RNS Announcement

Baillie Gifford UK Growth Trust plc

Legal Entity Identifier: 549300XX386SYWX8XW22

Results for the year to 30 April 2021

Over the year to 30 April 2021, the Company's net asset value per share (NAV) total return was 37.7% compared to a total return of 25.9% for the FTSE All-Share Index. The share price total return for the same period was 53.7%.

- Performance was driven by a number of names, including: Farfetch, an online luxury fashion retailer; Ashtead, a construction equipment rental business; Volution Group, a supplier of ventilation products; and Just Group, a provider of retirement income products and services.
- Two new positions were initiated over the year (the insurer Lancashire Holdings and the credit scorer Experian) and two exited (the aero engine manufacturer Rolls-Royce and the pub and restaurant operator Mitchells & Butlers). Annual turnover was 3.0% and gearing stood at 1% of shareholders' funds as at the year end.
- The net revenue return for the year was 2.88p per share (2020: 3.75p). A final dividend of 2.42p per share is being recommended (2020: 3.10p). The dividend is paid by way of a single final payment and is approximately the minimum permissible to maintain investment trust status.
- Over the year a total of 2.5 million shares were re-issued from treasury at a premium to the NAV per share.
- As part of this year's AGM business, shareholder authority is being sought to permit the Company to invest up to 10% of total assets in private companies, as measured at the time of initial investment.
- The Board and Managers continue to believe that exceptional UK growth companies are able to exploit their competitive strengths over the long term and take advantage of the opportunities that follow severe economic dislocation.

Total return information is sourced from Baillie Gifford/Refinitiv. See disclaimer at the end of this announcement. For a definition of terms see Glossary of Terms and Alternative Performance Measures at the end of this announcement.

Baillie Gifford UK Growth Trust plc invests 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.

The Company is managed by Baillie Gifford & Co, an Edinburgh based fund management group with around £326 billion under management and advice as at 8 June 2021.

Past performance is not a guide to future performance. Baillie Gifford UK Growth Trust plc is a listed UK company. The value of its shares and any income from them can fall as well as rise and investors may not get back the amount invested. The Company is listed on the London Stock Exchange and is not authorised or regulated by the Financial Conduct Authority. You can find up to date performance information about Baillie Gifford UK Growth Trust plc at bgukgrowthtrust.com‡ See disclaimer at the end of this announcement.

‡ Neither the contents of the Managers' website nor the contents of any website accessible from hyperlinks on the Managers’ website (or any other website) is incorporated into, or forms part of, this announcement.

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The following is the results announcement for the year to 30 April 2021 which was approved by the Board on 8 June 2021.

Chairman's Statement

My fellow Directors and I would like to take this opportunity to again extend our thoughts to everyone affected by Covid-19, and our gratitude to those working tirelessly for the benefit of all. There is still uncertainty but it does appear that progress is being made in controlling infections and the spread of the virus in the UK, albeit in many places elsewhere the news is a lot less positive.

Performance

For the year to 30 April 2021, the Company's net asset value ('NAV') total return (capital and income) was 37.7% compared to 25.9% for the FTSE All-Share Index total return. The Company's share price total return over the same period was 53.7%, resulting in the shares standing at a 2.8% premium to the Company's NAV at the year end.

Performance was driven by a number of names, including Farfetch, Ashtead, Volution Group and Just Group and the portfolio managers continue to be enthused by their long term prospects as well as for the portfolio in aggregate. The Managers' Report below highlights some of the interesting developments in the portfolio as well as some of the issues faced.

Change to the Company's Name

You will have noticed that the name of the Company has been amended, replacing 'Fund' with 'Trust'. This has been done to clarify that the Company is an investment trust and therefore has a different corporate structure and opportunity set when compared to an open-ended fund. The Company's web address has therefore also been amended to bgukgrowthtrust.com.

Gearing

The Company has a one-year £20 million revolving credit facility with National Australia Bank. This facility contains the option to increase the amount borrowed to £35 million. A small amount of borrowing was utilised at points in the year and gearing stood at 1% of shareholders' funds as at the year end.

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 2.88p, versus 3.75p in 2020. A final dividend of 2.42p per share, payable on 11 August 2021 to shareholders on the register as at 16 July 2021, is being recommended. As highlighted last year, 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 is 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.

Share Buy-backs and Issuance

No shares were bought back during the year to 30 April 2021. At the forthcoming Annual General Meeting ('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.

As a consequence of good performance and investor demand, over the financial year to 30 April 2021, the Company raised £5.7 million by re-issuing 2.5 million shares out of treasury when the Company's shares were trading at a premium to the NAV per share. The Company benefits from the flexibility of being able to issue new shares or to re-issue any shares that might be held in treasury when there is sufficient demand at a premium to NAV as this helps to improve trading liquidity and reduces ongoing costs by being asset accretive.

The Company is seeking to renew the annual issuance authority at the AGM. As at 30 April 2021, there are 7,896,700 shares, 5.2% of the Company's issued share capital, held in treasury. To avoid any dilution to existing investors, these and any new shares would only be re-issued/issued at a premium to NAV and after associated costs.

Private Companies and Objective & Policy

Following a review of the opportunity set and the processes and personnel in place at Baillie Gifford for evaluating and monitoring private company investments, the Board is of the view that the Company would benefit from having the authority to invest in private companies. Over the past couple of years Baillie Gifford has assessed over a thousand private companies, approximately 180 of which were UK businesses. Of these 180, clients of Baillie Gifford invested in eight names across a number of different sectors, two of these have subsequently listed and one has been subject to a takeover.

The Board and Managers are of the view that the assessment of private companies alongside listed counterparts is a natural fit with and extension of both the Managers' investment philosophy as well as process, and increases the opportunity set for generating positive returns for shareholders. As with listed companies, any private investment would need to have a market valuation in the region of £500m or more and would need to offer something that cannot be accessed in the listed space at that time.

The Board and Managers are cognisant that by their nature such investments are less liquid than listed equity investments, and therefore believe that at this point it is prudent to ask shareholders to approve a ceiling for private company investment of 10% of total assets, as measured at the time of initial investment. Further details on the Managers' approach to investing in private companies and why the opportunity set is of interest can be found in the Managers' Report below.

Seeking shareholder authority for investing in private companies necessitates changes to the wording of the Company's Objective & Policy, changes to which were last approved by shareholders in 2013. Since then, a number of small incremental changes have been made so the Board has resolved to formally codify these in a new form of words which shareholders are being asked to approve as part of this year's AGM business. A comparison of the proposed and current wording can be found below.

Board Composition

As a consequence of other commitments, Scott Cochrane will be standing down from the Board at the end of June 2021. The process for finding his replacement has begun but will not be completed in time for any new appointment to be ratified by shareholders at this year's AGM. All other Directors are submitting themselves for annual re-election as part of the AGM business. I would like to take this opportunity to thank Scott, on behalf of the Board, for his contributions to Board discussions during his relatively short tenure and to wish him well in future endeavours.

Annual General Meeting

It is intended that the Company's AGM will be held on Thursday 5 August 2021 at 12.00 noon at the office of Baillie Gifford & Co, 1 Greenside Row, Edinburgh, EH1 3AN. Whilst recent strides appear to have been made in the UK to curb the spread and impact of Covid-19, it still does not seem sensible to invite shareholders to attend in person when it is not possible to concretely prove that individuals have been adequately vaccinated or can demonstrate a recent negative Covid-19 test result. Evolving Government guidance and potential new variants of the virus might also curtail 'group' events. Shareholders are therefore 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 bgukgrowthtrust.com and the London Stock Exchange regulatory news service. The Board hopes that it will be possible to meet shareholders again in person at the AGM in 2022.

Outlook

Most UK companies appear to have reacted well to the immediate challenges created as a result of Covid-19, the long term ramifications of which are unknown. Brexit too appears to have had little discernible economic impact albeit the matter is clouded by the impact of the pandemic. However, companies face the ongoing challenge of adapting to what is a very difficult and different trading landscape compared to that faced in early 2020.

Despite this, the Board and Managers continue to believe that exceptional UK growth companies are able to exploit their competitive strengths over the long term and take advantage of the opportunities that follow severe economic dislocation. As selective stock pickers, the Managers are likely well placed to invest in growth companies that will reward the patient long term investor in due course.

Carolan Dobson
Chairman
8 June 2021

For a definition of terms, see Glossary of Terms and Alternative Performance Measures at the end of this announcement.

Investment Policy

Current 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.

Proposed Investment Policy

As detailed in the Chairman's Statement on above, the Board is proposing to change the Company's Investment Policy.

If shareholders approve the relevant resolution at the AGM, the investment policy will be as follows:

The Company invests in a portfolio of between 35 and 65 companies selected for their potential to provide, in aggregate, attractive returns relative to the total return of the FTSE All-Share Index.

The portfolio is invested primarily in listed equities but may also invest in unlisted investments, including private companies, convertible securities, and equity-related derivatives.

On acquisition of any unlisted investment, the Company's aggregate holding in unlisted investments shall not exceed 10% of the total asset value of the Company.

The Company may also use derivatives for efficient portfolio management purposes.

The majority of investments are constituents of the FTSE 350 Index although constituents of other UK FTSE indices may be held.

The Company is also permitted to make investments outside of the UK where these investments have a meaningful connection with the UK.

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

The Company may not invest more than 15% of its total assets in any one single company measured at the time of investment.

The maximum permitted investment in other listed investment companies (including investment trusts) is 10% of total assets at the time of purchase unless such companies have a stated investment policy not to invest more than 15% of their total assets in other listed investment companies, in which case the limit is 15%.

The level of gearing within the portfolio is agreed by the Board and the absolute amount of any gearing should not exceed 20% of the net asset value of the Company at the time of drawdown.

The Company can also hold up to 20% of total assets in cash or cash equivalents.

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 3.0%, 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.

* Alternative performance measure - see Glossary of Terms and Alternative Performance Measures at the end of this announcement.

Managers’ Report

Undoubtedly the saddest part of writing the report this year is that although there are hopeful signs that the Covid-19 Pandemic may be abating, we must express our condolences to those who suffered bereavement caused by the shocking loss of life since last year. Although we have seen great dedication and fortitude shown by many in the public, private and voluntary sectors, there is little doubt that all societies will bear the scars of this tragedy for years to come.

Our report last year described the twelve months to 30 April 2020 as being hard to match for escalating drama. We stand by that, but we can’t help thinking that the last 12 months were certainly one of the oddest for both the writers and, we suspect, most readers too. Being under lockdown of varying degrees for most of the period and facing the worst recession on record would have on the face of it suggested a gloomy outcome for investors, so how do we reconcile the rather healthy market returns recorded?

In our view there were a couple of factors that go to the heart of answering that. One was the UK Government (amongst others) funding a generous furlough scheme and other measures of support and consequently borrowed hugely to pay for this extra spending, despite a fall in tax receipts. Policy mistakes were made and there will have to be some reckoning to right size the rather ugly financial position of the UK, but the alternative of doing nothing was far worse. The second factor was that key elements of our sometimes much maligned capitalist system essentially did their job. A decade ago, Hollywood released a big budget film *‘Contagion’* which depicted some medical aspects of a pandemic which now appear eerily prescient. In other aspects though the film was considerably off the mark portraying society as having partially collapsed and the military stepping in to feed a starving population. What we have seen in reality is something more remarkable and inspiring. Businesses and dedicated employees across the globe adapted to this unprecedented situation so that sophisticated supply chains for the most part held together and kept the global economy ticking over far better than most doomsters had feared. That the system didn’t fall over, many businesses looked after their stakeholders and most people in these trying times have behaved sensibly, is easily glossed over yet points to a key conclusion. Most economies are battered and bruised, but our belief is that stockmarkets were cheered by the relative resilience of both consumers and businesses in aggregate. Despite everything, businesses now have a decent opportunity to rebuild in the years ahead.

This unusually long discourse (for us) is relevant because it lends credence to our confidence in the type of businesses we own in the portfolio which have strong market positions and healthy financials. This is illustrated by the fact that we sold only two holdings in the portfolio over the 12 months (Rolls-Royce and Mitchells & Butlers). Naturally this lack of activity (we only bought two new holdings as well) might be misconstrued. In fact we spent a lot of time thinking and speaking to management teams and we came to the view that despite the undoubted short term uncertainty that tempered our enthusiasm for deploying gearing, the long term investment cases for most of our businesses remained intact. So yes, we sat on our hands, but consciously so.

Performance and Portfolio Comments

In terms of performance, we think a five year investment horizon is a sensible period over which to judge whether we are doing a good job for shareholders. While it is pleasing to have outperformed over the year, it should be noted that the strong relative performance for the year came solely in the first half. While our high quality portfolio rose markedly in absolute terms, as the market soared (rather indiscriminately) in the second half of the period on the back of positive news on vaccines, it did lag the market. We are not concerned by short term underperformance as we remain focussed on the long term, however we did not want to mask that fact to our fellow shareholders.

Our portfolio is driven from individual ‘bottom up’ ideas and the strong relative performance in the year came not from one particular area but helpfully from a diverse number of businesses. These ranged from the online fashion business Farfetch which generated strong growth and also partnered up with some important businesses in Asia, to the predominately US based plant hire business

Ashtead which surprised the market by being far less impacted by the pandemic, while the specialist annuity provider Just Group started to repay our patience with a new management team starting to deliver on their refreshed strategy. Notable detractors were few and far between although worries about competitive pressures and acquiring a business in the US led to a sluggish Just Eat Takeaway share price (we reduced during the year) and the marine services provider James Fisher was heavily impacted by poor trading in some of its businesses.

We noted in the interim report the long term attractiveness of longstanding positions in Renishaw. Unhappily, the founders of Renishaw subsequently decided to put the business up for sale and it is unlikely to remain a quoted business in the UK. As much as we admire the achievements of the founders and respect their decision, we cannot help feeling that it is a tragedy for the UK stockmarket that we may be losing one of our most successful and innovative engineering businesses. Despite this, we must not lose sight of the terrific innovation that is being carried out by many of our businesses with particularly pleasing progress, holdings such as Genus (animal genetics), Abcam (antibodies), Draper Esprit (technology venture capital) and Volution (clean air products). We also continue to identify new positions in interesting businesses such as the specialist insurer Lancashire and the credit data provider Experian. In both cases we subsequently added to our positions following short term share price underperformance which we believe was unmerited given the growth potential of each.

Stewardship

As long term providers of capital, we are very interested in the stewardship of the businesses we invest in and in the interim report we highlighted a couple of ongoing engagements with our holdings in Rio Tinto and Boohoo.com and promised to update you. We are pleased to report that constructive engagement has proven worthwhile as we think that both companies are now in better places following their high profile challenges.

In the case of Rio Tinto, although the anger and reputational damage following the destruction of the sacred caves in Western Australia last year remain, we have been encouraged that there has been significant executive management changes at the business. Moreover, the new CEO has made encouraging statements about how he recognises the challenges ahead and how he intends Rio Tinto to do things differently and better from now on. At the board level there has been recognition that new leadership is required to properly 'turn the page' and the current chairman has announced that he is intending to step down, allowing for an orderly transition of power which we think is also a good outcome for the company. We said previously that trust is only built by keeping discussions with companies confidential. We intend to keep to that but to give shareholders some context of the extent of our engagement with Rio Tinto, we can say that Baillie Gifford had thirteen separate meetings with either company directors or industry experts since the disaster occurred whereas with a typical company one might engage with them once or twice a year. Be assured that despite these positive signs of progress, we will continue to monitor events at Rio Tinto closely.

We are also encouraged with the progress Boohoo is making in tackling its own governance and supply chain issues. Following allegations of malpractice and poor working conditions by many garment manufacturers in Leicester, Boohoo commissioned an independent review into its supply chain, led by Alison Levitt QC. Upon the completion of the review, the company published the findings in full and committed to implementing all recommendations set out in the report. Boohoo has set up a comprehensive and ambitious 'Agenda for Change' programme which aims to significantly improve oversight and provide greater transparency of its supply chain. The implementation of the programme is being overseen by an independent team led by Sir Brian Levenson. So far Boohoo has met all of the milestones set and is on track to complete all outstanding items by September this year.

Private Companies

As noted in the Chairman's Statement, we are keen for shareholders to give us permission to have the ability to invest in private companies, subject to prudent limits. We see the private company space as potentially an interesting area to find exciting growth companies to invest in that we believe can help us in our objective of generating total returns in excess of the FTSE All-Share index. As backdrop, there is a trend for growth private businesses in the UK, and more globally, to stay private for longer than in the past. With the permanent capital structure of an Investment Trust, we are the ideal vehicle to own such businesses. The Board and portfolio managers have been assessing this area for some time and in doing so have been able to tap into the expertise and experience in Baillie Gifford, not least the Private Companies team. To be clear, we see this proposal as simply widening the universe and are under no obligation, nor do we have a strong desire, to use these powers unless a compelling individual opportunity presents itself. We also have no intention to alter the type of business we currently seek to invest in if shareholders approve this proposal i.e. we would not be investing in small, early stage venture capital style businesses.

And Finally

As we turn to the future, beyond what is hopefully a rapid mass inoculation roll-out, to economic and business recovery in a post pandemic world, all companies will have to change and adapt to a very different but still highly uncertain corporate landscape. The only thing we can note with near certainty after recent events is the folly of precise predictions. Some aspects of consumer and business behaviour may well – hopefully – go back to 'normal'. But as we've mentioned in previous reports, we also recognise that many patterns in the way we all work, travel, shop, consume and interact have probably shifted irreversibly. So too have attitudes towards the state, to the role of governments and our tolerance of enormous deficits, with all complex societal and generational dilemmas that involves. To any investor who sees their task as considering the future, it has been a most humbling reminder of the power of nature, its unpredictability and ability to disrupt all things we assume as normal.

Finally, but quite separately, it once again feels remiss not to at least mention Brexit to this specialist UK audience. In the scheme of a global pandemic it still feels rather parochial. And as a reminder, this and other macroeconomic or political events do not feature prominently in our company led, 'bottom up' investment process either. Nevertheless, leaving the European Union is still a big deal in the modern political, economic and cultural history of the UK. Having had the initial 'political' Brexit a year ago, we finally had the real thing - an 'economic' Brexit – at the end of 2020. Four months on, it remains close to impossible to disentangle any discernible economic impact to the companies in our portfolio: the huge distortions to everything from the pandemic make that a rather futile exercise for now. There have inevitably been a few signs of teething problems around the new, post-deal, trade arrangements, and much is still to be decided on swathes of the important service sector of the economy. It also seems fair to say that our post-separation relations with the EU have been rather, erm, 'tricky'. Overall, however, and whilst it is far too early to say anything definitively, there have not been obvious signs of immediate economic distress.

All of this might sound daunting or even depressing. That is the wrong conclusion to draw. As growth investors we think about opportunities as well as risk and businesses with the finances, the long term vision and strong culture have a better than average fighting chance of successfully exploiting the undoubted opportunities out there at present. We think your portfolio is positioned accordingly and we look forward to updating you further in the future about our progress.

Baillie Gifford & Co Limited
Managers & Secretaries
8 June 2021

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Total return information is sourced from Refinitiv/Baillie Gifford and relevant underlying index providers. See disclaimer at the end of this announcement.

List of Investments at 30 April 2021

Name	Business	Fair Value £'000	% of total assets
Basic Materials			
Rio Tinto	**Metals and mining company**	**9,182**	**2.5**
Victrex	Speciality high-performance chemicals manufacturer	5,450	1.5
Bodycote	Heat treatment and materials testing	5,221	1.4
		19,853	**5.4**
Consumer Discretionary			
Games Workshop	**Toy manufacturer and retailer**	**11,726**	**3.2**
Howden Joinery	**Manufacturer and distributor of kitchens to trade customers**	**11,619**	**3.2**
Boohoo.com	**Online fashion retailer**	**10,222**	**2.8**
RELX	**Professional publications and information provider**	**8,967**	**2.5**
HomeServe	**Domestic insurance**	**8,834**	**2.4**
Burberry	Luxury goods retailer	8,231	2.3
Farfetch	Technology platform for the global fashion industry	6,900	1.9
4imprint	Direct marketer of promotional merchandise	4,107	1.1
		70,606	**19.4**
Consumer Staples			
Diageo	**International drinks company**	**9,248**	**2.5**
		9,248	**2.5**
Financials			
St. James's Place	**UK wealth manager**	**14,598**	**4.0**
Prudential	**International life insurer**	**11,689**	**3.2**
Hargreaves Lansdown	**UK retail investment platform**	**10,682**	**2.9**
Draper Espirit	**Technology focused venture capital firm**	**8,997**	**2.5**
Legal & General	**Insurance and investment management company**	**8,839**	**2.4**
Lancashire Holdings	**General insurance**	**8,618**	**2.4**
Just Group	Provider of retirement income products and services	8,544	2.3
IntegraFin	Provides platform services to financial clients	7,150	1.9
IG Group	Spread betting website	3,938	1.1
Hiscox	Property and casualty insurance	3,930	1.1
AJ Bell	Investment platform	3,147	0.9
		90,132	**24.7**
Healthcare			
Genus	**World leading animal genetics company**	**16,227**	**4.4**
Abcam	**Online platform selling antibodies to life science researchers**	**13,039**	**3.6**
Creo Medical	Designer and manufacturer of medical equipment	885	0.2
		30,151	**8.2**

List of Investments at 30 April 2021 (ctd)

Industrials			
Renishaw	**World leading metrology company**	**16,286**	**4.5**
Volution Group	**Supplier of ventilation products**	**13,353**	**3.7**
Ashtead	**Construction equipment rental company**	**12,588**	**3.4**
Bunzl	Distributor of consumable products	8,441	2.3
Halma	Specialist engineer	8,298	2.3
FDM Group	Provider of professional services focusing on information technology	8,000	2.2
Ultra Electronics	Aerospace and defence company	7,761	2.1
Inchcape	Car wholesaler and retailer	7,651	2.1
PageGroup	Recruitment consultancy	6,119	1.7
Experian	Global provider of credit data and analytics	5,616	1.5
Euromoney Institutional Investor	Specialist publisher	3,137	0.8
James Fisher & Sons	Specialist service provider to the global marine and energy industries	1,746	0.5
		98,996	**27.1**
Real Estate			
Rightmove	**UK's leading online property portal**	**9,980**	**2.7**
Helical	Property developer	7,694	2.1
		17,674	**4.8**
Technology			
Auto Trader Group	**Advertising portal for second hand cars in the UK**	**12,300**	**3.4**
First Derivatives	IT consultant and software developer	7,403	2.0
Just Eat Takeaway.com	Operator of online and mobile market place for takeaway food	6,404	1.8
		26,107	**7.2**
Total Equities		362,767	99.3
Net Liquid Assets		2,736	0.7
Total Assets		**365,503**	**100.0**

Stocks in bold are the 20 largest holdings.

Income Statement

	For the year ended 30 April 2021			For the year ended 30 April 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net gains/(losses) on investments	-	95,201	95,201	-	(42,210)	(42,210)
Currency losses	-	-	-	-	(9)	(9)
Income	5,297	-	5,297	6,562	-	6,562
Investment management fee	(473)	(1,104)	(1,577)	(438)	(1,021)	(1,459)
Other administrative expenses	(437)	-	(437)	(463)	-	(463)
Net return before finance costs and taxation	4,387	94,097	98,484	5,661	(43,240)	(37,579)
Finance costs of borrowings	(36)	(83)	(119)	(17)	(40)	(57)
Net return on ordinary activities before taxation	4,351	94,014	98,365	5,644	(43,280)	(37,636)
Tax on ordinary activities	-	-	-	-	-	-
Net return on ordinary activities after taxation	4,351	94,014	98,365	5,644	(43,280)	(37,636)
Net return per ordinary share (note 4)	2.88p	62.18p	65.06p	3.75p	(28.75p)	(25.00p)

Dividends declared in respect of the financial year ended 30 April 2021 amount to 2.42p (2020 – 3.10p).

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.

Balance Sheet

	At 30 April 2021 £'000	At 30 April 2020 £'000
Fixed assets		
Investments held at fair value through profit or loss	**362,767**	259,793
Current assets		
Debtors	**1,452**	746
Cash and cash equivalents	**1,872**	3,512
	3,324	4,258
Creditors		
Amounts falling due within one year	**(3,038)**	(392)
Net current assets	**286**	3,866
Net assets	**363,053**	263,659
Capital and reserves		
Share capital	**40,229**	40,229
Share premium account	**11,328**	9,875
Capital redemption reserve	**19,759**	19,759
Warrant exercise reserve	**417**	417
Share purchase reserve	**60,433**	60,433
Capital reserve	**218,981**	120,725
Revenue reserve	**11,906**	12,221
Shareholders' funds	**363,053**	**263,659**
Net asset value per ordinary share*	**237.3p**	175.2p
Ordinary shares in issue (note 8)	**153,020,484**	150,520,484

* See Glossary of Terms and Alternative Performance Measures at the end of this announcement.

Statement of Changes in Equity

For the year ended 30 April 2021

	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 2020	40,229	9,875	19,759	417	60,433	120,725	12,221	**263,659**
Ordinary shares sold from treasury (note 8)	-	1,453	-	-	-	4,242	-	**5,695**
Dividends paid during the year (note 5)	-	-	-	-	-	-	(4,666)	**(4,666)**
Net return on ordinary activities after taxation (note 4)	-	-	-	-	-	94,014	4,351	**98,365**
Shareholders' funds at 30 April 2021	**40,229**	**11,328**	**19,759**	**417**	**60,433**	**218,981**	**11,906**	**363,053**

For the year ended 30 April 2020

	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	**305,735**
Dividends paid during the year (note 5)	-	-	-	-	-	-	(4,440)	**(4,440)**
Net return on ordinary activities after taxation (note 4)	-	-	-	-	-	(43,280)	5,644	**(37,636)**
Shareholders' funds at 30 April 2020	**40,229**	**9,875**	**19,759**	**417**	**60,433**	**120,725**	**12,221**	**263,659**

Cash Flow Statement

For the year ended 30 April

	2021		2020	
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
Net return on ordinary activities before taxation	98,365		(37,636)	
Net (gains)/losses on investments	(95,201)		42,210	
Currency losses	-		9	
Finance cost of borrowings	119		57	
Changes in debtors and creditors	(520)		686	
Cash from operations†		2,763		5,326
Interest paid		(109)		(57)
Net cash inflow from operating activities		2,654		5,269
Cash flows from investing activities				
Acquisitions of investments	(17,144)		(16,917)	
Disposals of investments	9,371		15,121	
Net cash outflow from investing activities		(7,773)		(1,796)
Cash flows from financing activities				
Bank loan drawn down	2,450		-	
Equity dividends paid	(4,666)		(4,440)	
Ordinary shares sold from treasury	5,695		-	
Net cash inflow/(outflow) from financing activities		3,479		(4,440)
Decrease in cash and cash equivalents		(1,640)		(967)
Exchange movements		-		(9)
Cash and cash equivalents at start of year		3,512		4,488
Cash and cash equivalents at end of year*		1,872		3,512

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

† Cash from operations includes dividends received of £4,595,000 (2020 – £7,293,000) and deposit interest of £1,000 (2020 – £18,000).

Notes to the Condensed Financial Statements

1. The Financial Statements for the year to 30 April 2021 have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The accounting policies adopted are consistent with those of the previous financial year.

2. Income

	2021 £'000	2020 £'000
Income from investments		
UK dividends	5,296	6,544
Other income		
Deposit interest	1	18
Total income	**5,297**	**6,562**

3. Investment Management Fee

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Investment management fee	**473**	**1,104**	**1,577**	438	1,021	1,459

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.

4. Net Return per Ordinary Share

	2021 Revenue	2021 Capital	2021 Total	2020 Revenue	2020 Capital	2020 Total
Net return per ordinary share	**2.88p**	**62.18p**	**65.06p**	3.75p	(28.75p)	(25.00p)

Revenue return per ordinary share is based on the net revenue return on ordinary activities after taxation of £4,351,000 (2020 – £5,644,000), and on 151,197,389 (2020 – 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 gain for the financial year of £94,014,000 (2020 – net capital loss of £43,280,000), and on 151,197,389 (2020 – 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.

5. Ordinary Dividends

	2021	2020	2021 £'000	2020 £'000
Amounts recognised as distributions in the year:				
Previous year's final dividend (paid 12 August 2020)	3.10p	2.95p	4,666	4,440
	3.10p	2.95p	4,666	4,440

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 £4,351,000 (2020 – £5,644,000).

	2021	2020	2021 £'000	2020 £'000
Dividends paid and payable in respect of the year:				
Proposed final dividend (payable 11 August 2021)	2.42p	3.10p	3,703	4,666
	2.42p	3.10p	3,703	4,666

If approved, the final dividend of 2.42p will be paid on 11 August 2021 to all shareholders on the register at the close of business on 16 July 2021. The ex-dividend date is 15 July 2021.

6. At 30 April 2021, the Company had a one year £20 million unsecured revolving loan facility with National Australia Bank which expires on 8 July 2021. At 30 April 2021 £2,450,000 was drawn down under this facility. There were no drawings under this facility at 30 April 2020.

7. Transaction costs incurred on the purchase and sale of investments are added to the purchase costs or deducted from the sales proceeds, as appropriate. During the year, transaction costs on purchases amounted to £16,000 (2020 - £51,000) and transaction costs on sales amounted to £5,000 (2020 - £8,000).

8. 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 2021 the Company had authority to buy back 22,563,020 ordinary shares. During the year to 30 April 2021, no ordinary shares were bought back (2020 – no ordinary shares were bought back).

   In the year to 30 April 2021, the Company sold from treasury 2,500,000 ordinary shares at a premium to net asset value, with a nominal value of £625,000 raising net proceeds of £5,695,000 (2020 – no ordinary shares were issued). At 30 April 2021 the Company had authority to issue or sell from treasury a further 12,552,048 ordinary shares.

9. The financial information set out above does not constitute the Company's statutory accounts for the year ended 30 April 2021 or 2020. The financial information for 2020 is derived from the statutory accounts for 2020 which have been delivered to the Registrar of Companies. The Auditor has reported on the 2020 accounts, their report was (i) unqualified; (ii) did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report; and (iii) did not contain a statement under sections 498(2) or (3) to 497 of the Companies Act 2006.

10. The Annual Report and Financial Statements will be available on the Company's website bgukgrowthtrust.com on or around 2 July 2021.

None of the views expressed in this document should be construed as advice to buy or sell a particular investment.

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.

	2021	2020
Closing NAV per share	237.3p	175.2p
Closing share price	244.0p	161.5p
Premium/(discount)	**2.8%**	**(7.8%)**

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.

		2021 NAV	2021 Share Price	2020 NAV	2020 Share Price
Closing NAV per share/share price	(a)	237.3p	244.0p	175.2p	161.5p
Dividend adjustment factor*	(b)	1.0169	1.0172	1.0143	1.0155
Adjusted closing NAV per share/share price	(c = a x b)	241.3p	248.2p	177.7p	164.0p
Opening NAV per share/share price	(d)	175.2p	161.5p	203.1p	192.0p
Total return	(c ÷ d) - 1	**37.7%**	**53.7%**	**(12.5%)**	**(14.6%)**

* The dividend adjustment factor is calculated on the assumption that the dividend of 3.10p (2020 – 2.95p) 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 above is provided below.

		2021	2020
Investment management fee		£1,577,000	£1,459,000
Other administrative expenses		£437,000	£463,000
Total expenses	(a)	£2,014,000	£1,922,000
Average net asset value	(b)	£312,077,000	£292,419,000
Ongoing charges ((a) ÷ (b) expressed as a percentage)		**0.65%**	**0.66%**

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

Turnover (APM)

Turnover is calculated by dividing sales by the average of opening and closing assets, on an annualised basis.

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.

Leverage (APM)

For the purposes of the Alternative Investment Fund Managers (AIFM) Regulations, 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.

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 Trust 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 gov.uk/government/publications/exchange-of-information-account-holders.

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