

# BAILLIE GIFFORD UK GROWTH FUND PLC

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## Investor Disclosure Document

The EU Alternative Investment Fund Managers Directive requires certain information to be made available to investors prior to their investment in the Company. The Company's Investor Disclosure Document is available for viewing at [www.bgukgrowthfund.com](http://www.bgukgrowthfund.com).

### Notes

None of the views expressed in this document should be construed as advice to buy or sell a particular investment. Investment trusts are UK public listed companies and as such comply with the requirements of the UK Listing Authority. They are not authorised or regulated by the Financial Conduct Authority.

Baillie Gifford UK Growth Fund plc currently conducts its affairs, and intends to continue to conduct its affairs, so that the Company's Ordinary Shares can qualify to be considered as a mainstream investment product and can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the rules of the Financial Conduct Authority (FCA) in relation to non-mainstream investment products.

### **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the action you should take you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser.

If you have sold or otherwise transferred all of your holding in Baillie Gifford UK Growth Fund plc, please forward this document, together with accompanying documents, but not your personalised Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was or is being effected for delivery to the purchaser or transferee.



The principal investment objective of the Company is to achieve capital growth predominantly from investment in UK equities, with the aim of providing a total return in excess of the FTSE All-Share Index.

## Financial Highlights – Year to 30 April 2020

**Share Price (14.6%)**

**NAV (12.5%)**

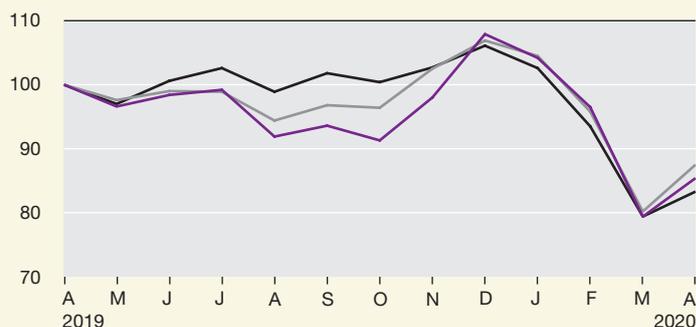
**Benchmark\* (16.7%)**

Source: Refinitiv/Baillie Gifford. All figures are stated on a total return basis. Total return is an Alternative Performance Measure – see Glossary of Terms and Alternative Performance Measures on pages 55 and 56. Comparatives for 2019 can be found on page 4.

### NAV, Share Price and Benchmark

(figures rebased to 100 at 30 April 2019)

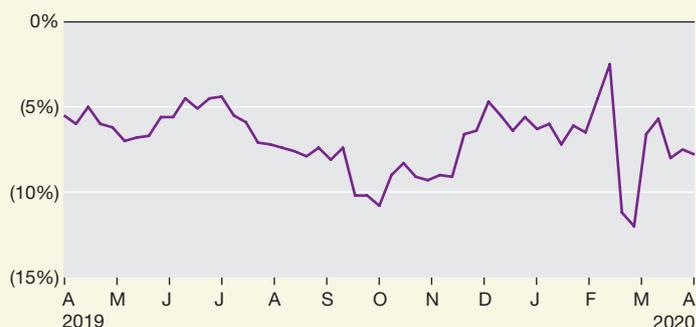
- NAV
- Share price
- Benchmark\*



### Discount† to Net Asset Value

(figures plotted on a weekly basis)

- Discount



\* The benchmark is the FTSE All-Share Index.

† Alternative performance measure – see Glossary of Terms and Alternative Performance Measures on pages 55 and 56.

Source: Refinitiv/Baillie Gifford and relevant underlying index providers. See disclaimer on page 54.

Past performance is not a guide to future performance.

## Strategic Report

The Strategic Report, which includes pages 2 to 14 and incorporates the Chairman's Statement has been prepared in accordance with the Companies Act 2006.

## Chairman's Statement



Carolan Dobson, Chairman

### Covid-19

In these uncertain times, my fellow Directors and I would like to take this opportunity to extend our thoughts to all affected by recent events, and our gratitude to those working tirelessly for the benefit of all.

Your Board has been monitoring how the Managers and other service providers have been responding to developments and has sought assurances that, operationally, they are acting responsibly towards their employees whilst maintaining appropriate standards of service to the Company. The portfolio managers in turn have continued to seek similar assurances from the companies held in the portfolio.

### Annual General Meeting ('AGM')

It is intended that the Company's AGM will be held on Wednesday 5 August 2020 at 12.00 noon at the offices of Baillie Gifford, 1 Greenside Row, Edinburgh, EH1 3AN. Whilst normally inviting shareholders to attend, this doesn't seem possible at the current time, so shareholders are encouraged to submit their votes by proxy rather than attempt to do so in person. The meeting itself will involve the minimum number of people necessary for it to be quorate so anyone not authorised to attend will be declined entry for health reasons. Should the situation change, further information will be made available through the Company's website at [www.bgukgrowthfund.com](http://www.bgukgrowthfund.com) and the London Stock Exchange regulatory news service.

### Performance

For the year to 30 April 2020, the Company's net asset value ('NAV') total return (capital and income) was negative 12.5% compared to a negative 16.7% for the FTSE All-Share Index total return.

The Company's share price total return over the same period was negative 14.6%. Whilst disappointing to see a fall in value, it is good to see our quality portfolio outperforming the broader market in these difficult times.

The longer term prospects for our companies look exciting. The Managers' review on pages 10 and 11 highlights some of the interesting developments in the portfolio as well as some of the issues faced.

### Stewardship

As long-term 'actual' investors, the portfolio managers' focus is on promoting the best long-term performance outcomes for the businesses in which they invest, actively engaging with companies on those issues which could impact their long-term potential and supporting actions which they believe will maximise returns in future years. As part of the investment research process, consideration is given to relevant environmental, social and governance issues and the impact these may have on future returns.

The portfolio managers invest in companies at different stages in their evolution and across different industries and are wary of prescriptive policies and rules, believing that these can run counter to thoughtful and beneficial corporate stewardship. The approach adopted therefore favours a small number of simple stewardship principles which help shape interactions with companies. These principles, along with their core investment principles, are set out on page 9.

### Share Buy-backs and Issuance from Treasury

No shares were bought back during the year to 30 April 2020. At the forthcoming AGM, the Board will ask shareholders to renew the mandate to repurchase up to 14.99% of the outstanding shares. The share buy-back policy seeks to operate in the best interests of shareholders by taking into account the relative level of the Company's share price discount to NAV when compared with peer group trusts, the absolute level of discount, volatility in the level of discount and the impact from share buy-back activity on the long-term liquidity of the Company's issued shares.

The Board also believes that the Company benefits from the flexibility of being able to re-issue any shares that might be held in treasury and is therefore looking to renew the annual issuance authority. At present there are 10,396,700 shares, 6.9% of the Company's issued share capital as at 30 April 2020, held in treasury. To avoid any dilution to existing investors, these would only be re-issued at a premium to NAV and after associated costs.

## Gearing

During the year, the Company replaced its Scotiabank £35 million revolving one year credit facility with a £20 million revolving credit loan facility with National Australia Bank. This new facility contains the option to increase the amount borrowed to £35 million. No borrowings were drawn in the period and this continues to be the position.

The Board sets internal guidelines for the portfolio managers' use of gearing which are altered from time to time but are subject to net effective gearing not representing more than 20% of shareholders' funds.

## Earnings and Dividends

The net revenue return per share for the year was 3.75p, versus 5.12p in 2019. A final dividend of 3.10p per share, payable on 12 August 2020 to shareholders on the register as at 10 July 2020, is being recommended. Shareholders should not rely on receiving a regular or growing level of income from the Company as its priority is capital growth. Any dividend paid will be by way of a single final payment and the Board expects that such dividends would represent approximately the minimum permissible to maintain investment trust status.

## Diversity Policy

The Board believes that maintaining a diversity of thought and experience on the Board, and at an operational level within Baillie Gifford, represents the best way of discharging its responsibilities to shareholders. In furtherance of this belief, the Board will look for the best ways to increase the diversity of gender, ideas, professional experiences and cultural backgrounds to which the Company is exposed.

The Board will continue to monitor diversity on an ongoing basis, having regard to developments in Corporate Governance Code and wider market practice, and seek to ensure that the Company retains the benefits of a diversity of thought and experience going forward. As circumstances allow, the Company will continue to look for opportunities to broaden the diversity to which the Company is exposed, in furtherance of this commitment.

## Financial Conduct Authority ('FCA') Value Assessment

Shareholders might be aware that new FCA rules require Alternative Investment Fund Managers to assess the overall value that their authorised unit trusts and open-ended funds deliver to investors. Although these rules do not apply to investment trusts, it should be noted that, over the course of the Company's financial year, the Company's Committees and Board assessed various costs levied by third party service providers as well as the Managers and Secretaries, and the quality of service received. I can therefore report that at present it is the Board's view that charges levied by third parties and the Managers and Secretaries are reasonable.

## Outlook

The long-term ramifications of Covid-19 on the UK and global economies are unknown, but it is likely that in the short-term the trading environment for many companies will be exceptionally challenging. On top of this, whilst the UK has left the European Union, the risks of a disorderly Brexit remain high.

The Board and Managers have attempted to consider the implications of such matters sensibly and dispassionately and remain convinced that exceptional UK growth companies are still able to exploit their competitive strengths over the long-term and take advantage of the opportunities that follow severe economic dislocation. Patient investors should, therefore, be rewarded in due course.

Carolann Dobson  
Chairman  
19 June 2020

## One Year Summary

	30 April 2020	30 April 2019	% change
Shareholders' funds	£263.7m	£305.7m	
Net asset value per share	175.2p	203.1p	(13.7)
Share price	161.5p	192.0p	(15.9)
FTSE All-Share Index			(19.8)
Revenue earnings per ordinary share	3.75p	5.12p	(26.8)
Dividends paid and payable in respect of the year	3.10p	4.45p	(30.3)
Ongoing charges*†	0.66%	0.51% †	
Discount*	(7.8%)	(5.5%)	
Active share*	86%	86%	

Year to 30 April	2020	2019
<b>Total returns (%)*</b>		
Net asset value	(12.5)	0.2
Share price	(14.6)	5.0
FTSE All-Share Index	(16.7)	2.6

Year to 30 April	2020	2020	2019	2019
<b>Year's high and low</b>	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>
Net asset value per share	217.7p	137.3p	216.9p	170.7p
Share price	206.0p	116.0p	200.0p	158.0p
Discount*	(1.1%)	(16.3%)	(3.4%)	(11.4%)

	30 April 2020	30 April 2019
<b>Net return per ordinary share</b>		
Revenue	3.75p	5.12p
Capital	(28.75p)	(4.95p)
<b>Total</b>	<b>(25.00p)</b>	<b>0.17p</b>

\* Alternative performance measure – see Glossary of Terms and Alternative Performance Measures on pages 55 and 56.

† Without the management fee waiver (see page 56), the ongoing charges for the year to 30 April 2019 would have been 0.76%. See Glossary of Terms and Alternative Performance Measures on pages 55 and 56.

Source: Refinitiv/Baillie Gifford and relevant underlying index providers. See disclaimer on page 54.

Past performance is not a guide to future performance.

## Five Year Summary

The following charts indicate how an investment in Baillie Gifford UK Growth Fund has performed relative to its benchmark and its underlying net asset value over the five year period to 30 April 2020.

### Five Year Total Return\* Performance

(figures rebased to 100 at 30 April 2015)

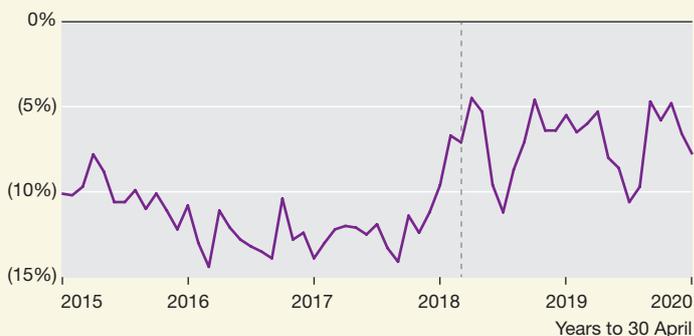


Source: Refinitiv/Baillie Gifford and relevant underlying index providers†.

- Share price
- NAV
- Benchmark#

### Discount\* to Net Asset Value

(figures plotted on a monthly basis)

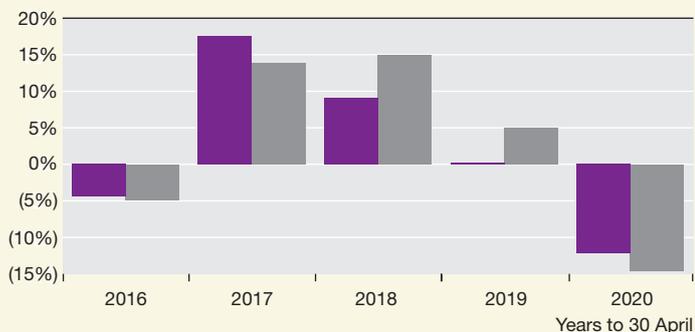


Source: Refinitiv/Baillie Gifford and relevant underlying index providers†.

- Discount

The discount is the difference between UK Growth's quoted share price and its underlying net asset value.

### Annual Net Asset Value and Share Price Total Returns\*

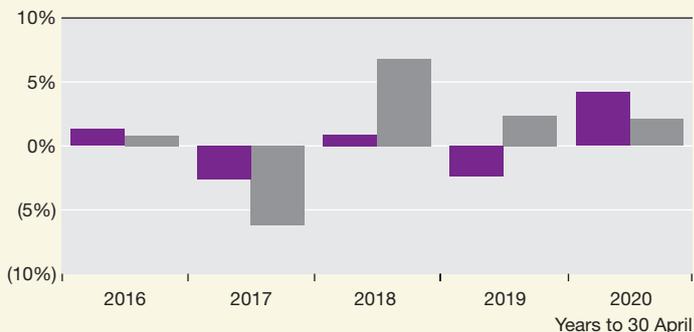


Source: Refinitiv/Baillie Gifford and relevant underlying index providers†.

- NAV return
- Share price return

### Annual Net Asset Value and Share Price Total Returns\*

(relative to the benchmark# total returns)



Source: Refinitiv/Baillie Gifford and relevant underlying index providers†.

- NAV return
- Share price return

\* See Glossary of Terms and Alternative Performance Measures on pages 55 and 56.

† See disclaimer on page 54.

# The benchmark is the FTSE All-Share Index.

The line at 30 June 2018 represents the appointment of Baillie Gifford & Co Limited as Managers and Secretaries.

Past performance is not a guide to future performance.

## Business Review

### Business Model

#### Business and Status

Baillie Gifford UK Growth Fund plc ('the Company') is a public company limited by shares and is incorporated in England. The Company is an investment company within the meaning of section 833 of the Companies Act 2006 and carries on business as an investment trust. Investment trusts are UK public listed companies and their shares are traded on the London Stock Exchange. They invest in a portfolio of assets in order to spread risk. The Company has a fixed share capital, although, subject to shareholder approval sought annually, it may purchase its own shares or issue shares. The price of the Company's shares is determined, like other listed shares, by supply and demand. The Company has been approved as an investment trust by HM Revenue & Customs subject to the Company continuing to meet the eligibility conditions. The Directors are of the opinion that the Company has continued to conduct its affairs so as to enable it to comply with the ongoing requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011.

The Company is an Alternative Investment Fund (AIF) for the purposes of the EU Alternative Investment Fund Managers Directive.

#### Investment Objective

The principal investment objective of the Company is to achieve capital growth predominantly from investment in UK equities, with the aim of providing a total return in excess of the FTSE All-Share Index.

#### Investment Policy

The Company invests in a relatively concentrated portfolio of between 35 and 65 stocks principally selected for their potential to provide shareholders with attractive returns relative to the FTSE All-Share Index. The portfolio is invested primarily in listed UK equities. It may, if appropriate, include convertible securities, and equity-related derivatives may be used for efficient portfolio management purposes. The yield on the Company's investment portfolio is of secondary importance.

The stocks are predominantly constituents of the FTSE 350 Index.

The size of individual stock holdings depends on the Managers' degree of conviction, not the stock's weight in any index.

### Performance

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives.

#### Key Performance Indicators

The key performance indicators (KPIs) used to measure the progress and performance of the Company over time are established industry measures and are as follows:

- the movement in net asset value total return per ordinary share relative to the benchmark total return over the longer term;
- the movement in the share price total return relative to the benchmark total return over the longer term;
- the absolute level of movement in the net asset value total return over the longer term;

- the absolute level of movement in the share price total return over the longer term;
- the premium/discount of the share price to the net asset value per share;
- management fee; and
- ongoing charges.

An explanation of these measures can be found in the Glossary of Terms and Alternative Performance Measures on pages 55 and 56.

The one, five and ten year records of the KPIs can be found on pages 4, 5 and 14.

In addition to the above, the Board considers peer group comparative performance.

### Borrowings

The Company has a one year £20 million unsecured revolving credit loan facility with National Australia Bank which is due to expire on 8 July 2020. At 30 April 2020, there were no outstanding drawings. Negotiations are underway to extend this facility for a further year with National Australia Bank.

### Principal Risks

As explained on pages 21 and 22 there is an ongoing process for identifying, evaluating and managing the risks faced by the Company on a regular basis. The Directors have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. A description of these risks and how they are being managed or mitigated is set out below:

**Financial Risk** – the Company's assets consist of listed securities and its principal and emerging risks are therefore market related and include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. An explanation of those risks and how they are managed is contained in note 18 to the Financial Statements on pages 45 to 47. The Board has, in particular, considered the impact of heightened market volatility since the coronavirus outbreak. To mitigate this risk the Board considers at each meeting various portfolio metrics including individual stock performance, the composition and diversification of the portfolio by sector, purchases and sales of investments and the top and bottom contributors to performance. The Managers provide rationale for stock selection decisions. A strategy meeting is held annually.

**Investment Strategy Risk** – pursuing an investment strategy to fulfil the Company's objective which the market perceives to be unattractive or inappropriate, or the ineffective implementation of an attractive or appropriate strategy, may lead to reduced returns for shareholders and, as a result, a decreased demand for the Company's shares. This may lead to the Company's shares trading at a widening discount to their net asset value. To mitigate this risk, the Board regularly reviews and monitors: the Company's objective and investment policy and strategy; the investment portfolio and its performance; the level of discount/premium to net asset value at which the shares trade; and movements in the share register.

**Discount Risk** – the discount/premium at which the Company's shares trade relative to its net asset value can change. The risk of a widening discount is that it may undermine investor confidence in the Company. To manage this risk, the Board monitors the level of discount/premium at which the shares trade and the Company has authority to buy back its existing shares when deemed by the Board to be in the best interests of the Company and its shareholders.

**Regulatory Risk** – failure to comply with applicable legal and regulatory requirements such as the tax rules for investment trust companies, the UKLA Listing Rules and the Companies Act could lead to suspension of the Company's Stock Exchange listing, financial penalties, a qualified audit report or the Company being subject to tax on capital gains. To mitigate this risk, Baillie Gifford's Business Risk, Internal Audit and Compliance Departments provide regular reports to the Audit Committee on Baillie Gifford's monitoring programmes. Major regulatory change could impose disproportionate compliance burdens on the Company. In such circumstances representation is made to ensure that the special circumstances of investment trusts are recognised. Shareholder documents and announcements, including the Company's published Interim and Annual Report and Financial Statements, are subject to stringent review processes, and procedures are in place to ensure adherence to the Transparency Directive and the Market Abuse Directive with reference to inside information.

**Custody and Depositary Risk** – safe custody of the Company's assets may be compromised through control failures by the Depositary, including cyber security incidents. To mitigate this risk, the Audit Committee receives six monthly reports from the Depositary confirming safe custody of the Company's assets held by the Custodian. Cash and portfolio holdings are independently reconciled to the Custodian's records by the Managers. The Custodian's audited internal controls reports are reviewed by Baillie Gifford's Business Risk Department and a summary of the key points is reported to the Audit Committee and any concerns investigated. In addition, the existence of assets is subject to annual external audit.

**Operational Risk** – failure of Baillie Gifford's 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. To mitigate this risk, Baillie Gifford has a comprehensive business continuity plan which facilitates continued operation of the business in the event of a service disruption (including any disruption resulting from the coronavirus outbreak) or major disaster. Since the introduction of the Covid-19 restrictions, almost all Baillie Gifford staff have been working from home and operations have continued largely as normal. The Board reviews Baillie Gifford's Report on Internal Controls and the reports by other key third party providers are reviewed by Baillie Gifford on behalf of the Board. The other key third party service providers have not experienced significant operational difficulties affecting their respective services to the Company.

**Leverage Risk** – the Company may borrow money for investment purposes (sometimes known as 'gearing' or 'leverage'). If the investments fall in value, any borrowings will magnify the impact of this loss. If borrowing facilities are not renewed, the Company may have to sell investments to repay borrowings. To mitigate this

risk, all borrowing facilities require the prior approval of the Board and leverage levels are discussed by the Board and Managers at every meeting. Covenant levels are monitored regularly. The Company's investments are in listed securities that are readily realisable. Further information on leverage can be found on page 54 and in the Glossary of Terms and Alternative Performance Measures on pages 55 and 56.

**Political Risk** – political developments are monitored and considered by the Board as they occur, such as the departure of the UK from the European Union on 31 January 2020, and to assess the political consequences for the Company's future activities.

### Viability Statement

Notwithstanding that the continuation of the Company is subject to approval by shareholders every five years, with the next vote at the Annual General Meeting in 2024, the Directors have, in accordance with provision 31 of the UK Corporate Governance Code, assessed the prospects of the Company over a five year period. The Directors continue to believe this period to be appropriate as it reflects the Company's longer term investment strategy and to be a period during which, in the absence of any adverse change to the regulatory environment and to the tax treatment afforded to UK investment trusts, they do not expect there to be any significant change to the current principal risks facing the Company nor to the effectiveness of the controls employed to mitigate those risks. Furthermore, the Directors do not reasonably envisage any change in strategy or any events which would prevent the Company from operating over a period of five years.

In considering the viability of the Company, the Directors have conducted a robust assessment of each of the principal risks and uncertainties detailed on pages 6 and 7 and in particular the impact of market risk where a significant fall in UK equity markets would adversely impact the value of the investment portfolio. The Company's investments are listed and readily realisable and can be sold to meet its liabilities as they fall due. The Directors have also considered the Company's leverage and liquidity in the context of the unsecured revolving credit loan facility of £20 million expiring in July 2020, which was undrawn at 30 April 2020 and remains undrawn as at 18 June 2020. Specific leverage and liquidity stress testing was conducted during the year, including consideration of the risk of further market deterioration resulting from the coronavirus outbreak. The stress testing did not indicate any matters of concern. In addition, all of the key operations required by the Company are outsourced to third party service providers and it is reasonably considered that alternative providers could be engaged at relatively short notice where necessary. The Board has specifically considered the UK's departure from the European Union on 31 January 2020 and can see no scenario that it believes would affect the going concern status or viability of the Company.

Based on the Company's processes for monitoring revenue projections and operating costs, share price discount/premium, the Managers' compliance with the investment objective, asset allocation, the portfolio risk profile, leverage, counterparty exposure, liquidity risk, financial controls and the Managers' operational resilience, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years.

## Section 172 Statement

Under section 172 of the Companies Act 2006, the directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters and to the extent applicable) to:

- (a) the likely consequences of any decision in the long-term;
- (b) the interests of the company's employees;
- (c) the need to foster the company's business relationships with suppliers, customers and others;
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the company.

In this context and having regard to the Company being an externally-managed investment company with no employees, the Board considers that the Company's key stakeholders are its existing and potential new shareholders, its externally-appointed managers (Baillie Gifford) and other professional service providers (corporate broker, registrar, auditors and depository), lenders, wider society and the environment.

Great importance is placed by the Board on communication with shareholders and the Annual General Meeting provides the key forum for the Board and Managers to present to shareholders on the performance of the Company and on the future plans/prospects for the Company (see Notice of Meeting on page 48). It also allows shareholders the opportunity to meet with the Board and Managers and to raise questions and concerns. This year, regrettably it is looking likely that this will not be possible in person, nevertheless strong emphasis is placed on ensuring that shareholders still have the opportunity to ask questions of the Board and Managers (see page 48). The Chairman is available to meet with shareholders as appropriate and the Managers meet regularly with shareholders and their respective representatives, reporting back on views to the Board. Shareholders may also communicate with the Board at any time by writing to them at the Company's registered office or to the Company's broker. These communication opportunities help inform the Board when considering how best to promote the success of the Company for the benefit of all shareholders over the long-term.

The Board seeks to engage with its managers and other service providers in a collaborative and collegiate manner, with open and respectful discussion and debate being encouraged, whilst also ensuring that appropriate and regular challenge is brought and evaluation is conducted. The aim of this approach is to enhance service levels and strengthen relationships with the Company's providers with a view to ensuring the interests of the Company's shareholders and other stakeholders are best served by keeping cost levels proportionate and competitive, by maintaining the highest standards of business conduct and by upholding the Company's values.

Whilst the Company's operations are limited (with all substantive operations being conducted by the Company's third party service providers), the Board is keenly aware of the need to consider the impact of the Company's investment strategy and policy on wider society and the environment. The Board considers that its oversight

of environmental, social and governance (ESG) matters is an important part of its responsibility to all stakeholders and that proper consideration of ESG factors sits naturally with the Company's long-term approach to investment. The Board's approach to matters of diversity is set out on page 21.

The Board recognises the importance of keeping the interests of the Company's shareholders, and of acting fairly between them, firmly front of mind in its key decision making and the Company Secretaries are at all times available to the Board to ensure that suitable consideration is given to the range of factors to which the Directors should have regard. In addition to ensuring that the Company's stated investment objective was being pursued, key decisions and actions during the year which have required the Directors to have regard to applicable section 172 factors include:

- at the Company's Annual General Meeting held in August 2019, shareholders voted overwhelmingly in favour of continuing the life of the Company for a further five year period, with over 99.99% of votes cast in favour of continuation; and
- in July 2019, the Company replaced its Scotiabank £35 million revolving one year credit facility with a £20 million revolving credit loan facility with National Australia Bank, with the option to increase borrowings to £35 million via an accordion facility.

## Employees, Human Rights and Community Issues

The Board recognises the requirement to provide information about employees, human rights and community issues. As the Company has no employees, all its Directors are non-executive and all its functions are outsourced, there are no disclosures to be made in respect of employees, human rights and community issues. Further information on the Company's approach to environmental, social and governance (ESG) matters is provided on page 23.

## Gender Representation

The Board comprises four Directors, one female and three male. The Company has no employees. The Board's policy on diversity is set out on page 21.

## Environmental, Social and Governance Policy

Details of the Company's policy on socially responsible investment can be found under Corporate Governance and Stewardship on page 23.

The Company considers that it does not fall within the scope of the Modern Slavery Act 2015 and it is not, therefore, obliged to make a slavery and human trafficking statement. In any event, the Company considers its supply chains to be of low risk as its suppliers are typically professional advisers. A statement by the Managers under the Act has been published on the Managers' website at [www.bailliegifford.com](http://www.bailliegifford.com).

## Future Developments of the Company

The outlook for the Company for the next 12 months is set out in the Chairman's Statement on pages 2 and 3 and the Managers' Report on pages 10 and 11.

The Strategic Report, which includes pages 2 to 14 was approved by the Board of Directors and signed on its behalf on 19 June 2020.

Carolan Dobson  
Chairman

## The Managers' Core Investment Principles

### Investment Philosophy

The following are the three core principles underpinning our investment philosophy. We have a consistent, differentiated long-term investment approach to managing UK equities that should stand investors in the Company in good stead:

#### Growth

We search for the few companies which have the potential to grow substantially and profitably over many years. Whilst we have no insight into the short-term direction of a company's share price, we believe that, over the longer term, those companies which deliver above average growth in cash flows will be rewarded with above average share price performance and that the power of compounding is often under-appreciated by investors. Successful investments will benefit from a rising share price and also from income accumulated over long periods of time.

#### Patience

Great growth companies are not built in a day. We firmly believe that investors need to be patient to fully benefit from the scale of the potential. Our investment time horizon, therefore, spans decades rather than quarters and our portfolio turnover, at 5.4%, is significantly below the UK industry average. This patient, long-term approach affords a greater chance for the superior growth and competitive traits of companies to emerge as the dominant influence on their share prices and allows compounding to work in the investors' favour.

### Active Investment Management

It is our observation that many investors pay too much attention to the composition of market indices and active managers should make meaningful investments in their best ideas regardless of the weightings of the index. For example, we would never invest in a company just because it is large or to reduce risk. As a result, shareholders should expect the composition of the portfolio to be significantly different from the benchmark. This differentiation is a necessary condition for delivering superior returns over time and shareholders should be comfortable tolerating the inevitable ups and downs in short-term relative performance that will follow from that.

Portfolio construction flows from the investment beliefs stated above.

## The Managers' Stewardship Principles

We have a responsibility to behave as supportive and constructively engaged long-term investors. Our approach favours a small number of simple principles which help shape our interactions with companies:

### Prioritisation of long-term value creation

We encourage company management and their boards to be ambitious and focus their investments on long-term value creation.

### Sustainable business practices

We look for companies to act as responsible corporate citizens, working within the spirit and not just the letter of the laws and regulations that govern them.

### Fair treatment of stakeholders

We believe it is in the long-term interests of companies to maintain strong relationships with all stakeholders, treating employees, customers, suppliers, governments and regulators in a fair and transparent manner.

### A constructive and purposeful board

We believe that boards play a key role in supporting corporate success and representing the interests of minority shareholders.

### Long-term focused remuneration with stretching targets

We look for remuneration policies that are simple, transparent and reward superior strategic and operational endeavour.

## Managers' Report

The impact of the Covid-19 pandemic will likely be felt for some years to come. It has had tragic consequences for many families to-date whilst also shining a light on a number of professions that historically have always worked tirelessly for the good of society without the deserved recognition. We extend our sympathies to those that have suffered bereavement and our thanks to those vital workers that have carried out their duties in exceptionally difficult times. Considering the current tragic backdrop, it seems rather trivial to remind people that investment for the long-term remains our core professional focus, assimilating events and considering the implications for the portfolio, but professionally this is what we must do.

Although one can never say never, when writing future reports, we think it will be hard to match the events of the 12 months to 30 April 2020 for escalating drama. In the interim report we referred to the first half of the financial year as 'tumultuous' with Brexit negotiations and global trade war concerns dominating headlines. So how on earth can one describe the events of the second half? Firstly, a snap UK election resulting in a surprisingly large Conservative majority that initially cheered markets and directly led to 'Brexit' actually happening, with the UK leaving the European Union at the end of January. But even those historic events were in turn superseded by the coronavirus (Covid-19) pandemic that led to most countries in the world forcing their citizens into lockdown and a collapse in economic activity. The UK stock market, in particular, suffered in this latter phase and, as the Chairman noted in her report, we ended in negative territory for the year.

Rather than speculate and blether on (a Scottish phrase) at length about the consequences of current events where the most intellectually honest, if slightly unsatisfactory, response to fellow shareholders is 'we simply don't know', we think a more useful analysis is to answer 'what have you done, what are you doing and where are you going?' Particularly in regard to the latter point, whilst we have said in the past that we have no crystal ball, it is reasonable to ask how our investment framework helps us think about the current extraordinarily difficult and uncertain environment for companies.

### What have we done?

The main thing to say about the last twelve months is that we have stayed true to our investment principles which, as always, are separately shown in this report on page 9. In our minds, there is a strong temptation to start reacting to near term events unless one has the discipline of a consistent investment process. Despite the distractions of the last twelve months we are, and remain, bottom up stock pickers with a long-term investment horizon, meaning that portfolio turnover has remained low. We have said previously that performance over short-term periods will be random. Consequently, we should not draw out significant conclusions of the portfolio outperforming over this twelve-month period, particularly as we downplayed the significance of the portfolio underperforming over the first half in the interim report. Such ups and downs are to be expected with a portfolio that looks very different from the index. What we can say is that despite some significant share price falls we remain unenthused about large parts of the UK markets, such as energy and banking, as we continue to believe the long-term prospects in those areas are unexciting for growth investors.

Nevertheless, we remained alert to new opportunities and prior to the crisis bought new holdings in Farfetch (discussed in the interim report), Games Workshop and a small holding in Creo Medical. Games Workshop is a well-established retailer of its own fantasy games (such as Warhammer) and model figures that enthusiastic gamers buy and paint themselves. Over thirty years the business has built a fantastic amount of intellectual property and nurtured a loyal and passionate customer base. While this is always going to be a niche hobby, the growing interest in the fantasy area has, we think, stimulated additional demand for its products. Over the last few years, the current management team has made some well thought out tweaks to the business model that have been very successful, such as letting the company's independent wholesalers also sell the product online, simplifying the rules book to make the game more accessible to new customers, increased new product introductions and also engaged digitally with the gaming community. This latter change has generated significant goodwill and strengthened the relationship Games Workshop has with its community of gamers. We are excited about the remaining growth potential for the hobby, particularly internationally, as well as the scope to build a large and profitable IP licensing business. The latter will take time and patience, but we think the returns to long-term shareholders are potentially significant.

Creo Medical is one of the most exciting smaller companies we have come across in the recent past. It designs and manufactures new and highly innovative endoscopes which enable physicians to take this technology outside of the purely investigative/diagnostic realm into the operating theatre and use it effectively in therapeutic applications. Although Creo is still at an early stage of its development, and therefore with associated risks, there is growing evidence that its products are transformative to patient care in a range of cancers (starting with gastrointestinal indications), allowing for significantly quicker recovery, reduced hospital stays and lower recurrence rates. A recent liquidity event – the company raised some funding to accelerate the distribution/commercialisation of its product suite – allowed us to buy a small holding.

### What are we doing?

Since the coronavirus outbreak, the focus of our discussions (now over Zoom calls rather than in person) has continued to be on finding and owning the most promising UK growth businesses over a five-year plus horizon. This means that we are simultaneously looking for new opportunities while also carefully appraising the resilience of our existing investments in the face of current events and asking ourselves if the long-term case has in any way been impaired. One painful decision we took in the early stages of the crisis was to sell the holding in the cruise ship operator Carnival, despite the shares having already fallen significantly. In this particular case, we had concerns that growing the cruise market may prove challenging when a semblance of normality returns while, in the short-term, the balance sheet of the business was uncomfortably laden with debt, not a promising position when revenues are rapidly drying up. Interestingly, subsequent to our sale, Carnival has attempted to shore up its balance sheet with a mixture of expensive debt and equity which will undoubtedly dilute the upside for shareholders in the business should a cheerful scenario of recovery for cruising come to pass. On the flipside,

we bought a new holding in 4imprint, a company which we have liked for some time but where valuation has been a stumbling block. 4imprint distributes promotional products used by businesses (primarily in the United States) as a form of advertising or as gifts to customers and employees. It operates in a large and extremely fragmented market and, through investments in marketing and its sales force, it has been gaining market share over many years from its smaller and less efficient competitors. The current lockdown measures have resulted in an extremely challenging operating environment. However, the business has a very robust financial position and should withstand the storm. If the 2009 downturn is an example, the company will emerge stronger and continue to significantly outgrow its underlying market.

### Where are we going?

Perhaps the most important question of the three we asked ourselves is this final one. Neither of your portfolio managers are fans of trying to draw lessons from the last crisis, as some commentators have done. This smacks to us of generals trying to fight the last war. In reality, all crises are unique and complicated in their origins and we have been considering whether some of the broad themes that many of our holdings play into still ring true. What we would venture is that much of our thinking here is tentative and may change as more information comes to light. The most important theme by far is the growing digitisation of the economy and our belief that many growth businesses are trying to capitalise on this. Our view is that the current crisis is akin to a shock that will likely accelerate this trend. From our own business to others that we own or observe, necessity is forcing organisations to adopt digital ways of working. This can be painful but in the long-term can unlock significant productivity gains and opportunities for smart management teams. Our holdings in FDM Group and First Derivatives are, we believe, well-placed to benefit from enterprises in many different industries increasing investments in their technology infrastructure. The current crisis will also likely further entrench the 'digital' habits of consumers and boost demand for our consumer technology platforms and retailers such as Just Eat Takeaway.com, Farfetch and Boohoo.com. We also remain enthusiastic about the strong network effects underpinning the dominant positions of Rightmove and Autotrader. In this severe and sudden downturn in activity in their end markets, however, both businesses have rightly realised that their competitive positions are best served by being financially supportive of their own customers, estate agent and second-hand car dealers respectively. Our mindset in both these cases is to back this policy of short-term financial pain in order to safeguard long-term opportunities.

We cannot wish away the fact that it is likely that the most dramatic recession in UK history is pending and will cause damage whose effects are not clear. That explains why, despite the Board being supportive of us utilising the additional firepower of our borrowing facilities, we have so far been cautious in gearing the portfolio. One final point is worth noting. As growth investors, dividends do not hold centre stage in our approach and in our view should only

flow from the profits and cash flow generated after appropriate investment back into the business. The current dividend crisis in the UK, with an unprecedented decline in pay-outs to shareholders, is therefore of less interest to us. Indeed, in several cases, we have been supportive of decisions by companies to suspend dividends given the economic difficulties and the necessity to protect the business and position themselves for the opportunities that may arise.

While we remain optimistic about the overall quality and superior growth potential of the companies in the portfolio, we must acknowledge the greater than usual element of uncertainty. What gives us some confidence, if one is prepared to look beyond the immediate crisis, is that we have a high degree of confidence in the management teams of our business. In communication with many of them over recent weeks, our message has been simple: please try to do the right thing for the long-term interests of your business and try to do right by your other stakeholders such as staff, suppliers and customers. This is not easy, but rather like our investment style, we think by attempting to focus on the fundamentals of long-term success, the odds of a positive outcome are tilted in your favour. And to our fellow shareholders, we would like to thank you for your continued patience and support and look forward to updating you on our future progress.

Iain McCombie and Milena Mileva  
Baillie Gifford & Co  
19 June 2020

## List of Investments at 30 April 2020

Name	Business	Fair value £'000	% of total assets
<b>Basic Materials</b>			
Rio Tinto	Metals and mining company	6,764	2.6
Victrex	Speciality high-performance chemicals manufacturer	4,633	1.7
		<b>11,397</b>	<b>4.3</b>
<b>Consumer Goods</b>			
Diageo	International drinks company	7,823	3.0
Games Workshop Group	Toy manufacturer and retailer	6,484	2.4
Burberry	Luxury goods retailer	5,554	2.1
		<b>19,861</b>	<b>7.5</b>
<b>Consumer Services</b>			
Just Eat Takeaway.com	Operator of online and mobile market place for takeaway food	11,178	4.2
Auto Trader Group	Advertising portal for second hand cars in the UK	9,895	3.7
Boohoo.com	Online fashion retailer	9,705	3.7
HomeServe	Domestic insurance	9,004	3.4
RELX	Professional publications and information provider	8,574	3.2
Rightmove	UK's leading online property portal	8,088	3.1
Howden Joinery	Manufacturer and distributor of kitchens to trade customers	7,554	2.9
Inchcape	Car wholesaler and retailer	4,903	1.9
Euromoney Institutional Investor	Specialist publisher	2,611	1.0
Mitchells & Butlers	Pub and restaurant operator	2,106	0.8
Farfetch	Technology platform for the global fashion industry	2,041	0.8
4imprint	Direct marketer of promotional merchandise	1,984	0.8
		<b>77,643</b>	<b>29.5</b>
<b>Financials</b>			
St. James's Place	UK wealth manager	9,129	3.5
Hargreaves Lansdown	UK retail investment platform	8,967	3.4
Prudential	International life insurer	8,596	3.3
Legal & General	Insurance and investment management company	6,639	2.5
Helical	Property developer	6,533	2.5
IntegraFin	Provides platform services to financial clients	6,309	2.4
Just Group	Provider of retirement income products and services	4,370	1.6
Draper Esprit	Technology focused venture capital firm	3,451	1.3
IG Group	Spread betting website	3,245	1.2
Hiscox	Property and casualty insurance	2,834	1.1
AJ Bell	Investment platform	2,792	1.0
		<b>62,865</b>	<b>23.8</b>
<b>Healthcare</b>			
Genus	World leading animal genetics company	10,899	4.1
Abcam	Online platform selling antibodies to life science researchers	10,829	4.1
Creo Medical	Designer and manufacturer of medical equipment	593	0.3
		<b>22,321</b>	<b>8.5</b>

Name	Business	Fair value £'000	% of total assets
<b>Industrials</b>			
<b>Renishaw</b>	<b>World leading metrology company</b>	<b>9,121</b>	<b>3.4</b>
<b>Ultra Electronics</b>	<b>Aerospace and defence company</b>	<b>7,569</b>	<b>2.9</b>
<b>Halma</b>	<b>Specialist engineer</b>	<b>6,704</b>	<b>2.5</b>
Bunzl	Distributor of consumable products	6,266	2.4
Ashtead	Construction equipment rental company	5,884	2.2
Volution Group	Supplier of ventilation products	5,210	2.0
PageGroup	Recruitment consultancy	4,098	1.6
Bodycote	Heat treatment and materials testing	4,019	1.5
James Fisher & Sons	Specialist service provider to the global marine and energy industries	2,270	0.9
Rolls-Royce	Power systems manufacturer	2,157	0.8
		<b>53,298</b>	<b>20.2</b>
<b>Technology</b>			
<b>First Derivatives</b>	<b>IT consultant and software developer</b>	<b>6,560</b>	<b>2.5</b>
FDM Group	Provider of professional services focusing on information technology	5,848	2.2
		<b>12,408</b>	<b>4.7</b>
<b>Total Equities</b>		<b>259,793</b>	<b>98.5</b>
Net Liquid Assets		3,866	1.5
<b>Total Assets</b>		<b>263,659</b>	<b>100.0</b>

Stocks in bold are the 20 largest investments.

## Ten Year Record

### Capital

At 30 April	Total assets £'000	Borrowings £'000	Shareholders' funds £'000	Net asset value per share* p	Share price p	Discount † %
2010	222,103	25,000	197,103	125.8	117.3	6.8
2011	257,141	25,000	232,141	144.2	137.1	4.9
2012	249,204	25,000	224,204	137.7	126.5	8.2
2013	301,074	25,000	276,074	171.6	157.0	8.5
2014	332,917	30,000	302,917	188.2	178.5	5.2
2015	298,837	–	298,837	185.7	167.0	10.1
2016	274,880	–	274,880	171.4	152.9	10.8
2017	304,372	–	304,372	195.6	168.5	13.9
2018	324,252	12,000	312,252	207.5	187.5	9.6
2019	305,735	–	305,735	203.1	192.0	5.5
<b>2020</b>	<b>263,659</b>	<b>–</b>	<b>263,659</b>	<b>175.2</b>	<b>161.5</b>	<b>7.8</b>

Source: Baillie Gifford/Refinitiv. See disclaimer on page 54.

\* Net asset value per ordinary share has been calculated after deducting borrowings. See Glossary of Terms and Alternative Performance Measures on pages 55 and 56.

† Discount is the difference between the Company's quoted share price and its underlying net asset value expressed as a percentage of net asset value. See Glossary of Terms and Alternative Performance Measures on pages 55 and 56.

### Revenue

Year to 30 April	Gross revenue £'000	Available for ordinary shareholders £'000	Revenue earnings per ordinary share p	Dividends paid and proposed per ordinary share p	Ongoing charges ratio # %
2010	4,794	3,828	2.45	2.75	0.75
2011	5,280	4,300	2.76	3.00	0.70
2012	6,690	5,603	3.49	3.50	0.88
2013	7,737	6,666	4.14	4.00	0.86
2014	10,758	9,843	6.12	5.50 §	0.47
2015	10,372	9,475	5.89	6.00 §	0.47
2016	9,839	9,262	5.77	5.20	0.32
2017	10,069	9,248	5.83	5.40	0.62
2018	10,980	10,099	6.58	6.00	0.63
2019	8,658	7,710	5.12	4.45	0.51
<b>2020</b>	<b>6,562</b>	<b>5,644</b>	<b>3.75</b>	<b>3.10</b>	<b>0.66</b>

Source: Baillie Gifford.

# Total operating costs divided by average net asset value. Without the management fee waiver (see page 56), the ongoing charges for the year to 30 April 2019 would have been 0.76%. See Glossary of Terms and Alternative Performance Measures on pages 55 and 56.

‡ Total assets (including all debt used for investment purposes) less all cash and cash equivalents divided by shareholders' funds. See Glossary of Terms and Alternative Performance Measures on pages 55 and 56.

¶ Total assets (including all debt used for investment purposes) divided by shareholders' funds. See Glossary of Terms and Alternative Performance Measures on pages 55 and 56.

§ Includes a special dividend of 1.00p per ordinary share.

### Gearing Ratios

Gearing ‡ %	Potential gearing ¶ %
6	13
9	11
8	11
5	9
9	10
(4)	–
(2)	–
(1)	–
3	4
(1)	–
<b>(1)</b>	<b>–</b>

### Cumulative Performance (taking 2010 as 100)

At 30 April	Net asset value per share	Net asset value total return*	Share price	Share price total return*	Benchmark ^	Benchmark ^ total return	Revenue earnings per ordinary share	Dividends paid and proposed per ordinary share
2010	100	100	100	100	100	100	100	100
2011	115	117	117	120	110	114	113	109
2012	110	115	108	113	104	111	142	127
2013	136	147	134	145	118	131	169	145
2014	150	165	152	169	126	145	250	200
2015	148	168	142	163	131	156	240	218
2016	136	160	130	155	119	147	236	189
2017	156	188	144	177	138	177	238	196
2018	165	205	160	203	144	191	269	218
2019	161	206	164	213	142	196	209	162
<b>2020</b>	<b>139</b>	<b>181</b>	<b>138</b>	<b>182</b>	<b>114</b>	<b>163</b>	<b>153</b>	<b>113</b>

### Compound annual returns

5 year	(1.2%)	1.5%	(0.7%)	2.2%	(2.7%)	0.9%	(8.6%)	(12.3%)
10 year	3.4%	6.1%	3.3%	6.2%	1.3%	5.0%	4.3%	1.2%

Source: Baillie Gifford/Refinitiv and relevant underlying providers. See disclaimer on page 54.

\* See Glossary of Terms and Alternative Performance Measures on pages 55 and 56.

^ FTSE All-Share Index.

Past performance is not a guide to future performance.

## Directors and Management

Members of the Board come from a broad variety of backgrounds. The Board can draw on an extensive pool of knowledge and experience.

### Directors



**Carolan Dobson was appointed a Director in 2014 and became Chairman in 2016.** She is also Chairman of the Nomination Committee and Management Engagement Committee. She is chairman of Brunner Investment Trust plc and Blackrock Latin American Investment Trust plc. She was a fund manager holding a number of positions including director at Murray Johnstone Ltd and subsequently undertook several key roles at Abbey Asset Managers Ltd.



**Andrew Westenberger was appointed a Director in 2017 and became Chairman of the Audit Committee in August 2017.** He is Chief Financial Officer of Integro Insurance Brokers and Tysers, a leading independent specialist broker and risk management firm. He is also a non-executive director and trustee of the Chartered Institute of Securities and Investments. Previously, he was group finance director of Brewin Dolphin Holdings PLC and Evolution Group Plc and held senior finance roles at Barclays Capital and Deutsche Bank. He is a Chartered Accountant.



**Scott Cochrane was appointed a Director in 2018 and became Senior Independent Director in August 2019.** He is a senior partner at international law firm Herbert Smith Freehills. Until December 2019 he was the Global Head of Corporate. He was also a member of the firm's Global Executive Management Committee, responsible for leading the strategic direction of the firm across a global network of offices. He has over 25 years' experience advising boards and asset managers on a broad range of corporate matters.



**Ruary Neill was appointed a Director in 2018.** He is currently a director of JP Morgan Emerging Markets Investment Trust plc, chairs the Investment Committee at Great Ormond Street Children's Charity and is a member of the Advisory Board, SOAS China Institute, London University. Previously, he worked in investment banking at UBS Investment Bank prior to which he spent several years in the financial sector working in Asian Equity Markets for UBS Investment Bank and Schroder Securities.

All of the Directors are members of the following Committees: Nomination, Remuneration, and Management Engagement.

All Directors are members of the Audit Committee with the exception of Carolan Dobson, who stepped down from the Committee in December 2018.

### Managers and Secretaries

The Company has appointed Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, as its Alternative Investment Fund Manager ('AIFM') and Company Secretary. Baillie Gifford & Co Limited has delegated investment management services to Baillie Gifford & Co. Baillie Gifford & Co is an investment management firm formed in 1927 out of the legal firm Baillie Gifford, WS, which had been involved in investment management since 1908.

Baillie Gifford is one of the largest investment trust managers in the UK and currently manage ten investment trusts. Baillie Gifford also manage unit trusts and Open Ended Investment Companies, together with investment portfolios on behalf of pension funds, charities and other institutional clients, both in the UK and overseas. Funds under the management or advice of Baillie Gifford total around £250 billion. Based in Edinburgh, it is one of the leading privately owned investment management firms in the UK, with 46 partners and a staff of around 1,300.

The Managers of Baillie Gifford UK Growth are Iain McCombie and Milena Mileva. Iain is a partner at Baillie Gifford and is the lead Manager of the UK Core strategy. Milena is an Investment Manager in the UK Equity Team.

Baillie Gifford & Co and Baillie Gifford & Co Limited are both authorised and regulated by the Financial Conduct Authority.

## Directors' Report

The Directors present their Report together with the audited Financial Statements of the Company for the year to 30 April 2020.

### Corporate Governance

The Corporate Governance Report is set out on pages 20 to 23 and forms part of this Report.

### Managers and Company Secretaries

Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, has been appointed as the Company's Alternative Investment Fund Manager ('AIFM') and Company Secretary. Baillie Gifford & Co Limited has delegated portfolio management services to Baillie Gifford & Co. Dealing activity and transaction reporting has been further sub-delegated to Baillie Gifford Overseas Limited and Baillie Gifford Asia (Hong Kong) Limited.

The Investment Management Agreement between the AIFM and the Company sets out the matters over which the Managers have authority in accordance with the policies and directions of, and subject to restrictions imposed by, the Board. The Investment Management Agreement is terminable on not less than six months' notice or on shorter notice in certain circumstances. Compensation would only be payable if termination occurred prior to the expiry of the notice period. The annual management fee is 0.5% of net assets, calculated and payable quarterly. For the financial year ended 30 April 2019, in order to offset the costs of repositioning the portfolio following its appointment as AIFM, Baillie Gifford agreed to waive its management fee for the year to the extent of £732,000 (approximately equal to six months' management fee payable to Baillie Gifford based on the Company's net asset value on 29 June 2018).

Careful consideration has been given by the Board as to the basis on which the management fee is charged. The Board considers that maintaining a relatively low ongoing charges ratio is in the best interests of the shareholders. The Board is also of the view that calculating the fee with reference to performance would be unlikely to exert a positive influence over the long-term performance.

The Board considers the Company's investment management and secretarial arrangements on an ongoing basis and a formal review is conducted by the Management Engagement Committee annually. The Committee considered, amongst others, the following topics in its review: the quality of the personnel assigned to handle the Company's affairs; the investment process and the results achieved to date; investment performance; the administrative services provided by the Secretaries and the quality of information provided; the marketing efforts undertaken by the Managers; the relationship with the Managers; and, comparative peer group charges and fees.

Following the most recent review, the Management Engagement Committee concluded that the continuing appointment of Baillie Gifford & Co Limited as AIFM and the delegation of investment management services to Baillie Gifford & Co, on the terms agreed, is in the interests of shareholders as a whole. This was subsequently approved by the Board.

### Depository

In accordance with the Alternative Investment Fund Managers Directive, The Bank of New York Mellon (International) Limited has been appointed as Depository to the Company. The Depository's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. The custody function is also undertaken by The Bank of New York Mellon (International) Limited ('the Custodian').

### Directors

Information about the Directors, including their relevant experience, can be found on page 15.

All the Directors will retire at the Annual General Meeting and offer themselves for re-election. Following a formal performance evaluation, the Chairman confirms that the Board considers that their performance continues to be effective and each remains committed to the Company. Their contribution to the Board is greatly valued and the Board recommends their re-election to shareholders.

### Director Indemnification and Insurance

The Company has entered into qualifying third party deeds of indemnity in favour of each of its Directors. The deeds which were in force during the year to 30 April 2020 and up to the date of approval of this report, cover any liabilities that may arise to a third party, other than the Company, for negligence, default or breach of trust or duty. The Directors are not indemnified in respect of liabilities to the Company, any regulatory or criminal fines, any costs incurred in connection with criminal proceedings in which the Director is convicted or civil proceedings brought by the Company in which judgement is given against her or him. In addition, the indemnity does not apply to any liability to the extent that it is recovered from another person.

The Company maintains Directors' and Officers' liability insurance.

### Conflicts of Interest

Each Director submits a list of potential conflicts of interest to the Board for consideration and approval at each meeting. The Board considers these carefully, taking into account the circumstances surrounding them prior to authorisation. Having considered the lists of potential conflicts there were no situations which gave rise to a direct or indirect interest of a Director which conflicted with the interests of the Company.

### Dividend

The Board recommends a final dividend of 3.10p per ordinary share. No interim dividend was declared (2019 – 1.50p). This makes a total of 3.10p for the year (2019 – 4.45p). Dividends are paid by way of a single final payment and will be the minimum permissible to maintain investment trust status, reflecting our priority, which is capital growth.

If approved by shareholders at the Annual General Meeting, the recommended final dividend per ordinary share will be paid on 12 August 2020 to shareholders on the register at the close of business on 10 July 2020. The ex-dividend date is 9 July 2020.

## Share Capital

### Capital Structure

The Company's capital structure at 30 April 2020 consists of 160,917,184 ordinary shares of 25p each (2019 – 160,917,184) of which 150,520,484 (2019 – 150,520,484) are allotted and fully paid and 10,396,700 (2019 – 10,396,700) are held in treasury. There are no restrictions concerning the holding or transfer of the Company's ordinary shares and there are no special rights attached to any of the shares.

### Dividend

The ordinary shares carry a right to receive dividends. Interim dividends are determined by the Directors, whereas the proposed final dividend is subject to shareholder approval.

### Capital Entitlement

On a winding up, after meeting the liabilities of the Company, the surplus assets will be paid to ordinary shareholders in proportion to their shareholdings.

### Voting

Each ordinary shareholder present in person or by proxy is entitled to one vote on a show of hands and, on a poll, to one vote for every share held.

Information on the deadlines for proxy appointments can be found on pages 49 and 50.

### Major Interests in the Company's Shares

The Company has received notifications in accordance with the Financial Conduct Authority's Disclosure and Transparency Rule 5.1.2R of the following interests in 3% or more of the voting rights attached to the Company's issued share capital.

Name	No of ordinary 25p shares held at 30 April 2020	% of issue *
City of London Investment Management Company Limited	21,613,212	14.4
Rathbone Brothers PLC	7,781,856	5.2
Quilter and Co Limited	7,735,411	5.1
1607 Capital Partners LLC	6,979,270	4.6
Investec Wealth & Investment Limited	6,911,698	4.6
Barclays plc	6,018,095	4.0

There have been no changes to the major interests in the Company's shares intimated up to 18 June 2020.

\* Ordinary shares in issue excluding treasury shares.

## Annual General Meeting

### Share Issuance Authority

At the last Annual General Meeting, the Directors were granted shareholders' approval for a general authority to allot shares and also an authority to issue shares or sell shares held in treasury on a non pre-emptive basis (without first offering such shares to existing shareholders pro-rata to their existing holdings). No shares were issued during the year.

Both authorities expire at the forthcoming Annual General Meeting and the Directors are seeking shareholders' approval to renew them for a further year, as detailed below.

Resolution 11 in the Notice of Annual General Meeting seeks a general authority for the Directors to allot shares up to an aggregate nominal amount of £3,763,012. This amount represents 10% of the Company's total ordinary share capital in issue at 18 June 2020 and meets institutional guidelines. This authority will continue until the conclusion of the Annual General Meeting to be held in 2021 or on the expiry of 15 months from the passing of the resolutions, if earlier.

Resolution 12, which is proposed as a special resolution, seeks authority for the Directors to issue shares or sell shares held in treasury on a non pre-emptive basis for cash up to an aggregate nominal amount of £3,763,012 (representing 10% of the issued ordinary share capital of the Company as at 18 June 2020). This authority will only be used to issue shares or sell shares from treasury at a premium to net asset value on the basis of debt valued at par value and only when the Directors believe that it would be in the best interests of the Company to do so. This authority will continue until the conclusion of the Annual General Meeting to be held in 2021 or on the expiry of 15 months from the passing of the resolutions, if earlier.

### Market Purchases of Own Shares

At the last Annual General Meeting the Company was granted authority to purchase up to 22,563,020 ordinary shares (equivalent to 14.99% of its issued share capital), such authority to expire at the 2020 Annual General Meeting. The Directors are seeking shareholders' approval at the Annual General Meeting to renew the authority to make market purchases up to 22,563,020 ordinary shares representing approximately 14.99% of the Company's ordinary shares in issue at the date of passing of the resolution, such authority to expire at the Annual General Meeting of the Company to be held in 2021.

No shares (2019 – no shares) were bought back during the year under review and 10,396,700 (2019 – 10,396,700) shares are held in treasury.

The share buy-back policy seeks to operate in the best interests of shareholders by taking into account the relative level of the Company's share price discount when compared with peer group trusts, the absolute level of discount and the impact from share buy-back activity on the long-term liquidity of the Company's issued shares.

The Company may hold bought-back shares ‘in treasury’ and then:

- (i) sell such shares (or any of them) for cash (or its equivalent under the Companies Act 2006); or
- (ii) cancel the shares (or any of them).

All buy-backs will initially be held in treasury. Shares will only be resold from treasury at a premium to net asset value per ordinary share.

The Company shall not be entitled to exercise the voting rights attaching to treasury shares.

In accordance with the Listing Rules of the UK Listing Authority, the maximum price (excluding expenses) that may be paid on the exercise of the authority must not exceed the higher of:

- (i) 5 per cent. above the average closing price on the London Stock Exchange of an ordinary share over the five business days immediately preceding the date of purchase; and
- (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy back programmes and stabilisation of financial instruments (No. 2273/2003).

The minimum price (exclusive of expenses) that may be paid will be 25p per share. Purchases of shares will be made within guidelines established, from time to time, by the Board. Your attention is drawn to Resolution 13 in the Notice of Annual General Meeting. This authority, if conferred, will only be exercised if to do so would result in an increase in net asset value per ordinary share for the remaining shareholders and if it is considered in the best interests of shareholders generally.

### Financial Instruments

The Company’s financial instruments comprise its investment portfolio, cash balances and debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 18 to the Financial Statements.

### Articles of Association

The Company’s Articles of Association may only be amended by special resolution at a general meeting of shareholders.

### Disclosure of Information to Auditors

The Directors confirm that, so far as each of the Directors is aware, there is no relevant audit information of which the Company’s Auditors are unaware and the Directors have taken all the steps that they might reasonably be expected to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company’s Auditors are aware of that information.

### Independent Auditors

Following the conclusion of a formal tender process led by the Company’s Audit Committee, the Board has approved the proposed appointment of Ernst & Young LLP as Auditor for the financial year commencing 1 May 2020. Ernst & Young LLP has expressed its willingness to be appointed Auditor to the Company. The appointment is subject to shareholder approval at the Annual General Meeting scheduled to be held on 5 August 2020 and resolutions concerning Ernst & Young LLP’s appointment and remuneration will be submitted to the Annual General Meeting. The Board extends its appreciation to PricewaterhouseCoopers LLP for its services as Auditors and confirms that there are no matters in connection with PricewaterhouseCoopers LLP ceasing to hold office as Auditors following the 2020 audit which need to be brought to the attention of shareholders.

### Post Balance Sheet Events

The Directors confirm that there have been no significant post Balance Sheet events up to 19 June 2020 that require disclosure in the Financial Statements.

### Stakeholder Engagement

Although the Company has no employees, trade suppliers or customers, the Directors give regular consideration to the need to foster the Company’s business relationships with its stakeholders, in particular with shareholders, its externally appointed Managers, other professional service providers and lenders. The effect of this consideration upon the key decisions taken by the Company during the financial year is set out in further detail in the Strategic Report on page 8.

### Greenhouse Gas Emissions and Streamlined Energy & Carbon Reporting (‘SECR’)

All of the Company’s activities are outsourced to third parties. The Company therefore has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors’ Reports) Regulations 2013. For the same reasons as set out above, the Company considers itself to be a low energy user under the SECR regulations and therefore is not required to disclose energy and carbon information.

### Bribery Act

The Company has a zero tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly. The Managers also adopt a zero tolerance approach and have policies and procedures in place to prevent bribery.

### Criminal Finances Act 2017

The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

### Recommendation

The Directors unanimously recommend you vote in favour of the resolutions to be proposed at the Annual General Meeting as it is their view that the resolutions are in the best interests of shareholders as a whole.

On behalf of the Board  
 Carolan Dobson  
 Chairman  
 19 June 2020

## Corporate Governance Report

The Board is committed to achieving and demonstrating high standards of Corporate Governance. This statement outlines how the principles of the 2018 UK Corporate Governance Code (the 'Code') which can be found at [www.frc.org.uk](http://www.frc.org.uk) and the relevant principles of the Association of Investment Companies Code of Corporate Governance (the 'AIC Code') were applied throughout the financial year. The AIC Code provides a framework of best practice for investment companies and can be found at [www.theaic.co.uk](http://www.theaic.co.uk).

### Compliance

The Board confirms that the Company has complied throughout the year under review with the relevant provisions of the Code and the recommendation of the AIC Code. The Code includes provisions relating to the role of the chief executive, executive directors' remuneration and the need for an internal audit function. Given that the Company is an externally managed investment trust, the Board considers these provisions are not relevant to the Company. The need for an internal audit function specific to the Company has been addressed on page 24.

The FRC has confirmed that AIC member companies who report against the AIC Code will be meeting their obligations in relation to the UK Code (the AIC Code can be found at [www.theaic.co.uk](http://www.theaic.co.uk)).

### The Board

The Board has overall responsibility for the Company's affairs. It has a number of matters formally reserved for its approval including strategy, investment policy, gearing, share buy-back and issuance policy, treasury matters, dividend and corporate governance policy. A separate meeting devoted to strategy is held each year. The Board seeks to contribute to the delivery of the Company's strategy by engaging with the Managers in a collaborative and collegiate manner with open and respectful discussion and debate being encouraged, whilst also ensuring that appropriate and regular challenge is brought and evaluation is conducted. The Board also reviews the Financial Statements, investment transactions, revenue budgets and performance of the Company. Full and timely information is provided to the Board to enable it to function effectively and to allow Directors to discharge their responsibilities.

The Board comprises four Directors, all of whom are non-executive. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The executive responsibility for investment management has been delegated to the Company's Alternative Investment Fund Manager ('AIFM'), Baillie Gifford & Co Limited, and, in the context of a Board comprising only non-executive Directors, there is no chief executive officer. The Senior Independent Director is Scott Cochrane.

The Directors believe that the Board has a balance of skills and experience that enables it to provide effective strategic leadership and proper governance of the Company. Information about the Directors, including their relevant experience, can be found on page 15.

There is an agreed procedure for Directors to seek independent professional advice, if necessary, at the Company's expense.

### Appointments to the Board

The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for inspection on request.

Under the provisions of the Company's Articles of Association, a Director appointed during the year is required to retire and seek election by shareholders at the next Annual General Meeting. The Board has agreed that all Directors will retire at each Annual General Meeting and, if appropriate, offer themselves for re-election.

### Independence of Directors

All the Directors are considered by the Board to be independent of the Managers and free of any business or other relationship which could interfere with the exercise of their independent judgement.

The Directors recognise the importance of succession planning for company boards and review the Board composition annually. The Board is of the view that length of service will not necessarily compromise the independence or contribution of Directors of an investment trust company, where continuity and experience can be a benefit to the Board. The Board concurs with the view expressed in the AIC Code that long serving Directors should not be prevented from being considered independent.

### Meetings

There is an annual cycle of Board meetings which is designed to address, in a systematic way, overall strategy, review of investment policy, investment performance, marketing, revenue budgets, dividend policy and communication with shareholders. The Board considers that it meets sufficiently regularly to discharge its duties effectively. The table below shows the attendance record for the Board and Committee meetings held during the year. The Annual General Meeting was attended by all Directors serving at that date.

### Directors' Attendance at Meetings

	Board	Audit Committee	Nomination Committee	Remuneration Committee	Management Engagement Committee
<b>Number of meetings</b>	<b>5</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>
Carolán Dobson*	5	–	2	1	1
Scott Cochrane	5	2	2	1	1
Ruary Neill	5	2	2	1	1
Andrew Westenberger	5	2	2	1	1
Andrew Hutton†	2	1	1	–	–

\* Carolán Dobson stepped down from the Audit Committee in December 2018.

† Andrew Hutton retired on 1 August 2019.

## Nomination Committee

The Nomination Committee consists of all the Directors and Carolan Dobson is the Chairman of the Committee. The Committee meets on an annual basis and at such other times as may be required. The Committee has written terms of reference which include reviewing the composition of the Board, identifying and nominating new candidates for appointment to the Board, Board appraisal, succession planning and training. The Committee also considers whether Directors should be recommended for re-election by shareholders.

The Committee's Terms of Reference are available on request from the Company and on the Company's page of the Managers' website: [www.bgukgrowthfund.com](http://www.bgukgrowthfund.com).

## Policy on Chairman's Tenure

The Board's policy is that the Chairman will serve for no longer than nine years, other than in exceptional circumstances for the benefit of the Company.

## Performance Evaluation

An appraisal of the Chairman, each Director and a performance evaluation and review of the Board as a whole and its Committees was carried out during the year. Each Director and the Chairman responded to an evaluation questionnaire. The Chairman's appraisal was led by Scott Cochrane, the Senior Independent Director. The appraisals and evaluations considered, amongst other criteria, the balance of skills of the Board, training and development requirements, the contribution of individual Directors and the overall effectiveness of the Board and its Committees. Following this process it was concluded that there was a diverse range of skills within the Board, and the performance of each Director, the Chairman, the Board and its Committees continues to be effective and that each Director and the Chairman remain committed to the Company.

## Diversity

Appointments to the Board are made on merit with due regard for the benefits of diversity including gender. The priority in appointing new Directors is to identify the candidate with the best range of skills and experience to complement existing Directors.

The Board believes that maintaining a diversity of thought and experience on the Board and at an operational level within Baillie Gifford represents the best way of discharging its responsibilities to shareholders.

In furtherance of this belief, the Board will look for the best ways to increase the diversity of gender, ideas, professional experiences and cultural backgrounds to which the Company is exposed.

The Board will continue to monitor diversity on an ongoing basis, having regard to developments in Corporate Governance Code and wider market practice, and seek to ensure that the Company retains the benefits of a diversity of thought and experience going forward. As circumstances allow, the Company will continue to look for opportunities to broaden the diversity to which the Company is exposed, in furtherance of this commitment.

A review of the Chairman's and the other Directors' commitments was carried out and the Nomination Committee is satisfied that they are capable of devoting sufficient time to the Company. There were no significant changes to the Chairman's other commitments during the year.

## Induction and Training

New Directors are provided with an induction programme which is tailored to the particular circumstances of the appointee. Regular briefings were provided during the year on industry and regulatory matters. Directors receive other relevant training as necessary.

## Remuneration Committee

The Remuneration Committee consists of all Directors and Scott Cochrane is the Chairman of the Committee. The Remuneration Committee reviews and makes recommendations to the Board in respect of the level of remuneration paid to Directors within the limits approved by shareholders. The Company's policy on remuneration is set out in the Directors' Remuneration Report on pages 26 and 27.

The Committee's Terms of Reference are available on request from the Company and on the Company's page of the Managers' website: [www.bgukgrowthfund.com](http://www.bgukgrowthfund.com).

## Management Engagement Committee

The role of the Management Engagement Committee is to ensure that the Manager remains suitable to manage the portfolio, that the management contract is competitive and reasonable for the shareholders, and that the Company maintains appropriate administrative and company secretarial support. All Directors are members of the Management Engagement Committee which is chaired by the Chairman of the Board. The Board considers each member of the Committee to be independent.

To discharge its duties, the Committee met on one occasion during the year to consider: the performance and suitability of the Manager; the terms and conditions of the AIFM Agreement, including fees; and, the Committee's Terms of Reference.

The Committee's Terms of Reference are available on request from the Company and on the Company's page of the Managers' website: [www.bgukgrowthfund.com](http://www.bgukgrowthfund.com).

## Audit Committee

The report of the Audit Committee is set out on pages 24 and 25.

## Internal Controls and Risk Management

The Directors acknowledge their responsibility for the Company's risk management and internal control systems and for reviewing their effectiveness. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company in accordance with the FRC guidance 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'.

The practical measures in relation to the design, implementation and maintenance of control policies and procedures to safeguard the Company's assets and to manage its affairs properly, including the maintenance of effective operational and compliance controls have been delegated to the Managers and Secretaries.

The Board oversees the functions delegated to the Managers and Secretaries and the controls managed by the AIFM in accordance with the Alternative Investment Fund Managers Directive (as detailed below). Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provide the Audit Committee with regular reports on their monitoring programmes. The reporting procedures for these departments are defined and formalised within a service level agreement. Baillie Gifford & Co conducts an annual review of its system of internal controls which is documented within an internal controls report which complies with ISAE 3402 and Technical Release AAF 01/06 – Assurance Reports on Internal Controls of Service Organisations made available to Third Parties. This report is independently reviewed by Baillie Gifford & Co's Auditor and a copy is submitted to the Audit Committee.

A report identifying the material risks faced by the Company and the key controls employed to manage these risks is reviewed by the Audit Committee. These procedures ensure that consideration is given regularly to the nature and extent of risks facing the Company and that they are being actively monitored. Where changes in risk have been identified during the year they also provide a mechanism to assess whether further action is required to manage these risks.

The Directors confirm that they have reviewed the effectiveness of the Company's risk management and internal controls systems, which accord with the FRC 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' and they have procedures in place to review their effectiveness on a regular basis. No significant weaknesses were identified in the year under review and up to the date of this Report.

The Board confirms that these procedures have been in place throughout the Company's financial year and continue to be in place up to the date of approval of this Report.

To comply with the Alternative Investment Fund Managers Directive, The Bank of New York Mellon (International) Limited acts as the Company's Depository and Baillie Gifford & Co Limited as its AIFM.

The Depository's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. The Depository is liable for the loss of financial instruments held in custody. The Depository will ensure that any delegate segregates the assets of the Company. The Company's Depository also acts as the Company's Custodian. The Custodian prepares reports on its key controls and safeguards which are independently reviewed by KPMG LLP. The reports are reviewed by Baillie Gifford's Business Risk Department and a summary of the key points is reported to the Audit Committee and any concerns are investigated.

The Depository provides the Audit Committee with a report on its monitoring activities.

The AIFM has established a permanent risk management function to ensure that effective risk management policies and procedures are in place and to monitor compliance with risk limits. The AIFM has a risk management policy which covers the risks associated with the management of the portfolio, and the adequacy and effectiveness of this policy is reviewed and approved at least annually. This review includes the risk management processes and systems and limits for each risk area.

The risk limits, which are set by the AIFM and approved by the Board, take into account the objectives, strategy and risk profile of the portfolio. These limits, including leverage (see page 54), are monitored and the sensitivity of the portfolio to key risks is undertaken periodically as appropriate to ascertain the impact of changes in key variables in the portfolio. Exceptions from limits monitoring and stress testing undertaken by Baillie Gifford's Business Risk Department are escalated to the AIFM and reported to the Board along with any remedial measures being taken.

### Going Concern

In accordance with The Financial Reporting Council's guidance on going concern and liquidity risk, including its Covid-19 guidance, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern and specifically in the context of the coronavirus pandemic.

The Company's principal risks are market related and include market risk, liquidity risk and credit risk. An explanation of these risks and how they are managed is contained in note 18 to the Financial Statements. The Board has, in particular, considered the impact of heightened market volatility since the coronavirus outbreak but does not believe the Company's going concern status is affected. The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowing facilities require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) Regulations 2011.

In accordance with the Company's Articles of Association, shareholders have the right to vote on the continuation of the Company every five years, the next vote being at the Annual General Meeting to be held in 2024. Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal risks and other matters set out in the Viability Statement on page 7, that the Company will continue in operational existence for a period of at least twelve months from the date of approval of these Financial Statements.

## Relations with Shareholders

The Board places great importance on communication with shareholders. The Company's Managers meet regularly with shareholders and their representatives. The Chairman also meets shareholders independently of the Managers and reports shareholders' views to the Board. Shareholders wishing to communicate with any members of the Board may do so by writing to them at the Company's registered office or through the Company's broker, Winterflood Investment Trusts (see contact details on back cover). All correspondence addressed to the Chairman is dealt with directly by the Chairman.

The Company's Annual General Meeting provides a further forum for communication with all shareholders. The level of proxies lodged for each resolution is announced at the Meeting and is published at [www.bgukgrowthfund.com](http://www.bgukgrowthfund.com) subsequent to the meeting. The notice period for the Annual General Meeting is at least twenty working days. Shareholders and potential investors may obtain up-to-date information on the Company from the Managers' website at [www.bgukgrowthfund.com](http://www.bgukgrowthfund.com).

## Corporate Governance and Stewardship

The Company believes that it is in the shareholders' interests to consider environmental, social and governance ('ESG') factors when selecting and retaining investments and has asked the Managers to take these issues into account.

The Managers do not exclude companies from their investment universe purely on the grounds of ESG factors but adopt a positive engagement approach whereby matters are discussed with management with the aim of improving the relevant policies and management systems and enabling the Managers to consider how ESG factors could impact long-term investment returns. The Managers' Statement of Compliance with the UK Stewardship Code can be found on the Managers' website: [www.bailliegifford.com](http://www.bailliegifford.com).

The Company has given discretionary voting powers to Baillie Gifford & Co. The Managers vote against resolutions they consider may damage shareholders' rights or economic interests and their actions are reported on at Board meetings.

The Managers are signatories to the United Nations Principles for Responsible Investment and the Carbon Disclosure Project and are also members of the International Corporate Governance Network.

On behalf of the Board  
Carolyn Dobson  
Chairman  
19 June 2020

## Audit Committee Report

The Audit Committee consists of all independent Directors except for the Chairman of the Board, Carolan Dobson, who stepped down from the Audit Committee in December 2018 in line with the recommendation of the UK Corporate Governance Code published in July 2018. The members of the Committee consider that they have the requisite financial skills and experience to fulfil the responsibilities of the Committee. Andrew Westenberger, Chairman of the Committee, is a Chartered Accountant. The Committee's authority and duties are clearly defined within its written Terms of Reference which are available on request from the Company and on the Company's page of the Managers' website: [www.bgukgrowthfund.com](http://www.bgukgrowthfund.com). The Terms of Reference are reviewed annually.

The Committee's effectiveness is reviewed on an annual basis as part of the Board's performance evaluation process (see page 21).

At least once a year the Committee meets with the external Auditors without any representative of the Manager being present.

### Main Activities of the Committee

The Committee met twice during the year to 30 April 2020 and PricewaterhouseCoopers LLP, the external Auditors, attended both meetings. Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provided reports on their monitoring programmes.

The matters considered, monitored and reviewed by the Committee during the course of the year included the following:

- the Annual and Interim reports;
- the Company's accounting policies and practices;
- the regulatory changes impacting the Company;
- the fairness, balance and understandability of the Annual Report and Financial Statements and whether it provided the information necessary for shareholders to assess the Company's performance, business model and strategy;
- the effectiveness of the Company's internal control environment;
- the appointment/reappointment, remuneration and terms of engagement of the external Auditors;
- whether the audit services contract should be put out to tender;
- the policy on the engagement of the external Auditors to supply non-audit services;
- the independence and objectivity of the external Auditors and the effectiveness of the audit process;
- the need for the Company to have its own internal audit function;
- internal controls reports received from the Managers and other service providers; and
- the arrangements in place within Baillie Gifford & Co whereby its staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

### Internal Audit

The Committee continues to believe that the compliance and internal control systems and the internal audit function in place within the Investment Managers provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained. An internal audit function, specific to the Company, is therefore considered unnecessary.

### Financial Reporting

The Committee considers that the most significant issues likely to affect the Financial Statements are the existence and valuation of investments, as they represent 98.5% of total assets, and the accuracy and completeness of income from investments.

All of the investments are in quoted securities and market prices are readily available from independent external pricing sources. The Committee reviewed the Managers' Report on Internal Controls which details the controls in place regarding recording and pricing of investments, accurate recording of investment income and the reconciliation of investment holdings to third party data.

The value of all the investments at 30 April 2020 were agreed to external price sources and the portfolio holdings agreed to confirmations from the Company's Custodian.

The Managers and Auditors confirmed to the Committee that they were not aware of any material misstatements in the context of the Financial Statements as a whole and that the Financial Statements are in accordance with applicable law and accounting standards.

### Audit Tender

During the year the Company tendered its external audit. Invitations to tender were issued to three audit firms, resulting in comprehensive proposals of a very high standard being submitted by two firms, who were both invited to present their approach in more detail to the Audit Committee. In evaluating the firms, the primary focus was on audit quality giving specific consideration to audit approach and delivery with attention on the audit engagement team quality; insight into future developments likely to affect the Company; and independence. Following a robust and transparent review process, where the audit firms were subjected to scrutiny and appropriate challenge, the Board unanimously decided to propose Ernst & Young LLP for appointment as Auditor and a resolution to this effect will be proposed at the Annual General Meeting.

In recognition of underlying audit rotation requirements, the Committee currently intends that a further tender process should be undertaken not later than 30 April 2030 to cover the financial years ending 30 April 2031 onwards.

## Internal Controls and Risk Management

The Committee reviewed the effectiveness of the Company's risk management and internal controls systems as described on pages 21 and 22. No significant weaknesses were identified in the year under review.

## External Auditors

To fulfil its responsibility regarding the independence and objectivity of the external Auditors, the Committee reviewed:

- the audit plan for the current year;
- a report from the Auditors describing their arrangements to manage auditor independence and received confirmation of its independence; and
- the extent of non-audit services provided by the external Auditors. There were no non-audit fees for the year to 30 April 2020.

To assess the effectiveness of the external Auditors, the Committee reviewed and considered:

- the Auditors' fulfilment of the agreed audit plan;
- feedback from the Secretaries on the performance of the audit team;
- the Audit Quality Inspection Report from the FRC; and
- detailed discussion with audit personnel to challenge audit processes and deliverables.

To fulfil its responsibility for oversight of the external audit process the Committee considered and reviewed:

- the Auditors' engagement letter;
- the Auditors' proposed audit strategy;
- the audit fee; and
- a report from the Auditors on the conclusion of the audit.

PricewaterhouseCoopers LLP, or its predecessor firms, have been engaged as the Company's Auditors for 26 years. The audit partners responsible for the audit are rotated at least every five years in accordance with professional and regulatory standards in order to protect independence and objectivity and to provide fresh challenge to the business.

PricewaterhouseCoopers LLP has confirmed that it believes it is independent within the meaning of regulatory and professional requirements and that the objectivity of the audit partner and staff is not impaired.

Having carried out the review process described above, the Committee is satisfied that the Auditors have remained independent and effective.

During its tenure as Auditors, PricewaterhouseCoopers LLP has provided a quality service and has demonstrated a high level of professionalism. The statement of reasons in connection with PricewaterhouseCoopers LLP ceasing to hold office as Auditors is on page 57.

There are no contractual obligations restricting the Committee's choice of external Auditors.

## Accountability and Audit

The respective responsibilities of the Directors and the Auditors in connection with the Financial Statements are set out on pages 28 to 34.

On behalf of the Board  
Andrew Westenberger  
Audit Committee Chairman  
19 June 2020

## Directors' Remuneration Report

This report has been prepared in accordance with the requirements of the Companies Act 2006.

### Statement by the Chairman

The Directors' Remuneration Policy is subject to shareholder approval every three years or sooner if an alteration to the policy is proposed. The Remuneration Policy which is set out below was approved at the Annual General Meeting in August 2017 and so an ordinary resolution for the approval of the Remuneration Policy will be put to the members at the forthcoming Annual General Meeting currently scheduled to be held on 5 August 2020. No changes are proposed to the Policy.

The Remuneration Committee reviewed the level of fees during the year and the Board agreed the Committee's recommendation that, with effect from 1 May 2020, Directors' fees should be increased by 0.8%, being the increase in the Consumer Price Index during the year to 30 April 2020. The fees were last increased on 1 May 2019.

### Directors' Remuneration Policy

The determination of the Directors' fees is a matter considered by the Remuneration Committee and recommended to the Board for adoption.

It is the Board's policy to determine the level of Directors' remuneration having regard to amounts payable to non-executive Directors in the industry generally, the role that individual directors fulfil in respect of Board and Committee responsibilities, and time committed to the Company's affairs, taking into account the aggregate limit of fees set out in the Company's Articles of Association. This aggregate limit of Directors' fees is currently set at £200,000 per annum and any increase in this level requires approval by the Board and the Company's shareholders. The Chairman of the Board, the Chairman of the Audit Committee and the Senior Independent Director each receive fees at a higher rate than the other Directors to reflect their additional responsibilities. Directors' fees are set at a level to recruit and retain individuals of sufficient calibre, with the level of knowledge, experience and expertise necessary to promote the success of the Company in reaching its short and long-term strategic objectives.

The Board and its Committees exclusively comprise non-executive Directors. No Director past or present has an entitlement to a Company pension, and the Company has not, and does not intend to operate a share scheme for Directors or to award any share options or long-term performance incentives to any Director. No Director has a service contract with the Company. However, Directors have a letter of appointment. Directors do not receive exit payments and are not provided with any compensation for loss of office. No other payments are made to Directors other than the reimbursement of reasonable out-of-pocket expenses incurred in attending to the Company's business.

The terms of Directors' letters of appointment are available for inspection at the Company's registered office address during normal business hours and during the Annual General Meeting at the location of such meeting.

The Board did not seek the views of shareholders in setting this Remuneration Policy. Any comments on the Policy received from shareholders would be considered on a case-by-case basis.

As the Company does not have any employees, no employee pay and employment conditions were taken into account when setting this Remuneration Policy and no employees were consulted in its construction.

Directors' fees are reviewed annually and take into account research from third parties on the fee levels of directors of peer group companies, as well as industry norms and factors affecting the time commitment expected of the Directors. New Directors are subject to the provisions set out in this Remuneration Policy.

### Limits on Directors' Remuneration

The fees for the non-executive Directors are payable quarterly in arrears and the fees paid in respect of the year ended 30 April 2020 together with the expected fees payable in respect of the year ending 30 April 2021 are set out in the table below. The fees payable to the Directors in the subsequent financial years will be determined following an annual review of the Directors' fees.

	Expected fees for year ending 30 April 2021 £	Fees paid for the year to 30 April 2020 £
Carolan Dobson	37,800	37,500
Scott Cochrane	28,500	27,925
Ruary Neill	27,000	26,800
Andrew Westenberger	30,200	30,000
Andrew Hutton*	–	7,362
Total aggregate annual fees that can be paid to the Directors in any year under the Directors' Remuneration Policy, as set out in the Company's Articles of Association	200,000	200,000

\* Andrew Hutton retired from the Board at the conclusion of the Annual General Meeting on 1 August 2019.

### Annual Report on Remuneration

An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's Auditors to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in the Independent Auditors' Report on pages 29 to 34.

### Directors' Remuneration for the Year (audited)

The Directors who served during the year received the following remuneration in the form of fees and taxable benefits. This represents the entire remuneration paid to the Directors.

Name	2020 Fees £	2020 Taxable benefits* £	2020 Total £	2019 Fees £	2019 Taxable benefits* £	2019 Total £
Carolán Dobson	37,500	1,299	<b>38,799</b>	36,807	3,227	<b>40,034</b>
Scott Cochrane (appointed 15 November 2018)	27,925	1,004	<b>28,929</b>	12,168	–	<b>12,168</b>
Ruary Neill (appointed 15 November 2018)	26,800	1,957	<b>28,757</b>	12,168	585	<b>12,753</b>
Andrew Westenberger	30,000	3,616	<b>33,616</b>	29,446	2,009	<b>31,455</b>
Andrew Hutton (retired 1 August 2019)	7,362	1,121	<b>8,483</b>	28,394	586	<b>28,980</b>
Bob Cowdell (retired 26 September 2018)	–	–	–	10,483	356	<b>10,839</b>
	<b>129,587</b>	<b>8,997</b>	<b>138,584</b>	<b>129,466</b>	<b>6,763</b>	<b>136,229</b>

\* Comprises expenses incurred by Directors in the course of travel to attend Board and Committee meetings held at the normal place of business.

### Directors' Interests (audited)

The Directors at the end of the year under review, and their interests in the Company, are shown in the following table. There have been no changes intimated in the Directors' interests up to 18 June 2020.

Name	Nature of interest	Ordinary 25p shares held at 30 April 2020	Ordinary 25p shares held at 30 April 2019
Carolán Dobson	Beneficial	26,949	26,949
Scott Cochrane	Beneficial	27,903	–
Ruary Neill	Beneficial	20,000	20,000
Andrew Westenberger	Beneficial	20,000	20,000

### Statement of Voting at Annual General Meeting

At the last Annual General Meeting, of the proxy votes received in respect of the Directors' Remuneration Report, 99.88% were in favour, 0.09% were against and votes withheld were 0.03%. At the last Annual General Meeting at which the Directors' Remuneration Policy was considered (August 2017), 95.02% of the proxy votes received were in favour, 4.98% were against and 87,243 votes were withheld.

### Relative Importance of Spend on Pay

The table below shows the actual expenditure during the year in relation to Directors' remuneration and distributions to shareholders.

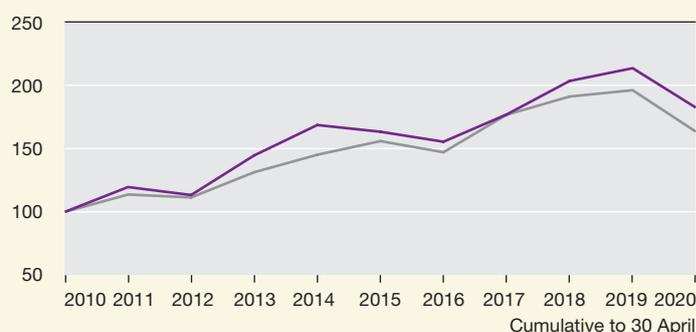
	2020 £'000	2019 £'000	Change %
Directors' remuneration	139	136	2.2
Dividends	4,440	6,774	(34.5)

### Company Performance

The following graph compares the share price total return (assuming all dividends are reinvested) to ordinary shareholders compared with the total shareholder return on a notional investment made up of shares in the component parts of the FTSE All-Share Index. This index was chosen for comparison purposes as it is a widely used measure of performance for UK listed companies and also the index against which the Company measures its performance.

### Performance Graph

(figures rebased to 100 at 30 April 2010)



Source: Refinitiv and relevant underlying index providers. See disclaimer on page 54.

— Baillie Gifford UK Growth's share price  
— FTSE All-Share Index

All figures are total returns (assuming net dividends are reinvested). See Glossary of Terms and Alternative Performance Measures on pages 55 and 56.

Past performance is not a guide to future performance.

### Approval

The Directors' Remuneration Report on pages 26 and 27 was approved by the Board of Directors and signed on its behalf on 19 June 2020.

Carolán Dobson  
Chairman

## Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that year. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are 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, and have general authority for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable laws and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors have delegated responsibility to the Managers for the maintenance and integrity of the Company's page of the Managers' website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

### Responsibility Statement of the Directors in Respect of the Annual Financial Report

We confirm that, to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties they face; and
- the Annual Report and Financial Statements taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board  
Carolyn Dobson  
19 June 2020

### Notes

The following notes relate to financial statements published on a website and are not included in the printed version of the Annual Report and Financial Statements:

- The maintenance and integrity of the Baillie Gifford & Co website is the responsibility of Baillie Gifford & Co; the work carried out by the auditor does not involve consideration of these matters and accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Independent Auditors' Report

to the members of Baillie Gifford UK Growth Fund plc

### Report on the audit of the financial statements

#### Opinion

In our opinion, Baillie Gifford UK Growth Fund plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2020 and of its net return and cash flows for the year then ended;
- 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); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the 'Annual Report'), which comprise: the Balance Sheet as at 30 April 2020; the Income Statement, the Cash Flow Statement, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

#### 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, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

We have provided no non-audit services to the company in the period from 1 May 2019 to 30 April 2020.

### Our Audit Approach

#### Overview



- Overall materiality: £2.6 million (2019: £3.0 million), based on 1% of net assets.
- The Company is a standalone Investment Trust Company and engages Baillie Gifford & Co Limited (the 'AIFM') to manage its assets.
- We conducted our audit of the financial statements using information from the AIFM to whom the Directors have delegated the provision of all administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at the AIFM and adopted a fully substantive testing approach using reports obtained from the AIFM.
- Income from investments.
- Valuation and existence of listed investments.
- Consideration of impacts of COVID-19.

#### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

#### Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010 (see page 7 of the Annual Report), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated

management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue (investment income and capital gains) or to increase net asset value, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with the manager and the Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Audit Committee;
- Assessment of the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- Identifying and testing journal entries posted throughout the year and in particular manual year end journal entries posted during the preparation of the financial statements. This included but was not limited to testing journals with unusual account combinations, misappropriate users or reviewers and journals posted at unusual times; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p><b>Income from investments</b></p> <p>Refer to page 24 (Audit Committee Report), page 39 (Principal Accounting Policies) and page 40 (Notes to the Financial Statements).</p> <p>ISAs (UK) presume there is a risk of fraud in income recognition because of the pressure management may feel to achieve a certain objective. In this instance, we consider that 'income' refers to all the Company's income streams, both revenue and capital (including gains and losses on investments). As the Company has a capital objective, there might be an incentive to overstate income in that category if capital is particularly underperforming. As such, we focussed this risk on the existence/occurrence of gains/losses on investments and completeness of dividend income recognition and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies' Statement of Recommended Practice (the 'AIC SORP').</p>	<p>We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to confirm that income had been accounted for in accordance with this stated accounting policy.</p> <p>We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy.</p> <p>We understood and assessed the design and implementation of key controls surrounding income recognition.</p> <p>The gains/losses on investments held at fair value comprise realised and unrealised gains/losses. For unrealised gains and losses, we sample tested the valuation of the portfolio at the year-end (see below), together with testing the reconciliation of opening and closing investments. For realised gains/losses, we tested a sample of disposal proceeds by agreeing the proceeds to bank statements and we re-performed the calculation of a sample of realised gains/losses.</p> <p>In addition, we tested a sample of dividend receipts by agreeing the dividend rates from all investments to independent third party sources.</p> <p>To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for all listed investments during the year. Our testing did not identify any unrecorded dividends.</p> <p>We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP. We did not find any special dividends that were not treated in accordance with the AIC SORP.</p> <p>No material misstatements were identified from this testing.</p>

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation and existence of listed investments</b></p> <p>Refer to page 24 (Audit Committee Report), page 39 (Principal Accounting Policies) and page 42 (Notes to the Financial Statements). The investment portfolio at 30 April 2020 comprised listed equity investments of £259.79 million. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the Balance Sheet in the financial statements.</p>	<p>We tested the valuation of all the listed investments by agreeing the prices used in the valuation to independent third party sources.</p> <p>We tested the existence of all listed investments by agreeing the holdings of all investments to an independent confirmation from the Depository, The Bank of New York Mellon (International) Limited as at 30 April 2020.</p> <p>No material misstatements were identified from this testing.</p>
<p><b>Consideration of Impacts of COVID-19</b></p> <p>Refer to the Chairman's Statement (page 2), Principal Risks (page 6), the Viability Statement (page 7) and the Going Concern Statement (page 22), which disclose the impact of the COVID-19 pandemic.</p> <p>From a small number of cases of an unknown virus in 2019, the COVID-19 viral infection has become a global pandemic. It has caused disruption to supply chains and travel, slowed global growth and caused volatility in global markets and in exchange rates during the first quarter of 2020 and to date.</p> <p>The coronavirus impacted global capital markets significantly in March 2020. The Company's net assets were £263.66 million at 30 April 2020.</p> <p>The Directors have prepared the financial statements of the Company on a going concern basis, and believe this assumption remains appropriate. This conclusion is based on the assessment that, notwithstanding the significant market uncertainties, they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and that the Company and its key third party service providers have in place appropriate business continuity plans and will be able to maintain service levels through the coronavirus pandemic.</p>	<p>We evaluated the Directors' assessment of the impact of the COVID-19 pandemic on the Company by:</p> <ul style="list-style-type: none"> <li>— Evaluating the Company's updated risk assessment and considering whether it addresses the relevant threats presented by COVID-19.</li> <li>— Evaluating management's assessment of operational impacts, considering their consistency with other available information and our understanding of the business and assessing the potential impact on the financial statements.</li> </ul> <p>We obtained and evaluated the Directors' going concern assessment which reflects conditions up to the point of approval of the Annual Report.</p> <ul style="list-style-type: none"> <li>— We obtained evidence to support the key assumptions and forecasts driving the Directors' assessment. This included reviewing the Directors' assessment of the Company's financial position and forecasts, their assessment of liquidity and loan covenant compliance as well as their review of the operational resilience of the Company and oversight of key third party service providers.</li> </ul> <p>We assessed the disclosures presented in the Annual Report in relation to COVID-19 by:</p> <ul style="list-style-type: none"> <li>— Reading the other information, including the Principal Risks and Viability Statement set out in the Strategic Report, and assessing its consistency with the financial statements and the evidence we obtained in our audit.</li> </ul> <p>Our conclusions relating to other information are set out in the 'Reporting on other information' section of our report.</p> <p>Our conclusions relating to going concern are set out in the 'Conclusions relating to going concern' section below.</p>
<p><b>How we tailored the audit scope</b></p>	
<p>We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.</p> <p>As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.</p>	

### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£2.6 million (2019: £3.0 million).
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £130,000 (2019: £150,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

### 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 directors are 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.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

### Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 April 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

## The directors' assessment of the prospects of the Company and of the principal risks that would threaten the solvency or liquidity of the Company

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 6 of the Annual Report that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 7 of the Annual Report as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the company and statement in relation to the longer-term viability of the company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the 'Code'); and considering whether the statements are consistent with the knowledge and understanding of the company and its environment obtained in the course of the audit. (Listing Rules)

## Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 28, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the company's position and performance, business model and strategy is materially inconsistent with our knowledge of the company obtained in the course of performing our audit.
- The section of the Annual Report on page 24 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

## Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements set out on page 28, the directors are 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 directors are 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 directors are responsible for assessing the company's 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 directors either intend to liquidate the company or to cease operations, or have 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 FRC'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 members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 27 June 1994 to audit the financial statements for the year ended 30 April 1995 and subsequent financial periods. The period of total uninterrupted engagement is 26 years, covering the years ended 30 April 1995 to 30 April 2020.

Gillian Alexander (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
19 June 2020

## Income Statement

For the year ended 30 April

	Notes	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Net losses on investments	9	–	(42,210)	<b>(42,210)</b>	–	(6,850)	<b>(6,850)</b>
Currency losses	13	–	(9)	<b>(9)</b>	–	–	–
Income	2	6,562	–	<b>6,562</b>	8,658	–	<b>8,658</b>
Investment management fee	3	(438)	(1,021)	<b>(1,459)</b>	(239)	(556)	<b>(795)</b>
Other administrative expenses	4	(463)	–	<b>(463)</b>	(689)	–	<b>(689)</b>
<b>Net return before finance costs and taxation</b>		<b>5,661</b>	<b>(43,240)</b>	<b>(37,579)</b>	<b>7,730</b>	<b>(7,406)</b>	<b>324</b>
Finance costs of borrowings	5	(17)	(40)	<b>(57)</b>	(20)	(47)	<b>(67)</b>
<b>Net return on ordinary activities before taxation</b>		<b>5,644</b>	<b>(43,280)</b>	<b>(37,636)</b>	<b>7,710</b>	<b>(7,453)</b>	<b>257</b>
Tax on ordinary activities	6	–	–	–	–	–	–
<b>Net return on ordinary activities after taxation</b>		<b>5,644</b>	<b>(43,280)</b>	<b>(37,636)</b>	<b>7,710</b>	<b>(7,453)</b>	<b>257</b>
<b>Net return per ordinary share</b>	7	<b>3.75p</b>	<b>(28.75p)</b>	<b>(25.00p)</b>	<b>5.12p</b>	<b>(4.95p)</b>	<b>0.17p</b>

Dividends declared in respect of the financial year ended 30 April 2020 amount to 3.10p (2019 – 4.45p). Further information on dividend distributions can be found in note 8 on page 42.

The total column of this statement is the profit and loss account of the Company. The supplementary revenue and capital return columns are prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in this statement derive from continuing operations.

A Statement of Comprehensive Income is not required as all gains and losses of the Company have been reflected in the above statement.

The accompanying notes on pages 39 to 47 are an integral part of the Financial Statements.

## Balance Sheet

### As at 30 April

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
<b>Fixed assets</b>					
Investments held at fair value through profit or loss	9		259,793		300,207
<b>Current assets</b>					
Debtors	10	746		1,487	
Cash and cash equivalents	18	3,512		4,488	
			4,258		5,975
<b>Creditors</b>					
Amounts falling due within one year	11	(392)		(447)	
<b>Net current assets</b>			3,866		5,528
<b>Net assets</b>			<b>263,659</b>		<b>305,735</b>
<b>Capital and reserves</b>					
Share capital	12		40,229		40,229
Share premium account	13		9,875		9,875
Capital redemption reserve	13		19,759		19,759
Warrant exercise reserve	13		417		417
Share purchase reserve	13		60,433		60,433
Capital reserve	13		120,725		164,005
Revenue reserve	13		12,221		11,017
<b>Shareholders' funds</b>	13		<b>263,659</b>		<b>305,735</b>
<b>Net asset value per ordinary share*</b>	14		<b>175.2p</b>		<b>203.1p</b>

The Financial Statements of Baillie Gifford UK Growth Fund plc (Company registration number 2894077) were approved and authorised for issue by the Board and were signed on 19 June 2020.

Carolan Dobson  
Chairman

The accompanying notes on pages 39 to 47 are an integral part of the Financial Statements.

\*See Glossary of Terms and Alternative Performance Measures on pages 55 and 56.

## Statement of Changes in Equity

### For the year ended 30 April 2020

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Warrant exercise reserve £'000	Share purchase reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 May 2019		40,229	9,875	19,759	417	60,433	164,005	11,017	<b>305,735</b>
Dividends paid during the year	8	–	–	–	–	–	–	(4,440)	<b>(4,440)</b>
Net return on ordinary activities after taxation	7	–	–	–	–	–	(43,280)	5,644	<b>(37,636)</b>
<b>Shareholders' funds at 30 April 2020</b>		<b>40,229</b>	<b>9,875</b>	<b>19,759</b>	<b>417</b>	<b>60,433</b>	<b>120,725</b>	<b>12,221</b>	<b>263,659</b>

### For the year ended 30 April 2019

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Warrant exercise reserve £'000	Share purchase reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 May 2018		40,229	9,875	19,759	417	60,433	171,458	10,081	<b>312,252</b>
Dividends paid during the year	8	–	–	–	–	–	–	(6,774)	<b>(6,774)</b>
Net return on ordinary activities after taxation	7	–	–	–	–	–	(7,453)	7,710	<b>257</b>
<b>Shareholders' funds at 30 April 2019</b>		<b>40,229</b>	<b>9,875</b>	<b>19,759</b>	<b>417</b>	<b>60,433</b>	<b>164,005</b>	<b>11,017</b>	<b>305,735</b>

The accompanying notes on pages 39 to 47 are an integral part of the Financial Statements.

## Cash Flow Statement

For the year ended 30 April

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
<b>Cash flows from operating activities</b>					
Net return on ordinary activities before taxation		(37,636)		257	
Net losses on investments		42,210		6,850	
Currency losses		9		–	
Finance costs of borrowings		57		67	
Changes in debtors and creditors		686		258	
<b>Cash from operations</b>			5,326		7,432
Interest paid			(57)		(72)
<b>Net cash inflow from operating activities</b>			5,269		7,360
<b>Cash flows from investing activities</b>					
Acquisitions of investments		(16,917)		(313,132)	
Disposals of investments		15,121		325,392	
<b>Net cash (outflow)/inflow from investing activities</b>			(1,796)		12,260
<b>Cash flows from financing activities</b>					
Bank loan repaid		–		(12,000)	
Equity dividends paid	8	(4,440)		(6,774)	
<b>Net cash outflow from financing activities</b>			(4,440)		(18,774)
<b>(Decrease)/increase in cash and cash equivalents</b>					
Exchange movements			(967)		846
			(9)		–
Cash and cash equivalents at start of year	15		4,488		3,642
<b>Cash and cash equivalents at end of year*</b>	15		<b>3,512</b>		<b>4,488</b>

\* Cash and cash equivalents represent cash at bank and short-term money market deposits repayable on demand.

The accompanying notes on pages 39 to 47 are an integral part of the Financial Statements.

## Notes to the Financial Statements

### 1 Principal Accounting Policies

The Financial Statements for the year to 30 April 2020 have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' on the basis of the accounting policies set out below which are consistent with those applied for the year ended 30 April 2019.

#### (a) Basis of Accounting

All of the Company's operations are of a continuing nature and the Financial Statements are prepared on a going concern basis under the historical cost convention, modified to include the revaluation of fixed asset investments and on the assumption that approval as an investment trust under section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011 will be retained.

The Financial Statements have been prepared in accordance with the Companies Act 2006, applicable UK Accounting Standards and with the AIC's Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in November 2014 and updated in October 2019 with consequential amendments. In order to better reflect the activities of the Company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented.

Financial assets and financial liabilities are recognised in the Company's Balance Sheet when it becomes a party to the contractual provisions of the instrument.

The Directors consider the Company's functional currency to be sterling as the Company's shareholders are predominantly based in the UK and the Company and its investment manager, who are subject to the UK's regulatory environment, are also UK based.

#### (b) Investments

The Company's investments are classified as held at fair value through profit and loss in accordance with sections 11 and 12 of FRS 102. They are managed and evaluated on a fair value basis in accordance with the Company's investment strategy and information about the investments are provided to the Board on that basis.

Purchases and sales of investments are recognised on a trade date basis.

Upon initial recognition investment in securities are held at fair value through profit or loss. Subsequently, investments are included at fair value which are quoted bid prices for investments traded in active markets. Changes in the fair value of investments and gains and losses on disposal are recognised as capital items in the Income Statement.

#### (c) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and deposits repayable on demand. Deposits are repayable on demand if they can be withdrawn at any time without notice and without penalty or if they have a maturity or period of notice of not more than one working day.

#### (d) Income

- (i) Income from equity investments is brought into account on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Company's right to receive payment is established.
- (ii) Special dividends are treated as repayments of capital or income depending on the facts of each particular case.

- (iii) Interest receivable/payable on bank deposits is recognised on an accruals basis.
- (iv) If scrip is taken in lieu of dividends in cash, the net amount of the cash dividend declared is credited to the revenue account. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised as capital.

#### (e) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue account except as follows:

- (i) Where they relate directly to the acquisition or disposal of an investment, in which case they are added to the cost of the investment or deducted from the sale proceeds. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty.
- (ii) The management fee is allocated 30% to revenue and 70% to capital in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio.

#### (f) Borrowings and Finance Costs

Finance costs are accounted for on an accruals basis. Finance costs are allocated 30% to revenue and 70% to capital in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio.

#### (g) Deferred Taxation

In accordance with FRS 102, deferred taxation is provided on all timing differences which have originated but not reversed by the Balance Sheet date, calculated on a non-discounted basis at the tax rates expected to apply when the timing differences reverse, based on what has been enacted or substantially enacted, relevant to the benefit or liability. Deferred tax assets are recognised only to the extent that it is more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

#### (h) Value Added Tax (VAT)

Expenses are disclosed inclusive of the related irrecoverable VAT.

#### (i) Dividend Distributions

Interim dividends are recognised in the year in which they are paid and final dividends are recognised in the year in which the dividends are approved by the Company's shareholders.

#### (j) Reserves

Gains and losses on disposal of investments, changes in the fair value of investments held, exchange differences of a capital nature and the amount by which other assets and liabilities valued at fair value differ from their book cost are dealt with in the capital reserve. Purchases of the Company's own shares are also funded from this reserve. The nominal value of such shares is transferred from share capital to the capital redemption reserve.

#### (k) Significant Estimates and Judgements

The Directors do not believe that any accounting judgements or estimates have been applied to these Financial Statements that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year.

## 2 Income

	2020 £'000	2019 £'000
<b>Income from investments</b>		
UK dividends	6,544	8,648
<b>Other income</b>		
Deposit interest	18	10
<b>Total income</b>	<b>6,562</b>	<b>8,658</b>

## 3 Investment Management Fee

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Investment management fee	438	1,021	1,459	239	556	795

Details of the Investment Management Agreement are disclosed on page 17. Baillie Gifford & Co Limited's annual management fee is 0.5% of net asset value, calculated on a quarterly basis. Baillie Gifford & Co Limited was appointed on 29 June 2018 and agreed to waive its management fee for the year ended 30 April 2019 to the extent of £732,000 (approximately equal to six months management fee payable to Baillie Gifford based on the Company's net asset value on 29 June 2018).

## 4 Other Administrative Expenses – all charged to revenue

	2020 £'000	2019 £'000
General administrative expenses	298	533
Directors' fees (see Directors' Remuneration Report on page 27)	130	129
Auditors' remuneration – statutory audit of Company's annual Financial Statements*	35	27
	<b>463</b>	<b>689</b>

\* Includes irrecoverable VAT of £5,800 (2019 – £4,600).

## 5 Finance Costs of Borrowings

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Interest on bank loans	17	40	57	20	47	67

## 6 Tax on Ordinary Activities

	2020 £'000	2019 £'000
<b>Analysis of charge in year</b>		
Overseas taxation	–	–
	–	–
<b>Factors affecting tax charge for year</b>		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% (2019 – 19%)		
The differences are explained below:		
Net return on ordinary activities before taxation	(37,636)	257
Net return on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019 – 19%)	(7,151)	49
Effects of:		
Capital returns not taxable	8,022	1,302
Income not taxable	(1,243)	(1,643)
Taxable losses in year not utilised	372	292
Tax charge for the year	–	–

As an investment trust, the Company's capital gains are not taxable.

### Factors that may affect future tax charges

At 30 April 2020 the Company had a potential deferred tax asset of £8,969,000 (2019 – £7,692,000) on taxable losses which is available to be carried forward and offset against future taxable profits. A deferred tax asset has not been recognised on these losses as it is considered unlikely that the Company will make taxable revenue profits in the future and it is not liable to tax on its capital gains. The potential deferred tax asset has been calculated using a corporation tax rate of 19% (2019 – 17%).

Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

## 7 Net Return per Ordinary Share

	2020 Revenue	2020 Capital	2020 Total	2019 Revenue	2019 Capital	2019 Total
Net return per ordinary share	<b>3.75p</b>	<b>(28.75p)</b>	<b>(25.00p)</b>	<b>5.12p</b>	<b>(4.95p)</b>	<b>0.17p</b>

Revenue return per ordinary share is based on the net revenue return on ordinary activities after taxation of £5,644,000 (2019 – £7,710,000), and on 150,520,484 (2019 – 150,520,484) ordinary shares, being the weighted average number of ordinary shares in issue during each year.

Capital return per ordinary share is based on the net capital loss for the financial year of £43,280,000 (2019 – net capital loss of £7,453,000), and on 150,520,484 (2019 – 150,520,484) ordinary shares, being the weighted average number of ordinary shares in issue during each year.

There are no dilutive or potentially dilutive shares in issue.

## 8 Ordinary Dividends

	2020	2019	2020 £'000	2019 £'000
<b>Amounts recognised as distributions in the year:</b>				
Previous year's final dividend (paid 6 August 2019)	2.95p	3.00p	4,440	4,516
Interim dividend	–	1.50p	–	2,258
	<b>2.95p</b>	<b>4.50p</b>	<b>4,440</b>	<b>6,774</b>

Also set out below are the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of section 1158 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £5,644,000 (2019 – £7,710,000).

	2020	2019	2020 £'000	2019 £'000
<b>Dividends paid and payable in respect of the year:</b>				
Interim dividend	–	1.50p	–	2,258
Proposed final dividend (payable 12 August 2020)	3.10p	2.95p	4,666	4,440
	<b>3.10p</b>	<b>4.45p</b>	<b>4,666</b>	<b>6,698</b>

## 9 Fixed Assets – Investments

	2020 £'000	2019 £'000
<b>Financial assets at fair value through profit or loss</b>		
Listed equity investments	259,793	300,207
Total investments in financial assets at fair value through profit or loss	<b>259,793</b>	<b>300,207</b>

	Listed equities £'000
Cost of investments held at 1 May 2019	305,739
Investment holding losses at 1 May 2019	(5,532)
Value of investments held at 1 May 2019	<b>300,207</b>
Analysis of transactions during the year:	
Purchases at cost	16,917
Sales – proceeds received	(15,121)
Losses on investments	(42,210)
Value of investments held at 30 April 2020	<b>259,793</b>
Cost of investments held at 30 April 2020	297,017
Investment holding losses at 30 April 2020	(37,224)
Fair value of investments held at 30 April 2020	<b>259,793</b>

The company received proceeds of £15,121,000 (2019 – £324,960,000) from investments sold in the year. The book cost of these investments when they were purchased was £25,639,000 (2019 – £308,514,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

The purchases and sales proceeds figures above include transaction costs of £51,000 (2019 – £1,476,000) and £8,000 (2019 – £90,000) respectively.

## 9 Fixed Assets – Investments (continued)

	2020 £'000	2019 £'000
<b>Net gains on investments designated at fair value through profit or loss on initial recognition</b>		
(Losses)/gains on sales	(10,518)	16,446
Changes in investment holding losses	(31,692)	(23,296)
	<b>(42,210)</b>	<b>(6,850)</b>

Of the losses on sales during the year of £10,517,000 (2019 – gains on sales of £16,446,000), a net loss of £2,570,000 (2019 – net loss of £351,000) was included in the investment holding losses at the previous year end.

## 10 Debtors

	2020 £'000	2019 £'000
Accrued income and prepaid expenses	743	1,484
Other debtors	3	3
	<b>746</b>	<b>1,487</b>

None of the above debtors are financial assets designated at fair value through profit or loss. The carrying amount of debtors is a reasonable approximation of fair value.

## 11 Creditors – amounts falling due within one year

	2020 £'000	2019 £'000
Other creditors and accruals	392	447
	<b>392</b>	<b>447</b>

None of the above creditors are financial liabilities held at fair value through profit or loss. Included in other creditors is £330,000 (2019 – £382,000) in respect of the investment management fee.

At 30 April 2020, the Company had a 1 year £20 million unsecured revolving credit loan facility with National Australia Bank which expires on 8 July 2020. There were no drawings under this facility at 30 April 2020.

The main covenant relating to the above loan is that total borrowings shall not exceed 28% of adjusted total net asset value. There were no breaches of loan covenants during the year.

## 12 Share Capital

	2020 Number	2020 £'000	2019 Number	2019 £'000
Allotted, called up and fully paid ordinary shares of 25p each	150,520,484	37,630	150,520,484	37,630
Treasury shares of 25p each	10,396,700	2,599	10,396,700	2,599
Total	<b>160,917,184</b>	<b>40,229</b>	<b>160,917,184</b>	<b>40,229</b>

The Company's shareholder authority permits it to hold shares bought back 'in treasury'. Under such authority, treasury shares may be subsequently either sold for cash (at a premium to net asset value per ordinary share) or cancelled. At 30 April 2020 the Company had authority to buy back 22,563,020 ordinary shares. During the year to 30 April 2020, no ordinary shares were bought back (2019 – no ordinary shares were bought back). Under the provisions of the Company's Articles of Association share buy-backs are funded from the capital reserve.

### 13 Capital and Reserves

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Warrant exercise reserve £'000	Share purchase reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
At 1 May 2019	40,229	9,875	19,759	417	60,433	164,005	11,017	<b>305,735</b>
Losses on investments	–	–	–	–	–	(42,210)	–	<b>(42,210)</b>
Investment management fee charged to capital	–	–	–	–	–	(1,021)	–	<b>(1,021)</b>
Finance costs of borrowings charged to capital	–	–	–	–	–	(40)	–	<b>(40)</b>
Other exchange differences	–	–	–	–	–	(9)	–	<b>(9)</b>
Dividends paid in year	–	–	–	–	–	–	(4,440)	<b>(4,440)</b>
Revenue return on ordinary activities after taxation	–	–	–	–	–	–	5,644	<b>5,644</b>
At 30 April 2020	<b>40,229</b>	<b>9,875</b>	<b>19,759</b>	<b>417</b>	<b>60,433</b>	<b>120,725</b>	<b>12,221</b>	<b>263,659</b>

The capital reserve includes investment holding losses of £37,224,000 (2019 – losses of £5,532,000) as disclosed in note 9. The revenue reserve and the capital reserve (to the extent it constitutes realised profits) are distributable.

### 14 Net Asset Value per Ordinary Share

The net asset value per ordinary share and the net assets attributable to the ordinary shareholders at the year end calculated in accordance with the Articles of Association were as follows:

	2020	2019	2020 £'000	2019 £'000
Ordinary shares of 25p	<b>175.2p</b>	<b>203.1p</b>	<b>263,659</b>	<b>305,735</b>

Net asset value per ordinary share is based on the net assets as shown above and 150,520,484 (2019 – 150,520,484) ordinary shares, being the number of ordinary shares in issue at the year end, excluding shares held in treasury.

### 15 Analysis of Change in Net Debt

	1 May 2019 £'000	Cash flows £'000	Exchange movement £'000	30 April 2020 £'000
Cash and cash equivalents	4,488	(967)	(9)	3,512
Total	<b>4,488</b>	<b>(967)</b>	<b>(9)</b>	<b>3,512</b>

### 16 Contingent Liabilities, Guarantees and Financial Commitments

There were no contingent liabilities, guarantees or financial commitments at either year end.

### 17 Related Party Transactions

The Directors' fees for the year and interests in the Company's shares at the end of the year are detailed in the Directors' Remuneration Report on page 27. No Director has a contract of service with the Company. During the years reported, no Director was interested in any contract or other matter requiring disclosure under section 412 of the Companies Act 2006.

The Management fee due to Baillie Gifford & Co Limited is set out in note 3 on page 40 and the amount accrued at 30 April 2020 is set out in note 11 on page 43. Details of the Investment Management Agreement are set out on page 17.

## 18 Financial Instruments

The Company invests in equities for the long-term so as to achieve its investment objective of long-term capital growth with the aim of providing a total return in excess of the FTSE All-Share Index. The Company borrows money when the Board and Managers have sufficient conviction that the assets funded by borrowed monies will generate a return in excess of the cost of borrowing. In pursuing its investment objective, the Company is exposed to various types of risk that are associated with the financial instruments and markets in which it invests and could result in either a reduction in the Company's net assets or a reduction in the profits available for dividend.

These risks are categorised here as market risk (comprising interest rate risk and other price risk), liquidity risk and credit risk. The Board monitors closely the Company's exposures to these risks but does so in order to reduce the likelihood of a permanent loss of capital rather than to minimise the short-term volatility.

The risk management policies and procedures outlined in this note have not changed substantially from the previous accounting year.

### Market Risk

The fair value or future cash flows of a financial instrument or other investment held by the Company may fluctuate because of changes in market prices. This market risk comprises two elements – interest rate risk and market price risk. The Board of Directors reviews and agrees policies for managing these risks and the Company's Investment Manager assesses the exposure to market risk when making individual investment decisions as well as monitoring the overall level of market risk across the investment portfolio on an ongoing basis. Details of the Company's investment portfolio are shown on pages 12 and 13.

#### (i) Interest Rate Risk

Interest rate movements may affect the level of income receivable on cash deposits and interest payable on variable rate borrowings. They may also impact upon the market value of the Company's investments as the effect of interest rate movements upon the earnings of a company may have a significant impact upon the valuation of that company's equity.

The possible effects on cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and when entering borrowing agreements.

The Board reviews on a regular basis the amount of investments in cash and the income receivable on cash deposits.

The Company has the ability to finance part of its activities through borrowings at approved levels. The amount of such borrowings and the approved levels are monitored and reviewed regularly by the Board.

The interest rate risk profile of the Company's interest bearing financial assets and liabilities at 30 April 2020 was nil.

### Financial Assets

Cash deposits generally comprise overnight call or short-term money market deposits and earn interest at floating rates based on prevailing bank base rates.

### Financial Liabilities

The Company did not make any draw down under the one year £20 million unsecured revolving credit loan facility with National Australia Bank during the year to 30 April 2020.

#### (ii) Market Price Risk

Changes in market prices other than those arising from interest rate risk or currency risk may also affect the value of the Company's net assets. The Company's exposure to changes in market prices relates to the fixed asset investments as disclosed in note 9.

The Board manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Investment Manager. The Board meets regularly and at each meeting reviews investment performance, the investment portfolio and the rationale for the current investment positioning to ensure consistency with the Company's objectives and investment policies.

### Currency Risk

Certain of the Company's assets, liabilities and income could be denominated in currencies other than sterling (the Company's functional currency and that in which it reports its results). Consequently, movements in exchange rates may affect the sterling value of those items.

### Other Price Risk Sensitivity

A full list of the Company's investments is shown on pages 12 and 13. There is a concentration of exposure to the UK, though it should be noted that the Company's investment may not be entirely exposed to economic conditions in the UK, as many UK listed companies do much of their business overseas.

100% (2019 – 100%) of the Company's net assets are invested in quoted equities. A 10% increase in quoted equity valuations at 30 April 2020 would have increased total net assets and net return on ordinary activities after taxation by £25,979,000 (2019 – £30,021,000). A decrease of 10% would have had an equal but opposite effect.

## 18 Financial Instruments (continued)

### Liquidity Risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is not significant as the majority of the Company's assets are in investments that are readily realisable.

The Company has the power to take out borrowings, which give it access to additional funding when required. The Company's borrowing facilities are detailed in note 11.

The maturity profile of the Company's financial liabilities due in less than one year at 30 April was:

	2020 £'000	2019 £'000
Other creditors and accruals	392	447
	<b>392</b>	<b>447</b>

### Credit Risk

This is the risk that a failure of a counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss. This risk is managed as follows:

- where the Investment Manager makes an investment in a bond or other security with credit risk, that credit risk is assessed and then compared to the prospective investment return of the security in question;
- the Depositary is liable for the loss of financial instruments held in custody. The Depositary will ensure that any delegate segregates the assets of the Company. The Depositary has delegated the custody function to The Bank of New York Mellon (International) Limited. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Investment Manager monitors the Company's risk by reviewing the custodian's internal control reports and reporting its findings to the Board;
- investment transactions are carried out with a large number of brokers whose creditworthiness is reviewed by the Investment Manager. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations before any transfer of cash or securities away from the Company is completed;
- the creditworthiness of the counterparty to transactions involving derivatives, structured notes and other arrangements, wherein the creditworthiness of the entity acting as broker or counterparty to the transaction is likely to be of sustained interest, are subject to rigorous assessment by the Investment Manager; and
- cash is only held at banks that are regularly reviewed by the Investment Manager.

### Credit Risk Exposure

The exposure to credit risk at 30 April was:

	2020 £'000	2019 £'000
Cash and cash equivalents	3,512	4,488
Debtors	746	1,487
	<b>4,258</b>	<b>5,975</b>

None of the Company's financial assets are past due or impaired.

### Fair Value of Financial Assets and Financial Liabilities

The Company's investments are stated at fair value and the Directors are of the opinion that the reported values of the Company's other financial assets and liabilities approximate to fair value.

## 18 Financial Instruments (continued)

### Capital Management

The objectives of the Company are to ensure that it will continue as a going concern and to maximise the capital return to its equity shareholders through an appropriate level of gearing. Its borrowings are set out on note 11 on page 43. The Company does not have any externally imposed capital requirements. The capital of the Company is the ordinary share capital as detailed in note 12. It is managed in accordance with its investment policy in pursuit of its investment objective, both of which are detailed on page 6, and shares may be repurchased or issued as explained on pages 18 and 19.

### Fair Value of Financial Instruments

The fair value hierarchy used to analyse the basis on which the fair values of financial instruments held at fair value through the profit or loss account are measured is described below. Fair value measurements are categorised on the basis of the lowest level input that is significant to the fair value measurement.

**Level 1** – using unadjusted quoted prices for identical instruments in an active market;

**Level 2** – using inputs, other than quoted prices included within Level 1, that are directly or indirectly observable (based on market data);  
and

**Level 3** – using inputs that are unobservable (for which market data is unavailable).

The valuation techniques used by the Company are explained in the accounting policies on page 39.

The financial assets designated as valued at fair value through profit or loss are all categorised as Level 1 in the above hierarchy. None of the financial liabilities are designated at fair value through profit or loss in the Financial Statements.

## Notice of Annual General Meeting

### Covid-19 coronavirus – Important note regarding arrangements for the Annual General Meeting (AGM)

The Board of Baillie Gifford UK Growth Fund plc (UK Growth) recognises the public health risk associated with the Covid-19 outbreak arising from public gatherings and notes the Government's measures restricting such gatherings, travel and attendances at workplaces. At the same time, the Board is conscious of the legal requirement for UK Growth to hold its AGM before the end of October. Given the current uncertainty around when public health concerns will have abated, the Board has for the time being decided to aim to follow the Company's customary corporate timetable and, accordingly, the Company's AGM is being convened to take place as scheduled at 12 noon on Wednesday 5 August 2020 at the offices of Baillie Gifford & Co, Calton Square, 1 Greenside Row, Edinburgh EH1 3AN without access for shareholders. The Board will, however, continue to monitor developments and any changes will be advised to shareholders by post and details will be updated on the Company's website. In the meantime, the Board encourages all shareholders to submit proxy voting forms as soon as possible and, in any event, by no later than 12 noon on 3 August 2020. We would encourage shareholders to monitor the Company's website at [www.bgukgrowthfund.com](http://www.bgukgrowthfund.com). Should shareholders have questions for the Board or the Managers or any queries as to how to vote, they are welcome as always to submit them by email to [trustenquiries@bailliegifford.com](mailto:trustenquiries@bailliegifford.com) or call 0800 917 2112. Baillie Gifford may record your call.

Notice is hereby given that an Annual General Meeting of Baillie Gifford UK Growth Fund plc will be held at the offices of Baillie Gifford & Co, Calton Square, 1 Greenside Row, Edinburgh EH1 3AN, on Wednesday, 5 August 2020 at 12 noon for the following purposes.

### Ordinary Business

To consider and, if thought fit, to pass the following Resolutions as Ordinary Resolutions.

1. To receive and adopt the Financial Statements of the Company for the year to 30 April 2020 with the Reports of the Directors and of the Independent Auditors thereon.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Annual Report on Remuneration for the year to 30 April 2020.
4. To declare a final dividend of 3.10p per ordinary share.
5. To re-elect Carolan Dobson as a Director.
6. To re-elect Andrew Westenberger as a Director.
7. To re-elect Scott Cochrane as a Director.
8. To re-elect Ruary Neill as a Director.
9. To appoint Ernst & Young LLP as Independent Auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at which the Financial Statements are laid before the Company.
10. To authorise the Directors to determine the remuneration of the Independent Auditor of the Company.

### Special Business

To consider and, if thought fit, to pass Resolution 11 as an Ordinary Resolution and Resolutions 12 and 13 as Special Resolutions.

11. That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ('Securities') provided that such authority shall be limited to the allotment of shares and the grant of rights in respect of shares with an aggregate nominal value of up to £3,763,012, such authority to expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, unless previously revoked, varied or extended by the Company in a general meeting, save that the Company may at any time prior to the expiry of this authority make an offer or enter into an agreement which would or might require Securities to be allotted or granted after the expiry of such authority and the Directors shall be entitled to allot or grant Securities in pursuance of such an offer or agreement as if such authority had not expired.
12. That, subject to the passing of Resolution 11 above, and in substitution for any existing power but without prejudice to the exercise of any such power prior to the date hereof, the Directors of the Company be and they are hereby generally empowered, pursuant to sections 570 and 573 of the Companies Act 2006 (the 'Act'), to allot equity securities (within the meaning of section 560(1) of the Act), for cash pursuant to the authority given by Resolution 11 above, and to sell treasury shares for cash, as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power:
  - (a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or on the expiry of 15 months from the passing of this Resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry and the Directors may allot equity securities or sell treasury shares in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and
  - (b) shall be limited to the allotment of equity securities or the sale of treasury shares up to an aggregate nominal value of £3,763,012, being approximately 10% of the nominal value of the issued share capital of the Company, as at 18 June 2020.

13. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of section 693(4) of the Act) of fully paid ordinary shares of 25 pence each in the capital of the Company ('ordinary shares') (either for retention as treasury shares for future reissue, resale, transfer or cancellation), provided that:
- (a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 22,563,020, or, if less, the number representing approximately 14.99% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution;
  - (b) the minimum price (excluding expenses) which may be paid for each ordinary share is 25 pence;
  - (c) the maximum price (excluding expenses) which may be paid for each ordinary share shall not be more than the higher of:
    - (i) 5 per cent above the average closing price on the London Stock Exchange of an ordinary share over the five business days immediately preceding the date of purchase; and
    - (ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy back programmes and stabilisation of financial instruments (No. 2273/2003); and
  - (d) unless previously varied, revoked or renewed by the Company in a general meeting, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in respect of the year ending 30 April 2021, save that the Company may, prior to such expiry, enter into a contract to purchase ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.

## Notes

1. As a member you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the AGM. A proxy need not be a member of the Company but must attend the AGM to represent you. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You can only appoint a proxy using the procedure set out in these notes and the notes to the proxy form. You may not use any electronic address provided either in this notice or any related documents (including the circular and proxy form) to communicate with the Company for any purpose other than those expressly stated.
2. To be valid any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand at the Registrars of the Company at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or [www.eproxyappointment.com](http://www.eproxyappointment.com) no later than 2 days (excluding non-working days) before the time of the meeting or any adjourned meeting.
3. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and/or by logging on to the website [www.euroclear.com/CREST](http://www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
4. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrar (ID 3RA50) no later than 2 days (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

By order of the Board  
Baillie Gifford & Co Limited  
Managers and Secretaries  
3 July 2020

## Shareholder Information

5. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
6. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
7. The return of a completed proxy form or other instrument of proxy will not prevent you attending the AGM and voting in person if you wish.
8. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and section 311 of the Companies Act 2006 the Company specifies that to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company no later than 2 days (excluding non-working days) prior to the commencement of the AGM or any adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
9. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
10. The statement of the rights of shareholders in relation to the appointment of proxies in Notes 1 and 2 above does not apply to Nominated Persons. The rights described in those Notes can only be exercised by shareholders of the Company.
11. The members of the Company may require the Company to publish, on its website, (without payment) a statement (which is also passed to the Auditors) setting out any matter relating to the audit of the Company's Financial Statements, including the Auditors' report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5% of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address and be sent to the Company at Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN.
12. Information regarding the Annual General Meeting, including information required by section 311A of the Companies Act 2006, is available from the Company's page of the Managers' website at [www.bgukgrowthfund.com](http://www.bgukgrowthfund.com).
13. Members have the right to ask questions at the meeting in accordance with section 319A of the Companies Act 2006.
14. As at 18 June 2020 (being the last practicable day prior to the publication of this notice) the Company's issued share capital consisted of 150,520,484 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 18 June 2020 were 150,520,484 votes.
15. Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the meeting as his/her proxy will need to ensure that both he/she and his/her proxy complies with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
16. No Director has a contract of service with the Company.

## Further Shareholder Information

### Baillie Gifford UK Growth Fund is an investment trust. Investment trusts offer investors the following:

- participation in a diversified portfolio of shares;
- constant supervision by experienced professional managers; and
- the Company is free from capital gains tax on capital profits realised within its portfolio, although investors are still liable for capital gains tax on profits when selling their investment.

### How to Invest

The Company's shares are traded on the London Stock Exchange. They can be bought by placing an order with a stockbroker, or by asking a professional adviser to do so. If you are interested in investing directly in Baillie Gifford UK Growth Fund, you can do so online. There are a number of companies offering real time online dealing services. Find out more by visiting the investment trust pages at [www.bailliegifford.com](http://www.bailliegifford.com).

### Sources of Further Information on the Company

The price of shares is quoted daily in the Financial Times and can also be found on the Company's page of the Managers' website at [www.bgukgrowthfund.com](http://www.bgukgrowthfund.com), Trustnet at [www.trustnet.co.uk](http://www.trustnet.co.uk) and on other financial websites. Company factsheets are also available on the Baillie Gifford website and are updated monthly. These are available from Baillie Gifford on request.

### Baillie Gifford UK Growth Fund Identifiers

ISIN	GB0007913485
Sedol	0791348
Ticker	BGUK
Legal Entity Identifier	549300XX386SYWX8XW22

The ordinary shares of the Company are listed on the London Stock Exchange and their price is shown in the Financial Times.

### Key Dates

Ordinary shareholders normally receive two dividends in respect of each financial year paid in January and August. The Annual Report and Financial Statements are normally issued in June and the AGM is normally held in August.

### Capital Gains Tax

The cost for capital gains taxation purposes to shareholders.

### Share Register Enquiries

Computershare Investor Services PLC maintains the share register on behalf of the Company. In the event of queries regarding shares registered in your own name, please contact the Registrars on 0370 703 0025.

This helpline also offers an automated self-service functionality (available 24 hours a day, 7 days a week) which allows you to:

- hear the latest share price;
- confirm your current share holding balance; and
- order Change of Address and Stock Transfer forms.

You can also check your holding on the Registrars' website at [www.investorcentre.co.uk](http://www.investorcentre.co.uk). They also offer a free, secure share management website service which allows you to:

- view your share portfolio and see the latest market price of your shares;
- calculate the total market price of each shareholding;
- view price histories and trading graphs;
- change address details; and
- use online dealing services.

To take advantage of this service, please log in at [www.investorcentre.co.uk](http://www.investorcentre.co.uk) and enter your Shareholder Reference Number and Company Code (this information can be found on your share certificate).

### Electronic Proxy Voting

If you hold stock in your own name you can choose to vote by returning proxies electronically at [www.eproxyappointment.com](http://www.eproxyappointment.com).

If you have any questions about this service please contact Computershare on 0370 703 0025.

### CREST Proxy Voting

If you are a user of the CREST system (including a CREST Personal Member), you may appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. For further information please refer to the CREST Manual.

### Analysis of Shareholders at 30 April

	2020 Number of shares held	2020 %	2019 Number of shares held	2019 %
Institutions	51,921,386	34.5	61,856,994	41.1
Intermediaries/ Retail Savings Platforms	88,907,363	59.1	79,927,374	53.1
Individuals	8,563,735	5.7	8,108,943	5.4
Marketmakers	1,128,000	0.7	627,173	0.4
	<b>150,520,484</b>	<b>100.0</b>	<b>150,520,484</b>	<b>100.0</b>

These Financial Statements have been approved by the Directors of Baillie Gifford UK Growth Fund plc. Baillie Gifford only provides information about its products and does not provide investment advice. The staff of Baillie Gifford and Baillie Gifford UK Growth's Directors may hold shares in Baillie Gifford UK Growth and may buy or sell such shares from time to time.

### Cost-effective Ways to Buy and Hold Shares in Baillie Gifford UK Growth Fund

Information on how to invest in Baillie Gifford UK Growth Fund can be found at [www.bgukgrowthfund.com](http://www.bgukgrowthfund.com).

#### Risks

- Past performance is not a guide to future performance.
- Baillie Gifford UK Growth Fund is a listed UK Company. As a result, the value of the shares and, any income from those shares, can fall as well as rise and investors may not get back the amount invested.
- Baillie Gifford UK Growth Fund can borrow money to make further investments (sometimes known as ‘gearing’ or ‘leverage’). The risk is that when this money is repaid by the Company, the value of the investments may not be enough to cover the borrowing and interest costs, and the Company will make a loss. If the Company’s investments fall in value, any borrowings will increase the amount of this loss.
- Baillie Gifford UK Growth Fund can buy back its own shares. The risks from borrowing, referred to above, are increased when the Company buys back its own shares.
- Market values for securities which have become difficult to trade may not be readily available, and there can be no assurance that any value assigned to such securities will accurately reflect the price the Company might receive upon their sale.
- Baillie Gifford UK Growth Fund’s exposure to a single market may increase risk.
- Baillie Gifford UK Growth Fund can make use of derivatives which may impact on its performance. Currently the Company does not make use of derivatives.
- Baillie Gifford UK Growth Fund charges 70% of its investment management fee and borrowing costs to capital, which reduces the capital value. Also, where income is low, the remaining expenses may be greater than the total income received, meaning the Company may not pay a dividend and the capital value would be further reduced.
- The aim of Baillie Gifford UK Growth Fund is to achieve capital growth and it is unlikely that the Company will provide a steady, or indeed any, income.
- Shareholders in Baillie Gifford UK Growth Fund have the right to vote every five years on whether to continue the Company, or wind it up. If the shareholders decide to wind the Company up, the assets will be sold and you will receive a cash sum in relation to your shareholding. The next vote will be held at the Annual General Meeting in 2024.

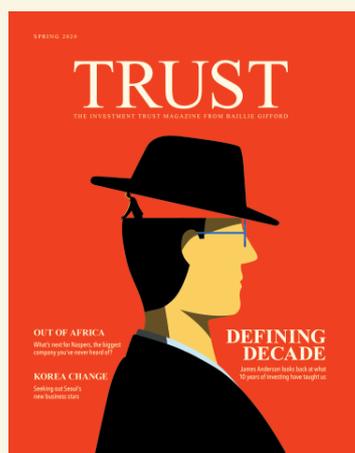
You should note that tax rates and reliefs may change at any time and their value depends on your circumstances. The favourable tax treatment of ISAs may change.

Investment Trusts are UK public listed companies and as such comply with the requirements of the UK Listing Authority. They are not authorised or regulated by the Financial Conduct Authority.

Further details of the risks associated with investing in the Company can be found at [www.bgukgrowthfund.com](http://www.bgukgrowthfund.com) or by calling Baillie Gifford on 0800 917 2112.

The information and opinions expressed in this document are subject to change without notice. This information has been issued and approved by Baillie Gifford & Co and does not in any way constitute investment advice.

## Communicating with Shareholders



Trust Magazine

### Trust Magazine

*Trust* is the Baillie Gifford investment trust magazine which is published twice a year. It provides an insight to our investment approach by including interviews with our fund managers, as well as containing investment trust news, investment features and articles about the trusts managed by Baillie Gifford, including Baillie Gifford UK Growth Fund. *Trust* plays an important role in helping to explain our products so that readers can really understand them. For a copy of *Trust*, please contact the Baillie Gifford Client Relations Team (see contact details opposite).

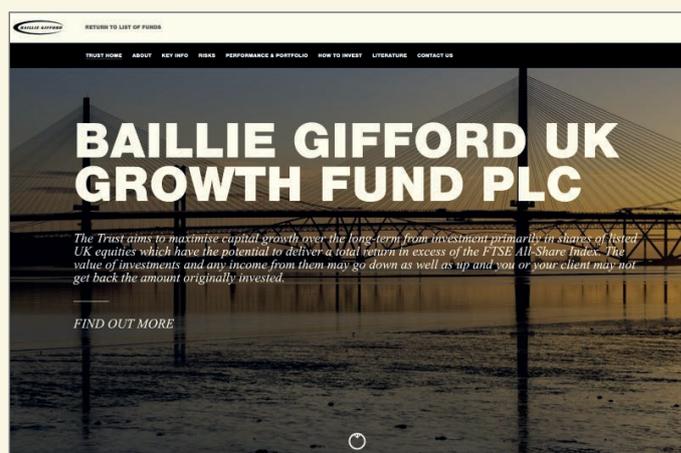
An online version of *Trust* can be found at [www.bailliegifford.com/trust](http://www.bailliegifford.com/trust)

### Baillie Gifford UK Growth Fund on the Web

Up-to-date information about Baillie Gifford UK Growth Fund, is on the Baillie Gifford UK Growth Fund pages of the Managers' website at [www.bgukgrowthfund.com](http://www.bgukgrowthfund.com). You will find full details of UK Growth Fund, including recent portfolio information and performance figures.

### Suggestions and Questions

Any suggestions on how communications with shareholders can be improved are welcomed, so please contact the Baillie Gifford Client Relations Team and give them your suggestions. They will also be very happy to answer questions that you may have about Baillie Gifford UK Growth Fund.



A Baillie Gifford UK Growth Fund web page at [www.bgukgrowthfund.com](http://www.bgukgrowthfund.com)

### Client Relations Team Contact Details

You can contact the Baillie Gifford Client Relations Team by telephone, email or post:

**Telephone:** 0800 917 2112

Your call may be recorded for training or monitoring purposes.

**Email:** [trustenquiries@bailliegifford.com](mailto:trustenquiries@bailliegifford.com)

**Website:** [www.bailliegifford.com](http://www.bailliegifford.com)

Baillie Gifford Client Relations Team  
Calton Square  
1 Greenside Row  
Edinburgh EH1 3AN

## Alternative Investment Fund Managers (AIFM) Directive

In accordance with the AIFM Directive, information in relation to the Company's leverage and the remuneration of the Company's AIFM, Baillie Gifford & Co Limited, is required to be made available to investors.

### AIFM Remuneration

In accordance with the Directive, the AIFM remuneration policy is available at [www.bailliegifford.com](http://www.bailliegifford.com) or on request (see contact details on the back cover). The numerical remuneration disclosures in respect of the AIFM's reporting period are available at [www.bailliegifford.com](http://www.bailliegifford.com).

### Leverage

The Company's maximum and actual leverage (see Glossary of Terms and Alternative Performance Measures on pages 55 and 56) levels at 30 April 2020 are shown below:

	Gross method	Commitment method
Maximum limit	2.00:1	2.00:1
Actual	0.98:1	1.00:1

## Automatic Exchange of Information

In order to fulfil its obligations under UK Tax Legislation relating to the automatic exchange of information, the Company is required to collect and report certain information about certain shareholders.

The legislation will require investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. As an affected company, Baillie Gifford UK Growth Fund plc will have to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

Shareholders, excluding those whose shares are held in CREST, who come on to the share register will be sent a certification form for the purposes of collecting this information.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders <https://www.gov.uk/government/publications/exchange-of-information-account-holders>.

## 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.

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## FTSE Index Data

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underlying data and no party may rely on any FTSE indices, ratings and/or 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.

## Glossary of Terms and Alternative Performance Measures (APM)

### Total Assets

Total assets less current liabilities, before deduction of all borrowings.

### Net Asset Value

Net Asset Value (NAV) is the value of total assets less liabilities (including borrowings). The NAV per share is calculated by dividing this amount by the number of ordinary shares in issue (excluding treasury shares).

### Net Liquid Assets

Net liquid assets comprise current assets less current liabilities, excluding borrowings.

### Discount/Premium (APM)

As stockmarkets and share prices vary, an investment trust's share price is rarely the same as its NAV. When the share price is lower than the NAV per share it is said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, it is said to be trading at a premium.

	2020	2019
Closing NAV per share	175.2p	203.1p
Closing share price	161.5p	192.0p
<b>Discount</b>	<b>(7.8%)</b>	<b>(5.5%)</b>

### Total Return (APM)

The total return is the return to shareholders after reinvesting the net dividend on the date that the share price goes ex-dividend.

		2020 NAV	2020 Share price	2019 NAV	2019 Share price
Closing NAV per share/share price	(a)	175.2p	161.5p	203.1p	192.0p
Dividend adjustment factor*	(b)	1.0143	1.0155	1.0236	1.0255
Adjusted closing NAV per share/share price	(c = a x b)	177.7p	164.0p	207.9p	196.9p
Opening NAV per share/share price	(d)	203.1p	192.0p	207.5p	187.5p
<b>Total return</b>	<b>(c ÷ d) - 1</b>	<b>(12.5%)</b>	<b>(14.6%)</b>	<b>0.2%</b>	<b>5.0%</b>

\* The dividend adjustment factor is calculated on the assumption that the dividends of 2.95p (2019 – 4.50p) paid by the Company during the year were reinvested into shares of the Company at the cum income NAV per share/share price, as appropriate, at the ex-dividend date.

### Ongoing Charges (APM)

The total expenses (excluding borrowing costs) incurred by the Company as a percentage of the average net asset value. The ongoing charges have been calculated on the basis prescribed by the Association of Investment Companies.

A reconciliation from the expenses detailed in the Income Statement on page 35 is provided below.

		2020	2019
Investment management fee		£1,459,000	£795,000
Other administrative expenses		£463,000	£689,000
Total expenses	(a)	£1,922,000	£1,484,000
Average net asset value	(b)	£292,419,000	£293,237,000
<b>Ongoing charges ((a) ÷ (b) expressed as a percentage)</b>		<b>0.66%</b>	<b>0.51%</b>

## Shareholder Information

Baillie Gifford & Co Limited was appointed on 29 June 2018 and agreed to waive its management fee for the year ended 30 April 2019 to the extent of £732,000 (approximately equal to six months' management fee payable to Baillie Gifford based on the Company's net asset value on 29 June 2018). The calculation for 2019 above is therefore not representative of future management fees. The reconciliation below shows the ongoing charges figure if the waived management fee is included in the ongoing charges calculation.

		2019
Investment management fee		£795,000
Investment management fee waived during the year		£732,000
Other administrative expenses		£689,000
Total expenses	(a)	£2,216,000
Average net asset value	(b)	£293,237,000
<b>Ongoing charges ((a) ÷ (b) expressed as a percentage)</b>		<b>0.76%</b>

### Gearing (APM)

At its simplest, gearing is borrowing. Just like any other public company, an investment trust can borrow money to invest in additional investments for its portfolio. The effect of the borrowing on the shareholders' assets is called 'gearing'. If the Company's assets grow, the shareholders' assets grow proportionately more because the debt remains the same. But if the value of the Company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

Equity gearing is the Company's borrowings adjusted for cash and cash equivalents expressed as a percentage of shareholders' funds.

Potential gearing is the Company's borrowings expressed as a percentage of shareholders' funds.

The Company currently has no borrowings drawn down.

### Leverage (APM)

For the purposes of the Alternative Investment Fund Managers (AIFM) Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other.

### Active Share (APM)

Active share, a measure of how actively a portfolio is managed, is the percentage of the portfolio that differs from its comparative index. It is calculated by deducting from 100 the percentage of the portfolio that overlaps with the comparative index. An active share of 100 indicates no overlap with the index and an active share of zero indicates a portfolio that tracks the index.



The Directors  
Baillie Gifford UK Growth Fund plc  
Grimaldi House  
28 St James's Square  
London  
England  
SW1Y 4JH

19 June 2020

Dear Ladies and Gentlemen,

**Statement of Reasons connected with ceasing to hold office as Auditors**

In accordance with Section 519 of the Companies Act 2006 (the "Act"), we set out below the reasons connected with PricewaterhouseCoopers LLP, registered auditor number CO01004062, ceasing to hold office as auditors of Baillie Gifford UK Growth Fund plc, registered no: 02894077 (the "Company") effective from 5 August 2020.

The reason we are ceasing to hold office is that the Company undertook a competitive tender process for the position of statutory auditor and we mutually agreed with the Audit Committee not to participate due to the time of our tenure.

There are no reasons for and no other matters connected with our ceasing to hold office as auditors of the Company that we consider need to be brought to the attention of the Company's members or creditors.

Yours faithfully,

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP

*PricewaterhouseCoopers LLP, Atria One, 144 Morrison Street, Edinburgh, EH3 8EX  
T: +44 (0) 1312 264 488, F: +44 (0) 1312 604 008, [www.pwc.co.uk](http://www.pwc.co.uk)*

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

## Directors

Chairman:  
Carolyn Dobson

Scott Cochrane  
Ruary Neill  
Andrew Westenberger

## Alternative Investment Fund Managers, Secretaries and Registered Office

Baillie Gifford & Co Limited  
Grimaldi House  
28 St James's Square  
London  
SW1Y 4JH  
Tel: 0131 275 2000  
[www.bailliegifford.com](http://www.bailliegifford.com)

## Registrar

Computershare  
Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 6ZZ  
Tel: 0370 707 0025

## Brokers

Winterflood Investment Trusts  
The Atrium Building  
Canon Bridge House  
Dowgate Hill  
London  
EC4R 2GA

## Independent Auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and  
Statutory Auditors  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

## Depository

Bank of New York Mellon  
(International) Limited  
1 Canada Square  
London  
E14 5AL

## Company Details

[www.bgukgrowthfund.com](http://www.bgukgrowthfund.com)  
Company Registration  
No. 2894077  
ISIN GB0007913485  
Sedol 0791348  
Ticker BGUK

Legal Entity Identifier:  
549300XX386SYWX8XW22

## Further Information

Client Relations Team  
Calton Square  
1 Greenside Row  
Edinburgh  
EH1 3AN  
Tel: 0800 917 2112  
Email:  
[trusenquiries@bailliegifford.com](mailto:trusenquiries@bailliegifford.com)