

31 March 2021

Fund Objective

To outperform (after deduction of costs) an index comprising 50% of the FTSE Actuaries UK Conventional Gilts All Stocks Index and 50% of the ICE Bank of America sterling Non-Gilt Index by 0.65% per annum over rolling three-year period.

The manager believes this is an appropriate target given the investment policy of the Fund and the approach taken by the manager when investing. In addition, the manager believes an appropriate performance comparison for this Fund is the Investment Association Sterling Bond Sector.

There is no guarantee that this objective will be achieved over any time period and actual investment returns may differ from this objective, particularly over shorter time periods.

Key Information

Fund Manager	Phil Annen / Stuart Kelly / Paul Dilworth
Launch Date	04 November 2015
Fund Size	£1,373.97m
IA Sector	£ Strategic Bond

Portfolio Characteristics

	Fund	Target
Average Credit Quality	A	AA
Redemption Yield (%)	2.0	1.2
Running Yield (%)	2.9	2.6
Duration	10.4	9.8

Performance

Periodic Performance

	6 Months	1 Year	3 Years (p.a.)	Since Inception (p.a.)†
Class B-Acc (%)	-3.6	2.8	3.6	2.9
Index (%)*	-3.9	0.6	3.4	2.6
Target (%)**	-3.5	1.2	4.0	3.3
Sector Average***(%)	2.4	12.4	4.2	3.5
Sector Ranking	87/94	82/91	54/81	56/80

Performance source: StatPro, FE, ICE Data Indices, FTSE, total return in sterling.

†04 September 2017.

*50% FTSE Actuaries UK Conventional Gilts All Stocks Index, 50% ICE BofA Sterling Non-Gilt Index.

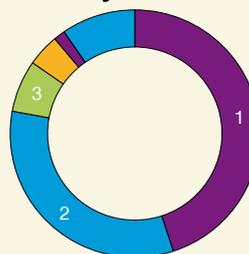
** (50% FTSE Actuaries UK Conventional Gilts All Stocks Index, 50% ICE BofA Sterling Non-Gilt Index) +0.65%.

*** IA £ Strategic Bond Sector.

Investment Proposition

The fund allocates between government and corporate bonds, while most added value comes from fundamental research of individual companies, countries, and markets. We believe interest rates and currencies are ultimately driven by long-term economic and political factors, so we take a long-term approach to investing in these markets by analysing fundamental trends. The corporate bond markets are structurally inefficient and market prices often fail to reflect fundamental information. This creates opportunities for active investors who are able to wait for these fundamental factors to reassert themselves.

Sector Analysis of Total Assets



1 Investment Grade Bonds	45.0%
2 Gilts	32.9%
3 Emerging Markets Bonds	6.8%
4 High Yield Bonds	4.2%
5 Overseas and Government Bonds	1.5%
6 Cash and Derivatives	9.6%

A negative cash position may sometimes occur due to obligations awaiting settlement.

Charges and Yield

	Initial Charge	Ongoing Charge	Distribution Yield	Underlying Yield
Class B-Inc (%)	0.00	0.38*	2.00	1.60**
Class B-Acc (%)	0.00	0.38	2.00	1.60

The ongoing charge figures is at the latest annual or interim period.

*Estimated.

**Forecast Yield

Annual Discrete Performance

	31/03/16-31/03/17-31/03/17	31/03/18-31/03/18	31/03/19-31/03/19	31/03/20-31/03/20	31/03/21
Class B-Acc (%)	N/A	N/A	3.2	4.8	2.8
Index (%)*	N/A	N/A	3.7	5.9	0.6
Target (%)**	N/A	N/A	4.4	6.6	1.2
Sector Average (%)***	N/A	N/A	2.1	-1.4	12.4

Additional Fund Information

The Fund is a sub-fund of the Baillie Gifford Investment Funds II ICVC (Investment Company with Variable Capital) which is an umbrella Open-Ended Investment Company. Its Authorised Corporate Director ('ACD') is Baillie Gifford & Co Limited.

The Distribution Yield reflects the annualised income of the Fund (calculated in accordance with relevant accounting standards) as a percentage of the mid-market share price of the Fund (excluding tax) as at the date shown. It is based on a snapshot of the portfolio on that day. The Underlying Yield reflects the annualised income net of expenses of the Fund (calculated in accordance with relevant accounting standards) as a percentage of the mid-market share price of the Fund (excluding tax) as at the date shown. It is based on a snapshot of the portfolio on that day. The Distribution yield is higher than the Underlying Yield because the Fund's expenses are charged to capital. This has the effect of increasing distributions and constraining the Fund's capital performance.

Average Credit Quality – this is a measure of the average credit rating band across the portfolio as a whole. AAA, AA, A and BBB are all classed as investment grade.

Duration – a measure of the price sensitivity of a bond to a change in interest rates. For a 1% change in yield, the price of a bond will move in the opposite direction by 1% multiplied by the Duration of the bond.

Active Duration Positions – the chart shows material interest rate positions in the Fund relative to the FTSE Actuaries UK Conventional Gilts All Stocks Index. The bars represent net positions held in each country. A positive value indicates the Fund should benefit from a fall in yield and vice versa.

Active Currency Positions - the chart shows material currency positions in the Fund relative to the FTSE Actuaries UK Conventional Gilts All Stocks Index. The bars represent net positions held in each currency. A positive value indicates the Fund should benefit from a rise in the value of the currency and vice versa.

The ongoing charges figure is based on the expenses for the financial year and may vary from year to year. It excludes the cost of buying and selling assets for the Fund although custodian transaction costs are included. Further explanation of all the charges and costs relating to this Fund can be found in the Enhanced Disclosure of Fund Charges and Costs document which is available through our website, bailliegifford.com.

Further Information

Any comments expressed in this factsheet should not be taken as a recommendation or advice.

This factsheet does not provide you with all the facts that you need to make an informed decision about investing in the Fund. You need to read the associated Key Investor Information Document and Supplementary Information Document and decide whether to contact an authorised intermediary.

This factsheet has been issued and approved by Baillie Gifford & Co Limited (Financial Services Register 119179), which is wholly owned by Baillie Gifford & Co (Financial Services Register 142597), both of which are authorised and regulated by the Financial Conduct Authority of 12 Endeavour Square, Stratford, London, E20 1JN.

Target Market

This Fund is suitable for all investors seeking a Fund that aims to deliver income over a medium- or long-term investment horizon. The investor should be prepared to bear losses. This Fund is compatible for mass market distribution. This Fund may not be suitable for investors seeking capital growth and investing for less than three years. This Fund does not offer capital protection.

Risk Warnings

Investment markets can go down as well as up and market conditions can change rapidly. The value of an investment in the Fund, and any income from it, can fall as well as rise and investors may not get back the amount invested. Past performance is not a guide to future returns.

The specific risks associated with the Fund include:

- Bonds issued by companies and governments may be adversely affected by changes in interest rates, expectations of inflation and a decline in the creditworthiness of the bond issuer. The issuers of bonds in which the Fund invests may not be able to pay the bond income as promised or could fail to repay the capital amount.
- The Fund has exposure to foreign currencies and changes in the rates of exchange will cause the value of any investment, and income from it, to fall as well as rise and you may not get back the amount invested.
- Derivatives may be used to obtain, increase or reduce exposure to assets and may result in the Fund being leveraged. This may result in greater movements (down or up) in the price of shares in the Fund. It is not our intention that the use of derivatives will significantly alter the overall risk profile of the Fund.
- The Fund's concentrated portfolio relative to similar funds may result in large movements in the share price in the short term.
- Custody of assets involves a risk of loss if the custodian becomes insolvent or breaches duties of care.
- The Fund's share price can be volatile due to movements in the prices of the underlying holdings and the basis on which the Fund is priced.
- More than 35% of scheme property may be invested in securities issued or guaranteed by Governments and / or other organisations worldwide. For further details please see the Prospectus.
- Market values for illiquid securities which are 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 Fund might receive upon their sale. In certain circumstances it can be difficult to buy or sell the Fund's holdings and even small purchases or sales can cause their prices to move significantly, affecting the value of the Fund and the price of shares in the Fund
- Expenses are taken from the Fund's capital. This will reduce the capital value of the Fund. The figure for the current financial period has not yet been determined.

Further details of the risks associated with investing in the Fund can be found in the Key Investor Information Document, copies of which are available at bailliegifford.com, or the Prospectus which is available by calling the ACD.

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Contact Us

For further information about the Fund or Baillie Gifford’s range of OEICs, please contact us at the below address, call our Client Relations Team on 0800 917 2113 or 0131 275 3499 (your call may be recorded for training or monitoring purposes), visit our website at bailliegifford.com or email crtallenquiries@bailliegifford.com.

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