

This document is issued by Baillie Gifford & Co Limited (the 'Manager') in order to make certain particular information available to investors in the alternative investment fund ('AIF') noted below before they invest, in accordance with the requirements of the Financial Conduct Authority's rules implementing the Alternative Investment Fund Managers Directive in the United Kingdom. It is made available to investors by being available at [bgusgrowthtrust.com](http://bgusgrowthtrust.com). The Manager is authorised and regulated by the Financial Conduct Authority.

# Baillie Gifford US Growth Trust plc

## INVESTOR DISCLOSURE DOCUMENT

### IMPORTANT INFORMATION

#### Regulatory status of the Company

Baillie Gifford US Growth Trust plc (the 'Company') is an AIF for the purposes of the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU) (as it forms part of UK domestic law pursuant to the European Union (Withdrawal) Act 2018, the Alternative Investment Fund Managers (Amendment) (EU Exit) Regulations 2019 or as otherwise adopted under, or given effect to in, UK legislation or the UK regulatory regime) (the 'AIFM Directive').

The Company's shares are listed on the premium segment of the Official List of the Financial Conduct Authority and are admitted to trading on the main market of the London Stock Exchange. The Company is subject to its articles of association, the Listing Rules, the Disclosure Guidance and Transparency Rules, the UK Corporate Governance Code and the Companies Act 2006. The Company is listed on the London Stock Exchange and is not authorised or regulated by the Financial Conduct Authority.

The provisions of the Company's articles of association are binding on the Company and its shareholders ('Shareholders'). The articles of association set out the respective rights and restrictions attaching to the Company's shares. These rights and restrictions apply equally to all Shareholders. All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the Company's articles of association. The Company's articles of association are governed by English law.

### **Limited purpose of this document**

This document is not being issued for any purpose other than to make certain, required regulatory disclosures to investors and, to the fullest extent permitted under applicable law and regulations, the Company and its Directors will not be responsible to persons other than the Company's Shareholders for their use of this document, nor will they be responsible to any person (including the Company's Shareholders) for any use which they may make of this document other than to inform a decision to invest in shares in the Company.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to buy or sell, or otherwise undertake investment activity in relation to, the Company's shares.

**This document is not a prospectus and it is not intended to be an invitation or inducement to any person to engage in any investment activity. This document may not include (and it is not intended to include) all the information which investors and their professional advisers may require for the purpose of making an informed decision in relation to an investment in the Company and its shares.**

### **No advice**

The Company and its Directors are not advising any person in relation to any investment or other transaction involving shares in the Company. Recipients must not treat the contents of this document or any subsequent communications from the Company, or any of its affiliates, officers, directors, employees or agents, as advice relating to financial, investment, taxation, accounting, legal, regulatory or any other matters. Prospective investors must rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment in shares.

**Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.**

### **Investors' rights**

The Company is reliant on the performance of third party service providers, including the AIFM, the Depositary and the Registrar. Without prejudice to any potential right of action in tort that a Shareholder may have to bring a claim against a service provider, each Shareholder's contractual relationship in respect of its investment in the Company's shares is with the Company only. Accordingly, no Shareholder will have any contractual claim against any service provider with respect to such service provider's default.

In the event that a Shareholder considers that it may have a claim against a third party service provider in connection with such Shareholder's investment in the Company, such Shareholder should consult its own legal advisers.

The above is without prejudice to any right a Shareholder may have to bring a claim against an FCA authorised service provider under section 138D of FSMA (which provides that breach of an FCA rule by such service provider is actionable by a private person who suffers loss as a result), or any tortious cause of action. Shareholders who believe they may have a claim under section 138D of FSMA, or in tort, against any service provider in connection with their investment in the Company, should consult their legal adviser.

### **Recognition and enforcement of foreign judgments**

Regulation (EC) 593/2008 ("Rome I") must be applied in all member states of the European Union (other than Denmark). Accordingly, where a matter comes before the courts of a relevant member state, the choice of a governing law in any given agreement is subject to the provisions of Rome I. Under Rome I, the member state's courts may apply any rule of that member state's own law which is mandatory irrespective of the governing law and may refuse to apply a rule of governing law if it is manifestly incompatible with the public policy of that member state. Further, where all other elements relevant to the situation at the time of the choice are located in a country other than the country whose law has been chosen, the choice of the parties shall not prejudice the application of provisions of the law of that other country which cannot be derogated from by agreement. Shareholders should note that there are a number of legal instruments providing for the recognition and enforcement of foreign judgments in England. Depending on the nature and jurisdiction of the original judgment, Council Regulation (EC) No 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, Regulation (EC) No 805/2004 of the European Parliament and of the Council of 21 April 2004 creating a European Enforcement Order for uncontested claims, the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters done at Lugano on 30 October 2007, the Administration of Justice Act 1920 and the Foreign Judgments (Reciprocal Enforcement) Act 1933 may apply. There are no legal instruments providing for the recognition and enforcement of judgments obtained in jurisdictions outside those covered by the instruments listed above, although such judgments might be enforceable at common law.

### **Overseas investors**

The distribution of this document in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. The shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under any of the relevant securities laws of any overseas territory. Accordingly, the shares may not (unless an exemption from such Act or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the USA or any overseas territory unless an exemption from registration is available. The Company is not registered under the United States Investment Company Act of 1940 (as amended) and investors are not entitled to the benefits of such Act.

Prospective investors must inform themselves as to (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of shares.

## THE COMPANY

### Investment Objective and Policy

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

Investment is 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 company or fund is limited to 10 per cent of the Company's total assets measured at the time of investment.

The Company's portfolio will consist of direct holdings in listed securities and unlisted securities in up to a combined maximum of 90 companies or funds, typically with 30 or more listed security holdings. The maximum amount which may be invested directly 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 its 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 equaling 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.

No material change will be made to the Company's investment policy without the prior approval by ordinary resolution of the Shareholders.

## **Leverage**

As explained above, 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, including for investment purposes. 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.

The maximum level of leverage which the Manager is entitled to employ on behalf of the Company is 250 per cent. of NAV (which is the equivalent of a ratio of 5:2) under the gross method and 200 per cent. of NAV (which is the equivalent of a ratio of 2:1) under the commitment method.

The amount of leverage employed by the Company will be disclosed in the Company's Annual Report and Financial Statements.

The Company does not use collateral and asset reuse arrangements.

## **Investment Strategy and Techniques**

Please see the sections entitled "Investment Objective and Policy" and "Leverage" above.

## **Changes to Objective, Investment Policy, Investment Strategy or Maximum Leverage**

As a closed-ended investment fund whose shares are admitted to the Official List under Chapter 15 of the Listing Rules, the Company is required to obtain the prior approval of its shareholders to any material change to its published objective and investment policy (as set out above). Accordingly, the Company will not make any material change to its published objective and investment policy without the approval of its Shareholders by ordinary resolution. The Company will announce any such change via the London Stock Exchange.

Any change in investment strategy or investment policy which does not amount to a material change to its published investment policy may be made by the Company without shareholder approval.

Any changes to the maximum level of leverage which may be employed by the Company will be communicated to shareholders.

Baillie Gifford & Co Limited will update this document, as soon as reasonably practicable, to take account of material changes. Such changes will also be disclosed to existing shareholders in the following Annual Report and Financial Statements.

Any changes in information shall be deemed material if there is a substantial likelihood that a reasonable investor, becoming aware of such information, would reconsider its investment in the AIF, including because such information could impact an investor's ability to exercise its rights in relation to its investment, or otherwise prejudice the interests of one or more investors in the AIF.

## ADMINISTRATION AND MANAGEMENT OF THE COMPANY

### **The AIFM, Company Secretary and Administrator**

Baillie Gifford & Co Limited is the authorised Alternative Investment Fund Manager ('AIFM') and Company Secretary of the Company. The annual management fee payable to the AIFM is 0.70% on the first £100 million of the Company's net assets, 0.55% on the next £900 million of net assets and 0.50% on the remaining net assets. Management fees are calculated and payable on a quarterly basis.

There is no additional secretarial fee. The provision of secretarial and administrative services is included in the management fee.

Baillie Gifford & Co Limited has delegated certain portfolio and risk management services to Baillie Gifford & Co and Baillie Gifford Overseas Limited. Baillie Gifford & Co Limited is a wholly-owned subsidiary of Baillie Gifford & Co. Baillie Gifford & Co Limited has consented to the sub-delegation by Baillie Gifford & Co of some of its duties in relation to investment management to Baillie Gifford Overseas Limited in the United States of America. Baillie Gifford Overseas Limited is authorised and regulated by the FCA. Baillie Gifford Overseas Limited is also registered with the Securities & Exchange Commission, the Commodity Futures Trading Commission and is a member of the National Futures Association in the United States of America. It is intended that Baillie Gifford Overseas Limited will produce investment research and will take part in the investment decision-making together with Baillie Gifford & Co. Baillie Gifford & Co Limited has also consented to sub-delegation by Baillie Gifford & Co of dealing activities and transaction reporting to Baillie Gifford Overseas Limited, and to the further delegation of the same to Baillie Gifford Asia (Hong Kong) Limited. The principal activities of Baillie Gifford Asia (Hong Kong) Limited are to provide marketing and distribution services to professional investors in Hong Kong on behalf of Baillie Gifford Overseas Limited. The AIFM believes that any such delegation would not give rise to any conflicts of interest.

Baillie Gifford & Co, Baillie Gifford Overseas Limited and Baillie Gifford Asia (Hong Kong) Limited have the necessary regulatory permissions in place to perform the activities delegated to them.

## **The Depositary**

The Bank of New York Mellon (International) Limited has been appointed as the Company's Depositary. The Depositary is responsible for the safe-keeping of the Company's assets, cash monitoring and oversight. The Depositary has delegated certain of its safe-keeping functions to The Bank of New York Mellon and The Bank of New York Mellon SA/NV (the 'Sub-Custodians'). Conflicts of interest may arise as a result of such delegation to the Sub-Custodians by virtue of them being part of the same corporate group. The Depositary will have policies and procedures in place to identify all conflicts of interest arising from such delegation and will take all reasonable steps to avoid such conflicts of interest. Where such conflicts of interest cannot be avoided, the Depositary will seek to ensure that such conflicts of interest are managed, monitored and disclosed in order to prevent adverse effects on the interests of the Company and its Shareholders.

The Depositary has not entered into any arrangement contractually to discharge itself of liability in accordance with Article 21(13) of the AIFM Directive. We will notify Shareholders of any changes with respect to the discharge by the Depositary of its liability in accordance with Article 21(13) through a Regulatory Information Service. The Depositary must not re-use any: (i) financial instruments of the Company; or (ii) assets, other than financial instruments or cash, which are held in custody by the Depositary (or a delegate thereof) for the Company, in either case except with the prior consent of the Company or the AIFM on its behalf and provided all applicable English laws, rules and regulations (other than the AIFM Directive and the UK Alternative Investment Fund Managers Regulations 2013) are complied with.

The annual fee payable to the Depositary in respect of UK depositary services is 0.009 per cent. on the first £7.5bn of the Company's total assets, 0.0075 per cent. on assets between £7.5bn and £15bn, 0.006 per cent. on assets between £15bn and £30bn and 0.0045 per cent. on assets between £30bn and £40bn, subject to a minimum annual fee of £10,000 (exclusive of VAT). A custody fee in respect of global custodian services is also payable, the level of which will depend upon the assets held and the country or countries in which those assets are held, subject to a minimum annual fee of £33,600 (exclusive of VAT). The Depositary is also entitled to reimbursement of expenses incurred in the performance of its duties.

**The Auditor**

KPMG LLP provides audit services to the Company. The fixed fees charged by the auditor are based on anticipated time required and are agreed in advance with the Audit Committee.

**The Registrar**

Computershare Investor Services PLC has been appointed as the Company's Registrar. The Registrar's duties include the maintenance of the Company's register of Shareholders and the processing of any transfer of shares.

Fees are based on the number of holders on the registers and number of transfers each year.

**Ongoing Expenses**

Ongoing expenses can be found in the Key Information Document on the Company's website. Investors should note that some expenses are inherently unpredictable and, depending on circumstances, ongoing expenses will fluctuate.

**Conflicts of interest may arise as a result of the delegation of functions by the AIFM and/or the Depositary**

The AIFM, the Depositary and their respective delegates have undertaken to take all reasonable steps to avoid conflicts of interest in relation to the Company and its investors. If such conflicts of interest cannot be avoided, the AIFM, the Depositary and their respective delegates shall take all reasonable steps to identify, manage, monitor and (where applicable) disclose those conflicts of interest in order to prevent them from adversely affecting the interests of the Company and its investors, and to ensure that the Company is fairly treated.

## SHAREHOLDER INFORMATION

### Annual Report and Financial Statements

Copies of the Company's annual and interim reports, once available, may be accessed at [bgusgrowthtrust.com](http://bgusgrowthtrust.com)

### Publication of net asset values

The latest net asset value of the Company may be accessed at [bgusgrowthtrust.com](http://bgusgrowthtrust.com)

### Valuation Policy

#### *Valuation policy with respect to listed securities*

The Director's will value the Company's investments in listed securities at 'fair value'. The 'fair value' of such investments is bid value or, in the case of holdings on certain recognised overseas exchanges, at last traded prices.

#### *Valuation policy with respect to unlisted securities*

The Directors will value the Company's investments in unlisted securities at 'fair value'. In order to determine the 'fair value' of investments in unlisted securities, the AIFM will prepare valuations of each investment on a quarterly basis in accordance with the agreed valuation techniques set out below. The Directors will be provided with details of the valuations on a bi-annual basis and will conduct a detailed review of and, where appropriate, challenge the AIFM's valuations.

When preparing valuations of investments in unlisted securities, the AIFM will apply valuation techniques which are consistent with the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines. The valuation techniques set out in the IPEV Guidelines may be categorised as follows:

- market approach, which may involve applying the following valuation techniques: (i) an assessment of the price of recent investment; (ii) applying multiples of earnings or of revenue; (iii) using industry valuation benchmarks, including as a sense check of values produced using other techniques; and (iv) reviewing any available market prices;
- income approach, which may involve applying the following valuation techniques: (i) discounted cash flows or earnings of underlying business; and (ii) discounted cash flows from an investment; and
- replacement cost approach, which may involve applying the net assets valuation technique.

If the Directors consider that it would be inappropriate to use a particular valuation technique, either generally or for a particular investment, the Directors may adopt such other valuation techniques as they consider to be reasonable in the circumstances.

### **Historical performance of the Company**

Details of the Company's historical financial performance, once available, will be provided in the Company's Annual Report and Financial Statements and monthly factsheets, which are available at [bgusgrowthtrust.com](http://bgusgrowthtrust.com)

Investors should note that past performance of the Company is not indicative of future performance. Investors may not get back the amount invested.

### **Purchases and sales of shares by investors**

The Company's shares are admitted to the Official List of the UKLA and to trading on the main market of the London Stock Exchange. Accordingly, the Company's shares may be purchased and sold on the main market of the London Stock Exchange.

The Company has authority to allot and issue shares on a non-pre-emptive basis.

The Company's shares are not redeemable. While the Company has Shareholder authority to buy back shares, Shareholders do not have the right to have their shares purchased by the Company.

### **Fair treatment of investors**

The legal and regulatory regime to which the Company and the Directors are subject ensures the fair treatment of investors. The Listing Rules require that the Company treats all Shareholders of the same class of shares equally.

In particular, as directors of a company incorporated in the United Kingdom, the Directors have certain statutory duties under the Companies Act 2006 with which they must comply. These include a duty upon each Director to act in the way she or he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

No investor has a right to obtain preferential treatment in relation to their investment in the Company and the Company does not give preferential treatment to any investors.

The shares rank *Pari Passu*.

### **Share Capital**

The ISIN number for the Company's shares is GB00BDFGHW41 and the SEDOL is BDFGHW4.

Legal ownership of the Company's shares is evidenced by entry on the register of shareholders, and each registered shareholder is entitled to the rights set out in the Company's articles of association. These include the right to attend meetings and to vote on resolutions, to receive any dividends and to receive a pro rata share of the net assets of the Company in the event of winding up.

## RISK FACTORS

Past performance is not a guide to future performance.

Baillie Gifford US Growth Trust plc ('Baillie Gifford US Growth') 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.

Baillie Gifford 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.

Baillie Gifford US Growth has borrowed 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.

Baillie Gifford 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.

Baillie Gifford 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.

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

Baillie Gifford US Growth has a significant investment in private companies. The Company's risk could be increased as these assets may be more difficult to sell, so changes in their prices may be greater.

Share prices may either be below (at a discount) or above (at a premium) the net asset value ('NAV'). The Company may issue new shares when the price is at a premium which may reduce the share price. Shares bought at a premium may have a greater risk of loss than those bought at a discount.

Charges are deducted from income. Where income is low, the expenses may be greater than the total income received and the capital value would be reduced.

The aim of Baillie Gifford US Growth is to achieve capital growth and it is unlikely that the Company will provide steady, or indeed any, income.

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

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

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

Further details of the risks associated with investing in the Company, including a Key Information Document and how charges are applied, can be found at [bgusgrowthtrust.com](http://bgusgrowthtrust.com), or by calling Baillie Gifford on 0800 917 2112. Your call may be recorded for training or monitoring purposes.

## RISK MANAGEMENT

### Risk profile

*The Company will periodically disclose the current risk profile of the Company to investors. The Company will make this disclosure at [bgusgrowthtrust.com](http://bgusgrowthtrust.com) at the same time as it makes its Annual Report and Financial Statements available to investors, or more frequently at its discretion.*

At least 50 per cent. of the Company's assets consist of listed securities. The Company's risk profile therefore incorporates market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk, credit risk and operational risk factors. Other factors which contribute to the Company's risk profile include those arising from the Company's investments in unlisted securities. The Company may not be able to exit from its investments in unlisted securities and the valuation of investments in unlisted securities is inherently subjective and uncertain. The ability of the Company to borrow money to make further investments (leverage) may also contribute to the risk profile of the Company.

Limits are set for market risk and are monitored daily. Market risk stress testing comprises a number of market related scenarios and events relevant to the Company's objectives and time horizon to analyse the impact on market risk limits. Limits are also in place for liquidity risk, credit risk and operational risk, with periodic stress testing performed as appropriate.

Further detail in relation to the nature and extent of the principal risks of the Company will be described in the Company's Annual Report and Financial Statements.

### Risk management systems

*The Company will periodically disclose to investors the risk management systems which it employs to manage the risks which are most relevant to it. The Company will make this disclosure at [bgusgrowthtrust.com](http://bgusgrowthtrust.com) at the same time as it makes its Annual Report and Financial Statements available to investors or more frequently at its discretion.*

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

For the principal relevant risk areas, risk limits are set by the AIFM which take into account the objectives, strategy and risk profile of the Company. These limits are monitored daily, and the sensitivity of the Company's portfolio to key risks is undertaken periodically as appropriate to ascertain the impact of changes in key variables to the Company. Exceptions from limits monitoring and stress testing are escalated to the AIFM along with remedial measures being taken.

### **Liquidity risk management**

The AIFM has a liquidity management policy in relation to the Company which is intended to ensure that the Company's portfolio maintains a level of liquidity which is appropriate to the Company's obligations. This policy involves an assessment by the AIFM of the prices or values at which it expects to be able to liquidate the Company's assets over varying hypothetical periods in varying market conditions, taking into account the sensitivity of particular assets to particular market risks and other relevant factors.

Shares in the Company are not redeemable and Shareholders do not have the right to require their shares to be purchased by the Company. Accordingly, the liquidity management policy ensures that the Company's portfolio is sufficiently liquid to meet the following principal obligations:

- the Company's operating and financing expenses; and
- the possible need to repay borrowings at short notice, which would be required to be met by the sale of assets.

The liquidity management policy requires the AIFM to identify and monitor its investment in asset classes which are considered to be relatively illiquid. There may be a lack of liquidity in the Company's investments in unlisted securities, and the Company's portfolio is monitored on an ongoing basis to assess liquidity.

The liquidity management policy is reviewed and updated, as required, on at least an annual basis.

Investors will be notified, by way of a disclosure at [bgusgrowthtrust.com](http://bgusgrowthtrust.com) in the event of any material changes being made to the liquidity management systems and procedures or where any new arrangements for managing the Company's liquidity are introduced.

The Company will periodically disclose to investors the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature. The Company will make this disclosure at [bgusgrowthtrust.com](http://bgusgrowthtrust.com) at the same time as it makes its Annual Report and Financial Statements and accounts available to investors or more frequently at its discretion.

### **Professional negligence liability risks**

The requirement to cover potential liability risks arising from professional negligence is covered by the AIFM's own funds. Sufficient capital above the regulatory limit is held which is monitored by the board of Baillie Gifford & Co Limited.

## **Brokerage Practices and Use of Dealing Commission**

Baillie Gifford & Co Limited appoints its affiliate Baillie Gifford & Co to conduct portfolio management services on behalf of the Company. Baillie Gifford & Co in turn delegates the investment dealing aspects of those services and transmits orders to its affiliate Baillie Gifford Overseas Limited for execution. An important element of Baillie Gifford Overseas Limited's investment dealing services includes the selection of brokers with whom orders can be placed to execute investment decisions on behalf of the Company.

Baillie Gifford Overseas Limited trades with brokers using execution-only commission rates. The execution-only commission includes the costs of access to each global market, the broker's ability to source liquidity, the use of alternative trading venues, the provision of risk capital, the capabilities of individual sales traders and the provision of proprietary technology for trading programmes and algorithms.

Where Baillie Gifford & Co supports its portfolio management activities by procuring external research services, it pays directly for such services under separate agreements.

## **Sustainability Risks**

The AIFM has adopted Baillie Gifford & Co's Stewardship Approach – ESG Principles and Guidelines as its policy on integration of sustainability risks in investment decisions.

Baillie Gifford & Co believes that a company cannot be financially sustainable in the long run if its approach to business is fundamentally out of line with changing societal expectations. It defines 'sustainability' as a deliberately broad concept which encapsulates a company's purpose, values, business model, culture, and operating practices.

Baillie Gifford & Co's approach to investment is based on identifying and holding high quality growth businesses that enjoy sustainable competitive advantages in their marketplace. To do this it looks beyond current financial performance, undertaking proprietary research to build up an in-depth knowledge of an individual company and a view on its long-term prospects. This includes the consideration of sustainability factors (environmental, social and/or governance matters) which it believes will positively or negatively influence the financial returns of an investment. The likely impact on the return of the portfolio from a potential or actual material decline in the value of investment due to the occurrence of an environmental, social or governance event or condition will vary and will depend on several factors including but not limited to the type, extent, complexity and duration of an event or condition, prevailing market conditions and existence of any mitigating factors.

Whilst consideration is given to sustainability matters, there are no restrictions on the investment universe of the Company, unless otherwise stated within in its Objective & Policy. Baillie Gifford & Co can invest in any companies it believes could create beneficial long-term returns for investors. However, this might result in investments being made in companies that ultimately cause a negative outcome for the environment or society.

More detail on Baillie Gifford's approach to sustainability can be found in its Stewardship Approach – ESG Principles and Guidelines document, available publicly at [bailliegifford.com/en/uk/about-us/esg/](https://bailliegifford.com/en/uk/about-us/esg/).

The underlying investments do not take into account the EU criteria for environmentally sustainable economic activities.

**Key Information Document**

A Key Information Document is available by contacting us on 0800 917 2112 or by visiting [bailliegifford.com](http://bailliegifford.com).

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