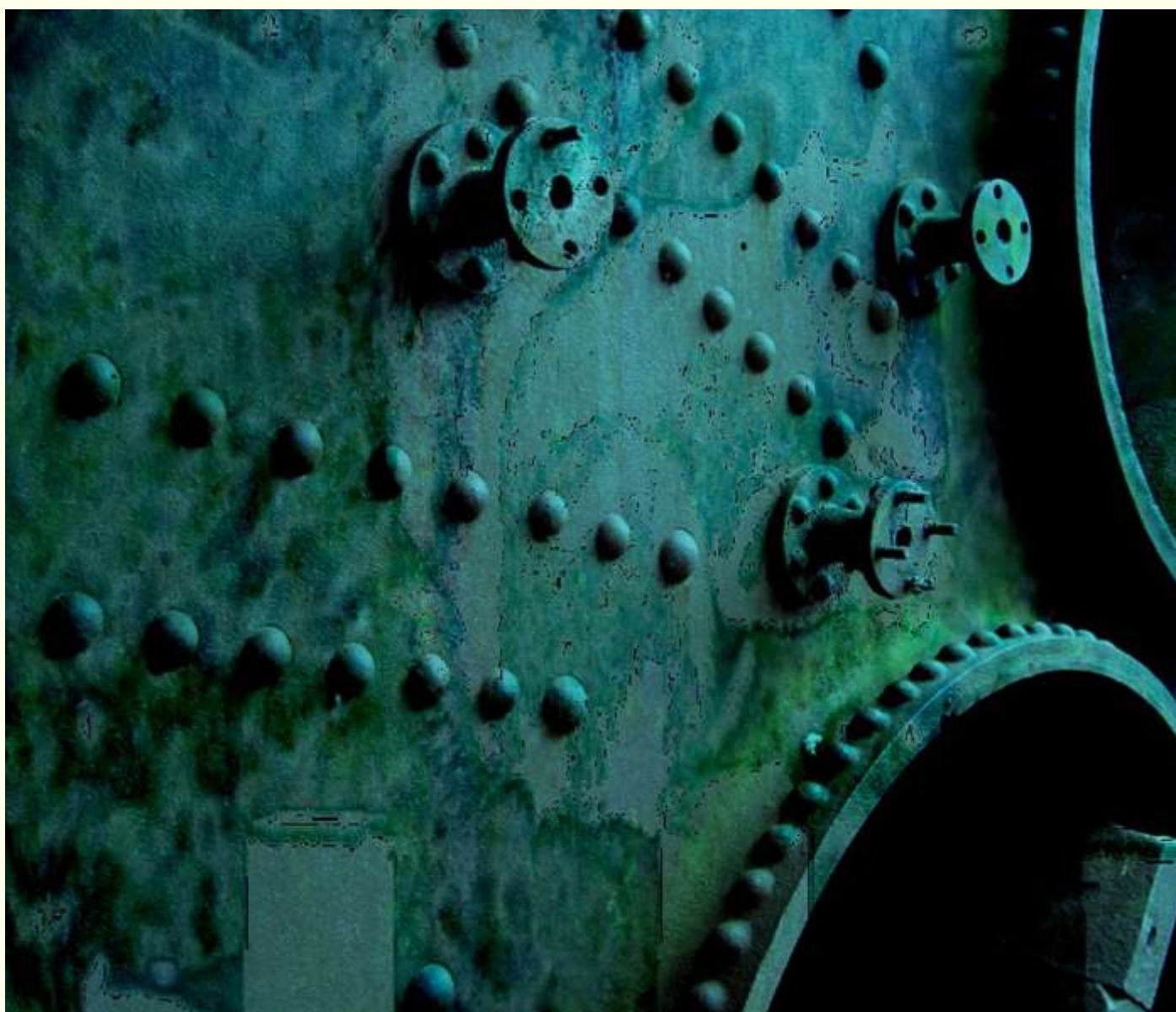


BAILLIE GIFFORD

Scottish Parliamentary Contributory Pension Fund

Report for the quarter ended
30 September 2018



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Online Reporting

You can access all your reports and other up-to-date portfolio information via our secure Online Client Service site <https://clients.bailliegifford.com>



Close Up Iron manufacturing machinery.

© Plain Picture

Valuation

	30 June 2018 (GBP)	30 September 2018 (GBP)
Baillie Gifford Managed Fund B Accum	55,011,634	56,611,409
Baillie Gifford Diversified Growth Fund B2 Acc	24,669,556	25,069,814
Total	79,681,190	81,681,223

Performance to 30 September 2018 (%)

	Fund (Net)	Benchmark
Baillie Gifford Managed Fund		
Five Years (p.a.)	11.0	7.1
Three Years (p.a.)	16.2	10.0
One Year	13.1	5.4
Quarter	3.0	1.4
	Fund (Net)	Base Rate +3.5%
Baillie Gifford Diversified Growth Fund		
Five Years (p.a.)	4.5	4.0
Three Years (p.a.)	4.9	3.9
One Year	0.5	4.0
Quarter	0.0	1.0

Source
Baillie Gifford Managed Fund: StatPro
Baillie Gifford Diversified Growth Fund: StatPro

Performance to 30 September (%)

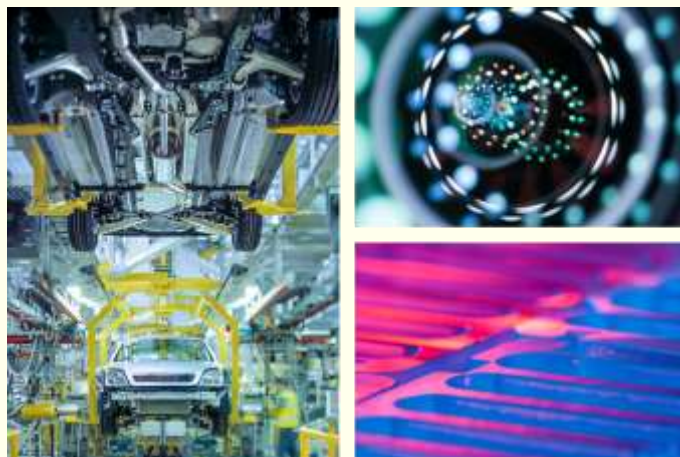
	Fund Gross	Fund Net†	Benchmark
Five Years (p.a.)	11.4	11.0	7.1
Three Years (p.a.)	16.6	16.2	10.0
One Year	13.5	13.1	5.4
Quarter	3.1	3.0	1.4

†Net of pooled fund's standard management charge.
 Source: StatPro, Financial Express

Whilst aware of the macroeconomic and political backdrop, our preferred approach is to focus on the long-term growth drivers of the businesses we own on your behalf

Recent performance has been exceptionally strong and we are mindful that there will inevitably be periods of weakness over the short term

We hope that the consistent application of our approach will allow us to identify some fabulous growth businesses for many years ahead



Performance Objective

The objective is to produce capital growth over the long term.

Performance

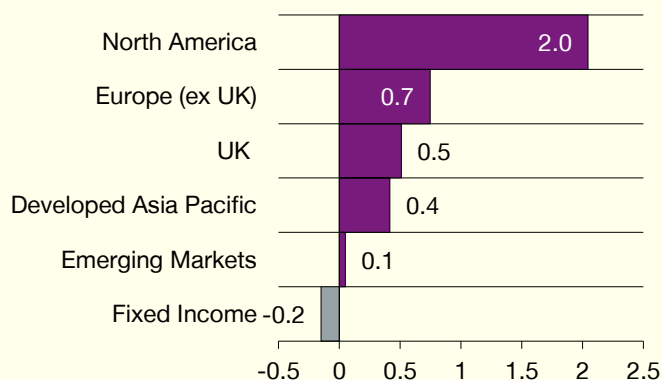
This table indicates the absolute and relative performance of the portfolio together with benchmark returns.

	Fund Net (%)	Benchmark (%)	Difference (%)
Five Years (p.a.)	11.0	7.1	3.9
Three Years (p.a.)	16.2	10.0	6.2
One Year	13.1	5.4	7.6
Quarter	3.0	1.4	1.6

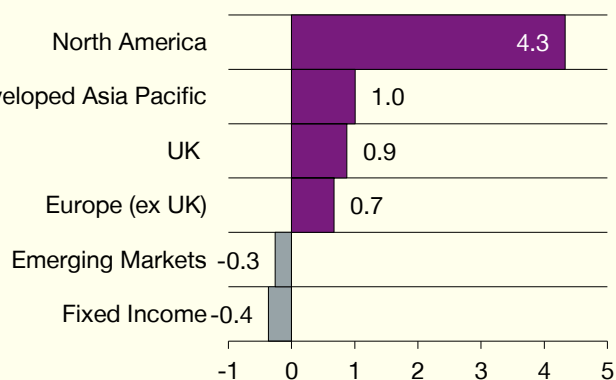
Source: StatPro, Financial Express

Stock Selection Contribution by Asset Class (%)

Three Years (p.a.)



One Year



Source: StatPro

Returns by Asset Class

Three Years (p.a.)

	Fund (%)	Benchmark (%)
North America	37.5	22.9
Developed Asia Pacific	24.0	19.6
Emerging Markets	21.1	17.5
Europe (ex UK)	20.4	15.1
UK	13.9	11.5
Fixed Income	4.2	5.4
Total	16.2	10.0

One Year

	Fund (%)	Benchmark (%)
North America	50.8	20.3
Developed Asia Pacific	22.6	12.5
UK	10.1	5.9
Europe (ex UK)	6.5	2.5
Fixed Income	-0.5	1.5
Emerging Markets	-1.8	1.9
Total	13.1	5.4

Source: StatPro, Financial Express, Barclays, FTSE, ICE Data Indices, JP Morgan

Top and Bottom Ten Contributors

Three Years (p.a.)

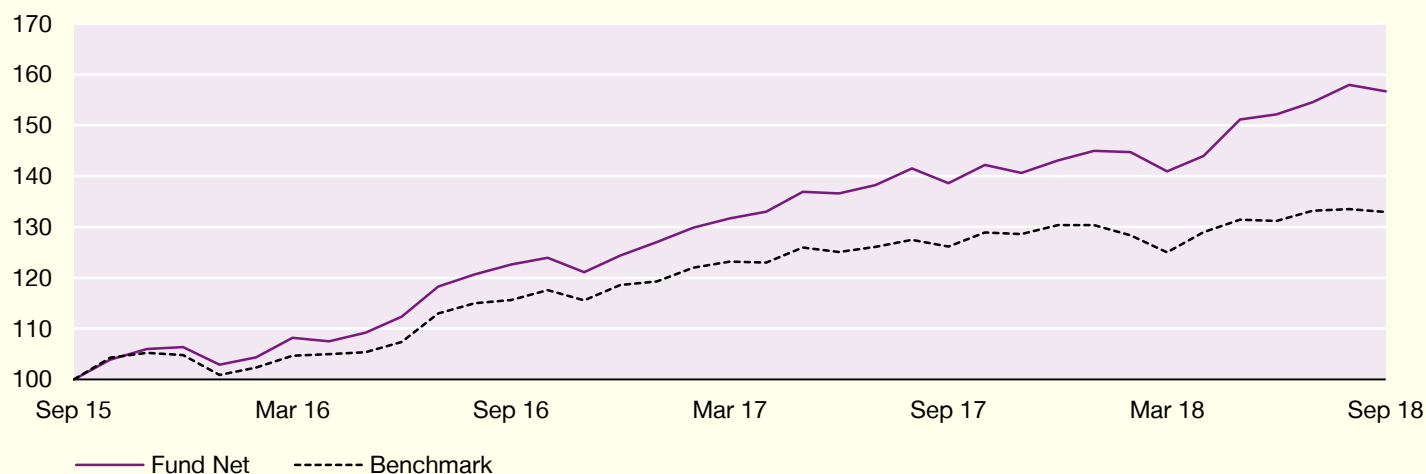
Asset Name	Ave Fund Weight (%)	Benchmark (%)	% Relative Impact
Amazon.com	1.6	0.3	0.5
Grubhub Inc	0.6	0.0	0.4
ABIOMED	0.5	0.0	0.3
Netflix Inc	0.5	0.1	0.2
Wayfair Inc	0.4	0.0	0.2
Carl Zeiss Meditec	0.6	0.0	0.2
Ashtead	1.0	0.1	0.2
Shiseido	0.5	0.0	0.1
Illumina	0.6	0.0	0.1
MarketAxess Holdings	0.8	0.0	0.1
BP	0.0	1.2	-0.2
Royal Dutch Shell	0.9	2.4	-0.2
Capita	0.3	0.1	-0.1
Glencore International	0.0	0.4	-0.1
Apple	0.0	0.5	-0.1
Microsoft	0.0	0.4	-0.1
Travis Perkins	0.4	0.1	-0.1
TripAdvisor	0.3	0.0	-0.1
Dia	0.3	0.0	-0.1
Just Group	0.3	0.0	-0.1

One Year

Asset Name	Ave Fund Weight (%)	Benchmark (%)	% Relative Impact
Amazon.com	2.0	0.4	1.1
Grubhub Inc	1.1	0.0	0.9
ABIOMED	0.8	0.0	0.7
Netflix Inc	0.9	0.1	0.6
Wayfair Inc	0.6	0.0	0.5
Illumina	0.8	0.0	0.4
Carl Zeiss Meditec	0.8	0.0	0.3
Shiseido	0.5	0.0	0.3
SBI Holdings	0.4	0.0	0.3
Sartorius Stedim Biotech	0.3	0.0	0.3
BP	0.0	1.2	-0.3
Royal Dutch Shell	0.9	2.5	-0.2
Apple	0.0	0.6	-0.2
Dia	0.2	0.0	-0.2
Microsoft	0.0	0.5	-0.2
Just Group	0.5	0.0	-0.2
Ryanair Holdings	0.8	0.0	-0.2
Tesla Inc	1.1	0.0	-0.2
Svenska Handelsbanken	0.9	0.0	-0.2
Suruga Bank Ltd	0.1	0.0	-0.1

Source: StatPro, Financial Express, Barclays, FTSE, ICE Data Indices, JP Morgan

Portfolio and Benchmark Returns Over Three Years

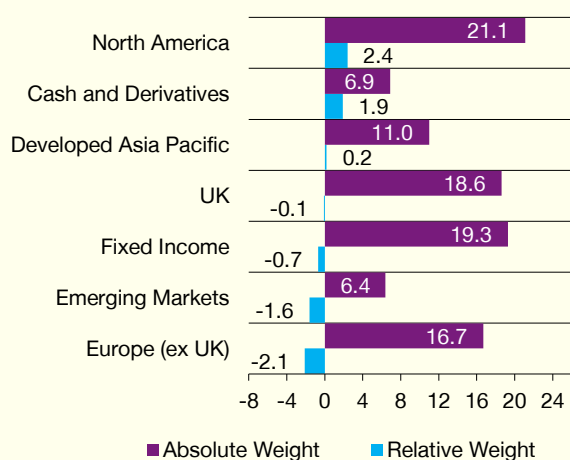


Source: StatPro, Financial Express

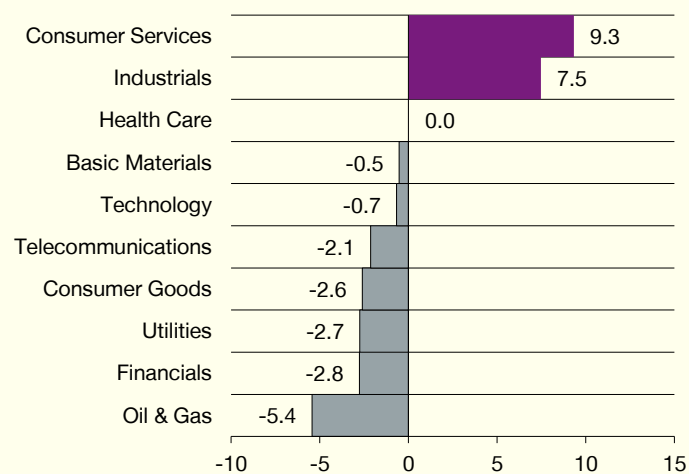
Top Twenty Equity Holdings

Company Name	Description of Business	% of Portfolio
Amazon.com	Online retailer	2.6
Grubhub	US online food services	1.5
Netflix	Subscription service for TV shows and movies	1.1
Abiomed	Manufacturer of medical implant devices	1.1
Illumina	Manufacturer of gene sequencing equipment and consumables	1.0
Wayfair	Online household goods retailer	1.0
BHP Billiton	Diversified miner	0.9
Investor	Swedish industrial holdings company	0.9
Tesla Inc	Electric cars and renewable energy solutions	0.9
Carl Zeiss Meditec	Medical technology for ophthalmology	0.9
Alphabet	Online search engine	0.9
Prudential	International life insurer	0.9
Alfa Laval	Swedish industrial conglomerate	0.8
Svenska Handelsbanken	Swedish retail bank	0.8
IMCD	Speciality only chemical distributor	0.8
Sartorius Stedim Biotech	International provider of laboratory and process technologies and equipment	0.8
EXOR	Investment company	0.8
Royal Dutch Shell	Integrated oil company	0.8
Facebook	Social networking website	0.7
Mettler-Toledo	Swiss manufacturer of precision weighing equipment	0.7
Total		20.1

Asset Allocation Positions* (%)



Relative Equity Portfolio Industry Positions (%)



Source: Baillie Gifford & Co, Barclays, FTSE, JP Morgan

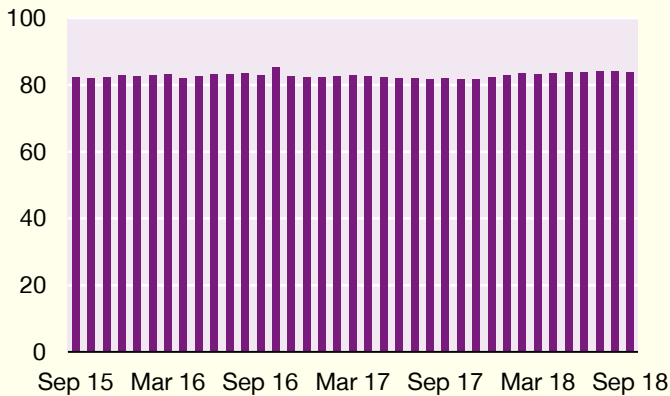
Source: Baillie Gifford & Co, FTSE

*Measured relative to the Fund's Strategic Asset Allocation: 75% equities, 20% bonds and 5% cash. 75% equities comprised of: 18.75% UK, North America, Europe (ex UK) and Asia (of which 10.75% is Developed Asia and 8% is Emerging Markets).

Our approach to risk is influenced by our belief that risk is a complex topic which cannot be reduced to a single statistic

Consequently, this page contains a selection, but by no means all, of the metrics we use to help monitor and control the risk exposures in the portfolio - some of which are there to help ensure we are taking sufficient risk to meet your investment objective

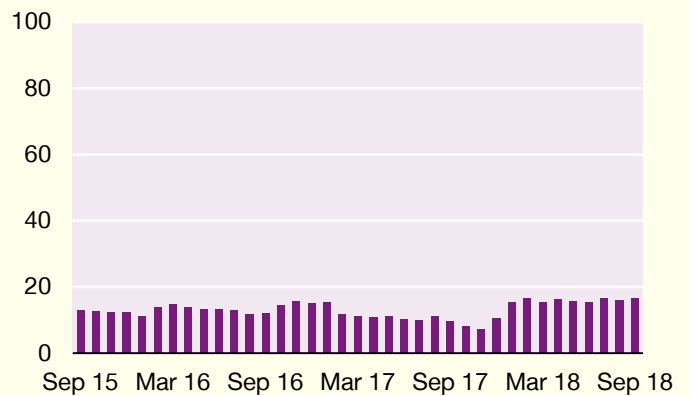
Active Share (%)



Source: APT, FTSE

Active Share – This is a measure of how actively managed the equity in your portfolio is. “Active Share” ranges from 0% to 100%. If the fund is exactly in line with the benchmark then “Active Share” will be 0%. If the fund has no commonality with the benchmark then “Active Share” will be 100%. Active Share is calculated by taking 100 minus “Common Money” (the % of the portfolio that overlaps with the index). For the calculation of “Common Money”, for each stock the smaller of either the portfolio or benchmark weight is taken, and these numbers are then summed.

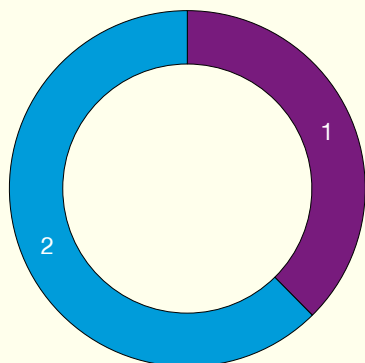
Rolling One Year Turnover (%)



Rolling One Year Turnover is calculated as the lesser of the sum of all equity purchases and the sum of all equity sales in each month divided by the month end market value, summed over 12 months. Turnover is a measure of average investment horizon, the lower the turnover the longer the average investment horizon.

Predicted Tracking Error 2.8%

Tracking Error Split



1 Stock Specific	38%
2 Themes (Industry and Style)	62%

Source: APT, Barclays, FTSE, JP Morgan. Tracking error is the standard deviation of returns relative to benchmark and is sometimes called relative risk. Tracking error indicates how far performance might differ from the benchmark under certain assumptions. A higher number indicates a greater potential difference between fund and benchmark returns under these assumptions.

Ten Largest Contributors to Stock Specific Risk

Name	% Active Weight	% of Stock Specific Risk
Grubhub Inc	1.5	13.7
Wayfair Inc	1.0	7.5
Amazon.com	2.0	6.0
Netflix Inc	1.0	4.8
Abiomed	1.1	4.4
Tesla Inc	0.9	4.3
Illumina	1.0	3.5
Novocure Ltd	0.4	3.0
Stitch Fix	0.3	2.5
Spotify Technology SA	0.6	1.8

APT risk models are used to generate the predicted tracking error shown and to split between themes and stock specific risk. APT also identifies the stock positions which add most specific risk to the portfolio. APT is a third party system which computes tracking error based on the past 3.5 years of asset return data.

List of Holdings
Baillie Gifford Managed Fund

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Asset Name	Fund %
Equities	
UK	
Prudential	0.89
Royal Dutch Shell B Shares	0.75
BHP Billiton	0.72
St. James's Place	0.71
Baillie Gifford British Smaller Companies Fund	0.71
Diageo	0.67
Bunzl	0.60
Unilever	0.50
Rio Tinto	0.49
Hargreaves Lansdown	0.48
Ashtead	0.48
British American Tobacco	0.47
Legal & General	0.46
Carnival	0.44
HSBC	0.43
Burberry	0.40
Rightmove	0.39
Compass Group	0.38
Informa Group	0.38
Inchcape	0.38
Pagegroup plc	0.36
Hiscox plc	0.35
Intermediate Capital Group	0.34
Jardine Lloyd Thompson	0.32
Rolls-Royce	0.31
Auto Trader Group	0.30
Homeserve	0.30
Relx Plc	0.30
Meggitt	0.29
Victrex	0.28
Bodycote	0.27
Just Eat	0.27
Howden Joinery Group PLC	0.27
Jupiter Fund Management	0.27
Just Group	0.26
Halma	0.26
Melrose Industries	0.24
Johnson Matthey	0.24
Ultra Electronics Hdg.	0.22
Wood Group	0.21
Mitchells & Butlers	0.19

Asset Name	Fund %
Abcam	0.18
IG Group	0.17
Travis Perkins	0.16
Standard Chartered	0.15
Enquest	0.15
Scottish & Southern Energy	0.15
Euromoney Institutional Investor	0.15
Fisher (James) & Sons	0.14
Breedon Group	0.13
Schroders Nv.	0.11
Volusion Group	0.11
Helical	0.10
Integratin Holdings	0.09
Keller	0.09
Renishaw	0.08
Genus	0.07
Total UK	18.60
North America	
Amazon.com	2.55
Grubhub Inc	1.47
Netflix Inc	1.15
Abiomed	1.08
llumina	1.02
Wayfair Inc	0.99
Tesla Inc	0.93
Alphabet Inc Class C	0.74
Facebook	0.74
Mastercard	0.69
MarketAxess Holdings	0.69
First Republic Bank	0.58
Watsco Inc	0.46
Shopify 'A'	0.44
Novocure Ltd	0.42
Tableau Software Class A	0.36
Stitch Fix	0.35
The Trade Desk	0.33
CoStar Group	0.33
Vertex Pharmaceuticals	0.32
Ellie Mae	0.30
Fortive Corp	0.30
NVIDIA	0.29
Interactive Brokers Group	0.29

List of Holdings
Baillie Gifford Managed Fund

Report for the quarter ended 30 September 2018 08

Asset Name	Fund %
Alnylam Pharmaceuticals	0.29
HEICO	0.29
Markel	0.29
Glaukos Corp	0.28
Wabtec	0.28
Penumbra Inc	0.28
New Relic	0.26
TD Ameritrade Holding Corp	0.22
Redfin	0.22
Martin Marietta Materials	0.22
Chegg	0.21
Denali Therapeutics	0.20
Activision Blizzard Inc	0.19
DistributionNOW	0.19
Celgene	0.19
Under Armour Class C	0.18
Agios Pharmaceuticals	0.18
Alphabet Inc Class A	0.16
Eventbrite Inc Class A	0.11
Total North America	21.08
Europe (ex UK)	
Investor	0.94
Carl Zeiss Meditec	0.93
Alfa Laval	0.85
Svenska Handelsbanken	0.83
IMCD Group NV	0.82
Sartorius Stedim Biotech	0.79
EXOR	0.76
Mettler-Toledo	0.72
Schindler	0.70
Nibe Industrier AB 'B' Shares	0.70
DSV	0.69
Hexpol AB	0.66
Kingspan Group	0.64
Ryanair	0.64
Novozymes	0.61
Atlas Copco B	0.61
ASML	0.60
Inditex	0.59
Spotify Technology SA	0.58
Infineon Technologies AG	0.56
L'Oreal	0.51

Asset Name	Fund %
Legrand	0.46
Zalando SE	0.45
Avanza Bank Holding	0.41
Kinnevik	0.34
Epiroc B	0.24
Dia	0.13
Total Europe (ex UK)	16.75
Developed Asia Pacific	
Baillie Gifford Japanese Smaller Companies Fund	0.94
Shiseido	0.63
SBI Holdings	0.53
United Overseas Bank	0.44
SoftBank	0.43
Advantest Corp	0.41
Pigeon	0.38
Makita Corporation	0.38
MS&AD Insurance	0.36
Shimano	0.32
Cochlear	0.31
Washington Soul Pattinson	0.30
SEEK	0.30
SMC	0.28
Recruit Holdings	0.26
Hong Kong Exchanges & Clearing	0.26
Treasury Wine Estates	0.25
TPG Telecom	0.23
FANUC	0.23
Galaxy Entertainment Group	0.23
Olympus	0.22
Kakaku.com	0.22
Jardine Matheson	0.22
CyberAgent Inc	0.22
BHP Billiton (Aus. listing)	0.22
Murata	0.22
James Hardie Industries	0.20
Denso	0.20
IRESS LTD	0.19
Nidec	0.18
Sugi Holdings	0.18
Fast Retailing	0.17
Tsingtao Brewery 'H'	0.16
INPEX	0.15

List of Holdings
Baillie Gifford Managed Fund

Report for the quarter ended 30 September 2018 09

Asset Name	Fund %		
AIA Group	0.15	Index Linked	0.21
Bridgestone	0.14	Total Overseas Bonds	17.63
Asahi Group Holdings	0.11	UK Bonds	
REA Group	0.11	Credit	1.25
Misumi	0.10	Government	0.45
Lifull Co Ltd	0.07	Total UK Bonds	1.70
Mesoblast	0.06	Total Fixed Income	19.33
Nabtesco	0.05	Cash & Derivatives	
Keyence	0.03	Cash & Derivatives	6.84
Sarine Technologies	0.02	Total Cash & Derivatives	6.84
Total Developed Asia Pacific	11.03	Total Fund	100.00
Emerging Markets			
Alibaba	0.62		
Tencent	0.54		
TSMC	0.49		
Reliance Industries Ltd.	0.39		
MercadoLibre	0.36		
Cemex ADR	0.33		
Samsung Electronics	0.31		
Siam Commercial Bank P-NVDR	0.28		
Grupo Financiero Banorte O	0.28		
SK Hynix Inc	0.28		
Norilsk Nickel ADR	0.26		
Sberbank Spon ADR	0.26		
Banco Bradesco Pref	0.26		
Naspers	0.24		
JD.Com Inc - ADR	0.22		
Bank Rakyat Indonesia	0.22		
ICICI Prudential Life Insurance	0.21		
Geely Automobile Holdings	0.18		
Hon Hai Precision	0.18		
Baidu.com ADR	0.17		
Netmarble Games	0.15		
NAVER Corp	0.13		
Total Emerging Markets	6.37		
Total Equities	73.83		
Fixed Income			
Overseas Bonds			
Credit	4.36		
Government	13.06		

New Purchases

Stock Name	Transaction Rationale
Eventbrite Inc Class A	<p>Eventbrite is bringing face-to-face experiences into the digital age. Founded in 2006 and now the world's largest e-ticketing platform for mid-sized events, Eventbrite is paving the way for a more streamlined, cost-effective and user-friendly events ticketing process. The Eventbrite platform saves event creators time and money with its suite of front and back-office services, while its website creates an online community that facilitates event discovery. The utility and value of these services is evident in the company's high growth and customer retention rates, which we expect to improve as its offering becomes more sophisticated. Having gotten to know the management team over the last year through private investment undertaken for other clients, we are encouraged by their ambition, focus on customer satisfaction and culture of inclusion and employee empowerment. This is evidenced by a repeated ability to retain founders from acquisitions. We think these qualities will help Eventbrite build on its first mover advantage and further consolidate the market. Longer term, we see Eventbrite as being well-positioned for growth as it expands beyond mid-market ticketing and develops a broader range of solutions for events management.</p>
Genus	<p>Genus is a world-leading animal genetic improvement company providing genetically elite breeding animals, semen and embryos to pork, beef and milk producers around the world. We believe that the business will benefit from the rising demand for meat and dairy products globally, the improved profitability of farmers, and the industrialisation of Asian farming. Although the business is at risk from occasional short term shocks we think that the long-term outlook is extremely positive and underappreciated by the market.</p>
Misumi	<p>Misumi is a wholesaler of machinery parts in Japan. It offers a bespoke service to clients and has a distinctive, entrepreneurial corporate culture. This has enabled it to build up a formidable competitive position, which leaves it well placed to continue to take share and grow profitability for many years to come.</p>
The Trade Desk	<p>The advertising industry is undergoing a wholesale shift in the way that advertising is bought and sold. Whereas in the past advertising was bought and sold in bundles (e.g. a company can buy an ad in a magazine, which would give it access to all the readers of the magazine), in the digital world, advertising can be transacted on a 1-to-1 basis (e.g. instead of targeting all the readers of a website, it is possible to identify each reader of the website and target only the readers that are relevant). The Trade Desk provides the technology that enable this targeted buying of advertising through real-time auctions. Their platform connects media buyers to a wide range of digital inventory and provides a set of tools to help buyers determine what price to pay for those ad opportunities. This is known as programmatic advertising - the buying of advertising using data (as opposed to human intuition). Programmatic advertising is still in its infancy and is growing rapidly. It is also consolidating, and we believe that there is a good chance that The Trade Desk will emerge as one of the winners.</p>

Notable Additions

Stock Name	Transaction Rationale
Auto Trader Group	We have added to your holding in Autotrader, the leading advertising portal for second hand cars in the UK. Autotrader is many times larger than its leading rivals and well established as the "go to" website for car-buying consumers. The majority of its revenue comes from professional car retailers who pay monthly fees to advertise on the website. However, Autotrader also provides additional services, mostly aimed at improving its customers' operational efficiency, and hopes to grow this part of its business over time. Operational execution continues to be strong and we feel that the long-term opportunity is not yet reflected in the company's valuation.
HomeServe	HomeServe provides home emergency insurance cover and repairs, covering areas such as domestic plumbing and heating. It has a well-established business in the UK, mainly through partnerships with local utility companies. In addition, it now has a fast-growing business in North America, and successful operations in France and Spain. The UK business suffered a period of turmoil around six years ago when it ran into regulatory problems related to aggressive selling tactics. We believe however that those problems have now been overcome and that the UK operation, having been completely re-engineered, is now a much better business. Moreover, the North American business is starting to grow nicely in what could potentially be a very large market, and the company is also pursuing some interesting new initiatives in the home repair market by establishing a reliable network of local tradesmen. We think HomeServe has the potential to grow for many years and that this is not adequately reflected in the current share price. We have therefore added to your holding.
Inchcape	We have added to your holding in Inchcape, the international car retailer and distributor, as it continues to report sound operational performance particularly in its distribution business that now accounts for the majority of profits.
Jupiter Fund Management	We have added to your holding in Jupiter, a fund manager with significant exposure to the UK retail savings market but increasingly in Europe and Asia too. We believe this is an industry with attractive long-term growth characteristics and that Jupiter is well positioned within it, offering a varied range of equity and other investment strategies to a retail audience. Current flows have been negative for the group which are related to one bond fund in Europe which had seen very strong positive inflows in the previous year. The shares have been weak in reaction to this but we do not believe the current valuation reflects its long-term growth prospects.
Murata	Murata is a Japanese electronic component maker supplying passive parts primarily for communication devices. It has a world leading position in manufacturing multilayer ceramic capacitor chips (MLCCs), a type of capacitor, and also produces a variety of components for mobile phones. We believe Murata's strong competitive edge in MLCCs places it well to capitalise on the growth opportunity in the newly emerging Automotive and Internet of Things (IoT) markets. We recently took a holding in the company and are now building a larger position to reflect our increased confidence in the investment case.
Prudential	We have made a modest addition to your holding in life insurance group Prudential. This reflects our growing conviction in the investment case.
Recruit Holdings	Recruit is Japan's largest human resources services provider and a leader in a number of online marketing media segments. We believe Recruit to have a unique and entrepreneurial culture combined with a strong sales and marketing mentality, which has helped it to dominate new business areas quickly. On a cash earnings basis, the shares look attractive and appear to underestimate the significant scope to grow, which exists for a number of its operations. We recently took a holding in the company and are now building a larger position to reflect our increased confidence in the investment case.
Redfin	Redfin aims to make the process of buying and selling a house in the US more efficient. Unlike aggregation websites like Zillow, Redfin not only lists homes but it also employs real estate agents to help people buy and sell homes for a lower commission than traditional agents. Redfin's proprietary software enables its agents to deliver services in a faster, better and cheaper fashion. Unlike traditional real estate agents who make money only from commissions, Redfin agents receive a salary and a bonus based on customer satisfaction which ensures alignment with the clients' incentives. The US real estate market is huge and Redfin's low penetration (0.06% in volume terms, or 0.01% in value) means that the opportunity ahead is very large. The company's potential to change the way the real estate process works in the US, the humble yet tenacious culture management subscribe to, and the large size of the opportunity have led us to increase the holding.

Shopify 'A'	Shopify enables businesses to sell products online. It specialises in providing simple, low cost software and hosting services that enable everyone from budding ecommerce entrepreneurs to large enterprises to move online quickly and cost efficiently. The company has grown rapidly in recent years but still appears to be only at the very early stages of tapping into the opportunity ahead of it. We are excited by its prospects as the founder remains actively involved, as CEO and a major shareholder, and the product offering is strongly liked by, and increasingly useful to, its customers.
Tencent	We have used the proceeds from the sale of Lifull to increase your position in Tencent where our conviction in the investment case remains strong.
TPG Telecom	TPG is an Australian fixed line telecoms and broadband company. Through offering a low cost alternative for home and corporate broadband, TPG is rapidly gaining market share from its competitors in the Australian market. Its attractive value proposition, together with a nimble founder management team, should allow TPG to gain further share in this market. The recent governmental intervention in the home broadband market has negatively affected the share price. We believe this presents an opportunity to purchase shares in a company which should be able to grow its earnings attractively over the long term. We initiated a holding recently and are now building a larger position.

Complete Sales

Stock Name	Transaction Rationale
American Express	American Express issues charge cards, credit cards and provides travel-related services. It offers its customers rewards for using its cards at accepting merchants, and funds these rewards by charging typically higher than average merchant fees. The competitive environment appears challenging for American Express and after recent strong share price appreciation, and a number of analyst upgrades, we have less conviction that the stock can continue this upward trend and have therefore decided to sell the holding.
Coca Cola HBC (CDI)	Coca-Cola Hellenic owns the rights to bottle and distribute Coca-Cola products in some 28 countries including Nigeria and Russia. Its management team has done a good job reducing the company's cost base during a period of low organic growth. Although we think that its growth profile should improve again in the future, we believe it is unlikely to grow at a rapid pace so we decided to sell your holding to fund other more exciting investment opportunities.
Seattle Genetics	While Seattle Genetics is on the verge of finally making a profit, future growth must come from the rest of the pipeline. The stock has done well, but the potential success of the pipeline is largely priced in, leaving little probability adjusted upside from here. We also note the recent changes in operational leadership which lessened our conviction in the company's purportedly "science-driven" culture. We have decided to sell the holding.
Suruga Bank Ltd	Suruga Bank is a Japanese regional bank, which had successfully grown by targeting less competitive consumer and residential loan segments. However, the company has become embroiled in a scandal involving loans on shared housing. This came to light following the bankruptcy of one of the shared housing loan companies, the wonderfully named Pumpkin Carriage. As well as lending poorly, there is also evidence of Suruga Bank employees participating in fraud to artificially inflate incomes of the borrowers. While the investigations are ongoing both internally and by the Japanese FSA, we are acutely aware that in banks even a small error can hurt a lot and the uncertainties are heightened by fraud being involved. We have therefore decided to sell the shares.

Notable Reductions

Stock Name	Transaction Rationale
Ashtead	We made a large reduction to your holding in Ashtead which has been one of your most successful UK investments in recent years. The operational performance of this plant hire and rental business remains very strong aided by a buoyant US economy and we have been very impressed by the near flawless execution of the business in recent years. Nevertheless it remains a cyclical business despite efforts to diversify its revenue bases away from construction. A recent review and discussion by the team reminded us of these risks and, whilst it is true that there are no 'red flags' to concern us imminently, we decided that a more modest position at this stage of the economic cycle would be appropriate.
Baillie Gifford Japanese Smaller Companies Fund Bridgestone Galaxy Entertainment Group Lifull Co Ltd Shiseido	We made a reduction to these holdings to fund new purchases elsewhere in the portfolio.

Fund Name	Update
Fixed Income Update	<p>The material change to fixed income exposure during the quarter was a further reduction to emerging market bonds and currencies. The Fund now holds 1.5% in emerging market bonds, a reduction of around 1 percentage point. The notional benchmark for the fixed income portion of the Fund has an equal weighting to developed market government bonds and global corporate bonds. We do still expect emerging market bonds to deliver higher returns than this benchmark, but there are clear risks in the medium term. Tightening of global financial conditions - particularly higher US interest rates and a stronger US dollar - present a challenge for emerging markets, and an escalating trade war would also be unfavourable. We sold Argentine, Peruvian and Brazilian bonds during the quarter. We also closed currency positions in South Africa, Thailand, Argentina and Egypt.</p> <p>We expect developed market bond yields to rise, and therefore invest in a number of short-dated bonds in order to reduce interest-rate sensitivity. Relative to the benchmark the Fund is underweight UK, Japan and Italy. We did add to US and Australian bonds during the quarter where yields are more attractive. We also added to currency positions that act as 'safe-havens' should broader risks escalate - a new position was taken in Swiss francs, and the Japanese yen increased.</p> <p>The fixed income portion of your Fund is underweight corporate bonds relative to the notional 50% weighting in the benchmark. Currently a little over 20% of the fixed income portfolio is held in investment grade corporate bonds, and a little less than 10% invested in high yield bonds (around 3.5% and 1.5% of the total Managed Fund respectively). There was a modest reduction to these weights during the quarter - investment grade bonds would be affected should UK gilt yields rise as we expect, and the direction of travel has been to reduce exposure to riskier bonds such as high yield. Within the specific holdings of corporate bonds we made one new purchase and one complete sale. We bought bonds issued by Booking Holdings - the company more commonly thought of as 'bookings.com' - which has a very strong position in online hotel bookings. Credit metrics are good and the bonds look good value for the fundamental quality of the issuer. We sold your holding in Global Switch, the data-centre operator, following good performance.</p>

Performance to 30 September (%)

	Fund Gross	Fund Net†	Base Rate +3.5%
Five Years (p.a.)	5.2	4.5	4.0
Three Years (p.a.)	5.6	4.9	3.9
One Year	1.2	0.5	4.0
Quarter	0.2	0.0	1.0

†Net of pooled fund's standard management charge.
 The Fund's objective is to outperform the UK Base Rate by at least 3.5% per annum (net of fees) over rolling five-year periods with an annualised volatility of less than 10%.
 Source: StatPro

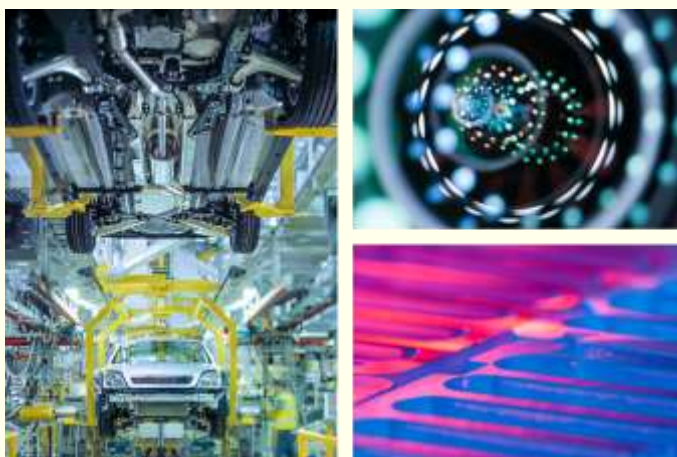
Summary Risk Statistics (%)

Delivered Volatility	3.6
Annualised volatility, calculated over 5 years to the end of the reporting quarter Source: Baillie Gifford & Co	

Our recent scenario analysis exercise highlighted the range of possible economic and political outcomes for the global economy, although our central expectation for above-trend growth remains

Over the quarter, we have made modest reductions to some economically-exposed asset classes, such as listed equities and property, in favour of select defensive positions and portfolio hedges

Emerging market bonds and their currencies have detracted from performance, with the Fund delivering a flat return over the quarter



Performance Objective

To outperform the UK Base Rate by at least 3.5% per annum (net of fees) over rolling five-year periods with an annualised volatility of less than 10%.

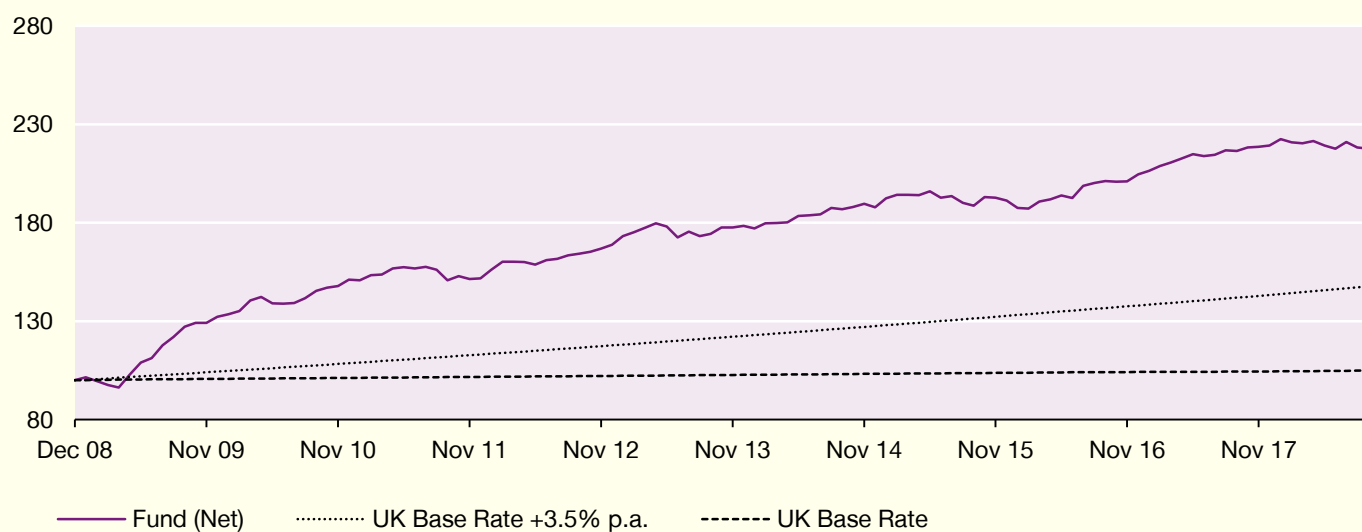
Performance

This table indicates the net performance of the Fund together with the UK Base Rate and the UK Base Rate +3.5%.

	Fund Net (%)	Base Rate (%)	Base Rate (%) +3.5%
Five Years (p.a.)	4.5	0.5	4.0
Three Years (p.a.)	4.9	0.4	3.9
One Year	0.5	0.5	4.0
Quarter	0.0	0.2	1.0

Source: StatPro

Fund, UK Base Rate and UK Base Rate +3.5% Returns Since Launch of the Fund*



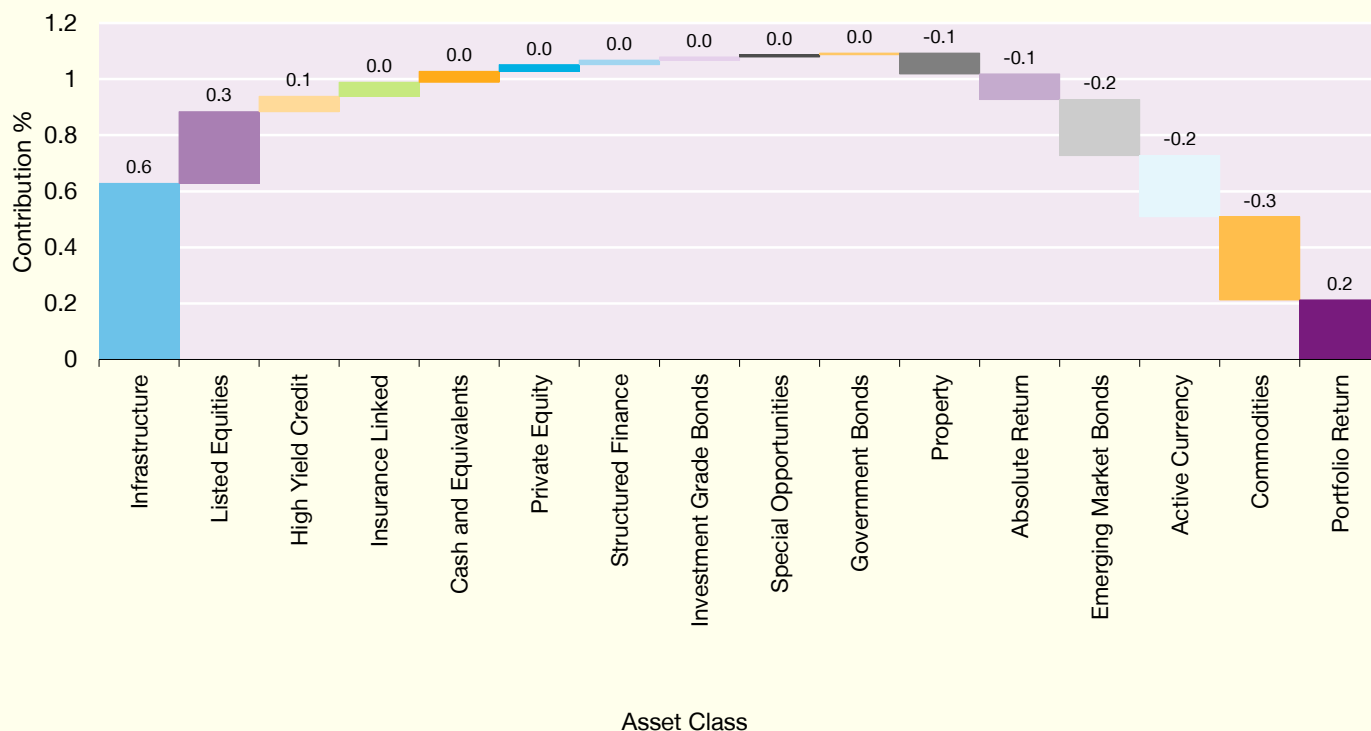
*22 December 2008
 Source: StatPro. All figures are total returns in sterling from 22/12/08, net of fees.

Summary Risk Statistics (%)

Delivered Volatility **3.6**

Annualised volatility, calculated over 5 years to the end of the reporting quarter
 Source: Baillie Gifford & Co

Contributions to Performance
Quarter to 30 September 2018



	Infrastructure	Listed Equities	High Yield Credit	Insurance Linked	Cash and Equivalents	Private Equity	Structured Finance	Investment Grade Bonds	Special Opportunities	Government Bonds	Property	Absolute Return	Emerging Market Bonds	Active Currency	Commodities	Portfolio Return
Average Exposure %	10.1	17.3	4.9	3.9	7.5	0.7	4.8	2.0	0.6	0.8	8.9	5.6	18.0	-0.1	4.3	
Return %	6.6	3.5	1.1	1.3	0.2	3.6	0.3	0.6	1.3	-0.9	-1.0	-1.4	-1.1	-0.2	-6.9	

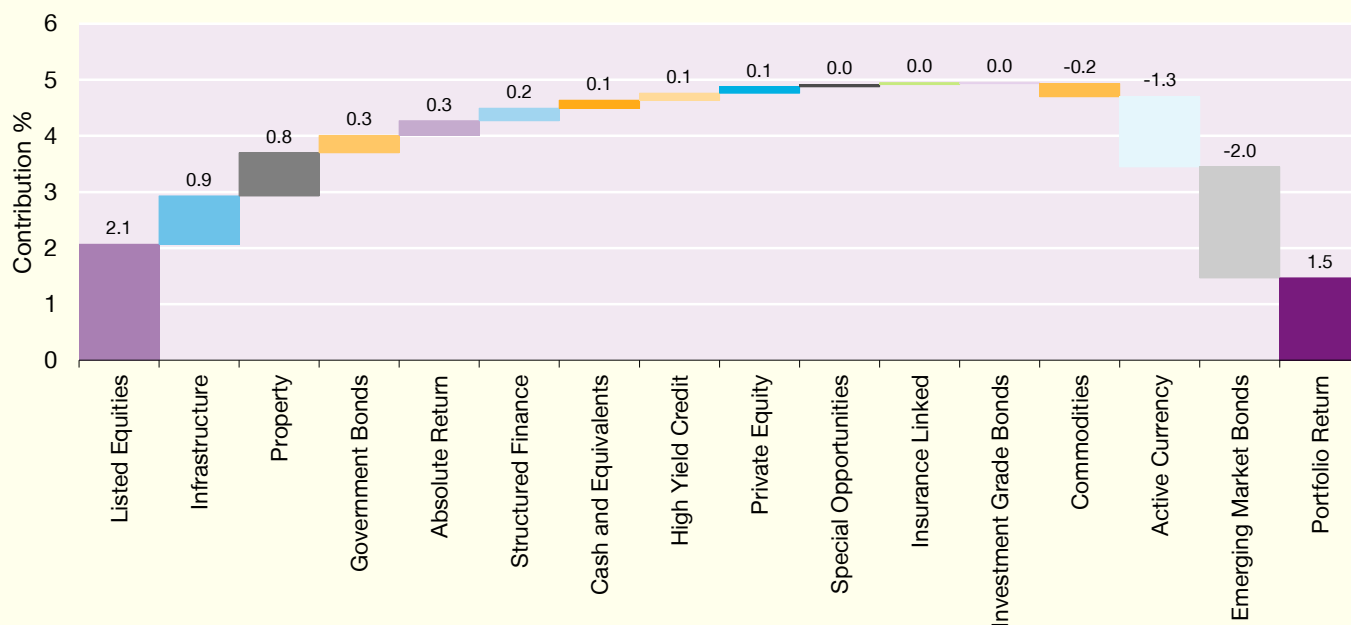
Source: StatPro, gross of fees in sterling. Totals may not sum due to rounding

Average exposure includes all futures positions shown at their average net exposure. Please see Further Notes page for details of futures positions.

Active currency exposure reflects the average net unrealised profit or loss of open positions in the Fund over the period.

The performance attribution analysis gives an illustration of the contribution to Portfolio Return from each asset class. This differs to the calculation of the Fund return.

One Year to 30 September 2018



Asset Class

Average Exposure %	19.7	9.0	8.4	-2.3	7.3	6.0	8.4	6.8	0.7	0.6	3.4	2.5	2.0	-0.2	18.0
Return %	12.3	8.9	8.6	-1.9	1.2	3.4	0.5	2.1	18.5	7.2	0.7	-0.7	1.2	-1.3	-10.2

Source: StatPro, gross of fees in sterling. Totals may not sum due to rounding

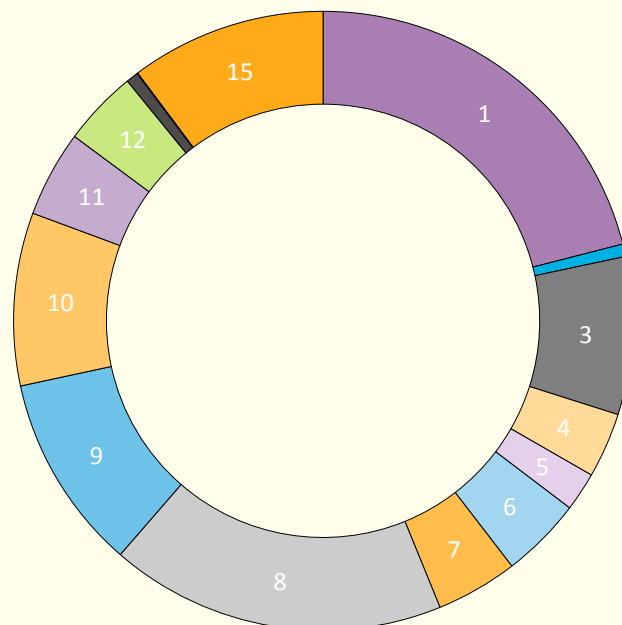
Average exposure includes all futures positions shown at their average net exposure. Please see Further Notes page for details of futures positions.

Active currency exposure reflects the average net unrealised profit or loss of open positions in the Fund over the period.

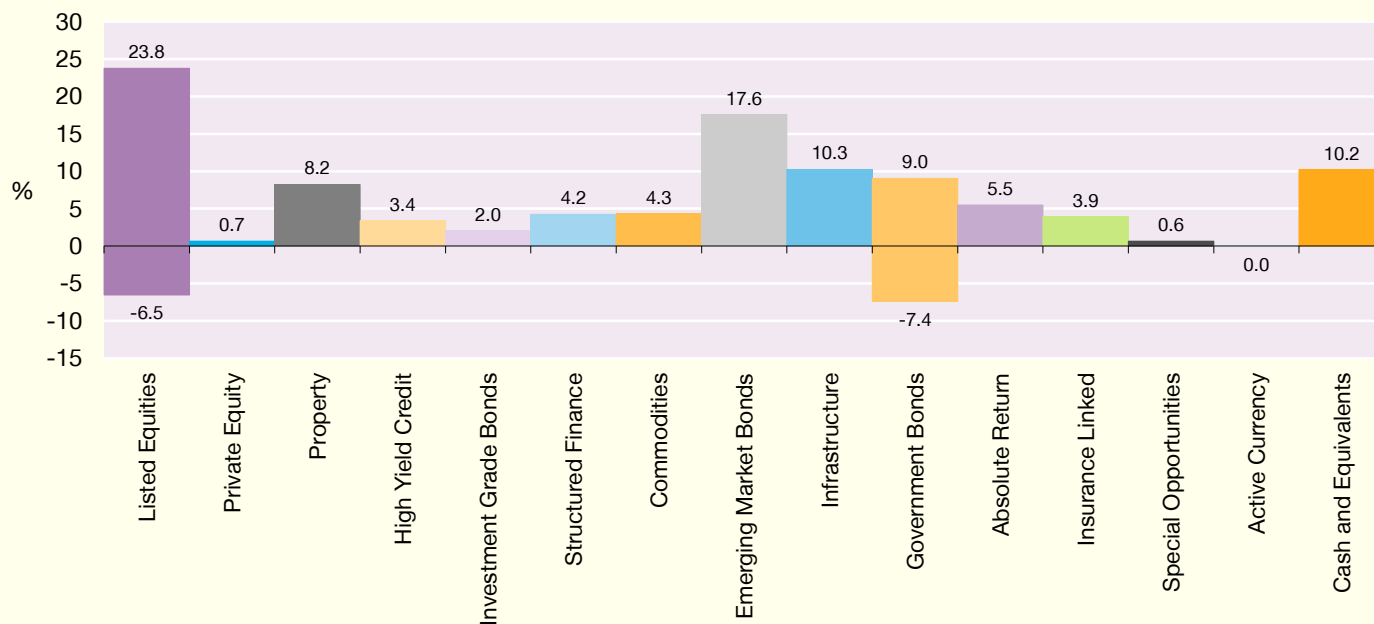
The performance attribution analysis gives an illustration of the contribution to Portfolio Return from each asset class. This differs to the calculation of the Fund return.

Asset Allocation at Quarter End

	(%)
1 Listed Equities	21.0
2 Private Equity	0.7
3 Property	8.2
4 High Yield Credit	3.4
5 Investment Grade Bonds	2.0
6 Structured Finance	4.2
7 Commodities	4.3
8 Emerging Market Bonds	17.6
9 Infrastructure	10.3
10 Government Bonds	9.0
11 Absolute Return	4.5
12 Insurance Linked	3.9
13 Special Opportunities	0.6
14 Active Currency	0.0
15 Cash and Equivalents	10.2
Total	100.0



Asset Class Exposures at Quarter End



Source: Baillie Gifford & Co

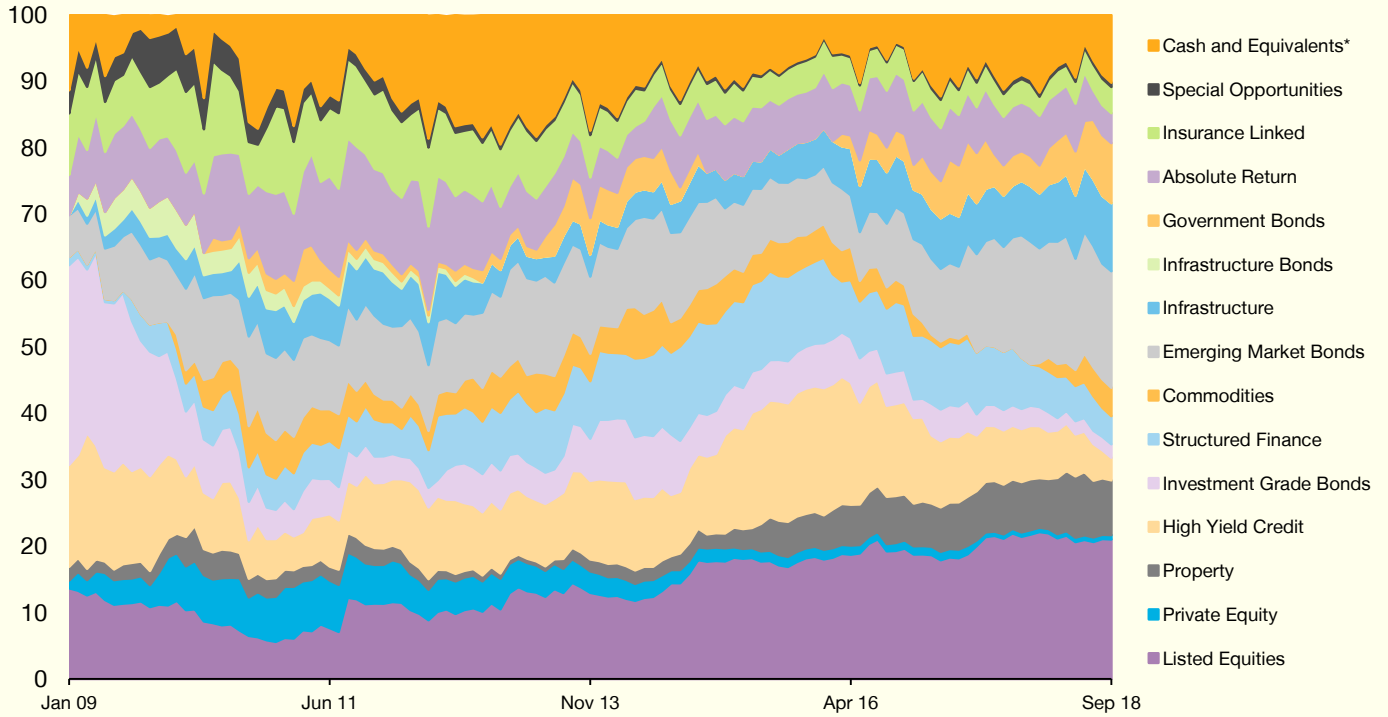
Total may not sum due to rounding

Any difference between asset class exposure and asset class weight relates to futures positions. Please see Further Notes page for details of futures positions.

Active currency exposure reflects the net unrealised profit or loss of open positions in the Fund as at 30 September 2018.

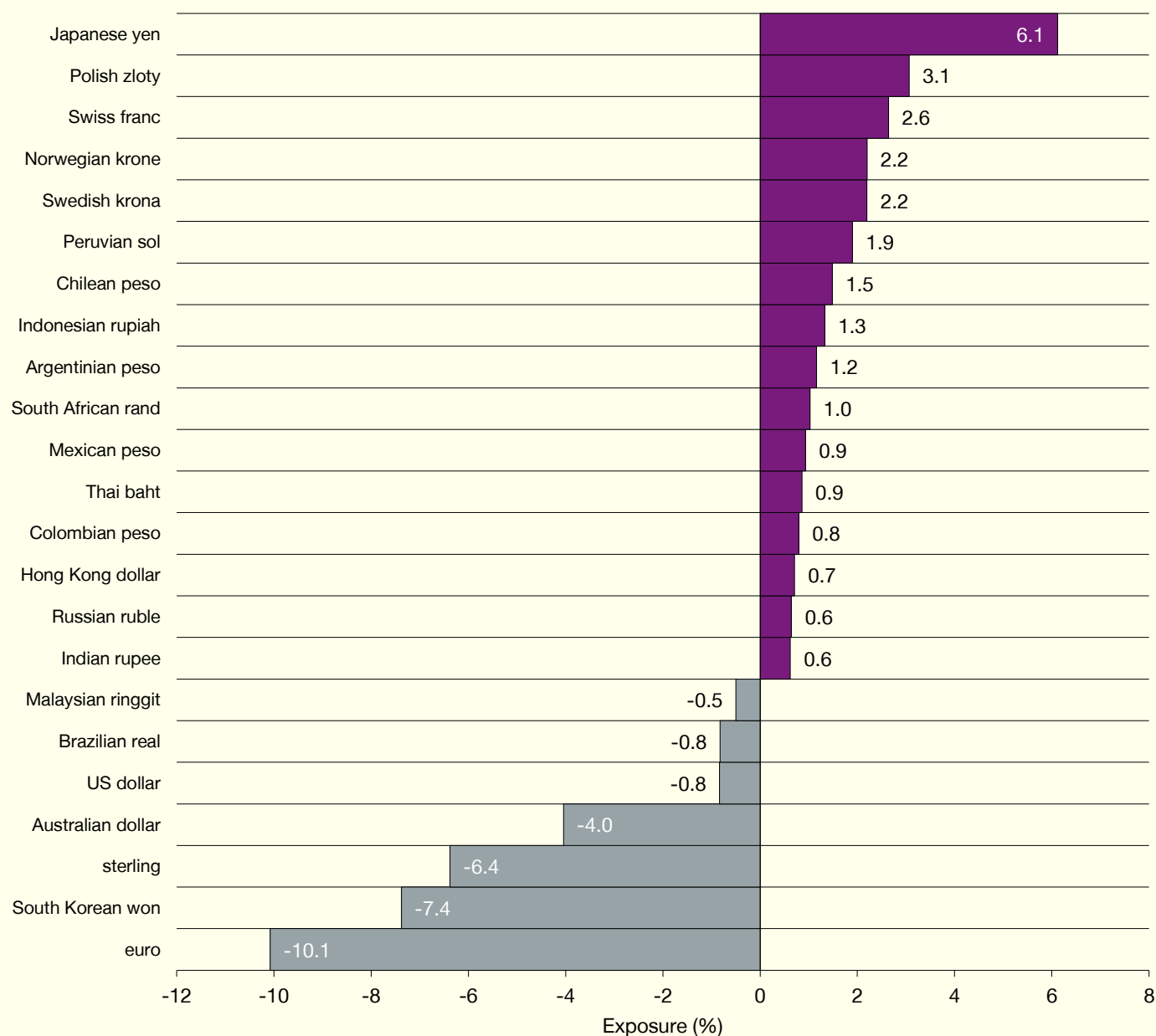
In other asset classes, any negative exposures relate to futures positions. Please see Further Notes page for details of futures positions.

Changes in Asset Allocation Since Launch of the Fund† (%)



† 22 December 2008
 * Includes net Active Currency position

Net Currency Exposures at Quarter End



Source: Baillie Gifford & Co. Only includes relative currency positions greater than +/- 0.5%.

The chart shows material currency positions in the Fund relative to the sterling denominated benchmark.

The bars represent net long and short currency positions held in the portfolio. Currency positions include:

- Exposures gained through unhedged investments in non-sterling assets, and;
- Active Currency: a series of return-seeking currency exposures managed by Baillie Gifford's specialist Rates & Currencies team, and any additional positions taken by the Multi Asset Team, which may be return-seeking or portfolio hedges.

Predicted volatility is based on a snapshot of the portfolio at the end of the quarter, and provides a one-year prediction of the volatility of returns.

Risk Statistics (%)

Predicted Volatility	6.4
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Source: Baillie Gifford & Co, Moody's Analytics UK Limited

Volatility in equity markets has continued to trend lower over the quarter, though emerging market bonds and currencies had a more challenging period

Central banks have maintained a broadly supportive stance as inflationary pressures have remained subdued, despite falling unemployment and strong growth

While we remain optimistic in our outlook for the path of the global economy, we think a slightly more cautious portfolio is appropriate

The risk attribution chart shows the contribution to predicted volatility of each asset class held in the portfolio at the end of the quarter. The diversification offset bar depicts the benefits of diversification, reflecting that asset classes are not perfectly correlated and therefore do not fluctuate in precisely the same manner over time. Therefore, the overall volatility of the portfolio is lower than the sum of the standalone volatility for each asset class. The blue bar shows the one year predicted volatility for a global equity portfolio, and is provided for context only.

Predicted Volatility – Attribution by Asset Class



Source: Baillie Gifford & Co, Moody's Analytics UK Limited
 Total may not sum due to rounding

List of Holdings
Baillie Gifford Diversified Growth Fund

Report for the quarter ended 30 September 2018 23

Asset Name	Weight (%)	Exposure (%)
Listed Equities		
Baillie Gifford Global Alpha Growth Fund C Acc	6.0	6.0
Baillie Gifford Global Income Growth Fund C Acc	6.0	6.0
Baillie Gifford Worldwide Japanese Fund C GBP Acc	3.8	3.8
Baillie Gifford LTGG Investment Fund C Acc	3.7	3.7
Baillie Gifford Pacific Fund C Acc	1.4	1.4
Fondul Proprietatea GDR	0.2	0.2
Euro Stoxx 50 Index Dividend Futures 19	0.0	0.6
Euro Stoxx 50 Index Dividend Futures 20	0.0	0.6
Euro Stoxx 50 Index Dividend Futures 21	0.0	0.6
Euro Stoxx 50 Index Dividend Futures 22	0.0	0.5
Euro Stoxx 50 Index Dividend Futures 23	0.0	0.3
Euro Stoxx 50 Index Dividend Futures 24	0.0	0.1
Euro Stoxx 50 Future Dec 18	0.0	-0.5
Topix Index Future Dec 18	0.0	-0.5
S&P 500 Index Future Dec 18	0.0	-5.5
Total Listed Equities	21.0	17.2
Private Equity		
ICG Graphite Enterprise Trust	0.3	0.3
NB Private Equity Partners	0.2	0.2
Dunedin Enterprise Investment Trust	0.1	0.1
HarbourVest Global Private Equity	0.0	0.0
Better Capital	0.0	0.0
Better Capital 2012	0.0	0.0
Eurovestech	0.0	0.0
Total Private Equity	0.7	0.7
Property		
LEG Immobilien	0.7	0.7
Vonovia SE	0.7	0.7
Deutsche Wohnen	0.7	0.7
Icade	0.5	0.5
Gecina	0.4	0.4
Land Securities	0.4	0.4
Tritax Big Box REIT	0.4	0.4
Hammerson	0.4	0.4
LondonMetric Property	0.4	0.4
Alstria Office	0.4	0.4
Cofinimmo	0.4	0.4
Hibernia	0.3	0.3

Asset Name	Weight (%)	Exposure (%)
ADO Properties	0.3	0.3
Target Healthcare REIT	0.3	0.3
British Land	0.3	0.3
UK Commercial Property Trust	0.3	0.3
Merlin Properties	0.3	0.3
Vastned Retail	0.2	0.2
Beni Stabili REIT	0.2	0.2
Immobiliare	0.2	0.2
Ediston Property Investment Company	0.2	0.2
Impact Healthcare REIT	0.2	0.2
LXi REIT	0.2	0.2
Terra Catalyst Fund	0.0	0.0
Local Shopping REIT	0.0	0.0
Invista 9% 2016 Pref	0.0	0.0
Total Property	8.2	8.2
High Yield Credit		
NN (L) Flex Senior Loans	0.6	0.6
Baillie Gifford High Yield Bond Fund C Acc	0.5	0.5
Sequoia Economic Infrastructure Income Fund	0.5	0.5
NB Global Floating Rate Income Fund	0.4	0.4
Baillie Gifford US High Yield Credit	0.3	0.3
Henderson Secured Loans Fund	0.3	0.3
Credit Suisse Nova (Lux) Global Senior Loan Fund	0.3	0.3
NB Distressed Debt Investment Fund EL	0.2	0.2
SQN Asset Finance Income Fund	0.2	0.2
BlackRock Floating Rate Income Trust	0.1	0.1
Invesco Senior Income Trust	0.1	0.1
Pioneer Floating Rate Trust	0.1	0.1
Nuveen Senior Income Fund	0.0	0.0
SQN Asset Finance Income Fund C Shares	0.0	0.0
Total High Yield Credit	3.4	3.4
Investment Grade Bonds		
BG Worldwide Global Credit Fund C USD Acc	2.0	2.0
Total Investment Grade Bonds	2.0	2.0
Structured Finance		
Metreta Fund	1.9	1.9
Galene Fund	1.3	1.3
HSBC Global Asset Backed High Yield Bond	0.6	0.6

List of Holdings
Baillie Gifford Diversified Growth Fund

Report for the quarter ended 30 September 2018 24

Asset Name	Weight (%)	Exposure (%)
Fund		
TwentyFour Income Fund	0.2	0.2
Blackstone/GSO Loan Financing Fund	0.1	0.1
Fair Oaks Income Fund	0.1	0.1
Total Structured Finance	4.2	4.2
Commodities		
ETFS Nickel	2.8	2.8
Goldman Sachs Crude Oil ETN	0.6	0.6
UBS Crude Oil ETN	0.6	0.6
BNP Paribas Crude Oil ETN	0.4	0.4
Total Commodities	4.3	4.3
Emerging Market Bonds		
Baillie Gifford Emerging Markets Bond Fund C Acc	8.4	8.4
Baillie Gifford EM Government Bonds (Hard Currency)	3.0	3.0
Brazil 0% 01/07/2021	1.9	1.9
India 8.6% 02/06/2028	0.7	0.7
Peru 6.95% 12/08/2031	0.6	0.6
Argentina 4.5% 21/06/2019 (Dual)	0.5	0.5
Brazil 10% 01/01/2023	0.4	0.4
Mexico IL 4% 15/11/2040	0.4	0.4
South Africa 8.75% 31/01/2044	0.3	0.3
Argentina T Bill 17/10/2018	0.3	0.3
Indonesia 8.75% 15/05/2031	0.3	0.3
Argentina T Bill 21/11/2018	0.3	0.3
Indonesia 7.5% 15/08/2032	0.2	0.2
Egypt T Bill 30/10/2018	0.1	0.1
Total Emerging Market Bonds	17.6	17.6
Infrastructure		
John Laing Infrastructure	1.2	1.2
HICL Infrastructure Co.	1.1	1.1
John Laing Group	0.9	0.9
International Public Partnerships	0.7	0.7
Greencoat UK Wind	0.6	0.6
Renewables Infrastructure Group	0.5	0.5
BBGI	0.5	0.5
EDP Renovaveis	0.5	0.5
3i Infrastructure	0.5	0.5
NextEnergy Solar Fund	0.4	0.4

Asset Name	Weight (%)	Exposure (%)
Foresight Solar Fund	0.4	0.4
Keppel Infrastructure Trust	0.4	0.4
John Laing Environmental Assets Group	0.4	0.4
Bluefield Solar Income Fund	0.3	0.3
Hydro One	0.2	0.2
TerraForm Power	0.2	0.2
Exelon Corporation	0.2	0.2
Tenaga Nasional	0.2	0.2
Ameren	0.2	0.2
Korea Electric Power	0.2	0.2
Avangrid	0.2	0.2
Italgas S.p.A	0.1	0.1
Eversource Energy	0.1	0.1
Consolidated Edison	0.1	0.1
Edison International	0.1	0.1
WEC Energy Group	0.1	0.1
PG&E Corp	0.1	0.1
Total Infrastructure	10.3	10.3
Government Bonds		
US TII 0.625% 15/01/2026	4.5	4.5
US TII 0.125% 15/04/2019	2.5	2.5
Japan (Govt) 0.1% CPI Linked 10/03/2027	2.0	2.0
Euro-Bobl Future Dec 18	0.0	-1.0
Japan 10yr Bond (OSE) Future Dec 18	0.0	-2.5
US Ultra 10yr Note Future Dec 18	0.0	-3.9
Total Government Bonds	9.0	1.6
Absolute Return		
Goldman Sachs Cross Asset Trend Portfolio	1.1	1.1
Nomura Cross Asset Momentum Fund	1.1	1.1
Aspect Core Trend Fund	1.1	1.1
Credit Suisse Lux Multi-Trend Fund	0.9	0.9
Boussard & Gavaudan	0.3	0.3
CBOE VIX Future Jan 19	0.0	0.3
CBOE VIX Future Oct 18	0.0	0.3
CBOE VIX Future Dec 18	0.0	0.2
CBOE VIX Future Nov 18	0.0	0.2
Total Absolute Return	4.5	5.5
Insurance Linked		
Kilimanjaro II Re 2017-1 C	0.4	0.4
Cal Phoenix Re 2018 1A	0.3	0.3

List of Holdings
Baillie Gifford Diversified Growth Fund

Report for the quarter ended 30 September 2018 25

Asset Name	Weight (%)	Exposure (%)
Blue Halo Re 2016-2 C	0.2	0.2
Kilimanjaro II Re 2017-2 C	0.2	0.2
CatCo Reinsurance Opportunity Fund	0.2	0.2
CatCo Reinsurance Opportunities Fund C Shares 2017	0.2	0.2
IBRD CAR 111-Class A	0.2	0.2
Sanders Re 2018-1 A	0.2	0.2
Manatee Re II 2018-1 - A	0.2	0.2
Horse Capital 1 C	0.2	0.2
Vitality Re VII A	0.2	0.2
Golden State Re II 2014-1	0.1	0.1
Frontline Re 2018-1 A	0.1	0.1
Operational Re B	0.1	0.1
Operational Re A	0.1	0.1
Operational Re II 2018 B	0.1	0.1
Vitality Re VII B	0.1	0.1
Caelus Re V Limited 2018-1 C	0.1	0.1
Residential Re Ltd 2018-I Class 11	0.1	0.1
Horse Capital 1 B	0.1	0.1
Blue Capital Global Reinsurance Fund	0.1	0.1
Blue Capital Reinsurance Holdings Fund	0.1	0.1
IBRD CAR 112-Class B	0.1	0.1
IBRD CAR 114-Class B	0.1	0.1
Operational Re II 2018 A	0.1	0.1
Caelus Re V Limited 2018-1 D	0.0	0.0
Manatee Re II 2018-1 - B	0.0	0.0
Total Insurance Linked	3.9	3.9

Special Opportunities

Amedeo Air Four Plus Limited	0.4	0.4
DP Aircraft I	0.2	0.2
Doric Nimrod Air Two	0.1	0.1
Juridica Investments	0.0	0.0
Total Special Opportunities	0.6	0.6

Active Currency†		
Total Active Currency	0.0	0.0
Cash and Equivalents		
Total Cash and Equivalents	10.2	10.2
Total	100.0	89.7*

Totals may not sum due to rounding.

* Futures positions are included at their net exposure weight in the portfolio exposure column, and cash includes collateral held to back all long futures positions. Therefore total portfolio exposure may not sum to 100%. Please see Further Notes page for details of futures positions.

† The number shown against active currency reflects the net unrealised profit or loss of open positions in the Fund as at 30 September 2018.

Fund Name	Update
Baillie Gifford Diversified Growth Fund	<p>Changes to the asset allocation of the portfolio during the past three months have included modest reductions to some of the more economically-sensitive asset classes, with the proceeds being allocated across a range of defensive asset classes and hedging opportunities.</p> <p>Within equities we have marginally lowered our exposure to both Japan and Europe, through the use of 'short' index futures. With regards to property, we have made a reduction to both UK and European commercial and residential holdings. Similarly, in terms of structured finance, we have reduced the level of exposure to both middle- and lower-rated tiers, as well as some of the externally-managed loan funds within the high yield asset class. Such reductions are consistent with our aim of reducing overall portfolio risk.</p> <p>For the absolute return asset class, our investment in the Allianz Merger Arbitrage Fund has been sold. While the level of merger and acquisition activity has been quite high, the more defensive nature of the Allianz fund meant that it did not fully participate in the market. This in turn led to a higher cash drag, and is one of the contributing factors as to why their fund has not performed as well as we had hoped.</p> <p>Emerging markets bonds is an asset class which we continue to broadly support and in which we see attractive opportunities, though in recent months it has clearly faced both external and internal challenges. This has led us to reduce the amount of exposure to local currency denominated bonds. Such reductions have included directly-held positions in countries such as Indonesia and Argentina. Both economies have been particularly hard hit due to concerns over the level of their current account deficits and the extent to which they are reliant on overseas investment and financing, made all the more challenging by a rising US dollar.</p> <p>Overall, we have gradually reduced the level of exposure to emerging market currencies, though we have increased the size of our short Korean won position. The latter of these changes should help to protect the portfolio against a slowdown in Chinese growth, while having less in emerging market currencies in general reduces the extent to which we require short positions in both the US dollar and euro.</p> <p>Some of the proceeds from the aforementioned sales have been added to emerging market hard currency bonds. A slightly higher weighting is justified by an increase in our expected return, and an understanding of the risk profile for hard currency bonds being materially different to that of local currency bonds.</p> <p>Within commodities, we have added a small amount to our existing holding in nickel. This is on the back of some recent price weakness and our continued belief that nickel demand will increase as electric vehicle battery manufacturing grows. We have also added a short-dated US treasury inflation protected security, which should deliver a modest real return, while also providing some further protection against rising US inflation.</p> <p>Towards the start of the quarter, a position in VIX futures was reintroduced to the portfolio as volatility within equity markets has returned to levels not far off the very low levels we saw towards the end of last year.</p> <p>Finally, the cash weighting in the portfolio has increased. In an environment where we view several asset classes as being at best 'fair value', and when a series of potential economic and political risks look slightly more realistic, holding some cash to dampen potential volatility whilst retaining the ability to be more flexible should attractive opportunities arise, is sensible.</p>

Information on Futures Positions

The Fund has the flexibility to use futures either to gain exposure to an asset class by taking a long position, or to reduce exposure to an asset class by taking a short position. Futures positions may also be used to hedge existing holdings against adverse market movements. A long futures position is gained by purchasing a futures contract, thus giving exposure to an underlying asset with the expectation that asset will rise in value. Conversely, a short futures position is gained by selling a futures contract, where the expectation is that the value of the underlying asset will fall.

When calculating the portfolio's asset class weightings, all futures positions are included at 0% weight. When calculating the portfolio's asset class exposures, all futures are included at their exposure size. Cash is held to back all long futures positions. The below table summarises the portfolio's current futures positions.

Baillie Gifford Diversified Growth Fund

Position	Position size	Asset Class	Position held alongside	Investment Rationale
S&P 500 Index Future	5.5% short	Listed Equities	Global Equity Funds	Reduces exposure to the US equity component of our global equity funds
Eurostoxx 50 Index Dividend Futures	2.7% long	Listed Equities	n/a	Gives exposure to the future level of dividends paid by companies in the Eurostoxx 50 Index
TOPIX Index Future	0.5% short	Listed Equities	Global and Regional Equity Funds	Reduces exposure to the Japanese equity component of our global and Japanese equity funds
Eurostoxx 50 Index Future	0.5% short	Listed Equities	Global Equity Funds	Reduces exposure to the European equity component of our global equity funds
Euro Bobl Future	1.0% short	Government Bonds	Fixed coupon European High Yield Bonds	Reduces exposure to German Government Bond yields within European High Yield bonds.
Japan 10yr Bond Future	2.5% short	Government Bonds	Japanese Inflation Linked Government Bonds	Removes Japanese interest rate risk, leaving only the desired Japanese inflation exposure
US Ultra 10yr Note Future	3.9% short	Government Bonds	US Treasury Inflation Protected Securities	Removes US interest rate risk, leaving only the desired US inflation exposure
CBOE VIX Futures	1.0% long	Absolute Return	n/a	Gives exposure to the 'Fear Index' or the 'VIX'

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	48	Companies	16	Companies	None
Resolutions	532	Resolutions	29	Resolutions	None

Governance Week 2018 took place in New York. In collaboration with Vanguard, Baillie Gifford facilitated a session featuring several influential individuals from the world of business

Areas for discussion included leadership, transparency, risk and culture, and the convergence of stakeholder and shareholder value

The audience heard about the challenges and responsibilities of managing a listed company for long-term growth

Company Engagement

Engagement Type	Company
Corporate Governance	Sequoia Economic Infrastructure Income Fund Limited, Standard Chartered PLC , Treasury Wine Estates Limited
Environmental/Social	Asahi Group Holdings Ltd. , Martin Marietta Materials, Inc. , Tesla, Inc.
AGM or EGM Proposals	Abcam plc, HomeServe plc, Intermediate Capital Group plc, Naspers , Sequoia Economic Infrastructure Income Fund Limited , Treasury Wine Estates Limited, Want Want China Holdings Limited

Notes on company engagements highlighted in blue can be found in this report. Notes on other company engagements are available on request.



Governance Week takes place every June and includes a round table event, which is attended by 50 female board directors and 50 governance professionals. In 2017 it was held in London, where Baillie Gifford hosted an event, and this June returned to New York, where it has been held every other year. Again, we organised a session, this time involving several influential individuals from the world of business.

Our 2017 event in London was titled: ESG: Adding Value to Equity Investment? We had two panels including representatives from a company, a broker, an active fund manager, an index manager and an asset holder. The first considered the challenges associated with incorporating ESG factors into the investment decision making process, and the second looked at the purpose and value of stewardship.

The 2018 session, The Long-Term Value Chain, was organised in collaboration with Vanguard at the New York Stock Exchange. We were looking to challenge the governance community, to promote a deeper consideration of why we do what we do, and strengthen the connection between day-to-day governance issues and proxy voting (on pay, board membership and capital allocation) and a longer-term approach to investing.

Our speakers on the first panel were Sergio Marchionne¹, the chairman and CEO of Fiat Chrysler and Ferrari; Anne Mulcahy, former chairperson and CEO of Xerox Corporation, and lead director of Johnson & Johnson; and James Anderson, portfolio manager of our Long Term Global Growth strategy. We later heard from Bill McNabb and Lady Lynn Forester de Rothschild who offered their views on how to create value in a sustainable form.

The panel discussion was very wide ranging but, in an effort to summarise the conversation, can be described as focusing on four areas: leadership, transparency, risk and culture, and the convergence of stakeholder and shareholder value. While these issues do not seem radical, the standing of the individuals discussing them underlined the difficulties, opportunities and challenges associated with them. Much of the discussion chimed with Baillie Gifford's approach to thinking about the long term, governance, and the relevance of building relationships with corporate management teams.

¹ The event took place in June. It was with great sadness that we learned of Sergio Marchionne's subsequent death. Baillie Gifford's James Anderson has written the following tribute: <https://resoluteoptimism.bailliegifford.com/tribute-to-sergio-marchionne/>

Leadership

To be a good leader takes courage. A CEO needs to be comfortable with the loneliness of leadership. The most important role of directors is to identify capable individuals, a task that calls for careful research and may be underestimated by some directors.

Over the years, there have been huge failures in terms of who has been chosen to lead some companies, and the importance of pay for performance, not for mediocrity, was emphasised.

On a more practical note, there was a degree of dismay from those with executive experience that any executive team or board might think it acceptable to revise a three-year strategic plan, every year. Management teams should have a clear, unwavering objective. Everyone should be able to acknowledge that the execution plan might change, but not the expected outcome which should be financial. This is a very simple point but one that provides several areas for future discussion in meetings with non-executive directors.

It was agreed that a successful CEO needs courage and resilience:

- Courage is required to work outside of external pressures. Management teams need integrity of their convictions. For a company in difficulty to turn a corner, hard decisions need to be made; a CEO needs to be prepared to be fired if it doesn't work.
- Resilience is an essential trait because neither corporate life nor share performance travel in a straight line. The challenge is that, with much of the market focusing on and reacting to quarterly updates, it is difficult to look beyond short-term challenges.

Transparency

Transparency and disclosure is something we discuss with many companies around the world all the time. We discuss remuneration performance targets; carbon emissions data; sustainability reporting; ownership structures; succession planning; capital allocation plans; and strategic vision. The relevance and points of discussion vary between company, geographic footprint, and sector. However, the key point is that disclosure is important.

The panel discussion raised several interesting points. It was agreed that companies should explain what 'great' looks like; what 'reality' looks like; and acknowledge what the challenges are, as well as the opportunities. The reason this is important is that transparency from companies and investors (it should be a two-way conversation) generates trust, loyalty and support. However, honest conversations can create huge problems for companies because they can be exploited and manipulated by activists, sell-side analysts and journalists.

The point was made that Baillie Gifford, with its long-term approach to share-ownership, is not normal. This means that our demands for transparency, to understand what 'great' might look like, is not necessarily easy to comply with and shouldn't necessarily be an expectation. However, there was agreement that there needs to be consistent messaging from investors and companies.

Risk and culture

The two subject areas are closely linked. Corporate culture is important in determining whether or not risk management turns into risk avoidance. The comment from the panel discussion was that a company should really be trying to understand what risks it is taking in order to allow it to be world class. There was the strong belief that risk management has stifled a lot of ambition.

In this regard, the long-term investor expressed the view that portfolio returns are more about a few extreme outcomes than a smooth bell curve. However, this was rejected by the corporate who suggested that such an opinion would be unwelcome in most boardrooms. The implications of this for Baillie Gifford are not initially clear, but it underlines the need to speak more frequently to non-executive directors.

The second strand to this discussion strengthened the connection between culture and risk management. The culture of transparency impacts attitude to risk. What is required is a corporate culture that allows risks to be highlighted quickly and brought to the table when they are identified. Risks can then be understood and dealt with before they become systemic.

Simply, great culture should feed into high performance of great companies.

Convergence of shareholder and stakeholder value

Shareholder and stakeholder value should be two sides of the same coin. Summarising the discussion, there were three key points:

- A worthwhile leader will nurture, preserve and deliver results.
- For long-term sustainable growth, companies need enduring structural advantages. They need the culture to nurture adaptability.
- The greatest form of competitive advantage is to become central to the ecosystem by adding value to society. Enduring structural advantages contribute to society.

To conclude

It is difficult to convey the flavour of the atmosphere of the discussion. The interaction between the speakers, the different perspectives and views on the four subject areas discussed above provided the audience with gasps and laughs; real and honest views on the challenges and responsibilities of managing a listed company for long-term growth; and thought-provoking material for how they engage with executive and non-executive directors.

The main questions that we should be able to ask any board member from any company in any part of the world would be:

- What is the timeframe over which you think about the long-term strategic plan? How often is it revisited? Do you allow the objective, execution plan or expected outcome to be amended?
- Would you describe your CEO as possessing courage and resilience?
- Do you view the discussions around the convergence of shareholder and stakeholder value as business as usual or an unnecessary distraction?

Company	Engagement Report
Asahi Group Holdings Ltd.	<p>Asahi Group Holdings manufactures and sells alcoholic beverages, soft drinks, and food products in Japan and internationally. We met with the company to discuss a number of governance and sustainability matters including board composition and carbon and water management. The company publishes an integrated annual report which embeds non-financial information alongside standard financial disclosures. Management stated that the initial collation of the report was a challenge as the focus was on financial indicators. However, in going through the process, the company looked internally to determine which non-financial indicators were most relevant to the business. This was beneficial as it helped with recognising the importance of such factors. We also discussed the company's Zero Carbon initiative which aims for zero carbon emissions by 2050. Water is also a key risk area for the business and we encouraged the company to focus on this within its environmental approach. The company recognises the need to improve diversity and has implemented initiatives to increase the number of women in the workforce. The company has increased board independence in recent years and will continue to work on recruiting candidates with the right skills.</p>
Martin Marietta Materials, Inc.	<p>We discussed governance and sustainability issues at a meeting in Edinburgh with the CEO of Martin Marietta Materials, Ward Nye. Martin Marietta has made good progress on governance issues in recent years. For example, at the next AGM the company will move to annual majority elections for directors, having previously done so on three year cycles. Whilst this is encouraging, we again discussed the absence of any firm-wide environmental data in the company's annual reporting. The lack of carbon emissions disclosure in particular has led to the firm receiving low scores in external assessments of environmental issues. Ward Nye agreed with our view that this should not be the case, as the steps required to begin reporting are not particularly complex. The firm has recently hired an executive who will oversee environmental issues. The CEO welcomed our offer to follow up on this matter with the appointee, with the aim of starting firm-wide emissions reporting in 2019.</p>
Naspers	<p>In previous years, we have abstained on Naspers' remuneration policy due to a lack of disclosure. Following last year's AGM, the company sought shareholders' views on how to improve the policy. We were consulted as part of this and have been engaging with the company over the past 12 months. We were pleased that the recently published remuneration policy incorporated changes. Highlights included the introduction of clawback, mandatory shareholding requirements for executives and improved disclosure of the metrics attached to bonuses. Given the improvements and willingness of the company to implement shareholder feedback, we will support the remuneration policy at the upcoming AGM. We will discuss further improvements with the company, such as the disclosure of targets in the bonus schemes. We are encouraged by the company's willingness to implement further change.</p>
Sequoia Economic Infrastructure Income Fund Limited	<p>We met the chairman of the fund following our opposition to the proposed changes to the investment advisory fee at the August AGM. We sought to understand the role of the board in setting the new fee and discussed our voting decision in more depth. We also engaged with the chairman on recent strengthening of the board and board diversity, as well as the progress of the fund in general.</p>
Standard Chartered PLC	<p>We participated in a corporate governance meeting with the chairman and non-executive directors. The chairman, who was appointed last year, provided insight into the development of the board and its focus following an independent board review. Other topics discussed included technological innovation, financial crime risk management, succession planning and the importance of instilling the right ethics and culture across the global business. The chairman of the audit committee outlined its work over the past year, particularly the complexities of the tender process for appointing a new audit firm. The remuneration committee chairman described the work on a new remuneration policy for approval by shareholders at the 2019 AGM. We also discussed sustainability initiatives, trends in regulatory costs, investment spend and efficiency improvements.</p>

Company	Engagement Report
Tesla, Inc.	<p>Employee health and safety is an important, high profile issue at Tesla. We met with the Head of Environmental, Health and Safety (EHS), Laurie Shelby, at the company's Fremont factory to develop our understanding of its policies and practices. Shelby was recruited in October 2017 and this was her first meeting with shareholders. Reporting directly to CEO Musk, Shelby is responsible for Tesla's initiative to become the safest car factory in the world. She explained that the company has over 200 EHS professionals globally. They meet bi-weekly to share ideas and alignment of practices. Shelby has also implemented an EHS centre of excellence, and employee engagement is facilitated through all-in-one reporting tools which record all incidents and enable staff to flag issues and make improvement suggestions. These provisions have led to improved working conditions and lower injury frequency rates. The company maintains a good relationship with the regulator, which recently completed an in-depth review of its injury reporting framework, concluding that the procedures in place are appropriate and accurate. This was a very useful meeting, providing assurance that the company's policies and practices are consistent with our expectations of a responsible operator.</p>
Treasury Wine Estates Limited	<p>We had a call with the chairman of Treasury Wine Estates (TWE) to discuss board composition, remuneration and the company's inaugural sustainability report. Following recent director appointments, the chairman feels that the board now has a good mix of new and longer-serving board members. TWE had a commitment to have 30% female representation on the board by the 2018 annual general meeting and is on track to achieve this. On remuneration, the company has made thoughtful changes during the year, recognising the performance of the business and recent internal promotions. Whilst the CEO has no plan to leave, the chairman thinks it is important to ensure there is a succession plan should something unexpected happen. He is confident that there are suitable internal candidates and has discussed it with the CEO. We agree that a robust approach to succession planning is important. We also discussed the company's inaugural sustainability report. Taking on feedback from shareholders, TWE highlighted that it is already working on sustainability within the organisation but recognised that improved disclosure is needed. Overall, the update demonstrated a robust approach to corporate governance.</p>

Votes Cast in Favour

Companies	Voting Rationale
Abiomed, Ashtead, Auto Trader Group, BBGI, Beni Stabili REIT, Better Capital, Better Capital 2012, BlackRock Floating Rate Income Trust, Blue Capital Global Reinsurance Fund, British Land, Burberry, Carador Income Fund, DP Aircraft I, Diageo, Fondul Proprietatea GDR, Foresight Solar Fund, Geely Automobile Holdings, HICL Infrastructure Co., Halma, HarbourVest Global Private Equity, Helical, Hibernia, Homeserve, ICICI Prudential Life Insurance, IG Group, Inditex, Intermediate Capital Group, Invesco Senior Income Trust, James Hardie Industries, John Laing Environmental Assets Group, Johnson Matthey, Kinnevik, Korea Electric Power, Land Securities, LondonMetric Property, NAVER Corp, Naspers, New Relic, NextEnergy Solar Fund, Norilsk Nickel ADR, Pioneer Floating Rate Trust, Reliance Industries Ltd., Rightmove, Ryanair, Scottish & Southern Energy, Sequoia Economic Infrastructure Income Fund, TwentyFour Income Fund, Voya Prime Rate Trust	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
British Land	AGM 17/07/18	20	We opposed the authority to issue equity without pre-emption rights as no price assurance was able to be given.
British Land	AGM 17/07/18	21	We opposed the authority to issue equity without pre-emption rights in connection with an acquisition or other capital investment as no price assurance was able to be given.
British Land	AGM 17/07/18	22	We opposed the authority for the purchase of ordinary shares as no price assurance was able to be given.
John Laing Infrastructure	CRT 24/09/18	1	We opposed the proposed takeover due to the low offer made which we do not feel is in the best interest of our clients or the overall diversification of the portfolio.
John Laing Infrastructure	EGM 24/09/18	1	We opposed the proposed takeover due to the low offer made which we do not feel is in the best interest of our clients or the overall diversification of the portfolio.
Ryanair	AGM 20/09/18	3.A, 3.D	We have opposed the re-election of the Chairman and Senior Independent Director as we believe the Board of Directors would benefit from having greater independent oversight in these roles after recent events.
Sequoia Economic Infrastructure Income Fund	AGM 16/08/18	12	We opposed the changes to the Investment Advisory fee as we do not believe this to be in the best interests of shareholders.

Companies	Voting Rationale
Hibernia	We opposed the executive's remuneration as several aspects are not in line with best practice.
Ashtead, Auto Trader Group, British Land, Helical, Hibernia, IG Group, Intermediate Capital Group, Johnson Matthey, Land Securities, LondonMetric Property	We opposed the proposal that gave the company the right to issue up to two-thirds of its issued share capital via a rights issue under Section 551 of the Companies Act 2006. We do not believe that it is in our clients' best interests to forego the right to vote on a large rights issue at an EGM.
Ashtead, Auto Trader Group, Halma, Helical, Homeserve, IG Group, Intermediate Capital Group, Johnson Matthey, Land Securities	We opposed the resolution which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.
3i Infrastructure	We voted against routine proposals at the aforementioned meeting(s).

Votes Abstained

We did not abstain on any resolutions during the period.

Votes Withheld

We did not withhold on any resolutions during the period.

Votes Not Cast

Companies	Voting Rationale
BG Worldwide Global Credit Fund C USD Acc, Baillie Gifford Worldwide Japanese Fund C GBP Acc	No vote - we did not vote due to adherence with our Conflicts of Interest Policy.
Credit Suisse Lux Multi-Trend Fund, HSBC Global Asset Backed High Yield Bond Fund, NN (L) Flex Senior Loans	We did not vote due to the practise known as "blocking" - the rules in some markets which restrict us from selling your shares during the period between the votes being cast and the date of the meeting.

Fees Paid from NAV and Explicit Transaction Costs

	Fees Paid from NAV (%)				Explicit Transaction Costs (%)		
	Manager's Fees	Expenses	Custody Transaction Fee	Total	Other Indirect Fees	Transaction Taxes	Broker Commissions
Baillie Gifford Diversified Growth Fund B2 Acc	0.65	0.18	0.00	0.83	0.00	0.00	0.01
Baillie Gifford Managed Fund B Accum	0.40	0.03	0.00	0.43	0.00	0.02	0.01

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

For a Pooled Fund that has not been in existence for at least a year, we will be reflecting actual incurred explicit transaction costs during the relevant period as opposed to annualised costs.

Manager's Fees represent the standard annual investment management fee for the Pooled Fund(s) listed and may not represent the fee actually paid by you. Please refer to either your Terms & Conditions or Management Agreement, as applicable.

Expenses are calculated in accordance with 'Authorised Funds: Guidance on the ongoing charges calculations' issued by the Investment Management Association in October 2011 and include, but are not limited to, depositary fees, custody safe keeping fees, professional fees (e.g. audit fees) and relevant expenses deducted from the net asset values of holdings of other open-ended pooled funds (indirect fees).

Investments are also made in other investment companies, none of which are managed by Baillie Gifford. The underlying expenses of these companies, like the underlying expenses of listed companies, have not been included in Expenses. See Other Indirect Fees below for more details.

Custody Transaction Fees are charged by the custodian for transacting in a market. These flat fees vary by market being transacted. Please note these are different from the custody safe keeping fees, which are charged on a monthly basis and are included in Expenses.

Total is the sum of Manager's Fees, Expenses, and Custody Transaction Fees set out above. The investments held by the Pooled Fund(s) change from time to time and so the figure quoted is an estimate based on the latest available data and asset allocation. The methodology is consistent with that of the Pooled Fund's quoted Ongoing Charges Figure ('OCF').

Other Indirect Fees are expenses of investment companies that have not been included in Expenses.

We are fully committed to cost transparency so we are disclosing this figure as, under Europe's Markets in Financial Instruments Directive (MiFID II), management fees and underlying expenses of investment products should all be included as part of Fees Paid from NAV. Some of the companies which we identify as investment companies - rather than investment products - also produce cost disclosures. We view these expenses in the same category as expenses incurred by any listed company rather than investment management costs and, consistent with the expenses incurred by other listed companies, we have excluded these from Fees Paid from NAV. However, where these investment companies disclose costs, we have included these in the interest of transparency.

Explicit Transaction Costs (Transaction Taxes and Broker Commissions) arise when buying or selling stocks in the market. Buying or selling of stocks may result from: individual stock considerations, portfolio changes due to broader implementation of Baillie Gifford's investment policy and from both investment inflows and outflows from the Pooled Fund(s). When the Pooled Fund(s) buys or sells investments in response to investment inflows and outflows an estimate of the Transaction Costs is passed onto the incoming/outgoing investor through the pricing mechanism by means of a dilution adjustment.

A more detailed Costs & Charges disclosure is available upon request.

Comparative Analysis

Fund	Average Commission Rate	Firm-Wide Comparator	Average Commission Rate
Diversified Growth Fund	0.06%	Global	0.06%
Managed Fund	0.05%	Global	0.06%
British Smaller Companies Fund	0.04%	UK	0.03%
Global Alpha Growth Fund	0.05%	Global	0.06%
Global Income Growth Fund	0.04%	Global	0.06%
Worldwide Japanese Fund	0.03%	Japan	0.04%
Japanese Smaller Companies Fund	0.05%	Japan	0.04%
Pacific Fund	0.06%	Pacific (ex Japan)	0.05%
Long Term Global Growth Investment Fund	0.08%	Global	0.06%

Baillie Gifford Pooled Funds gain exposure to equity and bond markets in a number of different ways. Some invest directly, some invest in other Pooled Funds (underlying funds) and some hold a combination of these. Where your Scheme invests in Pooled Funds which have direct investments we have shown an analysis of the commission rates paid by those Pooled Funds. Where your scheme invests in Pooled Funds which have exposure to any underlying funds, we have shown an analysis of the commission rates paid by each of the underlying funds. For comparison purposes, we have also shown the average commission rate for similar asset classes across the firm. This should provide a meaningful breakdown of the commission costs borne by your fund. If further detail is required, full analysis of commission expenditure for any Baillie Gifford Pooled Fund to which you have exposure is available on request.

IA Pension Fund Disclosure Code (Third Edition)	<p>The Pension Fund Disclosure Code was first adopted in May 2002 and was drawn up by a Joint Working Party of Members of the Investment Association (IA) and the National Association of Pension Funds (NAPF). The purpose of the Code is to promote accountability of fund managers to their clients through increased transparency and to assist clients in their understanding of the charges and costs levied on the fund assets for which they have responsibility. Under the Code, fund managers are required to provide clients with information on how they make choices between trading counterparties and trading venues, more detailed information on how the resulting commission spend is built up, and what services are met out of commission spend, in particular such execution and research services as are permitted by the Financial Conduct Authority (FCA). It also provides a comparison of client specific information on costs and trading with similar firm-wide information.</p> <p>Although the Code was initially drawn up with pension funds in mind, we provide the disclosures for all our clients in compliance with relevant regulatory requirements.</p> <p>There are two distinct types of disclosure required by the Code:-</p> <p>Level 1 requires disclosure of Baillie Gifford's policies, processes and procedures in relation to the management of trading costs incurred on behalf of clients. This disclosure is provided annually to clients and is called the "Trading Procedures and Control Processes" document. This document is also available on request.</p> <p>Level 2 requires client specific information to be provided and is contained within this quarterly report. Level 2 aims to provide comprehensive, clear and standardised disclosure of information from which clients and their advisers can compare and monitor trading costs incurred during the fund management process and the services received in exchange for these commissions.</p> <p>We have included disclosure of transactions and commissions for Equities, Bonds, Currencies and Derivatives, where relevant.</p>
Broker Commission	<p>This page gives information by geographic region on the commission paid by the fund on all commission bearing transactions in directly held equities.</p>
Equity Trading Analysis and Commissions	<p>The trading and commissions analysis on the previous pages represents trading and commissions incurred by the fund over the quarter. Portfolio transactions are analysed by counterparty and type of trade. Transactions listed under "Other Rates" include programme trades, direct market access or algorithmic trades where commission rates may be lower. Commissions have been shown by counterparty where the fund holds stocks directly and relate to the purchase of execution only (no payment for research services). Where the fund gains exposure to equities via Open Ended Investment Companies (OEICs), transactions and commission analysis have been provided at the total fund level. A full disaggregation by counterparty for each of these funds is available on request. Where relevant, the proportion of commissions paid under directed or recapture arrangements is also shown.</p> <p>The fund's analysis of transactions and commissions paid is compared with Baillie Gifford's total transactions and commissions paid across all trading in the same asset classes. The fund's average commission rate is compared with Baillie Gifford's average commission rate across all trading in the same asset classes. A similar analysis for OEIC holdings is shown, at the total fund level.</p>
Non-Equity Trading Analysis	<p>The trading report for bonds shows trading volume by the fund over the quarter, analysed by counterparty. As all trades are executed on a net basis, no commission figures are available. Where derivative transactions are permitted, and executed, these are analysed by counterparty (executing broker) and show market value, underlying exposure and (execution) commission. Where the fund gains exposure to bonds via OEICs, transaction volume by counterparty, is available for each of these funds on request.</p> <p>All foreign exchange activity, for the entire portfolio is analysed by counterparty, distinguishing between spot and forward transactions. As all trades are executed on a net basis, no commission figures are available. Where the fund gains exposure to markets via OEICs, currency transaction volume by counterparty, is available for each of these funds on request.</p>
Income and Costs Summary	<p>This shows costs deducted from the fund on an actual basis. Fund management fees and VAT are included during the period when the invoice is raised. Custody costs are included when the sum is debited from the funds managed by Baillie Gifford.</p> <p>Any holdings of in-house pooled funds are shown together with their total expenses on a rolling yearly basis, expressed as a percentage of fund value. Expenses include broker commission on transactions dealt within the fund, bank charges, audit, registrar, depository and Regulatory fees. Any tax paid by the fund is not included. For A and B class OEIC shares investment management fees are also included.</p> <p>A dilution levy may also be charged on OEIC purchases and sales in the case of large transactions.</p> <p>If the portfolio has a holding in a stock that is not covered by the code, such as third party funds or investment trusts, this is also shown.</p>

Important Note - In view of the new disclosure requirements introduced by MiFID II, the IA has withdrawn the Code effective 3 January 2018. MiFID II requires new disclosures setting out how asset managers and AFMs achieve best execution for their clients. These disclosures are considerably more detailed than the existing order execution policies in the Code ("level one" disclosures). We intend to phase out the existing disclosures (as currently included in your quarterly report) by the end of 2018 and replace with revised disclosures. A more detailed Costs & Charges disclosure is available on request.

	Proceeds (GBP)	Book Cost (GBP)	Profit/Loss (GBP)
Total Purchases		884,567	
Accrued Interest		0	
		884,567	
Total Sales	0	0	0
Accrued Interest	0		
	0	0	0
Total Net Investment/Disinvestment			884,567
Net Accrued Interest			0
Total			884,567

Trade Date Settlement Date	Asset Name Sedol Code	Quantity Price	Proceeds (GBP)	Book Cost (GBP)	Profit/Loss (GBP)	Quantity Balance	Book Cost Balance (GBP)
Equities							
UK							
Purchases							
30/09/18	Baillie Gifford Managed	0.000		296,733		5,160,566.004	52,263,632
30/09/18	Fund B Accum 0601016 <i>(Accumulation Units' Bookcost)</i>	GBP 0.00					
Total Purchases				296,733			
Total Net Investment/Disinvestment UK							296,733
Total Net Investment/Disinvestment Equities							296,733

Trade Date Settlement Date	Asset Name Sedol Code	Quantity Price	Proceeds (GBP)	Book Cost (GBP)	Profit/Loss (GBP)	Quantity Balance	Book Cost Balance (GBP)
Diversified Growth							
Other							
UK							
Purchases							
12/07/18 17/07/18	Baillie Gifford Diversified Growth Fund B2 Acc BYQCYV6	49,565.301 GBP 2.09		103,691		11,921,343.890	23,914,380
25/07/18 30/07/18	Baillie Gifford Diversified Growth Fund B2 Acc BYQCYV6	7,534.791 GBP 2.11		15,898		11,928,878.681	23,930,278
14/08/18 17/08/18	Baillie Gifford Diversified Growth Fund B2 Acc BYQCYV6	63,121.800 GBP 2.09		132,177		11,992,000.481	24,062,455
31/08/18 31/08/18	Baillie Gifford Diversified Growth Fund B2 Acc BYQCYV6 <i>(Equalisation)</i>	0.000 GBP 0.00		-1,974		11,992,000.481	24,250,430
31/08/18 31/08/18	Baillie Gifford Diversified Growth Fund B2 Acc BYQCYV6 <i>(Accumulation Units' Bookcost)</i>	0.000 GBP 0.00		71,231		11,992,000.481	24,133,686
31/08/18 31/08/18	Baillie Gifford Diversified Growth Fund B2 Acc BYQCYV6 <i>(Equalisation)</i>	0.000 GBP 0.00		-1,474		11,992,000.481	24,248,955
31/08/18 31/08/18	Baillie Gifford Diversified Growth Fund B2 Acc BYQCYV6 <i>(Accumulation Units' Bookcost)</i>	0.000 GBP 0.00		118,718		11,992,000.481	24,252,404
13/09/18 18/09/18	Baillie Gifford Diversified Growth Fund B2 Acc BYQCYV6	72,395.252 GBP 2.07		149,569		12,064,395.733	24,398,524
Total Purchases				587,835			
Total Net Investment/Disinvestment UK							587,835
Total Net Investment/Disinvestment Other							587,835
Total Net Investment/Disinvestment Diversified Growth							587,835
Total							884,567

Asset Name	Nominal Holding	Market Price	Book Cost (GBP)	Market Value (GBP)	Fund (%)
Equities					
Baillie Gifford Managed Fund B Accum	5,160,566.004	GBP 10.97	52,263,632	56,611,409	69.3
Total Equities			52,263,632	56,611,409	69.3
Diversified Growth					
Baillie Gifford Diversified Growth Fund B2 Acc	12,064,395.733	GBP 2.08	24,398,524	25,069,814	30.7
Total Diversified Growth			24,398,524	25,069,814	30.7
Total			76,662,156	81,681,223	100.0

Valuation of securities Holdings in Baillie Gifford Pooled Funds are valued at month end using a single price which reflects closing prices of the underlying assets in the funds. This month end price may differ from the price used for transactions in the funds which is calculated daily at 10am and uses intra-day prices. This provides a consistent basis for reporting.

	Market Value 30 June 2018 (GBP)	Net Investment/ Disinvestment (GBP)	Capital Gain/Loss (GBP)	Market Value 30 September 2018 (GBP)
Equities				
Baillie Gifford Managed Fund B Accum	55,011,634	296,733	1,303,043	56,611,409
Total Equities	55,011,634	296,733	1,303,043	56,611,409
Diversified Growth				
Baillie Gifford Diversified Growth Fund B2 Acc	24,669,556	587,835	-187,576	25,069,814
Total Diversified Growth	24,669,556	587,835	-187,576	25,069,814
Total	79,681,190	884,567	1,115,467	81,681,223

	(GBP)	Book Cost (GBP)	Market Value (GBP)
As at 30 June 2018			
Equities		51,966,899.66	55,011,633.60
Diversified Growth		23,810,689.27	24,669,555.91
		75,777,588.93	79,681,189.51
Income			
Income from Shares and Securities	483,232.68		
Management Fee Rebate	15,898.41		
	499,131.09		
Net Total Income and Charges		499,131.09	499,131.09
Change in Market Value of Investments		0.00	1,115,466.54
Cash transferred to/from Portfolio		385,436.25	385,436.25
As at 30 September 2018		76,662,156.27	81,681,223.39
Of which:			
Equities		52,263,632.20	56,611,409.06
Diversified Growth		24,398,524.07	25,069,814.33
Total		76,662,156.27	81,681,223.39

Cash Transfer Detail

Date	Amount (GBP)
July 2018	103,690.61
August 2018	132,177.05
September 2018	149,568.59
	385,436.25

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