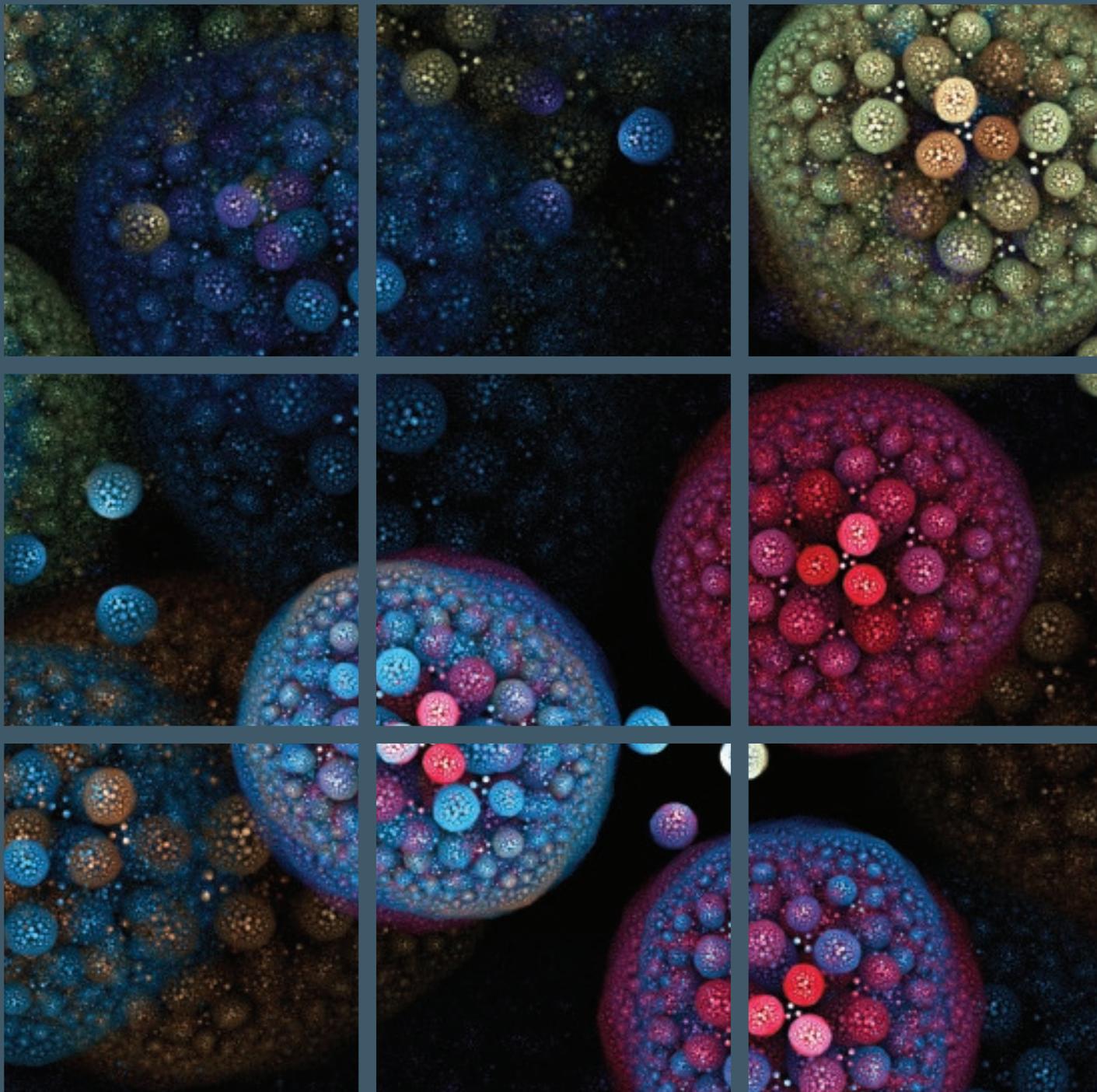


# BAILLIE GIFFORD US GROWTH TRUST plc

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Interim Financial Report  
For the six months to 7 August 2018





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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 making an investment in the Company. The Company's Investor Disclosure Document is available for viewing at [www.bgusgrowthtrust.com](http://www.bgusgrowthtrust.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 US Growth Trust 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 in relation to non-mainstream investment products.

## Message from the Chairman

It is with pleasure that I present the Board's first interim report for Baillie Gifford US Growth Trust plc (the 'Company') for the period from incorporation on 7 February 2018 to 7 August 2018. The Company raised gross proceeds of £173 million at launch on 23 March 2018 and, as at 7 August 2018, had net assets of £251.4 million.

### Share Issuance

The Company's shares have consistently traded at a premium to their net asset value since launch, and the Company issued a further 27,650,000 shares over the period to 7 August 2018 at an average premium to net asset value of approximately 2.5 per cent.

In the period from 7 August 2018 to 2 October 2018, the Company has issued a further 10,950,000 shares at an average premium to net asset value of approximately 2.3 per cent., raising further proceeds of £14.3 million.

### Gearing

On 1 August 2018, the Company entered into a 5 year US\$25 million revolving credit facility with ING Bank N.V., London Branch. There were no drawings as at 7 August 2018, but the facility is available to be used to fund purchases of unlisted securities as and when suitable opportunities arise. As at 2 October 2018 US\$7 million has been drawn down under the facility.

### Investment Performance

During the period from 23 March 2018 to 7 August 2018, the Company's share price and NAV returned 27.8 per cent. and 27.9 per cent. respectively. This compares with a total return of 21.4 per cent. for the S&P 500 Index# (in sterling terms). The Board are encouraged by the NAV total returns that the Managers have been able to deliver during the short period since launch, however, we would ask shareholders to judge performance over periods of five years or more.

Further information about the Company's portfolio is covered by our lead portfolio manager, Gary Robinson, and deputy portfolio manager, Helen Xiong, in their Interim Management Report. Andrei Kiselev, formerly a deputy manager, left the Managers shortly after the Company was launched. The Managers have a team based approach to research and portfolio construction, so there was no change to the philosophy or process, and his departure had no impact on the portfolio.

Tom Burnet  
Chairman  
2 October 2018

## Summary of Unaudited Results\*

### For the period from 23 March 2018, launch and first day of trading, to 7 August 2018

	7 August 2018	23 March 2018 †	% change
Shareholders' funds	£251.4m	£169.5m	
Net asset value per ordinary share	125.28p	97.96p	27.9
Share price	128.40p	100.50p	27.8
Comparative index (in sterling terms)# ‡	4,984.88	4,105.04	21.4
Premium	2.5%	2.6%	
Active share (relative to S&P 500 Index)	91%		
Number of shares in issue	200,650,000		
Market capitalisation	£257.6m		

	Six months to 7 August 2018
Revenue earnings per share	(0.43p)

	For the period from 23 March 2018, launch and first day of trading, to 7 August 2018	
Period's high and low	High	Low
Net asset value per ordinary share	126.58p	94.12p
Share price	130.00p	100.50p
Premium/(discount)	9.6%	(1.5%)

### Notes

\* For a definition of terms see Glossary of Terms on page 23.

† Close of business on 23 March 2018, the date of listing of the ordinary shares and first day of trading.

# S&P 500 Index total return (in sterling terms). See disclaimer on page 22.

‡ Source: Thomson Reuters and relevant underlying index providers. See disclaimer on page 22.

Past performance is not a guide to future performance.

## Interim Management Report

We aim to identify the exceptional growth companies in America and hold on to them for long periods of time. In doing so, we hope to capture the upside inherent in their business models. We believe it would be a mistake to dilute these exceptional companies in the name of diversification so we run a concentrated portfolio: currently 45 stocks, with approximately 50% in the top ten names, and over 9% in our largest holding. We believe this focussed, long-term approach gives us the best chance of achieving significant wealth creation for our clients.

For most of Baillie Gifford's history the stock market has been the best method to access exceptional growth companies. While this remains predominantly true today, our observation is that many companies are now choosing to stay private for longer. The median age of a company at IPO has risen from around seven years in the 1980s to around 12 years today. At the same time, the number of companies listed on US exchanges has shrunk by half over the last two decades.

We launched Baillie Gifford US Growth Trust plc to give us the flexibility to invest across the public and private markets. We want to own the exceptional growth companies in the US regardless of their listed status. In doing so, we hope to enhance our ability to add value for shareholders over the long term.

### Portfolio

The proceeds of the IPO were initially invested in a portfolio of listed securities largely mirroring the Baillie Gifford American Fund. During the period to 7 August 2018, we have sold two stocks in which we had less conviction, and made five new purchases. Four of the new purchases are unlisted securities, including Lyft, the on-demand transportation company, and Butterfly Network, which develops medical imaging devices. Unlisted securities accounted for approximately 3.5% of total assets as at 7 August 2018 and we have invested in a further three unlisted securities since then. We have been delighted by the private investment opportunities that we have been able to gain access to for the Company.

### Outlook

These are exciting times for growth investors. The world is going through a period of almost unprecedented change, driven by the convergence of a multitude of technologies such as the internet, mobile devices and machine learning. The associated disruption was initially concentrated in a couple of big and important sectors, like retail and advertising, but it seems to be speeding up and broadening out. There will be huge value creation and destruction on either side of this change. If we succeed in our aim – to own the exceptional growth companies that are driving this progress – then the rewards ought to be very significant. We are helped enormously by the fact that we have the backing of shareholders to invest across the broad spectrum of both public and private growth companies in the US.

Past performance is not a guide to future performance.

The principal risks and uncertainties facing the Company are set out on page 20.

## List of Investments as at 7 August 2018 (unaudited)

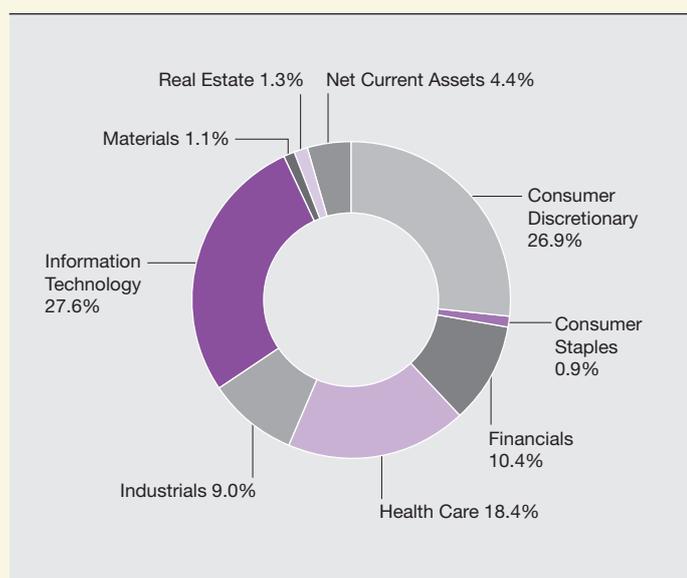
Name	Business	2018 Value £'000	2018 % of total assets *
<b>Listed Securities</b>			
Amazon.com	Online retailer	23,283	9.3
GrubHub	Online and mobile platform for restaurant pick-up and delivery orders	15,419	6.1
Tesla, Inc	Electric cars, autonomous driving and solar energy	14,613	5.8
Netflix Inc	Subscription service for TV shows and movies	12,693	5.1
ABIOMED	Manufacturer of medical implant devices	11,115	4.4
Illumina	Gene sequencing equipment and consumables	11,028	4.4
Alphabet Inc Class A	Online search engine	10,961	4.4
Facebook Class A	Social networking website	9,709	3.9
Wayfair Inc	Online furniture and homeware retailer	9,063	3.6
MarketAxess Holdings	Electronic bond trading platform	8,678	3.5
Mastercard Inc, Class A	Global electronic payments network and related services	7,423	3.0
First Republic Bank	US retail bank	7,350	2.9
Watsco Inc	Distributes air conditioning, heating and refrigeration equipment	5,289	2.1
Shopify 'A'	A cloud-based commerce platform provider	4,451	1.8
Tableau Software Class A	Analytics software	4,235	1.7
CoStar Group	Provides building-specific information to the US commercial real estate industry	4,071	1.6
Ellie Mae	Provides technology solutions to automate mortgage origination process	3,847	1.5
Interactive Brokers Group	Global electronic investment platform	3,840	1.5
Wabtec	Technology products and services provider for the rail industry	3,818	1.5
Vertex Pharmaceuticals	Pharmaceuticals company	3,693	1.5
NVIDIA	Visual computing technology	3,369	1.3
Fortive Corp	Diversified industrial growth company	3,344	1.3
New Relic Inc	Cloud based performance management solutions provider	3,342	1.3
Markel Corp	Markets and underwrites speciality insurance products	3,281	1.3
Redfin	Technology-based real estate brokerage firm	3,265	1.3
Anylam Pharmaceuticals	Therapeutic gene silencing	3,227	1.3
Novocure	Manufacturer of novel blood clot extraction technology	3,214	1.3
Penumbra Inc	Medical devices manufacturer	3,191	1.3
Stitch Fix	Online clothing retailer	3,124	1.2
TD Ameritrade Holding Corp	Online brokerage firm	3,083	1.2
Martin Marietta Materials	Cement and aggregates manufacturer	2,808	1.1
Chegg	Online educational company	2,567	1.0
DistributionNOW Inc	Oilfield drilling equipment distributor	2,498	1.0
The Trade Desk	Advertising technology company	2,281	0.9
Under Armour Inc Class C	Develops, markets and distributes branded performance products	2,218	0.9
Agios Pharmaceuticals Inc	Developer of small-molecule anti-cancer therapeutics	2,216	0.9
Celgene	Biopharmaceutical company	2,198	0.9
HEICO 'A'	Designs, manufactures and sells aerospace products and services	2,110	0.8
Glaukos Corp	An ophthalmic medical technology company	2,067	0.8
Activision Blizzard Inc	Multiplayer game software	1,944	0.8
Denali Therapeutics	Biotechnology company seeking to develop therapies for neurodegenerative diseases	1,606	0.6
<b>Total Listed Securities</b>		<b>231,532</b>	<b>92.1</b>

Name	Business	2018 Value £'000	2018 % of total assets *
<b>Unlisted Securities</b>			
Butterfly Network Inc Series D Preferred	Develops medical imaging devices	2,316	0.9
Indigo Agriculture Inc Series E Preferred	Analyses plant microbiomes to increase crop yields	2,316	0.9
Lyft Inc Series I Preferred	On-demand transportation company	2,316	0.9
Zipline International Inc Series C Preferred	Logistics company that designs, manufactures and operates drones to deliver medical supplies	1,776	0.8
<b>Total Unlisted Securities</b>		<b>8,724</b>	<b>3.5</b>
<b>Total Investments</b>		<b>240,256</b>	<b>95.6</b>
Net Current Assets		11,112	4.4
<b>Total Assets</b>		<b>251,368</b>	<b>100.0</b>

\* Total assets less current liabilities, before deduction of borrowings.

## Distribution of Total Assets\* (unaudited)

Sectoral as at 7 August 2018



\* Total assets less current liabilities before deduction of borrowings.

## Company Summary

The Baillie Gifford US Growth Trust plc seeks to invest predominantly in listed and unlisted US companies which the Company believes have the potential to grow substantially faster than the average company, and to hold onto them for long periods of time, in order to produce long-term capital growth.

### Investment Objective

The Company's investment objective is to produce long term capital growth.

### Investment Policy

The Company will invest predominantly in equities of companies which are incorporated or domiciled, or which conduct a significant portion of their business, in the United States and which the Company believes have the potential to grow substantially faster than the average company over the long term. Such investment will typically be direct, but may be indirect, including through investment in funds.

The maximum direct investment in any one holding or fund will be limited to 10 per cent. of the Company's total assets measured at the time of investment.

The portfolio will consist of holdings in listed securities and unlisted securities in up to a combined maximum of 90 holdings, typically with 30 to 50 listed security holdings. The maximum amount which may be invested in unlisted securities shall not exceed 50 per cent. of the total assets of the Company, measured at the time of investment.

The Company will at all times be invested in several sectors. While there are no specific limits placed on exposure to any one sector, the Company will at all times invest and manage the portfolio in a manner consistent with spreading investment risk.

With prior approval of the Board, the Company may use derivatives for the purposes of efficient portfolio management (in order to reduce, transfer or eliminate investment risk in the Company's portfolio). Derivative instruments in which the Company may invest may include foreign exchange forwards, exchange-listed and over-the-counter options, futures, options on futures, swaps and similar instruments. The Board, however, currently does not expect to enter into derivative or hedging transactions to mitigate against currency or interest rate risk.

The Board intends to employ gearing in the normal course of events. The Company may in aggregate borrow amounts equalling up to 30 per cent. of the net asset value of the Listed Securities held by the Company, calculated at the time of drawdown, although the Board expects that borrowings will typically represent an amount in the range of 10 to 20 per cent. of the net asset value of the Listed Securities held by the Company.

While it is intended that the Company will be fully invested in normal market conditions, the Company may hold cash on deposit or invest on a temporary basis in a range of cash equivalent instruments. The Board does not expect that the Company will hold cash or cash equivalent instruments, but there is no restriction on the amount of cash or cash equivalent instruments that the Company may hold.

### Comparative Index

The index against which performance is compared is the S&P 500 Index total return (in sterling terms).

### Management Details

The Company has appointed Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, as its Alternative Investment Fund Manager and Company Secretary. Baillie Gifford & Co Limited has delegated portfolio management services to Baillie Gifford & Co. The Management Agreement can be terminated on six months' notice.

The annual management fee is 0.70% on the first £100 million of net assets and 0.55% on the remaining net assets. Management fees are calculated and payable quarterly.

### Dividend Policy

The Company's priority is to produce capital growth over the long term. The Company therefore has no dividend target and will not seek to provide Shareholders with a particular level of distribution. However, the Company intends to comply with the requirements for maintaining investment trust status for the purposes of section 1158 of the UK Corporation Tax Act 2010 (as amended) regarding distributable income. The Company will therefore distribute amounts such that it does not retain in respect of an accounting period an amount greater than 15 per cent. of its income (as calculated for UK tax purposes) for that period.

### Going Concern

In accordance with the Financial Reporting Council's guidance on going concern and liquidity risk, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. 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 on page 20.

The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. The Board approves borrowing and gearing limits and reviews regularly the amounts of any borrowing and the level of gearing as well as compliance with borrowing covenants. After making enquiries and considering the future prospects of the Company, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion 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.

## Directors

### Tom Burnet

Tom was appointed a Director and Chairman on 5 March 2018 and is also Chairman of the Nomination Committee. He is executive chairman of AIM company accesso Technology Group plc, a leading supplier of technology platforms to the global leisure and attractions market. He also serves as an independent non-executive director of Kainos plc, a London listed IT services business. Previously, Tom was managing director of Serco's Defence Services division. He started his career as an Army Officer serving in the Black Watch (R.H.R.), having graduated with an MBA from the University of Edinburgh.

### Sue Inglis

Sue was appointed a Director on 5 March 2018. She has a wealth of experience from more than 30 years advising listed investment companies and financial institutions. Before embarking on a non-executive career, her executive roles included managing director – Corporate Finance in the Investment Companies teams at Cantor Fitzgerald Europe (2012–2018) and Canaccord Genuity (2009–2012). Sue is a qualified lawyer, and was a partner and head of the funds and financial services group, at Shepherd & Wedderburn, a leading Scottish law firm. In 1999 she was a founding partner of Intelli Corporate Finance, an advisory boutique firm focusing on the asset management and investment company sectors, which was acquired by Canaccord Genuity in 2009. Sue is currently the senior independent director of The Bankers Investment Trust PLC and a non-executive director of F&C Managed Portfolio Trust plc.

### Graham Paterson

Graham was appointed a Director on 5 March 2018 and is Chairman of the Audit Committee. He is an investment and financial services professional with over 20 years' experience in the private equity industry. A chartered accountant, Graham was one of the founding partners of SL Capital Partners LLP (formerly Standard Life Investments (Private Equity) Ltd), where he was a partner and board member until 2010. During his 13 years at SL Capital, he was one of the managers of Standard Life Private Equity Trust plc and was a member of the advisory boards to a number of leading private equity fund managers. In 2013, Graham co-founded TopQ Software Ltd, a technology company which develops software for the private equity industry. TopQ Software was acquired by eVestment Inc (now part of NASDAQ Inc) in 2015, where Graham was a director of the private markets data and analytics business until early 2018. Graham is currently a member of the Finance and Administration Committee of Foundation Scotland.

All of the Directors are members of the Nomination and the Audit Committees.

## Responsibility Statement

We, the Directors of Baillie Gifford US Growth Trust plc, confirm to the best of our knowledge that:

- (a) the set of Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and give a true and fair view of the assets, liabilities, financial position and profit of the Company for the six months ended 7 August 2018;
- (b) the Message from the Chairman and the Interim Management Report include a fair review of the information required by Disclosure and Transparency Rule 4.2.7R (indication of important events during the first six months, their impact on the Financial Statements and a description of the principal risks and uncertainties for the remaining period of the financial year); and
- (c) the Interim Financial Report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.8R on related party transactions.

By Order of the Board  
Tom Burnet  
Chairman  
2 October 2018

## Income Statement (unaudited)

For the six months ended 7 August 2018

	Notes	For the six months to 7 August 2018		
		Revenue £'000	Capital £'000	Total £'000
Gains on investments	9	–	47,200	<b>47,200</b>
Currency gains	13	–	1,113	<b>1,113</b>
Income from investments and interest receivable	2	218	–	<b>218</b>
Investment management fee	3	(531)	–	<b>(531)</b>
Other administrative expenses	4	(194)	–	<b>(194)</b>
<b>Net return before finance costs and taxation</b>		<b>(507)</b>	<b>48,313</b>	<b>47,806</b>
Finance costs of borrowings	5	(59)	–	<b>(59)</b>
<b>Net return on ordinary activities before taxation</b>		<b>(566)</b>	<b>48,313</b>	<b>47,747</b>
Tax on ordinary activities	6	(32)	–	<b>(32)</b>
<b>Net return on ordinary activities after taxation</b>		<b>(598)</b>	<b>48,313</b>	<b>47,715</b>
<b>Net return per ordinary share</b>	8	<b>(0.43p)</b>	<b>34.81p</b>	<b>34.38p</b>

The total column of this Statement represents the profit and loss account of the Company. The supplementary revenue and capital 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 the Company does not have any other comprehensive income and the net return on ordinary activities after taxation is both the profit and comprehensive income for the period.

The accompanying notes on pages 11 to 19 are an integral part of the Financial Statements.

## Balance Sheet (unaudited)

As at 7 August 2018

	Notes	2018 £'000	2018 £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	9		240,256
<b>Current assets</b>			
Debtors	10	2,059	
Cash and cash equivalents	16	9,568	
		11,627	
<b>Creditors</b>			
Amounts falling due within one year	11	(515)	
<b>Net current assets</b>			11,112
<b>Net assets</b>			<b>251,368</b>
<b>Capital and reserves</b>			
Share capital	12		2,007
Share premium account	13		32,704
Special distributable reserve	13		168,942
Capital reserve	13		48,313
Revenue reserve	13		(598)
<b>Shareholders' funds</b>			<b>251,368</b>
<b>Net asset value per ordinary share</b>			<b>125.28p</b>

The Financial Statements of Baillie Gifford US Growth Trust plc (Company Registration number 11194060) were approved and authorised for issue by the Board and were signed on 2 October 2018.

Tom Burnet  
Chairman

The accompanying notes on pages 11 to 19 are an integral part of the Financial Statements.

## Statement of Changes in Equity (unaudited)

For the six months ended 7 August 2018

	Notes	Redeemable preference shares £'000	Ordinary share capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 7 February 2018		–	–	–	–	–	–	–
Redeemable preference shares issued	13	50	–	–	–	–	–	50
Ordinary shares issued	12/13	–	2,007	201,646	–	–	–	203,653
Redemption of redeemable preference shares	13	(50)	–	–	–	–	–	(50)
Cancellation of share premium	13	–	–	(168,942)	168,942	–	–	–
Net return on ordinary activities after taxation		–	–	–	–	48,313	(598)	47,715
<b>Shareholders' funds at 7 August 2018</b>		<b>–</b>	<b>2,007</b>	<b>32,704</b>	<b>168,942</b>	<b>48,313</b>	<b>(598)</b>	<b>251,368</b>

The accompanying notes on pages 11 to 19 are an integral part of the Financial Statements.

## Cash Flow Statement (unaudited)

For the six months ended 7 August 2018

	Notes	2018 £'000	2018 £'000
<b>Cash flows from operating activities</b>			
Net return on ordinary activities before taxation			47,747
Net gains on investments			(47,200)
Currency gains			(1,113)
Finance costs of borrowings			59
Overseas withholding tax			(26)
Changes in debtors and creditors			234
<b>Cash from operations*</b>			(299)
Finance costs paid			(57)
<b>Net cash outflow from operating activities</b>			(356)
<b>Cash flows from investing activities</b>			
Acquisitions of investments		(197,785)	
Disposals of investments		4,729	
<b>Net cash outflow from investing activities</b>			(193,056)
Ordinary shares issued	12	201,867	
<b>Net cash inflow from financing activities</b>			201,867
<b>Increase in cash and cash equivalents</b>			
Exchange movements			1,113
Cash and cash equivalents at 7 February 2018			–
<b>Cash and cash equivalents at 7 August 2018</b>			<b>9,568</b>

\* Cash from operations includes dividends received in the period of £169,000 and interest received of £8,000.

The accompanying notes on pages 11 to 19 are an integral part of the Financial Statements.

# Notes to the Financial Statements (unaudited)

Baillie Gifford US Growth Trust plc (the 'Company') was incorporated under the Companies Act 2006 in England and Wales as a public limited company with registered number 11194060. 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.

## 1 Principal Accounting Policies

The Financial Statements for the six months to 7 August 2018 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.

The Company was incorporated on 7 February 2018 and therefore no comparative information has been provided.

### (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 at fair value through profit or loss, and on the assumption that approval as an investment trust under section 1158 of the Corporation Tax Act 2010 will be retained.

The Financial Statements have been prepared in accordance with the Companies Act 2006, applicable UK Accounting Standards, Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the Association of Investment Companies ('AIC') in November 2014 and updated in February 2018 with consequential amendments and with the Standards for Investment Company Reporting 2000 (revised), as is applicable to the historical financial information.

In order to reflect better the activities of the Company and in accordance with guidance issued by the AIC, supplementary information which analyses the profit and loss account between items of a revenue and capital nature has been presented in the Income Statement.

The Directors consider the Company's functional currency to be sterling, see consideration in accounting policy (o), 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) Financial Instruments

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.

### (c) Accounting Estimates, Assumptions and Judgements

The preparation of the Financial Statements requires the use of estimates, assumptions and judgements. These estimates, assumptions and judgements affect the reported amounts of assets and liabilities, at the reporting date. While estimates are based on best judgement using information and financial data available, the actual outcome may differ from these estimates. The key sources of estimation and uncertainty relate to the fair valuation of the unlisted securities.

### (d) Investments

The Company's investments are classified, recognised and measured at fair value through profit in accordance with sections 11 and 12 of FRS 102. Investment purchases and sales are recognised on a trade date basis. Expenses incidental to purchase and sale are written off to capital at the time of acquisition or disposal. Gains and losses on investments are recognised in the Income Statement as capital items.

Investments are designated as held at fair value through profit or loss on initial recognition and are measured at subsequent reporting dates at fair value. The fair value of listed security investments is the last traded price on recognised overseas exchanges.

Unlisted securities are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by the Managers. The Managers' unlisted investment policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation guidelines ('IPEV'). These methodologies can be categorised as follows: (a) market approach (price of recent investment, multiples, industry valuation benchmarks and available market prices); (b) income approach (discounted cash flows); and (c) replacement cost approach (net assets).

The Managers monitor the investment portfolio on a fair value basis and use the fair value basis for investments in making investment decisions and monitoring financial performance.

### (e) 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.

### (f) Financial Liabilities

Bank loans and overdrafts are classified as loans and are measured at amortised cost. They are initially recorded at the proceeds received net of direct issue costs.

### (g) Income From Investments and Interest Receivable

- (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) If scrip dividends are taken in lieu of dividends in cash, the net amount of the cash dividend declared is credited to the revenue column of the Income Statement. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised in the capital column of the Income Statement.
- (iii) Special dividends are treated as capital or income depending on the facts of each particular case.
- (iv) Overseas dividends include the taxes deducted at source.
- (v) Interest receivable on bank deposits and underwriting commission are recognised on an accruals basis.

### (h) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue column of the Income Statement except as follows: where they relate directly to the acquisition or disposal of an investment (transaction costs), in which case they are recognised as capital within losses/gains on investments; and where they are connected with the maintenance or enhancement of the value of investments. Expenses directly relating to the issuance of shares are deducted from the proceeds of such issuance.

### (i) Finance Costs

Finance costs are accounted for on an accruals basis on an effective interest rate basis and are charged through the revenue column of the Income Statement.

**(j) Taxation**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those enacted or substantively enacted at the reporting date.

**(k) Deferred Taxation**

Deferred taxation is provided on all timing differences, calculated at the current tax rate relevant to the benefit or liability. Deferred tax assets are recognised only to the extent that it will be more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

**(l) Foreign Currencies**

Transactions involving foreign currencies are converted at the rate ruling at the time of the transaction. Assets and liabilities in foreign currencies are translated at the closing rates of exchange at the Balance Sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the Income Statement as capital or revenue as appropriate. Foreign exchange movements on investments are included in the Income Statement within gains on investments.

**(m) Capital Reserve**

Gains and losses on disposal of investments, changes in the fair value of investments held and realised and unrealised exchange differences of a capital nature are dealt with in this reserve after being recognised in the Income Statement. Purchases of the Company's own shares may be funded from this reserve.

**(n) Single Segment Reporting**

The Company is engaged in a single segment of business, being investment business, consequently no business segmental analysis is provided.

**(o) Significant Estimates and Judgements**

The Directors consider the key sources of estimation and uncertainty relate to the assumptions used in the determination of the fair value of the unlisted securities, which are detailed in note 9 on page 14. The Directors believe that there is one key judgement, being the functional currency of the Company. Although the Company invests in US dollar investments, it has been determined that the functional currency is sterling as the entity is listed on a sterling stock exchange in the UK, and its investment manager is also UK based.

**2 Income From Investments and Interest Receivable**

	2018 £'000
<b>Income from financial assets designated at fair value through profit or loss</b>	
Listed overseas dividends	210
<b>Other income</b>	
Deposit interest	8
<b>Total income</b>	<b>218</b>

**3 Investment Management Fee**

	2018 £'000
Investment management fee	<b>531</b>

Details of the Investment Management Agreement are set out on page 5. The annual management fee is 0.70% on the first £100 million of net assets and 0.55% on the remaining net assets.

**4 Other Administrative Expenses**

	2018 £'000
General administrative expenses	159
Directors' fees	35
	<b>194</b>

In the six months to 7 August 2018 non-audit fees paid to KPMG LLP amounted to £25,000 in respect of procedural services related to the initial listing of the Company and £40,000 in respect of the SIR 2000 Accountants' Report for the six months to 7 August 2018.

## 5 Finance Costs of Borrowings

	2018 £'000
Bank loan (see note 11)	59

Finance cost include the initial arrangement fee and non-utilisation fees.

## 6 Tax on Ordinary Activities

	2018 £'000
<b>Analysis of charge in the six months to 7 August 2018</b>	
Overseas withholding taxation	32
<b>Factors affecting the tax charge for the six months to 7 August 2018</b>	
The tax assessed for the six months is lower than the average standard rate of corporation tax in the UK of 19.00%. The differences are explained below:	
Net return on ordinary activities before taxation	47,747
Net return on ordinary activities multiplied by the average standard rate of corporation tax in the UK of 19.00%	9,072
Capital gains not taxable	(9,180)
Overseas dividends not taxable	(40)
Taxable expenses in the six months not utilised	148
Overseas withholding tax	32
Revenue tax charge for the six months to 7 August 2018	<b>32</b>

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

### Factors that may affect future tax charges

At 7 August 2018 the Company had a potential deferred tax asset of £132,000 in respect of taxable losses which are available to be carried forward and offset against future taxable profits. A deferred tax asset has not been provided on these losses as it is considered unlikely that the Company will make suitable taxable revenue profits in excess of deductible expenses in future periods. The potential deferred tax asset has been calculated using a corporation tax rate of 17%.

## 7 Ordinary Dividends

There are no dividends paid and proposed in respect of the six months to 7 August 2018. There is no revenue available for distribution by way of dividend for the six months – revenue loss of £598,000.

## 8 Net Return per Ordinary Share

	2018 Revenue	2018 Capital	2018 Total
Net return on ordinary activities after taxation	<b>(0.43p)</b>	<b>34.81p</b>	<b>34.38p</b>

Revenue return per ordinary share is based on the net revenue loss on ordinary activities after taxation of £598,000 and on 138,773,204 ordinary shares, being the weighted average number of ordinary shares in issue during the six months.

Capital return per ordinary share is based on the net capital gain for the financial period of £48,313,000 and on 138,773,204 ordinary shares, being the weighted average number of ordinary shares in issue during the six months.

Total return per ordinary share is based on the total gain for the financial period of £47,715,000 and on 138,773,204 ordinary shares, being the weighted average number of ordinary shares in issue during the six months.

There are no dilutive or potentially dilutive shares in issue.

## 9 Fixed Assets – Investments held at Fair Value through Profit and Loss

As at 7 August 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed securities	231,532	–	–	<b>231,532</b>
Unlisted securities	–	–	8,724	<b>8,724</b>
Total financial asset investments	<b>231,532</b>	<b>–</b>	<b>8,724</b>	<b>240,256</b>

There have been no transfers between the levels of the fair value hierarchy during the period.

Investments in securities are financial assets held at fair value through profit or loss. In accordance with Financial Reporting Standard 102, the tables above provide an analysis of these investments based on the fair value hierarchy described below, which reflects the reliability and significance of the information used to measure their fair value.

### Fair Value Hierarchy

The fair value hierarchy used to analyse the fair values of financial assets is described below. The levels are determined by the lowest (that is the least reliable or least independently observable) level of input that is significant to the fair value measurement for the individual investment in its entirety as follows:

**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 11.

	Listed overseas £'000	Unlisted £'000	Total £'000
Cost of investments at 7 February 2018	–	–	–
Investment holding gains and losses at 7 February 2018	–	–	–
Fair value of investments at 7 February 2018	–	–	–
Movements in the period:			
Purchases at cost	189,295	8,490	<b>197,785</b>
Sales – proceeds	(4,729)	–	<b>(4,729)</b>
– gains on sales	759	–	<b>759</b>
Changes in investment holding gains and losses	46,207	234	<b>46,441</b>
Fair value of investments at 7 August 2018	<b>231,532</b>	<b>8,724</b>	<b>240,256</b>
Cost of investments at 7 August 2018	185,325	8,490	<b>193,815</b>
Investment holding gains and losses at 7 August 2018	46,207	234	<b>46,441</b>
Fair value of investments at 7 August 2018	<b>231,532</b>	<b>8,724</b>	<b>240,256</b>

The Company incurred transaction costs on purchases of £41,000 and on sales of £2,000, being £43,000 in total.

	2018 £'000
<b>Net gains on investments designated at fair value through profit or loss on initial recognition</b>	
Realised gains on sales	759
Changes in investment holding gains and losses	46,441
	<b>47,200</b>

## 10 Debtors

	2018 £'000
<b>Amounts falling due within one year:</b>	
Income accrued (net of withholding taxes)	35
Share issuance proceeds awaiting settlement	1,918
Other debtors and prepayments	106
	<b>2,059</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. There were no debtors that were past due or impaired at 7 August 2018.

## 11 Creditors – Amounts falling due within one year

	2018 £'000
Investment management fee	283
Capital expenses accrued	132
Other creditors and accruals	100
	<b>515</b>

The Company entered into a US\$25 million five year revolving credit facility with ING Bank N.V., London Branch on 1 August 2018. At 7 August 2018 there were no outstanding drawings. The main covenants relating to the loan are that borrowings should not exceed 30% of the Company's adjusted net asset value and the Company's minimum adjusted net asset value shall be £70 million. The adjusted net asset value calculation includes the deduction of 100% of any unlisted securities. There were no breaches in the loan covenants during the period to 7 August 2018.

None of the above creditors at 7 August 2018 are financial liabilities designated at fair value through profit or loss.

## 12 Share Capital

	2018 Number	2018 £'000
Allotted, called up and fully paid ordinary shares of 1p each	<b>200,650,000</b>	<b>2,007</b>

On incorporation, the share capital of the Company was £50,000.01 represented by one ordinary share with a nominal value of 1p and 5,000,000 redeemable preference shares of nominal value of 1p, which were held by Baillie Gifford & Co Limited to allow the Company to commence business and to exercise its borrowing powers under section 761 of the Act. The redeemable preference shares were to be redeemed upon Admission out the proceeds of the Issue.

In its IPO on 23 March 2018, the Company issued 172,999,999 ordinary shares of 1p and raised gross proceeds of £173,000,000 which was used to finance the initial investments of the Company. The issue costs in respect of the initial investment were £2,273,000, which were made up of set up costs of £453,000 and commission of £1,820,000.

On 26 June 2018 the Company, by special resolution, redeemed the redeemable preference shares as confirmed by an Order of the High Court of Justice, Chancery Division.

The Company has authority to allot shares under section 551 of the Companies Act 2006. The Board has authorised use of this authority to issue new shares at a premium to net asset value in order to enhance the net asset value per share for existing shareholders and improve the liquidity of the Company's shares. In the period from IPO, 23 March 2018, to 7 August 2018 the Company issued a total of 27,650,000 shares on a non pre-emptive basis (nominal value £277,000, representing 16.0% of the issued share capital at 23 March 2018) at a premium to net asset value (on the basis of debt valued at par value), raising net proceeds of £33,058,000, which has been invested in accordance with the Company's investment policy.

In the period from 7 August 2018 to 2 October 2018 the Company has issued a further 10,950,000 shares at a premium to net asset value raising proceeds of £14,288,000.

The Company has authority to buy back up to 75 million shares on an ad hoc basis. No shares were bought back in the period to 7 August 2018. At 7 August 2018 the Company had authority to buy back a further 75 million ordinary shares.

## 13 Capital and Reserves

	Redeemable preference shares £'000	Ordinary share capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
At 7 February 2018	–	–	–	–	–	–	–
Net gains on sales of investments	–	–	–	–	759	–	759
Changes in investment holding gains and losses	–	–	–	–	46,441	–	46,441
Exchange differences	–	–	–	–	1,113	–	1,113
Redeemable preference shares issued	50	–	–	–	–	–	50
Ordinary shares issued at initial offering	–	1,730	171,270	–	–	–	173,000
Issue of ordinary shares	–	277	32,781	–	–	–	33,058
Redemption of redeemable preference shares	(50)	–	–	–	–	–	(50)
Cancellation of share premium	–	–	(168,942)	168,942	–	–	–
Costs in relation to issue of ordinary shares	–	–	(2,405)	–	–	–	(2,405)
Revenue return on ordinary activities after taxation	–	–	–	–	–	(598)	(598)
At 7 August 2018	–	2,007	32,704	168,942	48,313	(598)	251,368

On 7 February 2018, the date of incorporation, 5,000,000 redeemable preference shares with a nominal value of 1p each in the capital of the Company were allotted for £50,000. The redeemable preference shares were to be redeemed upon Admission out the proceeds of the Issue. On 26 June 2018 the Company, by special resolution, redeemed the redeemable preference shares as confirmed by an Order of the High Court of Justice, Chancery Division. At that date, as approved by a special resolution passed on 5 March 2018, the amount outstanding on the Company's share premium account immediately following the issue on 23 March 2018 was reduced by £168,942,000 in order to create distributable reserves which could be used for the repurchase of shares and to enable or to fund the payment of dividends.

The capital reserve includes investments holding gains of £46,441,000 as disclosed in note 9.

The revenue reserve, the capital reserve (to the extent it constitutes realised profits) and the special distributable reserve may be distributed by way of dividend.

## 14 Net Asset Value per Ordinary Share

The net asset value per ordinary share and the net assets attributable to the ordinary shareholders at 7 August 2018 calculated in accordance with the Articles of Association were as follows:

	2018 Net asset value per share	2018 Net assets attributable £'000
Ordinary shares	125.28p	251,368

The movements during the period of the assets attributable to the ordinary shares are shown in note 13.

Net asset value per ordinary share is based on the net assets as shown above and 200,650,000 ordinary shares, being the number of ordinary shares in issue at 7 August 2018.

## 15 Transactions with Related Parties and the Manager and Company Secretary

Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. The Directors' current level of remuneration is £22,500 per annum for each Director other than the Chairman, who receives an additional £10,000 per annum, and chairperson of the Audit Committee, who receives an additional £4,500 per annum.

All of the Directors will also be entitled to be paid all reasonable expenses properly incurred by them in connection with the performance of their duties. These expenses will include those associated with attending general meetings, Board or committee meetings and legal fees. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

Each of the Directors subscribed for 50,000 ordinary shares of the Company in the initial issue.

No Director has a contract of service with the Company. During the year no Director was interested in any contract or other matter requiring disclosure under section 412 of the Companies Act 2006.

Details of the management contract are set out page 5. The management fee payable to the Manager by the Company for the six months to 7 August 2018, as disclosed in note 3, was £531,000 of which £283,000 was outstanding at 7 August 2018, as disclosed in note 11.

## 16 Financial Instruments

As an Investment Trust, the Company invests in equities and makes other investments so as to achieve its investment objective of maximising capital appreciation from a focussed and actively managed portfolio of investments predominantly in listed and unlisted US companies. The Company may borrow 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.

These risks are categorised as market risk (comprising currency risk, 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 short term volatility. Risk provides the potential for both losses and gains. In assessing risk, the Board encourages the Managers to exploit the opportunities that risk affords.

### 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 three elements – currency risk, interest rate risk and other price risk. The Board of Directors reviews and agrees policies for managing these risks and the Company's Managers both assess the exposure to market risk when making individual investment decisions and monitor the overall level of market risk across the investment portfolio on an ongoing basis.

Details of the Company's investment portfolio are shown in note 9. The Company may, from time to time, enter into derivative transactions to hedge specific market, currency or interest rate risk. In the six months to 7 August 2018 no such transactions were entered into. The Company's Managers may not enter into derivative transactions without the prior approval of the Board.

### Currency Risk

The Company's assets, liabilities and income are principally denominated in US dollars. The Company's functional currency and that in which it reports is sterling. Consequently, movements in the US dollar/sterling exchange rate will affect the sterling value of those items.

The Managers monitor the Company's US dollar exposure (and any other overseas currency exposure) and report to the Board on a regular basis. The Managers assess the risk to the Company of the overseas currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. However, the country in which a company is listed is not necessarily where it earns its profits. The movement in exchange rates on overseas earnings may have a more significant impact upon a company's valuation than a simple translation of the currency in which the company is quoted.

US dollar borrowings can limit the Company's exposure to anticipated future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments.

Exposure to currency risk through asset allocation, which is calculated by reference to the currency in which the asset or liability is quoted, is shown below.

At 7 August 2018	Investments £'000	Cash and deposits £'000	Other debtors and creditors *	Net exposure £'000
US dollar	240,256	7,777	33	248,066
Total exposure to currency risk	240,256	7,777	33	248,066
Sterling	–	1,791	1,511	3,302
	<b>240,256</b>	<b>9,568</b>	<b>1,544</b>	<b>251,368</b>

\* Includes net non-monetary assets of £15,000.

### Currency Risk Sensitivity

At 7 August 2018, if sterling had strengthened by 5% against the US dollar, with all other variables held constant, total net assets and total return on ordinary activities would have decreased by £12,403,000. A 5% weakening of sterling against the US dollar, with all other variables held constant, would have had an equal but opposite effect on the Financial Statement amounts.

## 16 Financial Instruments (continued)

### Interest Rate Risk

Interest rate movements may affect directly the level of income receivable on cash deposits and the interest payable on any variable rate borrowings.

They may also impact upon the market value of 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 fair value and 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 may finance part of its activities through borrowings at approved levels. The amount of any such borrowings and the approved levels are monitored and reviewed regularly by the Board.

The interest rate risk profile of the Company's financial assets and liabilities at 7 August 2018 is shown below.

### Financial Assets

The Company's interest rate risk exposure on its financial assets at 7 August 2018 amounted to £9,568,000, comprising of its cash and short term deposits.

The cash deposits generally comprise call or short term money market deposits of less than one month which are repayable on demand. The benchmark rate which determines the interest payments received on cash balances is the bank base rate.

### Financial Liabilities

The Company entered into a US\$25 million five year revolving credit facility with ING Bank N.V., London Branch on 1 August 2018. At 7 August 2018 there were no outstanding drawings hence there is no interest rate risk or no maturity profile at that date.

### Other 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 Board manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Managers. The Company's portfolio of unlisted Level 3 investments are not necessarily affected by market performance, however the valuations are affected by the performance of the underlying securities in line with the valuation criteria in note 1(d). 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. The portfolio does not seek to reproduce the index. Investments are selected based upon the merit of individual companies and therefore performance may well diverge from the comparative index.

### Other Price Risk Sensitivity

Fixed asset investments are valued at bid prices which equate to their fair value. A full list of the Company's investments is given on pages 3 and 4. In addition, an analysis of the investment portfolio by broad industrial or commercial sector is shown on page 4.

92.1% of the Company's net assets are invested in quoted equities. A 5% increase in quoted equity valuations at 7 August 2018 would have increased total assets and total return on ordinary activities by £11,577,000. A decrease of 5% would have had an equal but opposite effect.

### 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 investments in quoted securities (92.1% of net assets) that are readily realisable. The Board provides guidance to the Managers as to the maximum exposure to any one holding and to the maximum aggregate exposure to substantial holdings.

The Company has the power to take out borrowings, which give it access to additional funding when required. The Company's current borrowing facility is detailed in note 11. Under the terms of the borrowing facility, borrowings are repayable on demand at their current carrying value.

## 16 Financial Instruments (continued)

### 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 Managers make 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 Managers monitor 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 Managers. 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 Managers; and
- cash is only held at banks that are regularly reviewed by the Managers. At 7 August 2018 all cash deposits were held with the custodian bank.

### Credit Risk Exposure

The exposure to credit risk at 7 August 2018 was:

	2018 £'000
Cash and short term deposits	9,568
Debtors and prepayments	2,059
	<b>11,627</b>

The maximum exposure in cash during the six months to 7 August 2018 was £171,396,000 and the minimum was £nil. None of the Company's financial assets are past due or impaired.

### Fair Value of Financial Assets and Financial Liabilities

The Directors are of the opinion that the carrying amount of financial assets and liabilities of the Company in the Balance Sheet approximate their fair value.

### Capital Management

The capital of the Company is its share capital and reserves as set out in note 13 together with its borrowings (see note 11). The objective of the Company is to invest predominantly in listed and unlisted US companies in order to achieve capital growth. The Company's investment policy is set out on page 5. In pursuit of the Company's objective, the Board has a responsibility for ensuring the Company's ability to continue as a going concern and details of the related risks and how they are managed are set out on page 20. The Company has the authority to issue and buy back its shares and changes to the share capital during the period are set out in notes 12 and 13. The Company does not have any externally imposed capital requirements other than the covenants on its loan which are detailed in note 11.

## 17 Subsequent Events

In the period from 7 August 2018 up to 2 October 2018 the Company has issued a further 10,950,000 shares at a premium to net asset value raising proceeds of £14,288,000.

## Principal Risks

There is a 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 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 mainly of listed securities and its principal financial 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 16 on pages 17 to 19. As oversight of this risk, the Board considers at each meeting various metrics including industrial sector weightings, top and bottom stock contributors to performance along with sales and purchases of investments. Individual investments are discussed with the portfolio managers together with their general views on the various investment markets and sectors. 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. 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 breaches of cyber security. To monitor potential 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.

**Unlisted Investments** – the Company's risk could be increased by its investment in unlisted securities. These assets may be more difficult to buy or sell, so changes in their prices may be greater. To mitigate this risk, the Board considers the unlisted securities in the context of the overall investment strategy and provides guidance to the Managers on the maximum exposure to unlisted securities.

**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 or major disaster. The Audit Committee 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.

**Leverage Risk** – the Company may borrow money for investment purposes. 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. The Company can also make use of derivative contracts. All borrowings 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 majority of the Company's investments are in quoted securities that are readily realisable. Further information on leverage can be found on page 23.

**Political and Associated Economic Risk** – the Board is of the view that political change in areas in which the Company invests or may invest may have practical consequences for the Company. Political developments are closely monitored and considered by the Board. The Board has noted the UK Government's intention that the UK should leave the European Union on 29 March 2019. Whilst there is considerable uncertainty at present, the Board will continue to monitor developments as they occur and assess the potential consequences for the Company's future activities.

## Further Shareholder Information

Baillie Gifford US Growth Trust plc shares are traded on the London Stock Exchange. They can be bought through a stockbroker, by asking a professional adviser to do so.

### Client Relations Team Contact Details

You can contact the Baillie Gifford Client Relations Team by telephone (your call may be recorded for training or monitoring purposes), email, fax or post. See contact details in the 'Further Information' box on the back cover.

### 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 707 1711.

### Automatic Exchange of Information

In order to fulfil its obligations under UK tax legislation relating to the automatic exchange of information, Baillie Gifford US Growth Trust plc is required to collect and report certain information about certain shareholders.

The legislation requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. Accordingly, Baillie Gifford US 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 <https://www.gov.uk/government/publications/exchange-of-information-account-holders>.

### Risk Warnings

Past performance is not a guide to future performance. Baillie Gifford US 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 you may not get back the amount invested.

US Growth invests in overseas securities. Changes in the rates of exchange may also cause the value of your investment (and any income it may pay) to go down or up.

US Growth 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 invested borrowings will increase the amount of this loss.

US Growth can buy back its own shares. The risks from borrowing, referred to above, are increased when a 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.

US Growth can make use of derivatives which may impact on its performance.

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

US Growth's exposure to a single market and currency may increase risk.

US Growth will have a significant exposure to unlisted securities. The Company's risk could be increased as these assets may be more difficult to buy or sell, so changes in their prices may be greater.

US Growth's risk is increased as it holds fewer investments than a typical investment trust and the effect of this, together with its long term approach to investment, could result in large movements in the share price.

The aim of US Growth is to achieve capital growth. You should not expect a significant, or steady, annual income from the Company.

This information has been issued and approved by Baillie Gifford & Co Limited and does not in any way constitute investment advice.

Baillie Gifford US Growth Trust plc is a UK public listed company and as such complies with the requirements of the UK Listing Authority and is not authorised or regulated by the Financial Conduct Authority.

The information and opinions expressed within this Interim Financial Report are subject to change without notice.

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The staff of Baillie Gifford & Co and Baillie Gifford US Growth Trust's Directors may hold shares in Baillie Gifford US Growth Trust and may buy and sell such shares from time to time.

## Communicating with Shareholders

### 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 US Growth. *Trust* plays an important role in helping to explain our products so that readers can really understand them.

You can subscribe to *Trust* magazine or view a digital copy at [www.bailliegifford.com/trust](http://www.bailliegifford.com/trust).

### Baillie Gifford US Growth on the Web

Up-to-date information about Baillie Gifford US Growth, can be found on the Company's page of the Managers' website at [www.bgusgrowthtrust.com](http://www.bgusgrowthtrust.com). You will find full details on Baillie Gifford US Growth, including recent portfolio information and performance figures.

### Suggestions and Questions

Any suggestions on how communications with shareholders can be improved are welcomed. 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 US Growth.

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### Literature in Alternative Formats

It is possible to provide copies of the literature in alternative formats, such as large print or on audio tape. Please contact the Baillie Gifford Client Relations Team for more information.

### Client Relations Team Contact Details

You can contact the Baillie Gifford Client Relations Team by telephone, email, fax 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)

**Fax:** 0131 275 3955

### Client Relations Team

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## Glossary of Terms

### Total Assets

The total value of all assets held less all liabilities (other than liabilities in the form of borrowings).

### Shareholders' Funds and Net Asset Value

Shareholders' Funds is the value of all assets held less all liabilities, with borrowings deducted at book cost. Net Asset Value (NAV) is the value of all assets held less all liabilities, with borrowings deducted at either fair value or par value as described below. Per share amounts are calculated by dividing the relevant figure by the number of ordinary shares in issue.

### Borrowings at Par Value

Borrowings are valued at nominal par value (book cost).

### Net Liquid Assets

Net liquid assets comprise current assets less current liabilities (excluding borrowings).

### Discount/Premium

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, this situation is called a premium.

### Total Return

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

### Ongoing Charges

The total expenses (excluding borrowing costs) incurred by the Company as a percentage of the average net asset value (with debt at fair value).

### Active Share

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.

### Gearing

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.

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

Invested gearing is the Company's borrowings at par less cash and brokers' balances expressed as a percentage of shareholders' funds.

### Leverage

For the purposes of the Alternative Investment Fund Managers 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.

## Alternative Investment Fund Managers Directive (AIFMD)

In accordance with the Alternative Investment Fund Managers 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. In accordance with the Directive, the AIFM's remuneration policy is available on the Managers' website 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 relevant reporting period (year ended 31 March 2018) are also available at [www.bailliegifford.com](http://www.bailliegifford.com).

The Company's maximum and actual leverage (see Glossary of Terms above) levels at 7 August 2018 are shown below:

### Leverage Exposure

	Gross method	Commitment method
Maximum limit	2.50:1	2.00:1
Actual	1.00:1	0.98:1

## Directors

Chairman:  
TJW Burnet

SP Inglis  
GD Paterson

## Registered Office

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## Alternative Investment Fund Managers and Company Secretary

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## Independent Auditor

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## Company Details

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Company Registration  
No. 11194060  
ISIN GB00BDFGHW41  
Sedol BDFGHW4  
Ticker USA

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