

BAILLIE GIFFORD

Baillie Gifford Investment Funds II ICVC

Annual Report and Financial Statements

for the year ended 30 June 2023



Contents

About the Company*	1
Statement of Authorised Corporate Director's Responsibilities	4
Statement of Depositary's Responsibilities and Report of the Depositary to the Shareholders	5
Report of the Independent Auditors	6
Accounting Policies	9
Risk Disclosures	11
Remuneration Report	13
Baillie Gifford Health Innovation Fund*	15
Baillie Gifford Japanese Income Growth Fund*	39
Baillie Gifford Sterling Aggregate Bond Fund*	67
Baillie Gifford Sustainable Growth Fund*	103
Baillie Gifford Sustainable Income Fund*	129
Baillie Gifford UK Equity Core Fund*	189
General Information	211
The Group's Funds	218

*Collectively these comprise the Authorised Corporate Director's Report as required by the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("COLL").

About the Company

Baillie Gifford Investment Funds II ICVC (Investment Company with Variable Capital) ('the Company') is an umbrella UK Open-Ended Investment Company ('OEIC') under regulation 14 (Authorisation) of the Open-Ended Investment Companies Regulations 2001. An OEIC is a collective investment vehicle in which your funds are pooled with those of other investors and spread across a portfolio of investments, thus reducing risk.

At 30 June 2023 the Company offered six sub-funds, and the range may be varied in the future. Each sub-fund is valued on a daily basis and is subject to different charging structures and subscription limits. All shares are single priced. Details of the sub-funds and the share classes are contained in the Prospectus, along with details of the switching facility available between sub-funds. The Prospectus was last revised on 30 June 2023 and the Instrument of Incorporation was last revised on 31 March 2023. Copies of the Prospectus or Instrument of Incorporation can be obtained from Baillie Gifford & Co Limited, the Authorised Corporate Director ('ACD') by contacting Client Relations.

The Company is registered in England and Wales, registered number IC001040, and the address of its Head Office is 1st Floor, Grimaldi House, 28 St James's Square, London SW1Y 4JH. The operation of the Company is governed by the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL') ('the Regulations'), its Instrument of Incorporation and its Prospectus.

The Company's shareholders are not liable for its debts beyond the amount subscribed. Each sub-fund is classed as a UK UCITS retail scheme under COLL.

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

Sub-fund Cross-holdings

At 30 June 2023 none of the shares in the sub-funds were held by any other sub-funds of the Company.

Assessment of Value for the Sub-funds

Under COLL 6.6.20R (1), Baillie Gifford & Co Limited, the ACD of the Company, must conduct an assessment at least annually for each UK authorised sub-fund it manages, of whether the payments out of the sub-funds set out in the prospectus are justified in the context of the overall value delivered to shareholders. This assessment of value must, as a minimum, consider seven criteria, namely: quality of service, performance, authorised fund manager costs, economies of scale, comparable market rates, comparable services and classes of shares. The latest report as at 31 July 2023 is available on the website at www.bailliegifford.com.

Amendments to Sub-fund Names and Investment Policies

With effect from 31 March 2023 the name of Baillie Gifford Global Stewardship Fund was changed to Baillie Gifford Sustainable Growth Fund and Baillie Gifford Multi Asset Income Fund was changed to Baillie Gifford Sustainable Income Fund. In addition, the investment policies for both Funds were amended to enhance and formalise the details of the sustainability characteristics which form part of the Funds' investment strategy.

Amendment to Investment Policy of Baillie Gifford UK Equity Core Fund

The investment policy of Baillie Gifford UK Equity Core Fund has been amended to reflect that Baillie Gifford will apply a norms-based evaluation to assess whether investments are in compliance with the Baillie Gifford United Nations Global Compact Exclusion Policy ("UNGC Exclusion Policy"), as more fully set out in Baillie Gifford's ESG Principles and Guidelines.

Changes to Share Classes in Baillie Gifford Japanese Income Growth Fund

With effect from 1 July 2022, Class Y Accumulation Shares in Baillie Gifford Japanese Income Growth Fund were converted to Class B Accumulation Shares in the same fund. With effect from 1 July 2022, Class Y

Income Shares in Baillie Gifford Japanese Income Growth Fund were converted to Class B Income Shares in the same fund.

About the Company cont.

Authorised Corporate Director

Baillie Gifford & Co Limited
(Authorised & regulated by the Financial Conduct Authority, Financial Services Register No. 119179)
Calton Square
1 Greenside Row
Edinburgh EH1 3AN
Telephone: 0800 917 2113
Fax: 0131 275 3955

Directors of the ACD

Executive

M J C Wylie (Chairman)
E Delaney
C M Fraser
L B S Haddow
D S McGowan
A J Telfer

Independent Non-Executive

K B M Bolsover
D R Buckley

Investment Adviser

Baillie Gifford & Co
(Authorised & regulated by the Financial Conduct Authority, Financial Services Register No. 142597)
Calton Square
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Depositary

NatWest Trustee and Depositary Services Limited
(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, Financial Services Register No. 794152)
Trustee & Depositary Services
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Registrar

Baillie Gifford & Co Limited
(Authorised & regulated by the Financial Conduct Authority, Financial Services Register No. 119179)
Calton Square
1 Greenside Row
Edinburgh EH1 3AN

Auditor

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh EH3 8EX

Baillie Gifford & Co Limited, the Authorised Corporate Director of the OEIC, is wholly owned by Baillie Gifford & Co. We only provide information about our products and do not provide investment advice.

Statement of Authorised Corporate Director's Responsibilities

The Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL') requires the Authorised Corporate Director to prepare financial statements for each interim and annual accounting period which give a true and fair view of the financial position of the Company and of its revenue and expenditure and of its net gains and losses on the property of the Company for the period. In preparing the financial statements the Authorised Corporate Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to the Financial Statements of UK Authorised Funds issued in 2014;
- follow generally accepted accounting principles and applicable accounting standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland";
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation; and
- take reasonable steps for the prevention and detection of fraud and irregularities.

The Authorised Corporate Director is responsible for the management of the Company in accordance with the Instrument of Incorporation, the Prospectus and the Regulations.

The Annual Report and Financial Statements were approved by the Authorised Corporate Director and signed on its behalf by:

M J C Wylie, *Chairman*
C M Fraser, *Director*
Baillie Gifford & Co Limited
31 August 2023

Statement of Depositary's Responsibilities and Report of the Depositary to the Shareholders of Baillie Gifford Investment Funds II ICVC ('the Company') for the Year Ended 30 June 2023

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of the shares of the Company is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations and;
- the instructions of the Authorised Fund Manager ('the AFM') are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the

information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

*National Westminster Bank Plc
Trustee & Depositary Services
Edinburgh
1 July 2023*

Independent Auditor's Report to the Shareholders of Baillie Gifford Investment Funds II ICVC

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Baillie Gifford Investment Funds II ICVC (the "Company"):

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 30 June 2023 and of the net revenue/expenses and the net capital gains/(losses) on the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Baillie Gifford Investment Funds II ICVC is an Open Ended Investment Company ('OEIC') with six sub-funds. The financial statements of the Company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheets as at 30 June 2023; the statements of total return and the statements of change in net assets attributable to shareholders for the year then ended; the distribution tables; the accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's or any sub-funds' ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's or any of the sub-funds' ability to continue as a going concern.

Our responsibilities and the responsibilities of the Authorised Corporate Director with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise

appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on our work undertaken in the course of the audit, the Collective Investment Schemes sourcebook requires us also to report certain opinions as described below.

Authorised Corporate Director's Report

In our opinion, the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of Authorised Corporate Director's Responsibilities, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's and each of the sub-funds' ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the Company or individual sub-fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance

with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Company or the sub-funds. Audit procedures performed included:

- Discussions with the Authorised Corporate Director, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Authorised Corporate Director's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
31 August 2023

Accounting Policies

(1) *Basis of accounting*

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with UK Generally Accepted Accounting Principles, the Instrument of Incorporation, the Statement of Recommended Practice ('SORP') 'Financial Statements of UK Authorised Funds' issued in May 2014, the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL'). Accounting policies within these financial statements are consistent with prior year policies.

The financial statements have been prepared on the going concern basis.

FRS 102 requires the Company to disclose, for the financial instruments held, the level within the fair value hierarchy that the fair value measurement of those instruments should be categorised. The fair value hierarchy is as follows:

- Level 1: The unadjusted quoted price in an active market for an identical instrument.
- Level 2: Valuation techniques using observable inputs other than quoted prices included within Level 1.
- Level 3: Valuation techniques using unobservable inputs.

(2) *Recognition of income*

Equities: Dividends on equities are recognised when the security is quoted ex-dividend. The ordinary element of stocks received in lieu of cash dividends is recognised as revenue and, where applicable, is included in the distributions. Special dividends are treated as repayments of capital or revenue depending on the facts of each particular case.

Debt securities: Income on debt securities is recognised on an effective interest basis by reference to the purchase price.

Collective investment schemes: Distributions and accumulations from holdings in collective investment schemes are recognised when the scheme units go ex-dividend or ex-interest. Amounts stated as equalisation on units in distributions are treated as a return of capital and deducted from the cost of investment. Where the manager of a scheme rebates a portion of the management fees suffered by that scheme this is recognised as revenue when the amount becomes due.

Swap Agreements: Income payable or receivable on swap agreements is accrued on a daily basis.

Deposits and other income: Interest on deposits is accounted for on an accruals basis. Underwriting commission is recognised when the issue takes place. Other income is accounted for on either an accruals or a receipts basis depending on the circumstances of each particular case.

Real Estate Investment Trusts: Distributions from Real Estate Investment Trusts (REITs) are recognised when the security is quoted as ex-dividend. Income is streamed between dividend income and property income distributions as appropriate.

(3) *Treatment of expenses*

All expenses, other than those relating to the purchase and sale of investments and custodian transaction costs, are charged to revenue. For Baillie Gifford Japanese Income Growth Fund, Baillie Gifford Sustainable Income Fund and Baillie Gifford Sterling Aggregate Bond Fund, for the purposes of the distributions, some or all the expenses, with the written agreement of the Depositary, are allocated to capital. For Baillie Gifford Japanese Income Growth Fund the allocation of expenses to capital relates solely to the ACD's annual fee. Details of the expenses allocated to capital are given in the relevant section of the sub-fund's accounts.

For all of the sub-funds, VAT is written off to the extent that it is not considered to be recoverable.

Where the ACD, at its sole discretion, considers the expenses within a sub-fund to be too high, the ACD may rebate some of those expenses to that sub-fund. Where the ACD pays a rebate to a sub-fund this will reduce the expenses within that sub-fund.

Accounting Policies cont.

(4) *Allocation of revenue and expenses to share classes*

Revenue is allocated when earned in the proportion of the net asset value of each share class to the total net asset value of the relevant sub-fund. Expenses incurred solely in respect of a share class are allocated directly to that class. Expenses incurred in respect of, or attributable to, the relevant sub-fund as a whole are allocated when incurred in the proportion of the net asset value of each share class to the total net asset value of the relevant sub-fund.

(5) *Distribution policies*

Distributions: Baillie Gifford Sustainable Income Fund distributes income monthly and pays dividend distributions. Baillie Gifford Sterling Aggregate Bond Fund distributes income quarterly and pays interest distributions. Baillie Gifford Japanese Income Growth Fund and Baillie Gifford UK Equity Core Fund distribute income six monthly and pay dividend distributions. Baillie Gifford Sustainable Growth Fund and Baillie Gifford Health Innovation Fund distribute income annually and pay dividend distributions. All sub-funds pay distributions out of income after the deduction of relevant expenses.

Equalisation on units in collective investment schemes: Equalisation declared on distributions/accumulations or reported for units held in collective investment schemes reduces the cost of investment and does not form part of the distribution/accumulation to shareholders.

(6) *Taxation*

Corporation tax is charged at 20% of the revenue liable to corporation tax less allowable expenses and, where applicable, interest distributions made. Revenue liable to corporation tax and allowable expenses are allocated for tax purposes to each share class as described in accounting policy 4. Where the allowable expenses for a share class are greater than the revenue liable to corporation tax for that share class, the excess allowable expenses are made available to the other share classes in proportion of their revenue liable to corporation tax. Baillie Gifford Sterling Aggregate Bond Fund satisfied the qualifying investments test of Statutory Instrument 2006/964 Authorised Investment Funds (Tax) Regulations 2006 Regulation 19 throughout the year. All distributions for this fund are therefore made as interest distributions.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax. Deferred tax assets are recognised only to the extent that the ACD considers that it is more likely than not that there will be taxable profits from which the underlying timing differences can be deducted. Deferred tax assets are not discounted.

(7) *Basis of valuation of investments*

The investments of the sub-funds have been valued at closing bid prices on 30 June 2023, or the Investment Adviser's valuation where indicated. Investments are valued using the fair value hierarchy, referenced in accounting policy 1.

(8) *Foreign exchange*

All foreign securities and currencies held at the year end have been translated into sterling at the rate of exchange ruling at 30 June 2023. Transactions during the year have been translated at the exchange rate ruling on the transaction date.

(9) *Financial Derivative Instruments*

Currency Contracts: Spot and forward currency contracts are marked to market daily and the change in value, if any, is recorded by the sub-fund as an unrealised gain or loss. Realised gains or losses equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed are recorded upon delivery or receipt of the currency or, if a spot or forward currency contract is offset by entering into another spot or forward currency contract with the same broker, upon settlement of the net gain or loss.

Futures Contracts: Futures contracts are marked to market daily and an appropriate gain or loss for the change in value ('variation margin') is recorded by the sub-fund as realised.

Swap Agreements: Swaps are marked to market daily based upon quotations from market makers and the change in value, if any, is recorded by the sub-fund as an unrealised gain or loss. A liquidation payment received or made at the termination of the swap is recorded as a realised gain or loss. Net periodic payments received by the sub-fund are included as part of realised gains or losses.

Risk Disclosures

General Risk Management Process

The Company's overall risk management process is the responsibility of the ACD. Risks which are specific to the sub-funds are managed by the ACD in accordance with the Risk Management Policy, with oversight by the Depositary. The ACD has established a risk management framework, including a permanent risk management function, to monitor the risks in relation to the sub-funds. Where appropriate, the risk management function builds on the existing parts of the risk management framework of the Investment Adviser to make use of expertise and advice, and avoid unnecessary duplication.

The risk profile of each of the sub-funds is considered by the ACD to determine the nature and extent of risk management procedures and assess the appropriateness of disclosures made to investors. The ACD then considers the material risks facing the sub-funds via the receipt of quarterly reports from the risk management function.

Sub-Fund Risk Profile

The risk profile of a sub-fund is determined using a number of factors including market risk (comprising foreign currency risk, interest rate risk and other price risk), credit risk, liquidity risk and operational risk. As described above, the ACD operates a risk management framework to oversee the risks that the sub-funds are exposed to and assess the sensitivity of a sub-fund's portfolio to these risks. The approach to managing these risks is set out below with oversight and monitoring provided by the ACD's risk management function.

Market risk

Market risk is the potential for changes in the market value of underlying investments in a sub-fund. This comprises foreign currency risk, interest rate risk and other price risk.

Asset allocation is determined by the Investment Adviser who ensures that the distribution of the sub-funds' assets is appropriate in terms of the investment objectives. Divergence from the target asset allocation is strictly controlled and the portfolio closely monitored in terms of risk.

Baillie Gifford Sustainable Growth Fund, Baillie Gifford Health Innovation Fund, Baillie Gifford Japanese Income Growth Fund and Baillie Gifford UK Equity Core Fund may use derivatives for the purposes of hedging (which includes efficient portfolio management) and also for the purposes of meeting its investment objectives.

For these sub-funds the Investment Adviser's use of derivatives is constrained to a level that this risk and exposure is within the prescribed limits. The Investment Adviser does not consider the use of derivatives to be either extensive and complex or significant for the sub-fund and accordingly no value at risk or sensitivity analysis information is given.

For Baillie Gifford Sustainable Income Fund and Baillie Gifford Sterling Aggregate Bond Fund, derivatives are used in keeping with each sub-fund's investment objective, with the intention of either protecting or enhancing the return of the sub-fund. The strategies used may include active currency management, bond curve strategies, interest rate strategies, asset allocation and market spread strategies; in addition, derivatives are used for the purposes of efficient portfolio management. The Investment Adviser makes use of these strategies as and when it considers it appropriate to do so. Derivative investments (which may be exchange-traded and/or off-exchange) are undertaken on a covered basis and the types of asset which underlie the derivative contract are appropriate in the context of each sub-fund's investment objective and policy. For each sub-fund the Investment Adviser's use of derivatives is constrained to a level that this risk and exposure, as measured by the relevant sub-fund's tracking error and Value at Risk, is within prescribed limits.

Foreign currency risk

The Investment Adviser has identified three principal areas where foreign currency risk could impact the sub-funds, being where movements in exchange rates affect the value of investments, short-term timing differences and the revenue received.

A proportion of the net assets of all the sub-funds are denominated in currencies other than sterling, with the effect that the balance sheet and total return can be affected by currency movements. The balance sheet currency exposure is disclosed in the Notes to the Financial Statements of each sub-fund, where appropriate.

Risk Disclosures cont.

The sub-funds may be subject to short-term exposure to exchange rate movements, for instance where the date of an investment purchase and the date when the settlement occurs are different. To reduce this risk the Investment Adviser will normally execute a foreign currency contract on the transaction date wherever practicable.

The sub-funds may receive revenue in currencies other than sterling and hence movements in exchange rates can affect the sterling value of this revenue. To minimise this risk, arrangements are in place to convert all revenue receipts to sterling on, or shortly after, the date of receipt.

Interest rate risk

Baillie Gifford Sustainable Income Fund and Baillie Gifford Sterling Aggregate Bond Fund are subject to interest rate risk because bond yields are linked to underlying bank rates or equivalents. The interest rate risk profile of the sub-funds' portfolios are disclosed in Note 15 of the Notes to the Financial Statements.

The majority of the financial assets of Baillie Gifford Sustainable Growth Fund, Baillie Gifford Health Innovation Fund, Baillie Gifford Japanese Income Growth Fund and Baillie Gifford UK Equity Core Fund are equities and other investments which neither pay interest nor have a maturity date. Therefore, these sub-funds' direct exposure to interest rate risk is not considered to be significant.

Other price risk

Market price risk arises mainly from uncertainty about future prices of the financial instruments held. It represents the potential loss the sub-funds might suffer through holding market positions in the face of price movements.

Investment markets can go down as well as up and market conditions can change rapidly. This means the value of an investor's holding may go down as well as up, and an investor may not recover the amounts invested especially if investments are not held for the long term. A market price decrease applied to the fund would result in a decrease on the net asset value of the Fund and vice versa.

Counterparty Credit risk

The Investment Adviser monitors both the creditworthiness of counterparties and the extent to which the counterparty risk is diversified. The organisations with whom derivative transactions are arranged are either top rated institutions themselves or subsidiaries of such institutions. The aim is to strike a balance between spreading counterparty risk amongst a number of institutions and keeping costs low by achieving economies of scale.

Stock settlement is normally on a delivery versus payment (DVP) basis where the payment for stock is due at the time of delivery. Where stock settlement is not on a DVP basis, additional procedures are in place and approvals required to manage the settlement risks that may arise.

Liquidity risk

Liquidity risk is the potential that there are insufficient realisable assets to cater for investor redemptions. Liquidity is managed by the Investment Advisor by taking into account the investment strategy, liquidity profile, and redemption policy of each sub-fund. The level of liquidity maintained by each sub-fund is appropriate to its underlying obligations based on an assessment of the relative liquidity of the sub-fund's assets in the market, taking account of the time required for liquidation and the price or value at which those assets can be liquidated, and their sensitivity to other market risks or factors.

Operational risk

Failure of Baillie Gifford's accounting 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. Baillie Gifford & Co have a comprehensive business continuity plan which facilitates continued operation of the business in the event of a service disruption or major disaster. The ACD reviews Baillie Gifford & Co's report on internal controls and the reports by other key third party providers.

Fair values

The financial assets and liabilities of the sub-funds are included in the valuation at market value, or at the Investment Adviser's valuation (as indicated in the portfolio statement of the sub-funds). These values have been determined by reference to prices available from the markets on which the instruments are traded.

Remuneration Report

Baillie Gifford & Co ('Baillie Gifford') maintains a Remuneration Policy (the 'Policy') which applies to group companies, including Baillie Gifford & Co Limited (the 'Company'), which is the group's sole UK UCITS management company for the range of UK UCITS operated within the group. The Policy is subject to review on at least an annual basis by the Management Committee of Baillie Gifford and the Board of the Company. Details of the policy are set out in the Remuneration Disclosure, updated in June 2023, and are summarised below.

Application of the UCITS Remuneration Code

The Company is required to identify individuals whose professional activities have a material impact on the risk profiles of the UK UCITS it manages (known as 'Material Risk Takers'), and the UCITS Remuneration Code requirements and disclosures apply to those individuals. The list of Material Risk Takers compiled by the Company principally covers governance and control functions.

The Company delegates portfolio management and certain administration roles to other entities, namely its parent Baillie Gifford and another affiliate Baillie Gifford Overseas Limited. These delegates are not required to comply with the UCITS Remuneration Code as they are subject to regulatory requirements on remuneration that are considered equally as effective as those applicable under the UCITS Remuneration Code.

General Principles of the Policy

The Company endeavours to reward staff fairly and appropriately for their contribution towards the success of the business and the level of service and performance delivered to its clients. The Policy is designed to be consistent with and promote sound and effective risk management and should not encourage risk-taking which is inconsistent with the risk profiles of the UK UCITS the Company manages. It is designed to be in line with the Company's strategy, objectives, values and the long-term interests of investors in the UK UCITS funds it manages. The Policy has been designed to avoid conflicts of interest and is subject to independent internal review by the compliance and risk functions. In order to achieve this, the remuneration of staff is reviewed annually, taking into account individual performance and market practice for the role being undertaken.

Governance of Remuneration

Baillie Gifford's Remuneration Policy is overseen by the group's Remuneration Committee. The Remuneration Committee in turn reports to the management body of Baillie Gifford, the Management Committee. The Board of the Company also oversees adherence to the UCITS Remuneration Code.

Approach to Remuneration

The key elements of staff remuneration are:

Fixed pay: salary and pension contributions. The aim is to offer compensation which is well positioned relative to the industry, supported by a positive working environment and strong culture.

The Annual Performance Award: an annual variable compensation award determined by performance measures that are important to the firm and its clients, with measures generally shared across the firm, weighted according to the role each member performs.

A Long-Term Profit Award: an annual variable compensation award distributing a proportion of the firm's profitability to all staff, reinforcing the collegiate culture and the sense of collective responsibility and purpose. Awards will rise and fall alongside the financial performance of the firm.

These elements are balanced to achieve an appropriate ratio between fixed and variable pay. The different levels within both performance-linked and profit awards offer the opportunity for people to progress over time, in line with changes to their role, responsibilities and contribution to the firm.

Additionally, the firm's deferral arrangements enhance this common sense of purpose and longer-term view by re-investing between 10% and 50% of any award into funds that broadly represent the overall investment approach of the firm.

Recent Changes to the Policy

Amendments to staff variable remuneration arrangements were introduced for the performance year commencing 1 April 2022 and are reflected in the structure outlined above. Full details of these arrangements can be found in the Remuneration Disclosure at www.bailliegifford.com.

Remuneration Report cont.

Remuneration Attributable to the Company

	Headcount	Total Remuneration ¹ £'000
Baillie Gifford Staff Remuneration Attributable to the Company		
Fixed remuneration	47	1,660
Variable remuneration	47	510
Remuneration paid to Material Risk Takers Attributable to the Company²		
Total remuneration	26	2,050

This remuneration disclosure has been provided at the level of Baillie Gifford & Co Limited as authorised fund manager of UCITS, as at 31 March 2023. Remuneration information at an individual AIF or UCITS level is not readily available.

¹The total remuneration is the proportion of overall remuneration for Baillie Gifford staff as it relates to the time spent on UCITS related activity for Baillie Gifford & Co Limited.

²All Material Risk Takers are senior managers or staff engaged in control functions of Baillie Gifford & Co Limited and therefore a breakdown of remuneration between senior management and other risk takers is not applicable.

BAILLIE GIFFORD

Baillie Gifford Health Innovation Fund

a sub-fund of Baillie Gifford Investment Funds II ICVC

*Annual Report & Financial Statements
for the year ended 30 June 2023*



Baillie Gifford Health Innovation Fund

Investment Objective

The Fund aims to outperform (after deduction of costs) the MSCI ACWI Index, as stated in sterling, by at least 2.5% per annum over rolling five-year periods.

Investment Policy

The Fund will invest at least 90% in shares of companies that through bringing innovation to human health, have the potential to deliver substantial improvements to health, lengthen lifespans and reduce healthcare costs. The Fund will invest in companies anywhere in the world and will not be restricted to companies in the healthcare sector as defined by any index. The Fund will be actively managed and will be concentrated typically comprising between 25 and 50 holdings.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.



Market conditions can change rapidly and a fund in any rank can lose you your investment. The Fund is classified as above as it invests in company shares.

The indicator does not take into account the following relevant material risks:

Over shorter time periods the Fund's share price can be volatile and returns can be much higher or lower than our five-year average target. There is no guarantee this objective will be achieved over any time period.

Investing in China may harm your investment due to difficulties with market volatility, political and economic instability including the risk of market shutdown, trading, liquidity, settlement, corporate governance, regulation, legislation and taxation.

In adverse market conditions it may be difficult to sell investments held by the fund in a timely manner and their value may fall significantly. This could affect how much money you receive and even delay the selling of your shares if dealing in the Fund is suspended.

Custody of assets involves a risk of loss if a custodian becomes insolvent or breaches duties of care.

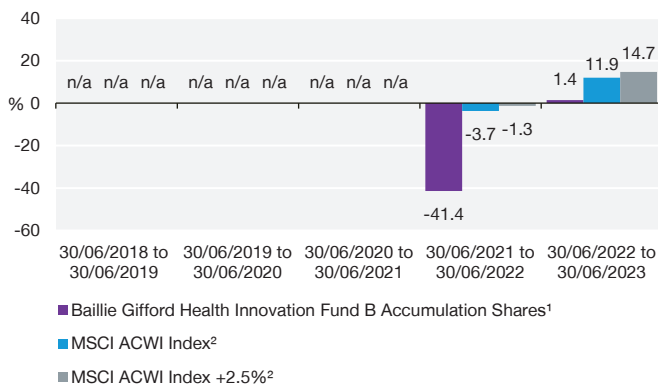
You could lose your investment due to global factors like natural disasters, pandemics, or through developments such as military conflict, or changes in government policies.

Where possible, charges are taken from income. If insufficient, the rest will be taken from capital, reducing the capital value of the Fund.

For a more detailed explanation of the risks, please see the "Risk Warnings" section of the prospectus.

Investment Report

Past Performance



The performance figures shown in this graph are for Class B Accumulation Shares. Performance figures reflect the annual management charge of 0.50%. There are not five full years of performance shown as the Fund was launched on 15 December 2020. Performance figures for the other share classes in issue can be obtained by contacting Client Relations. You should be aware that past performance is not a guide to future performance.

Past Performance

The investment objective of the Fund is to outperform (after deduction of costs) the MSCI ACWI Index (the 'Index') by at least 2.5% per annum (the 'target return') over rolling five-year periods. For the year to 30 June 2023, the return on B Accumulation Shares was 1.4%¹ compared to the Index of 11.9%² and the target return of 14.7%². We fully appreciate that this is disappointing whether you are a longstanding client or a newer investor in the Fund. While periods of underperformance are inevitable given our style of investment, none of us enjoy these. We believe that short-term performance measurements are of limited relevance in assessing investment ability and would suggest that five years is a more sensible timeframe over which to judge performance, a period in line with the Fund's objectives. We look forward to reporting to you on more meaningful performance time periods over the years to come.

Market Environment

Global stock markets regained some optimism yet remain concerned about the impact of higher interest rates and falling, yet persistent, inflation in many global economies. The cracks which have appeared, such as in the US banking sector, evidenced by the Silicon Valley Bank collapse in March, continue to have ripple effects for companies reliant on external funding. A rebound in the valuations of some growth companies has come paired with a focus on company resilience, as investor concerns are shifting to the threat of a potential recession.

Performance

Amidst this broader environment, the Fund underperformed both the index and its target on a relative basis, despite delivering positive absolute returns over the last 12 months. However, the technological advancements driven by portfolio companies in machine learning, genomic sequencing, and novel therapies, march on. These companies are showing clear signs of

¹Source: FE, 10am dealing prices, income accumulated. ²Source: Revolution and MSCI, total return in sterling terms. The target return outperformance is compounded daily therefore the Index return plus the outperformance will not equal the target return. Please see Disclaimer on page 214. You should be aware that past performance is not a guide to future performance.

Investment Report cont.

progress. Irrespective of market turbulence, it is this operational progress that will drive performance over the long term.

The top contributors to performance over this period were Shockwave Medical (Shockwave), Exact Sciences and Ambu. Shockwave design and manufacture medical devices that use sonic pressure waves to treat calcified blood vessels, a process called Coronary Intravascular Lithotripsy (IVL). Coronary IVL is faster, simpler, and safer than alternative procedures, which is propelling company growth, with revenues rising 72% year on year at first quarter results. Shockwave is well positioned to execute on the opportunity and to expand further into nascent international markets such as Japan, Germany, and China.

Exact Sciences develops tests for cancer that aim to provide an earlier diagnosis. Its stock price rose strongly over the year as it announced the trial results of its next-generation colorectal cancer screening test, Cologuard, which showed improved accuracy and a reduction in false positives. Its results were also positive, as revenues and margins grew. The company now expects to be free cash flow positive this year instead of next, as had initially been expected.

Ambu is a Danish company that produces single-use products, mainly used in operating theatres. The single-use scope has several advantages, such as lower infection risks and costs. The company has shown encouraging, steady growth over the last year, driven by its urology and ear, nose and throat (ENT) products. Ambu is improving its product portfolio and can continue to deliver on the clear structural growth opportunity in single-use devices as the potential use cases expand.

The top detractors from performance last year were Wuxi Biologics (Wuxi), Moderna, and ALK-Abello. Wuxi's share price fell over the year due to ongoing political tensions, lockdowns, and a tighter fundraising environment for biotechs. Based in China, Wuxi is one of the world's largest contract research, development, and manufacturing organisations (CRDMO) for biologic drugs. Despite the headwinds, Wuxi's pre-clinical and manufacturing edge has meant it continues to grow,

reporting revenue growth of 48% year on year in 2022. Wuxi is well-positioned to increase market share and continue to expand globally.

Moderna's shares were weak as the market continues to have doubts over the company's future beyond Covid-19 vaccine revenues. The pandemic has evidenced Moderna's position as the leader in messenger RiboNucleic Acid (mRNA) therapeutics, building a highly scalable technology platform. Moderna has 48 drug candidates in its pipeline, ranging from vaccines for flu, to rare diseases, to cancer. Their war chest of cash has left it well-placed, expanding its research, development, manufacturing, and commercial capabilities.

ALK-Abello, the Danish developer of allergy treatments, detracted from performance in the last 12 months. The company announced that the CEO will step down at the beginning of 2024, which followed weaker-than-expected European tablet sales, particularly in Germany and the Nordics. ALK-Abello continues to benefit from a strong position in a market with sizeable long-term growth prospects. However, we will closely monitor the management changes and their potential impact on execution risk.

Notable Transactions

We invested in two new companies in the period: STAAR Surgical, the leader in implantable lenses, and Doximity, the online networking service for medical professionals.

We sold four companies: PhenomeX (previously Berkeley Lights), Butterfly Network, BridgeBio, and the American Well Corp.

Baillie Gifford & Co, 14 July 2023.

Principal Holdings as at 30 June 2023

Investment	Percentage of total Fund
ShockWave Medical Inc	7.28
argenx	7.14
Genmab	6.91
Anylam Pharmaceuticals	6.04
Moderna Inc	5.73
Ambu	4.86
Exact Sciences	4.86
Dexcom Inc	4.55
Sartorius Pref.	4.37
Edwards Lifesciences Corp	4.29

Material Portfolio Changes for the year ended 30 June 2023

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
Doximity Inc	2,822	ShockWave Medical Inc	4,023
Staar Surgical	2,116	Abiomed	3,139
Moderna Inc	1,464	argenx	1,843
Exact Sciences	1,040	BridgeBio Pharma Inc	817
argenx	795	Genmab	686
Relay Therapeutics Inc	782	Alnylam Pharmaceuticals	589
Genmab	761	Sartorius Pref.	589
ShockWave Medical Inc	754	Moderna Inc	589
Alnylam Pharmaceuticals	628	Butterfly Network Inc	539
Sartorius Pref.	462	ResMed	482

Portfolio Statement as at 30 June 2023

Stock description	Holding	Market value £'000	% of total net assets
China - 2.62% (4.67%)			
Wuxi Biologics Cayman Inc	383,500	1,443	1.91
Zai Lab HK Line	255,180	538	0.71
Denmark - 15.38% (14.08%)			
ALK-Abello	190,414	1,639	2.17
Ambu	285,404	3,676	4.86
Ascendis Pharma ADR 1:1	15,476	1,086	1.44
Genmab	17,487	5,218	6.91
Germany - 4.37% (4.80%)			
Sartorius Pref.	12,157	3,304	4.37
Japan - 3.10% (4.16%)			
M3	138,600	2,345	3.10
Netherlands - 7.14% (8.66%)			
argenx	17,705	5,397	7.14
UK - 0.86% (0.83%)			
Exscientia Ltd ADR	139,292	645	0.86
United States - 65.68% (61.39%)			
10X Genomics Inc Class A	72,234	3,172	4.20
Alector Inc	67,398	318	0.42
Alnylam Pharmaceuticals	30,525	4,560	6.04
Denali Therapeutics	57,434	1,331	1.76
Dexcom Inc	34,002	3,437	4.55
Doximity Inc	84,584	2,262	2.99
Edwards Lifesciences Corp	43,721	3,244	4.29
Exact Sciences	49,771	3,675	4.86
Health Catalyst Inc	97,508	959	1.27
Illumina	19,789	2,917	3.86
Ionis Pharmaceuticals	56,724	1,830	2.42
Lyell Immunopharma Inc	132,192	330	0.44

Portfolio Statement as at 30 June 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Masimo Corp	16,377	2,119	2.80
Moderna Inc	45,340	4,333	5.73
Novocure Ltd	32,131	1,049	1.39
Oscar Health Inc	47,044	298	0.40
Recursion Pharmaceuticals Inc	161,582	948	1.26
Relay Therapeutics Inc	69,178	682	0.90
ResMed	11,404	1,960	2.59
Sage Therapeutics Inc	15,600	576	0.76
Sana Biotechnology Inc	27,447	128	0.17
ShockWave Medical Inc	24,509	5,500	7.28
STAAR Surgical	31,696	1,310	1.73
Teladoc	48,761	971	1.29
Veeva Systems Inc Class A	7,284	1,133	1.50
Vir Biotechnology Inc	30,686	592	0.78
Portfolio of investments		74,925	99.15
Net other assets - 0.85% (1.41%)		643	0.85
Net assets		75,568	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules, unless otherwise stated.

Figures in brackets refer to 30 June 2022.

Comparative Tables

Comparative Table: B Accumulation Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Period Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	65.98	111.93	100.00 ¹
Return before operating charges*	1.18	(45.48)	12.23
Operating charges	(0.38)	(0.47)	(0.30)
Return after operating charges*	0.80	(45.95)	11.93
Distributions	0.00	0.00	0.00
Retained distributions on accumulation shares	0.00	0.00	0.00
Closing net asset value per share	66.78	65.98	111.93
*After direct transaction costs of:	0.01	0.02	0.03
Performance:			
Return after charges	1.21%	(41.05)%	11.93%
Other Information:			
Closing net asset value (£'000)	44,741	46,463	68,610
Closing number of shares	66,997,869	70,421,771	61,298,305
Operating charges	0.53%	0.54%	0.54%
Direct transaction costs ³	0.01%	0.02%	0.05%
Prices:			
Highest share price (pence)	81.50	118.1	117.2
Lowest share price (pence)	65.46	57.83	88.92

Comparative Tables cont.

Comparative Table: B Income Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Period Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	65.98	111.93	100.00 ¹
Return before operating charges*	1.18	(45.48)	12.24
Operating charges	(0.38)	(0.47)	(0.31)
Return after operating charges*	0.80	(45.95)	11.93
Distributions on income shares	0.00	0.00	0.00
Closing net asset value per share	66.78	65.98	111.93
*After direct transaction costs of:	0.01	0.02	0.03
Performance:			
Return after charges	1.21%	(41.05)%	11.93%
Other Information:			
Closing net asset value (£'000)	10,275	10,628	10,278
Closing number of shares	15,385,894	16,107,741	9,182,602
Operating charges	0.53%	0.54%	0.57% ²
Direct transaction costs ³	0.01%	0.02%	0.05%
Prices:			
Highest share price (pence)	81.50	118.1	117.2
Lowest share price (pence)	65.46	57.83	88.92

Comparative Tables cont.

Comparative Table: C Accumulation Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Period Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	66.49	112.23	100.00 ¹
Return before operating charges*	1.17	(45.70)	12.26
Operating charges	(0.02)	(0.04)	(0.03)
Return after operating charges*	1.15	(45.74)	12.23
Distributions	(0.03)	(0.02)	(0.02)
Retained distributions on accumulation shares	0.03	0.02	0.02
Closing net asset value per share	67.64	66.49	112.23
*After direct transaction costs of:	0.01	0.02	0.03
Performance:			
Return after charges	1.73%	(40.76)%	12.23%
Other Information:			
Closing net asset value (£'000)	1	1	1
Closing number of shares	1,000	1,000	1,000
Operating charges	0.03%	0.04%	0.05%
Direct transaction costs ³	0.01%	0.02%	0.05%
Prices:			
Highest share price (pence)	82.20	118.5	117.3
Lowest share price (pence)	66.29	58.24	89.10

Comparative Tables cont.

Comparative Table: C Income Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Period Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	66.46	112.21	100.00 ¹
Return before operating charges*	1.16	(45.69)	12.26
Operating charges	(0.02)	(0.04)	(0.03)
Return after operating charges*	1.14	(45.73)	12.23
Distributions on income shares	(0.03)	(0.02)	(0.02)
Closing net asset value per share	67.57	66.46	112.21
*After direct transaction costs of:	0.01	0.02	0.03
Performance:			
Return after charges	1.72%	(40.75)%	12.23%
Other Information:			
Closing net asset value (£'000)	1	1	1
Closing number of shares	1,000	1,000	1,000
Operating charges	0.03%	0.04%	0.05%
Direct transaction costs ³	0.01%	0.02%	0.05%
Prices:			
Highest share price (pence)	82.10	118.5	117.3
Lowest share price (pence)	66.26	58.24	89.10

Comparative Tables cont.

Comparative Table: Y Accumulation Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Period Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	66.23	112.08	100.00 ¹
Return before operating charges*	1.18	(45.60)	12.24
Operating charges	(0.20)	(0.25)	(0.16)
Return after operating charges*	0.98	(45.85)	12.08
Distributions	0.00	0.00	0.00
Retained distributions on accumulation shares	0.00	0.00	0.00
Closing net asset value per share	67.21	66.23	112.08
*After direct transaction costs of:	0.01	0.02	0.03
Performance:			
Return after charges	1.48%	(40.91)%	12.08%
Other Information:			
Closing net asset value (£'000)	19,019	16,452	34,220
Closing number of shares	28,300,370	24,839,542	30,531,755
Operating charges	0.28%	0.28%	0.29%
Direct transaction costs ³	0.01%	0.02%	0.05%
Prices:			
Highest share price (pence)	81.80	118.3	117.3
Lowest share price (pence)	65.87	58.03	89.01

Comparative Tables cont.

Comparative Table: Y Income Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Period Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	66.23	112.08	100.00 ¹
Return before operating charges*	1.18	(45.60)	12.24
Operating charges	(0.20)	(0.25)	(0.16)
Return after operating charges*	0.98	(45.85)	12.08
Distributions on income shares	0.00	0.00	0.00
Closing net asset value per share	67.21	66.23	112.08
*After direct transaction costs of:	0.01	0.02	0.03
Performance:			
Return after charges	1.48%	(40.91)%	12.08%
Other Information:			
Closing net asset value (£'000)	1,531	1,125	1,148
Closing number of shares	2,277,531	1,698,022	1,023,837
Operating charges	0.28%	0.29%	0.29%
Direct transaction costs ³	0.01%	0.02%	0.05%
Prices:			
Highest share price (pence)	81.80	118.3	117.3
Lowest share price (pence)	65.87	58.03	89.01

¹The Fund launched on 15 December 2020.

²As at 30 June 2021 the ACD considered 0.54% to be a more indicative rate for the ongoing charges figure for Class B Shares.

³The Fund incurs broker commission and transfer taxes/stamp duty as a necessary part of buying and selling the Fund's underlying investments in order to achieve the investment objective. In the case of shares; broker commissions, transfer taxes and stamp duty may be paid by the Fund on transactions.

A dilution adjustment is made whenever dealings in the shares of the Fund result in shares being issued or cancelled by the Company. The adjustment will take account of any spread between the buying and selling prices of the Fund's investments and the costs (which may include dealing charges and taxes) of acquiring or disposing of such investments. Please note that the direct transaction cost disclosures above do not include the dilution adjustment charges. For further details on dilution adjustment charges please see the General Information section.

For further details on the costs associated with investing in the Fund please see the Enhanced Disclosure of Fund Costs and Charges document and Baillie Gifford's Funds Costs and Charges Summary, both of which are available on the website www.bailliegifford.com.

Financial Statements

Statement of Total Return for the year ended 30 June 2023

	Notes	2023		2022	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	1		1,158		(52,415)
Revenue	3	64		55	
Expenses	4	(390)		(440)	
Net revenue before taxation		(326)		(385)	
Taxation	5	(7)		(7)	
Net expense after taxation			(333)		(392)
Total return before distributions			825		(52,807)
Distributions	6		15		(27)
Change in net assets attributable to shareholders from investment activities			840		(52,834)

Statement of Change in Net Assets Attributable to Shareholders for the year ended 30 June 2023

	2023		2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		74,670		114,258
Amounts receivable on issue of shares	15,527		49,988	
Amounts payable on cancellation of shares	(15,492)		(36,799)	
Dilution adjustment		35		13,189
		23		57
Change in net assets attributable to shareholders from investment activities		840		(52,834)
Closing net assets attributable to shareholders		75,568		74,670

Financial Statements cont.

Balance Sheet as at 30 June 2023

	Notes	2023 £'000	2022 £'000
Assets:			
Fixed assets:			
Investments	13	74,925	73,619
Current assets:			
Debtors	8	57	266
Cash and bank balances	9	933	1,228
Total assets		75,915	75,113
Liabilities:			
Creditors:			
Bank overdrafts	9	(285)	(388)
Other creditors	10	(62)	(55)
Total liabilities		(347)	(443)
Net assets attributable to shareholders		75,568	74,670

Notes to the Financial Statements

1 Net capital gains/(losses)

	2023	2022
	£'000	£'000
Non-derivative securities	1,118	(52,536)
Currency gains/(losses)	43	129
Transaction costs	(3)	(8)
Net capital gains/(losses)	1,158	(52,415)

2 Purchases, sales and transaction costs

	2023	2022
	£'000	£'000
Purchases and transaction costs		
Gross purchases of equities excluding transaction costs	17,773	45,289
Commissions	3	9
Taxes	-	3
Total transaction costs on equity purchases ¹	3	12
Purchases including transaction costs	17,776	45,301

¹These amounts have been deducted in determining net capital gains/(losses).

	2023	2022
	%	%
Transaction costs as a percentage of principal amount		
Commission on equity purchases	0.02	0.02
Taxes on equity purchases	0.00	0.01

Notes to the Financial Statements cont.

2 Purchases, sales and transaction costs (continued)

	2023	2022
	£'000	£'000
Sales and transaction costs		
Gross sales of equities excluding transaction costs	17,591	31,898
Commissions	(4)	(8)
Taxes	-	(1)
Total transaction costs on equity sales ¹	(4)	(9)
Sales net of transaction costs	17,587	31,889

¹These amounts have been deducted in determining net capital gains/(losses).

	2023	2022
	%	%
Transaction costs as a percentage of principal amount		
Commission on equity sales	(0.02)	(0.03)
Taxes on equity sales	0.00	(0.00)

	2023		2022	
	£'000	% of average NAV	£'000	% of average NAV
Portfolio transaction costs				
Commissions	7	0.01	17	0.02
Taxes	-	0.00	4	0.00
Total direct transaction costs	7	0.01	21	0.02

	2023	2022
	%	%
Average portfolio dealing spread	0.15	0.10

The Fund incurs broker commission and transfer taxes/stamp duty as a necessary part of buying and selling the Fund's underlying investments in order to achieve the investment objective. In the case of shares, broker commissions, transfer taxes and stamp duty may be paid by the Fund on transactions.

Dilution adjustment charges, which do not form part of the direct transaction costs disclosures above, may be incurred as a result of trading in underlying funds. For further details on dilution adjustment charges please see the General Information section.

Dealing spread is the difference in the buying and selling prices of the underlying investments. Dealing spreads vary considerably depending on the transaction value and market sentiment. The Fund may have holdings in single priced funds. The notional spread on these holdings is not included in the average dealing spread calculated for this Fund.

Notes to the Financial Statements cont.

3 Revenue

	2023	2022
	£'000	£'000
Overseas dividends	50	55
Bank interest	14	-
Total revenue	64	55

4 Expenses

	2023	2022
	£'000	£'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	370	419
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee	6	7
Bank charges	6	6
	12	13
Other expenses:		
Audit fee	7	6
Professional fees	1	2
	8	8
Total expenses	390	440

5 Taxation

	2023	2022
	£'000	£'000
Analysis of charge in the year		
Corporation tax	-	-
Overseas tax	7	7
Total taxation	7	7

The Fund is subject to corporation tax at 20% (2022: 20%), however, the majority of dividends received by the Fund are not liable to corporation tax. Accordingly, the tax deductible expenses substantially exceed the taxable income of the Fund and, as a result, there is no corporation tax charge.

At 30 June 2023, the Fund had excess management expenses of £959,000 (2022: £582,000) which have not been recognised as a deferred tax asset. This is because the Fund is not expected to generate taxable income in a future period in excess of the deductible expenses of that future period and, accordingly, the Fund is unlikely to be able to reduce future tax liabilities through the use of existing excess expenses.

Notes to the Financial Statements cont.

5 Taxation (continued)

The tax charge is explained as follows:

	2023	2022
	£'000	£'000
Net expense before taxation	(326)	(385)
Net expense before taxation multiplied by the standard rate of corporation tax of 20% (2022: 20%)	(65)	(77)
Effects of:		
Non-taxable overseas dividends	(10)	(11)
Overseas tax on dividends	7	7
Excess management expenses	75	88
Total taxation	7	7

6 Distributions

	2023	2022
	£'000	£'000
Final to 30 June	-	-
Amounts deducted on cancellation of shares	(41)	(93)
Amounts added on issue of shares	26	120
Total distributions	(15)	27

The distributions take account of revenue transactions on the issue and cancellation of shares. Details of the distribution per share are set out in the Distribution Table.

7 Reconciliation of net revenue to net distributions for the year

	2023	2022
	£'000	£'000
Net revenue after taxation for the year	(333)	(392)
Add capital transfers for deficits of income	318	419
Add distributable revenue brought forward	-	-
Less distributable revenue carried forward	-	-
Net distributions for the year	(15)	27

8 Debtors

	2023	2022
	£'000	£'000
Receivable for issue of shares	53	263
Overseas tax recoverable	3	3
Other debtors	1	-
Total debtors	57	266

Notes to the Financial Statements cont.

9 Cash and bank balances

	2023	2022
	£'000	£'000
Sterling bank accounts	879	701
Foreign currency bank accounts	54	527
	933	1,228
Sterling bank accounts overdrawn	(285)	(388)
Total cash and bank balances	648	840

10 Other creditors

	2023	2022
	£'000	£'000
Payable for cancellation of shares	24	19
Due to the ACD or associates	27	26
Due to the Depositary or associates	2	3
Other accrued expenses	9	7
Total other creditors	62	55

Notes to the Financial Statements cont.

11 Related party transactions

Baillie Gifford & Co Limited, as ACD, is regarded as a related party by virtue of the services provided to the Company. Baillie Gifford & Co Limited acts as principal in respect of all transactions of shares in the Company, except where stocks are transferred on the issue or cancellation of shares. The aggregate monies received through issue and paid on cancellation are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts receivable and payable on the issue and cancellation of shares have been disclosed in notes 8 and 10 respectively.

Amounts paid to Baillie Gifford & Co Limited in respect of ACD fees are disclosed in note 4 with amounts due at the year end given in note 10.

Shares held by the ACD and associates of the ACD

The shares held by the ACD and associates of the ACD as a percentage of the Fund's NAV were:

	2023	2022
	%	%
ACD and associates of the ACD	0.00	0.00

12 Reconciliation of shares in issue

	Shares in issue as at 30.06.22	Shares issued	Shares cancelled	Shares converted	Shares in issue as at 30.06.23
B Accumulation Shares	70,421,771	13,977,441	(16,035,536)	(1,365,807)	66,997,869
B Income Shares	16,107,741	1,012,388	(1,734,628)	393	15,385,894
C Accumulation Shares	1,000	1,000	(1,000)	-	1,000
C Income Shares	1,000	1,000	(1,000)	-	1,000
Y Accumulation Shares	24,839,542	5,320,647	(3,218,287)	1,358,468	28,300,370
Y Income Shares	1,698,022	989,668	(410,159)	-	2,277,531

13 Basis of valuation

	2023	2022
	Assets	Assets
	£'000	£'000
Level 1: Quoted prices	74,925	73,619
Level 2: Observable market data	-	-
Level 3: Unobservable data	-	-
Total	74,925	73,619

Notes to the Financial Statements cont.

14 Derivatives and other financial instruments

Currency exposures

A significant proportion of the net assets of the Fund are denominated in currencies other than sterling, with the effect that the balance sheet and total return can be significantly affected by currency movements.

Currency	Net currency assets/(liabilities)			Net currency assets/(liabilities)		
	2023		Total	2022		Total
	Monetary exposures	Non-monetary exposures		Monetary exposures	Non-monetary exposures	
£'000	£'000	£'000	£'000	£'000	£'000	
Danish krone	-	10,533	10,533	-	9,350	9,350
Euro	-	8,701	8,701	-	10,052	10,052
Hong Kong dollar	-	1,981	1,981	-	3,488	3,488
Japanese yen	-	2,345	2,345	-	3,107	3,107
UK sterling	594	-	594	313	-	313
US dollar	54	51,365	51,419	527	47,622	48,149

Short term debtors and creditors have not been disclosed. Totals may not sum due to rounding.

The Fund invests in a generally diversified portfolio of assets. Consequently the ACD considers that a single measure of market sensitivity does not accurately reflect the risks faced by the Fund.

Distribution Table

Final distribution for the year ended 30 June 2023

Group 1 : shares purchased prior to 1 July 2022

Group 2 : shares purchased 1 July 2022 to 30 June 2023

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 31.08.23)	Distribution (paid/accumulated 31.08.22)
	30.06.23 pence per share	30.06.23 pence per share	30.06.23 pence per share	30.06.22 pence per share
B Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
B Income				
Group 1	-	-	-	-
Group 2	-	-	-	-
C Accumulation				
Group 1	0.03000	-	0.03000	0.02000
Group 2	0.03000	-	0.03000	0.02000
C Income				
Group 1	0.03000	-	0.03000	0.02000
Group 2	0.03000	-	0.03000	0.02000
Y Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Y Income				
Group 1	-	-	-	-
Group 2	-	-	-	-

BAILLIE GIFFORD

Baillie Gifford Japanese Income Growth Fund

a sub-fund of Baillie Gifford Investment Funds II ICVC

*Annual Report & Financial Statements
for the year ended 30 June 2023*



Baillie Gifford Japanese Income Growth Fund

Investment Objective

The Fund aims to outperform (after deduction of costs) the TOPIX, as stated in sterling, by at least 1% per annum over rolling five-year periods through a combination of income and capital growth whilst maintaining a yield higher than the TOPIX.

Investment Policy

The Fund will invest at least 90% in shares of Japanese companies of any size and in any sector. Japanese companies are companies which are listed, incorporated, domiciled or conduct a significant portion of their business in Japan. The Fund will be actively managed.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.



Market conditions can change rapidly and a fund in any rank can lose you your investment. The Fund is classified as above as it invests in company shares.

The indicator does not take into account the following relevant material risks:

Over shorter time periods the Fund's share price can be volatile and returns can be much higher or lower than our five-year average target. There is no guarantee this objective will be achieved over any time period.

In adverse market conditions it may be difficult to sell investments held by the Fund in a timely manner and their value may fall significantly. This could affect how much money you receive and even delay the selling of your shares if dealing in the Fund is suspended.

Custody of assets involves a risk of loss if a custodian becomes insolvent or breaches duties of care.

You could lose your investment due to global factors like natural disasters, pandemics, or through developments such as military conflict, or changes in government policies.

The manager can charge some, or all, of the management charge to the Fund's capital, reducing its value. This amount can vary from year to year.

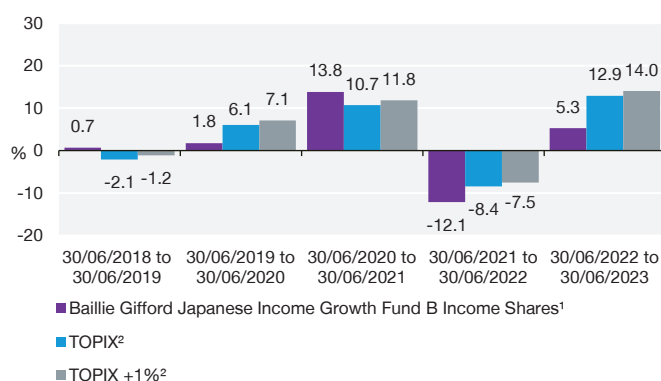
For a more detailed explanation of the risks, please see the "Risk Warnings" section of the prospectus.

Fees Allocated to Capital

For distribution purposes the ACD has the facility to allocate some or all of the annual management charge to capital. For the year to 30 June 2023 100% of the annual management charge was allocated to capital (year to 30 June 2022: 100%). This will reduce the capital value of the Fund. This number may vary from year to year.

Investment Report

Past Performance



The performance figures shown in this graph are for Class B Income Shares. Performance figures reflect the annual management charge 0.60%. Performance for the other share classes in issue can be obtained by contacting Client Relations. You should be aware that past performance is not a guide to future performance.

Past Performance

The investment objective of the Fund is to outperform (after deduction of costs) the TOPIX (the 'Index') by at least 1% per annum (the 'target return') over rolling five-year periods through a combination of income and capital growth whilst maintaining a portfolio yield higher than the TOPIX. For the year to 30 June 2023 the return on B Income Shares was 5.3%¹ compared to the return on the Index of 12.9%² and the target return of 14.0%². The yield on the portfolio was 2.7%³ compared to the yield on the Index of 2.4%³. We fully appreciate that this is disappointing whether you are a longstanding client or a newer investor in the Fund. While periods of underperformance are inevitable given our style of investment, none of us enjoy these. We believe that short-term performance measurements are of limited relevance in assessing investment ability and would suggest that five years is a more sensible timeframe over which to judge performance, a period in line with the Fund's objectives. Over that period, the annualised return on B Income Shares was 1.5%¹ compared to the Index of 3.5%² and the target return of 4.5%². It is disappointing

that over this period the Fund has underperformed its target return. Returns have been impacted by recent, short-term weakness.

Market Environment

The prospect of defeating three decades of deflation; the rise in consumption following the lifting of Covid-19 restrictions; and renewed efforts of unlocking corporate value by the Tokyo Stock Exchange, all helped buoy international enthusiasm for Japanese equities during the twelve-month period. Warren Buffet's additional allocation to Japan's leading trading companies, and the concentrated rally in semiconductor-related hard tech companies, added further fuel to the fire.

The rally in tech hardware was particularly noteworthy. Enthusiasm surrounding ChatGPT, artificial general intelligence and a commensurately encouraging profit forecast, saw NVIDIA briefly become the world's fifth trillion-dollar market cap company earlier this year, on demand expectations. The share prices of related Japanese semiconductor companies quickly rose in concert, helping some of our holdings in the process.

¹Source: FE, 10am dealing prices, income reinvested. ²Source: Revolution and relevant underlying index provider, total return in sterling terms. The target return outperformance is compounded daily therefore the Index return plus the outperformance will not equal the target return. Please see Disclaimer on page 214. ³Source: Style Analytics and Tokyo Stock Exchange, forecast dividend yield, reweighted to 100% to exclude stocks without yield data. You should be aware that past performance is not a guide to future performance.

Investment Report cont.

Conversations with Masayoshi Son, the founder of SoftBank - owner of Arm, a company which has effectively monopolised architectural design for semiconductors - corroborates broader expectations that Artificial Intelligence (AI) is accelerating at an unprecedented pace and is likely to have a significant impact on society, akin to the advent of the mobile phone or PC. This presents an exciting longer-term opportunity for Japan, given the demographic profile of the country and the need to find labour saving solutions.

Performance

Market performance was widely driven by a handful of stocks: large cap financials on the prospect of tightening monetary policy; trading companies, on strong commodity prices and backing by Berkshire Hathaway; and semiconductor companies. This helped some of our holdings, with insurance business Tokio Marine and trading companies Itochu, Mitsui and Toyota Tsusho all posting strong share price gains during the period. Zero exposure to others within these sectors, such as megabanks Mitsubishi UFG, Sumitomo Financial Group and trading companies Mitsubishi Corp and Marubeni, however, hurt relative returns. Although these cyclicals have benefited because of various economic drivers, we believe that many of them remain structurally challenged in the long-term.

The hard tech rally helped some of the stocks within the Fund, such as Murata, a mass precision manufacturer of ceramic components, Denso, which has been developing chips for autonomous vehicles in a joint venture with Toyota (called MIRISE Technologies), and SoftBank, due to semiconductor architectural design company Arm. However, our nil weight in other leading semiconductor companies such as Renesas, Shin-Etsu and Advantest hurt relative returns.

Other notable contributors to performance include DMG Mori, a leading global machine tool manufacturer. We met with management recently and were enthused by the prospects for its industry-leading five-axis machines.

Detractors to performance, in addition to the acts of omission mentioned above, include Wacom, a leader in digital pens and touch input, which saw its share price slide after posting weak earnings. The company saw a significant boost to demand during Covid-19, which has since been in decline. In the long-term, we believe they will continue to come up with innovative tools to assist our digital interplay. During our last visit, for example, we witnessed various prototypes of virtual reality drawing tools, a foldable screen that you can write on and a slick electronic whiteboard. Finally, cereal and snack maker Calbee was also weak after experiencing a profit squeeze from higher input costs.

Notable Transactions

During the period we invested in three new companies: Z Holdings, Nihon M&A and Milbon.

Z Holdings is a company with opportunities in ecommerce, advertising and cashless payments. The company formed from the merger of Yahoo Japan (one of Japan's leading online media and ecommerce businesses) and Line (the dominant online messaging platform in Japan). Its cashless payments potential comes from its stake in PayPay, the leading e-money platform in Japan. We believe that there are significant benefits to be realised from combining these businesses and that they have the potential to be much larger in the future as the shift to online activity continues and as growth synergies are realised. Nihon M&A is Japan's leading boutique mergers and acquisitions advisory business, which is targeting small and medium-sized enterprises. The company is turning the threat of demographics into an opportunity by addressing the succession issue by finding buyers for Japan's ageing CEO sellers. Finally, Milbon is a Japanese manufacturer of professional hair care products tailored to the Asian consumer. The company also provides training and consulting services to salons to help them grow their top line (through new techniques and treatments), which in the process, solidifies their competitive edge. This has been a successful approach in Japan, which they now intend to replicate within China, presenting an exciting long-term growth opportunity.

Investment Report cont.

These new purchases were funded from the sale of INPEX, Japan's leading exploration and production oil and gas business which we believe faces significant headwinds ahead, and Sankyo Gunma, a manufacturer of pachinko machines after a significant re-rating has created doubts in its ability to double its share price from this point on.

Baillie Gifford & Co, 13 July 2023

Principal Holdings as at 30 June 2023

Investment	Percentage of total Fund
SoftBank Group	4.51
FANUC	4.24
Itochu Corp	3.71
Sumitomo Mitsui Trust	3.59
Denso	3.54
SBI Holdings	3.48
DMG Mori	3.43
Bridgestone	3.42
MS&AD Insurance	3.25
Tokio Marine Holdings Inc	3.23

Material Portfolio Changes for the year ended 30 June 2023

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
Shiseido	4,376	INPEX	17,190
Z Holdings Corp	3,781	Sankyo Gunma	9,829
Milbon	3,592	Sompo Holdings	9,570
Nihon M&A	3,517	Tokio Marine Holdings Inc	9,445
Rakuten	2,971	MS&AD Insurance	9,241
CyberAgent Inc	2,410	FANUC	5,610
MonotaRO Co	2,214	Bank Of Kyoto	4,925
FANUC	1,761	Sumitomo Mitsui Trust	4,848
Bridgestone	1,182	SoftBank Group	4,815
SBI Holdings	1,107	Denso	4,405

Portfolio Statement as at 30 June 2023

Stock description	Holding	Market value £'000	% of total net assets
Commerce - 10.49% (8.83%)			
Itochu Corp	870,300	26,935	3.71
Misumi	432,400	6,751	0.93
Mitsui	511,300	15,056	2.07
MonotaRO Co	716,200	7,105	0.98
Seria Co Ltd	552,700	6,906	0.95
Sugi Holdings	216,200	7,554	1.04
Toyota Tsusho Corp	151,300	5,878	0.81
Finance & Insurance - 18.23% (20.23%)			
Bank Of Kyoto	469,400	18,346	2.53
Japan Exchange Group	803,400	10,965	1.51
MS&AD Insurance	849,600	23,562	3.25
SBI Holdings	1,674,900	25,235	3.48
Sompo Holdings	133,200	4,682	0.64
Sumitomo Mitsui Trust	937,000	26,072	3.59
Tokio Marine Holdings Inc	1,301,900	23,487	3.23
Manufacturing - 49.60% (47.95%)			
Bridgestone	774,700	24,840	3.42
Calbee Inc	1,174,000	17,423	2.40
Denso	489,000	25,667	3.54
DMG Mori	1,837,000	24,873	3.43
FANUC	1,123,900	30,777	4.24
Kao	454,900	12,908	1.78
Kubota	1,770,000	20,218	2.78
Kyocera	239,900	10,172	1.40
Makita Corporation	299,000	6,567	0.90
Milbon	127,000	3,396	0.47
Murata	299,300	13,415	1.85
Nidec	150,500	6,425	0.89
Nintendo	547,800	19,503	2.69
Nippon Electric Glass	418,500	5,763	0.79
OSG Corp	874,300	9,794	1.35
Pigeon	955,900	10,324	1.42

Portfolio Statement as at 30 June 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Pola Orbis Holdings Inc	2,052,900	23,405	3.22
Sato Holdings	845,100	8,959	1.23
Sawai Group Holdings Co Ltd	191,400	3,776	0.52
Shiseido	529,900	18,724	2.58
SMC	21,100	9,126	1.26
Sumitomo Metal Mining Co Ltd	616,100	15,527	2.14
System Corp	222,100	11,847	1.63
Unicharm	557,900	16,216	2.23
Wacom Co Ltd	3,275,000	10,480	1.44
Mining - 0.00% (2.15%)			
Real Estate - 4.19% (4.80%)			
Industrial & Infrastructure Fund	14,251	11,757	1.62
Park24 Co Ltd	992,500	10,543	1.45
Tokyo Tatemono	804,500	8,102	1.12
Services - 7.38% (7.29%)			
CyberAgent Inc	1,184,500	6,755	0.93
Infomart Corp	2,996,500	5,349	0.74
Kakaku.com	814,200	9,141	1.26
Mixi Inc	1,194,200	17,385	2.39
Nihon M&A	584,500	3,494	0.48
Rakuten	2,526,400	6,861	0.94
USS Co	357,500	4,626	0.64
Transport And Communications - 9.33% (8.50%)			
Broadleaf	1,324,500	3,316	0.46
Colopl Inc	1,454,300	5,144	0.71
GMO Internet	1,569,000	23,481	3.23
SoftBank Corp KK	1,155,000	9,680	1.33
SoftBank Group	626,400	23,088	3.18
Z Holdings Corp	1,629,900	3,073	0.42
Portfolio of investments		720,454	99.22

Portfolio Statement as at 30 June 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Net other assets - 0.78% (0.25%)		5,664	0.78
Net assets		726,118	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules, unless otherwise stated.

Figures in brackets refer to 30 June 2022.

Comparative Tables

Comparative Table: B Accumulation Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	146.40	165.63	144.90
Return before operating charges*	7.25	(18.23)	21.74
Operating charges	(0.96)	(1.00)	(1.01)
Return after operating charges*	6.29	(19.23)	20.73
Distributions	(3.74)	(3.96)	(3.20)
Retained distributions on accumulation shares	3.74	3.96	3.20
Closing net asset value per share	152.69	146.40	165.63
*After direct transaction costs of:	0.02	0.02	0.02
Performance:			
Return after charges	4.30%	(11.61)%	14.31%
Other Information:			
Closing net asset value (£'000)	254,333	225,678	433,167
Closing number of shares	166,567,828	154,152,931	261,523,213
Operating charges	0.62%	0.62%	0.62%
Direct transaction costs ¹	0.01%	0.01%	0.01%
Prices:			
Highest share price (pence)	163.3	178.2	175.4
Lowest share price (pence)	143.8	140.2	137.3

Comparative Tables cont.

Comparative Table: B Income Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	127.88	148.58	132.52
Return before operating charges*	6.33	(16.25)	19.87
Operating charges	(0.83)	(0.90)	(0.89)
Return after operating charges*	5.50	(17.15)	18.98
Distributions on income shares	(3.26)	(3.55)	(2.92)
Closing net asset value per share	130.12	127.88	148.58
*After direct transaction costs of:	0.01	0.01	0.01
Performance:			
Return after charges	4.30%	(11.54)%	14.32%
Other Information:			
Closing net asset value (£'000)	73,630	87,863	155,160
Closing number of shares	56,586,874	68,707,270	104,427,415
Operating charges	0.62%	0.62%	0.62%
Direct transaction costs ¹	0.01%	0.01%	0.01%
Prices:			
Highest share price (pence)	141.7	159.9	159.6
Lowest share price (pence)	125.6	125.1	125.6

Comparative Tables cont.

Comparative Table: C Accumulation Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	124.47	139.98	121.74
Return before operating charges*	6.16	(15.48)	18.27
Operating charges	(0.03)	(0.03)	(0.03)
Return after operating charges*	6.13	(15.51)	18.24
Distributions	(3.19)	(3.35)	(2.70)
Retained distributions on accumulation shares	3.19	3.35	2.70
Closing net asset value per share	130.60	124.47	139.98
*After direct transaction costs of:	0.01	0.01	0.01
Performance:			
Return after charges	4.92%	(11.08)%	14.98%
Other Information:			
Closing net asset value (£'000)	1	1	1
Closing number of shares	1,000	1,000	1,000
Operating charges	0.02%	0.02%	0.02%
Direct transaction costs ¹	0.01%	0.01%	0.01%
Prices:			
Highest share price (pence)	139.4	150.8	147.9
Lowest share price (pence)	122.5	119.2	115.4

Comparative Tables cont.

Comparative Table: W4 Accumulation Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	147.88	167.00	145.84
Return before operating charges*	7.33	(18.42)	21.89
Operating charges	(0.69)	(0.70)	(0.73)
Return after operating charges*	6.64	(19.12)	21.16
Distributions	(3.79)	(3.99)	(3.22)
Retained distributions on accumulation shares	3.79	3.99	3.22
Closing net asset value per share	154.52	147.88	167.00
*After direct transaction costs of:	0.02	0.02	0.02
Performance:			
Return after charges	4.49%	(11.45)%	14.51%
Other Information:			
Closing net asset value (£'000)	151,412	169,134	12
Closing number of shares	97,992,037	114,373,528	6,888
Operating charges	0.44%	0.43%	0.45%
Direct transaction costs ¹	0.01%	0.01%	0.01%
Prices:			
Highest share price (pence)	165.2	179.7	176.7
Lowest share price (pence)	145.4	141.6	138.2

Comparative Tables cont.

Comparative Table: W4 Income Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	129.23	149.87	133.44
Return before operating charges*	6.40	(16.43)	20.03
Operating charges	(0.60)	(0.63)	(0.67)
Return after operating charges*	5.80	(17.06)	19.36
Distributions on income shares	(3.30)	(3.58)	(2.93)
Closing net asset value per share	131.73	129.23	149.87
*After direct transaction costs of:	0.01	0.01	0.01
Performance:			
Return after charges	4.49%	(11.38)%	14.51%
Other Information:			
Closing net asset value (£'000)	246,742	305,711	372,742
Closing number of shares	187,301,823	236,557,114	248,706,430
Operating charges	0.44%	0.43%	0.45%
Direct transaction costs ¹	0.01%	0.01%	0.01%
Prices:			
Highest share price (pence)	143.4	161.3	160.8
Lowest share price (pence)	127.0	126.4	126.5

Comparative Tables cont.

Comparative Table: Y Accumulation Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	146.95	166.26	145.45
Return before operating charges*	(146.95)	(18.30)	21.81
Operating charges	n/a	(1.01)	(1.00)
Return after operating charges*	(146.95)	(19.31)	20.81
Distributions	n/a	(3.98)	(3.21)
Retained distributions on accumulation shares	n/a	3.98	3.21
Closing net asset value per share	0.00²	146.95	166.26
*After direct transaction costs of:	n/a	0.02	0.02
Performance:			
Return after charges	n/a	(11.61)%	14.31%
Other Information:			
Closing net asset value (£'000)	n/a	660	867
Closing number of shares	n/a	448,969	521,619
Operating charges	n/a	0.62%	0.62%
Direct transaction costs ¹	n/a	0.01%	0.01%
Prices:			
Highest share price (pence)	n/a	178.9	176.0
Lowest share price (pence)	n/a	140.7	137.8

Comparative Tables cont.

Comparative Table: Y Income Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	128.38	149.16	133.04
Return before operating charges*	(128.38)	(16.32)	19.95
Operating charges	n/a	(0.90)	(0.91)
Return after operating charges*	(128.38)	(17.22)	19.04
Distributions on income shares	n/a	(3.56)	(2.92)
Closing net asset value per share	0.00²	128.38	149.16
*After direct transaction costs of:	n/a	0.01	0.01
Performance:			
Return after charges	n/a	(11.54)%	14.31%
Other Information:			
Closing net asset value (£'000)	n/a	5,361	5,979
Closing number of shares	n/a	4,175,546	4,008,381
Operating charges	n/a	0.62%	0.62%
Direct transaction costs ¹	n/a	0.01%	0.01%
Prices:			
Highest share price (pence)	n/a	160.5	160.2
Lowest share price (pence)	n/a	125.6	126.1

¹The Fund incurs broker commission and transfer taxes/stamp duty as a necessary part of buying and selling the Fund's underlying investments in order to achieve the investment objective. In the case of shares; broker commissions, transfer taxes and stamp duty may be paid by the Fund on transactions.

A dilution adjustment is made whenever dealings in the shares of the Fund result in shares being issued or cancelled by the Company. The adjustment will take account of any spread between the buying and selling prices of the Fund's investments and the costs (which may include dealing charges and taxes) of acquiring or disposing of such investments. Please note that the direct transaction cost disclosures above do not include the dilution adjustment charges. For further details on dilution adjustment charges please see the General Information section.

For further details on the costs associated with investing in the Fund please see the Enhanced Disclosure of Fund Costs and Charges document and Baillie Gifford's Funds Costs and Charges Summary, both of which are available on the website www.bailliegifford.com.

²With effect from 1 July 2022, Class Y Shares were converted to class B Shares.

Financial Statements

Statement of Total Return for the year ended 30 June 2023

	Notes	2023		2022	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	1		22,810		(124,241)
Revenue	3	21,620		25,351	
Expenses	4	(4,119)		(4,714)	
Net revenue before taxation		17,501		20,637	
Taxation	5	(2,154)		(2,535)	
Net revenue after taxation			15,347		18,102
Total return before distributions			38,157		(106,139)
Distributions	6		(19,329)		(22,695)
Change in net assets attributable to shareholders from investment activities			18,828		(128,834)

Statement of Change in Net Assets Attributable to Shareholders for the year ended 30 June 2023

	2023		2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		794,408		967,928
Amounts receivable on issue of shares	77,082		84,018	
Amounts payable on cancellation of shares	(174,366)		(139,535)	
		(97,284)		(55,517)
Dilution adjustment		153		53
Change in net assets attributable to shareholders from investment activities		18,828		(128,834)
Retained distributions on accumulation shares		10,013		10,778
Closing net assets attributable to shareholders		726,118		794,408

Financial Statements cont.

Balance Sheet as at 30 June 2023

	Notes	2023 £'000	2022 £'000
Assets:			
Fixed assets:			
Investments	13	720,454	792,424
Current assets:			
Debtors	8	3,221	6,692
Cash and bank balances	9	14,040	13,736
Total assets		737,715	812,852
Liabilities:			
Creditors:			
Bank overdrafts	9	(4,994)	(7,793)
Distributions payable		(5,830)	(8,580)
Other creditors	10	(773)	(2,071)
Total liabilities		(11,597)	(18,444)
Net assets attributable to shareholders		726,118	794,408

Notes to the Financial Statements

1 Net capital gains/(losses)

	2023	2022
	£'000	£'000
Non-derivative securities	23,639	(123,886)
Currency gains/(losses)	(819)	(348)
Transaction costs	(10)	(7)
Net capital gains/(losses)	22,810	(124,241)

2 Purchases, sales and transaction costs

	2023	2022
	£'000	£'000
Purchases and transaction costs		
Gross purchases of equities excluding transaction costs	46,296	111,665
Commissions	12	31
Taxes	-	-
Total transaction costs on equity purchases ¹	12	31
Purchases including transaction costs	46,308	111,696

¹These amounts have been deducted in determining net capital gains/(losses).

	2023	2022
	%	%
Transaction costs as a percentage of principal amount		
Commission on equity purchases	0.03	0.03
Taxes on equity purchases	0.00	0.00

	2023	2022
	£'000	£'000
Sales and transaction costs		
Gross sales of equities excluding transaction costs	141,950	148,049
Commissions	(33)	(43)
Taxes	-	-
Total transaction costs on equity sales ¹	(33)	(43)
Sales net of transaction costs	141,917	148,006

¹These amounts have been deducted in determining net capital gains/(losses).

Notes to the Financial Statements cont.

2 Purchases, sales and transaction costs (continued)

	2023	2022
	%	%
Transaction costs as a percentage of principal amount		
Commission on equity sales	(0.02)	(0.03)
Taxes on equity sales	0.00	0.00

	2023		2022	
	£'000	% of average NAV	£'000	% of average NAV
Portfolio transaction costs				
Commissions	45	0.01	74	0.01
Taxes	-	0.00	-	0.00
Total direct transaction costs	45	0.01	74	0.01

	2023	2022
	%	%
Average portfolio dealing spread	0.05	0.08

The Fund incurs broker commission and transfer taxes/stamp duty as a necessary part of buying and selling the Fund's underlying investments in order to achieve the investment objective. In the case of shares, broker commissions, transfer taxes and stamp duty may be paid by the Fund on transactions.

Dilution adjustment charges, which do not form part of the direct transaction costs disclosures above, may be incurred as a result of trading in underlying funds. For further details on dilution adjustment charges please see the General Information section.

Dealing spread is the difference in the buying and selling prices of the underlying investments. Dealing spreads vary considerably depending on the transaction value and market sentiment. The Fund may have holdings in single priced funds. The notional spread on these holdings is not included in the average dealing spread calculated for this Fund.

3 Revenue

	2023	2022
	£'000	£'000
Overseas dividends	21,620	25,351
Total revenue	21,620	25,351

Notes to the Financial Statements cont.

4 Expenses

	2023	2022
	£'000	£'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	3,993	4,564
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee	55	55
Bank charges	62	76
Bank overdraft interest	1	13
	118	144
Other expenses:		
Audit fee	8	6
Total expenses	4,119	4,714

5 Taxation

	2023	2022
	£'000	£'000
Analysis of charge in the year		
Corporation tax	-	-
Overseas tax	2,154	2,535
Total taxation	2,154	2,535

The Fund is subject to corporation tax at 20% (2022: 20%), however, the majority of dividends received by the Fund are not liable to corporation tax. Accordingly, the tax deductible expenses substantially exceed the taxable income of the Fund and, as a result, there is no corporation tax charge.

At 30 June 2023, the Fund had excess management expenses of £19,783,000 (2022: £16,169,000) which have not been recognised as a deferred tax asset. This is because the Fund is not expected to generate taxable income in a future period in excess of the deductible expenses of that future period and, accordingly, the Fund is unlikely to be able to reduce future tax liabilities through the use of existing excess expenses.

Notes to the Financial Statements cont.

5 Taxation (continued)

The tax charge is explained as follows:

	2023	2022
	£'000	£'000
Net revenue before taxation	17,501	20,637
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% (2022: 20%)	3,500	4,127
Effects of:		
Non-taxable overseas dividends	(4,212)	(4,953)
Overseas tax on dividends	2,154	2,535
Excess management expenses	723	838
Expense relief claimed on overseas tax	(11)	(12)
Total taxation	2,154	2,535

6 Distributions

	2023	2022
	£'000	£'000
Interim to 31 December	5,030	4,865
Final to 30 June	13,393	17,114
	18,423	21,979
Amounts deducted on cancellation of shares	1,312	1,266
Amounts added on issue of shares	(406)	(550)
Total distributions	19,329	22,695

The distributions take account of revenue transactions on the issue and cancellation of shares. Details of the distributions per share are set out in the Distribution Tables.

7 Reconciliation of net revenue to net distributions for the year

	2023	2022
	£'000	£'000
Net revenue after taxation for the year	15,347	18,102
Add expenses allocated to capital	3,993	4,564
Add distributable revenue brought forward	13	42
Less distributable revenue carried forward	(24)	(13)
Net distributions for the year	19,329	22,695

Notes to the Financial Statements cont.

8 Debtors

	2023	2022
	£'000	£'000
Receivable for issue of shares	291	1,479
Accrued income	2,926	5,208
VAT recoverable	4	5
Total debtors	3,221	6,692

9 Cash and bank balances

	2023	2022
	£'000	£'000
Sterling bank accounts	10,510	11,941
Foreign currency bank accounts	3,530	1,795
	14,040	13,736
Sterling bank accounts overdrawn	(4,994)	(7,793)
Total cash and bank balances	9,046	5,943

10 Other creditors

	2023	2022
	£'000	£'000
Payable for cancellation of shares	140	667
Purchases awaiting settlement	297	1,049
Due to the ACD or associates	309	328
Due to the Depositary or associates	17	18
Other accrued expenses	10	9
Total other creditors	773	2,071

Notes to the Financial Statements cont.

11 Related party transactions

Baillie Gifford & Co Limited, as ACD, is regarded as a related party by virtue of the services provided to the Company. Baillie Gifford & Co Limited acts as principal in respect of all transactions of shares in the Company, except where stocks are transferred on the issue or cancellation of shares. The aggregate monies received through issue and paid on cancellation are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts receivable and payable on the issue and cancellation of shares have been disclosed in notes 8 and 10 respectively.

Amounts paid to Baillie Gifford & Co Limited in respect of ACD fees are disclosed in note 4 with amounts due at the year end given in note 10.

Shares held by the ACD and associates of the ACD

The shares held by the ACD and associates of the ACD as a percentage of the Fund's NAV were:

	2023	2022
	%	%
ACD and associates of the ACD	0.00	0.00

12 Reconciliation of shares in issue

	Shares in issue as at 30.06.22	Shares issued	Shares cancelled	Shares converted	Shares in issue as at 30.06.23
B Accumulation Shares	154,152,931	35,755,671	(23,798,609)	457,835	166,567,828
B Income Shares	68,707,270	4,622,555	(21,249,241)	4,506,290	56,586,874
C Accumulation Shares	1,000	1,000	(1,000)	-	1,000
W4 Accumulation Shares	114,373,528	7,194,006	(23,575,497)	-	97,992,037
W4 Income Shares	236,557,114	4,795,048	(53,725,053)	(325,286)	187,301,823
Y Accumulation Shares	448,969	-	-	(448,969)	-
Y Income Shares	4,175,546	-	(5,000)	(4,170,546)	-

13 Basis of valuation

	2023	2022
	Assets	Assets
	£'000	£'000
Level 1: Quoted prices	720,454	792,424
Level 2: Observable market data	-	-
Level 3: Unobservable data	-	-
Total	720,454	792,424

Notes to the Financial Statements cont.

14 Derivatives and other financial instruments

Currency exposures

A proportion of the net assets of the Fund are denominated in currencies other than sterling, with the effect that the balance sheet and total return can be significantly affected by currency movements.

Currency	Net currency assets/(liabilities)			Net currency assets/(liabilities)		
	2023			2022		
	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Japanese yen	3,530	720,454	723,984	1,795	792,424	794,219
UK sterling	5,516	-	5,516	4,148	-	4,148

Short term debtors and creditors have not been disclosed. Totals may not sum due to rounding.

The Fund invests in a generally diversified portfolio of assets. Consequently the ACD considers that a single measure of market sensitivity does not accurately reflect the risks faced by the Fund.

Distribution Tables

Interim distribution for the period ended 31 December 2022

Group 1 : shares purchased prior to 1 July 2022

Group 2 : shares purchased 1 July 2022 to 31 December 2022

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 28.02.23)	Distribution (paid/accumulated 28.02.22)
	31.12.22 pence per share	31.12.22 pence per share	31.12.22 pence per share	31.12.21 pence per share
B Accumulation				
Group 1	0.90000	-	0.90000	0.80000
Group 2	0.51675	0.38325	0.90000	0.80000
B Income				
Group 1	0.90000	-	0.90000	0.80000
Group 2	0.39987	0.50013	0.90000	0.80000
C Accumulation				
Group 1	0.90000	-	0.90000	0.80000
Group 2	0.90000	-	0.90000	0.80000
W4 Accumulation				
Group 1	0.90000	-	0.90000	0.80000
Group 2	0.61342	0.28658	0.90000	0.80000
W4 Income				
Group 1	0.90000	-	0.90000	0.80000
Group 2	0.24412	0.65588	0.90000	0.80000
Y Accumulation				
Group 1	n/a	n/a	n/a	0.80000
Group 2	n/a	n/a	n/a	0.80000
Y Income				
Group 1	n/a	n/a	n/a	0.80000
Group 2	n/a	n/a	n/a	0.80000

Distribution Tables cont.

Final distribution for the period ended 30 June 2023

Group 1 : shares purchased prior to 1 January 2023

Group 2 : shares purchased 1 January 2023 to 30 June 2023

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 31.08.23)	Distribution (paid/accumulated 31.08.22)
	30.06.23 pence per share	30.06.23 pence per share	30.06.23 pence per share	30.06.22 pence per share
B Accumulation				
Group 1	2.84000	-	2.84000	3.16000
Group 2	1.15996	1.68004	2.84000	3.16000
B Income				
Group 1	2.36000	-	2.36000	2.75000
Group 2	0.96730	1.39270	2.36000	2.75000
C Accumulation				
Group 1	2.29000	-	2.29000	2.55000
Group 2	2.29000	-	2.29000	2.55000
W4 Accumulation				
Group 1	2.89000	-	2.89000	3.19000
Group 2	0.53518	2.35482	2.89000	3.19000
W4 Income				
Group 1	2.40000	-	2.40000	2.78000
Group 2	0.85530	1.54470	2.40000	2.78000
Y Accumulation				
Group 1	n/a	n/a	n/a	3.18000
Group 2	n/a	n/a	n/a	3.18000
Y Income				
Group 1	n/a	n/a	n/a	2.76000
Group 2	n/a	n/a	n/a	2.76000

BAILLIE GIFFORD

Baillie Gifford Sterling Aggregate Bond Fund

a sub-fund of Baillie Gifford Investment Funds II ICVC

*Annual Report & Financial Statements
for the year ended 30 June 2023*



Baillie Gifford Sterling Aggregate Bond Fund

Investment Objective

The Fund aims 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 BofA Sterling Non-Gilt Index by 0.65% per annum over rolling three-year periods.

Investment Policy

The Fund will invest at least 80% in a diversified portfolio of (1) UK government bonds and (2) investment grade bonds issued by corporate issuers, public bodies and supranationals. The Fund may also invest in other developed and emerging market government bonds and sub-investment grade bonds. Currency forwards and derivatives, which are types of financial contracts, are used for both investment purposes and in the management of risk. The Fund will be actively managed and is not constrained by the index.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.



Market conditions can change rapidly and a fund in any rank can lose you your investment. The Fund is classified as above as it invests in government and corporate bonds.

The indicator does not take into account the following relevant material risks:

Bonds are affected by interest rates and inflation trends which may affect the value of the Fund. They could lose value if the issuer's financial health deteriorates.

Derivatives can magnify losses if returns go down.

In adverse market conditions it may be difficult to sell investments held by the fund in a timely manner and their value may fall significantly. This could affect how much money you receive and even delay the selling of your shares if dealing in the Fund is suspended.

Custody of assets involves a risk of loss if a custodian becomes insolvent or breaches duties of care.

You could lose your investment due to global factors like natural disasters, pandemics, or through developments such as military conflict, or changes in government policies.

The manager can charge some, or all, expenses to the Fund's capital, reducing its value. This amount can vary from year to year.

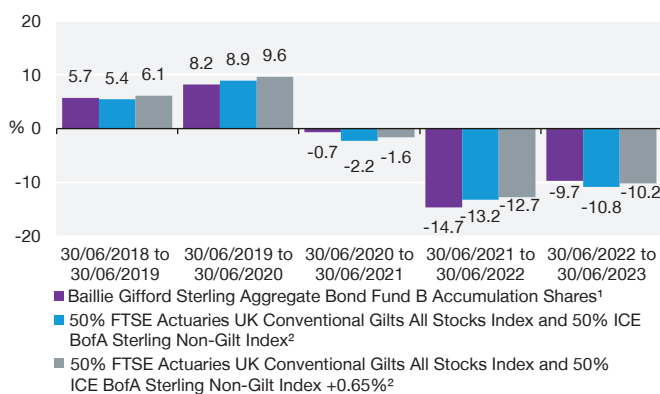
For a more detailed explanation of the risks, please see the "Risk Warnings" section of the prospectus.

Fees Charged to Capital

For distribution purposes the ACD has the facility to allocate some or all expenses to capital. For the year to 30 June 2023 100% of expenses were allocated to capital (year to 30 June 2022: 100%). This will reduce the capital value of the Fund. This number will vary from year to year.

Investment Report

Past Performance



The performance figures shown in this graph are for Class B Accumulation Shares. Performance figures reflect the annual management charge of 0.35%. Performance for the other share classes in issue can be obtained by contacting Client Relations. You should be aware that past performance is not a guide to future performance.

Past Performance

The investment objective of the Fund is 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 BofA Sterling Non-Gilt Index (the 'Index') by at least 0.65% per annum (the 'target return') over rolling three-year periods. For the year to 30 June 2023 the return on B Accumulation Shares was -9.7%¹ compared to the Index of -10.8%² and the target return of -10.2%². We believe that short-term performance measurements are of limited relevance in assessing investment ability and would suggest that three years is a more sensible timeframe over which to judge performance, a period in line with the Fund's objectives. Over that period, the annualised return on B Accumulation Shares was -8.5%¹ compared to the Index of -8.9%² and the target return of -8.3%².

Market Environment

Bond markets have been volatile in the past year, wrestling with the tension between higher inflation and the impact on growth. The Bank of England has been

steadily raising interest rates, along with other major central banks, aiming to tame inflation. Markets have, at times, feared that demand will be hit hard enough to cause a major recession. At others, continuing strong growth has dominated sentiment. While risk assets have performed well more recently, government bonds have continued to rise with better-than-expected economic resilience and some stickier inflation numbers.

As we look forward, there is some concern that financial markets need to pause for breath. Arguably they are pricing in a future in which recession is avoided and inflation falls significantly. While this is possible, we still attach significant probabilities to two different scenarios: a more severe fall in growth due to the lagged effect of tighter monetary policy, or more stubborn inflation requiring further rate hikes. The macro uncertainties at play right now lead us to place even more emphasis on the resilience of our underlying investments and their ability to cope with any of these scenarios. So, while we are broadly optimistic about the future and think the worst returns for fixed income are behind us, it is true to say that we are operating in a "proceed with caution" mindset for the rest of 2023.

¹Source: FE, 10am dealing prices, income accumulated. ²Source: Revolution and FTSE, total return in sterling terms. The target return outperformance is compounded daily therefore the Index return plus the outperformance will not equal the target return. Please see Disclaimer on page 214.

Investment Report cont.

Performance

Absolute returns were negative in the past 12 months as government bond yields rose. Credit spreads – the additional yield offered by corporate bonds – were volatile but ended the period lower, helping to soften the impact of rising government yields.

The Fund exceeded its target return over the period. We had been positioned for government bond yields to rise, and benefited from a view that select emerging market bonds would outperform UK gilts, with positions in Brazil and Peru among the main contributors.

Over three years, the Fund has outperformed its target. An overweight allocation to corporate bonds following the pandemic-driven sell-off in 2020 was a key contributor to returns, along with the positioning noted above with respect to rising bond yields in the more recent past.

Notable Transactions

The Fund remains positioned close to neutral in its allocation between government and corporate bonds. We believe there may be modest further increases in core bond yields, but the Fund has reduced its underweight positioning in developed market government bonds as the outlook is more balanced. We remain underweight in UK gilts in favour of US treasuries and German bunds – UK inflation appears stickier, and a large programme of gilt issuance is due in the next two years so demand may struggle to keep up with supply. We continue to see value in select emerging markets as real rates are attractive with inflation falling quickly. We retain high conviction in Australian bonds and took an opportunity to increase the yield we receive by switching from government bonds into Australian state debt, buying bonds issued by Victoria.

The corporate bond portion of the Fund is positioned reasonably defensively. Our central thesis is that the substantial tightening in financial conditions that has occurred in the past 12-18 months has not yet been fully felt by consumers and companies alike. However, we acknowledge that economic growth continues to hold up

and corporate bond markets may continue to perform well in the medium-term. Therefore, we have sought to add higher yielding opportunities to the portfolio without materially altering the overall risk profile. One avenue has been to identify some opportunities within our high-quality quasi-government holdings. Among new purchases were AAA rated Canada Pension Plan bonds which offer a modest yield advantage over similar European Investment Bank bonds, a typical holding in this sector.

Baillie Gifford & Co, 14 July 2023

Principal Bond Holdings as at 30 June 2023

Investment	Percentage of total Fund
UK Treasury 1.625% 22/10/2028	5.91
UK Treasury 4.75% 07/12/2038	3.92
UK Treasury 3.5% 22/01/2045	3.69
South Africa 8.875% 28/02/2035	2.94
Colombia 7% 26/03/2031	2.58
Indonesia 6.375% 15/04/2032	2.48
UK Treasury 4.25% 7/12/2055	2.17
UK Treasury 0.625% 31/07/2035	2.12
TCV 2% 20/11/2037	1.67
TCV 2.25% 20/11/2042	1.63

Material Portfolio Changes for the year ended 30 June 2023

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
UK Treasury 1.625% 22/10/2028	54,609	UK Treasury 4.75% 07/12/2038	49,164
UK Treasury 0.625% 31/07/2035	23,068	UK Treasury 0.375% 22/10/2026	47,656
Mexico 7.75% 23/11/2034	22,772	UK Treasury 1.625% 22/10/2028	46,018
UK T Bill 08/05/2023	18,543	Brazil 10% 01/01/2027	45,940
Indonesia 6.375% 15/04/2032	18,543	UK Treasury 1.5% 22/07/2026	45,206
UK Treasury 4.75% 07/12/2038	12,011	UK Treasury 3.5% 22/01/2045	35,304
DNB Bank 4% 2026/27	10,272	South Africa 8.875% 28/02/2035	29,952
KFW 1.25% 2023	9,332	UK Treasury 4.25% 07/03/2036	27,972
Zurich Financial Services 5.125% 2032/2052	8,737	UK Treasury 4.25% 07/12/2049	26,724
Brazil 10% 01/01/2027	8,695	UK Treasury 2% 07/09/2025	24,147

The largest purchases and sales of bonds have been shown.

Portfolio Statement as at 30 June 2023

Stock description	Holding	Market value £'000	% of total net assets
Fixed Income - 89.74% (92.39%)			
Sovereign Bonds - 46.10% (55.79%)			
Overseas Government Bonds - 10.40% (12.34%)			
Colombia 7% 26/03/2031	25,320,000,000	4,020	2.58
Indonesia 6.375% 15/04/2032	73,310,000,000	3,857	2.48
Mexico 7.75% 23/11/2034	308,300	1,320	0.85
Peru 6.9% 12/08/2037	11,320	2,417	1.55
South Africa 8.875% 28/02/2035	134,488,200	4,580	2.94
Quasi Government Bonds - 10.95% (8.39%)			
Canada Pension Plan 1.25% 07/12/2027	500,000	417	0.27
Canada Pension Plan 1.625% 22/10/2071	500,000	206	0.13
EIB 1.375% 2025	1,000,000	931	0.60
EIB 5.625% 2032	1,350,000	1,445	0.93
IBRD 0.25% 2026	1,550,000	1,320	0.85
KFW 0.875% 2024	1,000,000	952	0.61
KFW 1.25% 2023	2,500,000	2,446	1.57
KFW 5% 2036	950,000	978	0.63
Network Rail 4.75% 2035	1,250,000	1,239	0.79
Ontario Teachers' Pension Plan Board 1.125% 2026	400,000	350	0.22
SNCF Reseau 5.25% 2035	550,000	554	0.36
Swedish Export Credit 0.125% 15/12/2025	400,000	346	0.22
TCV 2% 20/11/2037	7,250,000	2,594	1.67
TCV 2.25% 20/11/2042	7,700,000	2,541	1.63
Temasek 5.125% 2040	750,000	731	0.47
UK Government Bond - 24.75% (35.06%)			
UK Treasury 0.625% 31/07/2035	5,100,000	3,300	2.12
UK Treasury 0.875% 31/07/2033	2,200,000	1,581	1.02
UK Treasury 1.625% 22/10/2028	10,721,218	9,206	5.91
UK Treasury 2.5% 22/07/2065	1,338,000	902	0.58
UK Treasury 3.25% 22/01/2044	1,829,150	1,522	0.98
UK Treasury 3.5% 22/01/2045	6,684,650	5,751	3.69

Portfolio Statement as at 30 June 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
UK Treasury 3.5% 22/07/2068	1,307,500	1,136	0.73
UK Treasury 4% 22/01/2060	1,169,350	1,116	0.72
UK Treasury 4.25% 07/03/2036	2,339,750	2,297	1.47
UK Treasury 4.25% 07/12/2049	2,323,100	2,245	1.44
UK Treasury 4.25% 7/12/2055	3,437,910	3,376	2.17
UK Treasury 4.75% 07/12/2038	5,935,000	6,101	3.92
Corporate Bonds - 43.64% (36.60%)			
Asset Backed - 2.11% (1.47%)			
Anglian Water 6% 2039	200,000	199	0.13
Heathrow Airport 2.75% 2049	247,000	143	0.09
Heathrow Airport 4.625% 2046	750,000	607	0.39
Lunar Funding 1 5.75% 2033	750,000	742	0.48
Welsh Water 2.375% 2034	950,000	656	0.42
Yorkshire Water 5.5% 2035	236,000	221	0.14
Yorkshire Water 6.601% 2031	700,000	714	0.46
Automotive - 1.95% (2.54%)			
Volkswagen 1.125% 2023	1,200,000	1,188	0.76
Volkswagen 1.875% 2024	500,000	467	0.30
Volkswagen 3.375% 2026	800,000	716	0.46
Volkswagen 5.875% 2029	700,000	669	0.43
Banking - 10.37% (9.13%)			
Banco Santander 2.92% 2026	450,000	413	0.27
Bank of America Corp 1.667% 2029	650,000	518	0.33
Bank of America Corp 8.125% 2028	600,000	620	0.40
Barclays 3.25% 2033	300,000	224	0.14
Barclays 3.75% 2030	400,000	358	0.23
Barclays 5.75% 2026	110,000	106	0.07
Barclays 7.125% 2025 Perp	787,000	712	0.46
Barclays 8.407% 2032	550,000	545	0.35
CaixaBank 6.875% 2028/33	700,000	652	0.42
Citigroup 5.875% 2024	750,000	741	0.48

Portfolio Statement as at 30 June 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
DNB Bank 4% 2026/27	1,650,000	1,508	0.97
Groupe BPCE 2.5% 2032	700,000	553	0.36
HSBC Bank 5.844% 2031 Perp	519,000	519	0.33
HSBC Holdings 6% 2040	583,000	510	0.33
ING Group 1.125% 2028	700,000	549	0.35
Intesa Sanpaolo 6.5% 2029	970,000	911	0.58
Intesa Sanpaolo 6.625% 2033	800,000	767	0.49
J.P. Morgan 1.895% 2033	1,100,000	796	0.51
Nationwide 5.875% 2024 Perp	350,000	326	0.21
Natwest 3.125% 2027	600,000	537	0.34
Natwest 3.622% 2030	800,000	736	0.47
Natwest 5.125% 2027 Perp	850,000	699	0.45
Santander 1.5% 2026	900,000	773	0.50
Santander 6.75% 2024 Perp	800,000	746	0.48
Santander UK 7.098% 2027 SnrNP	800,000	784	0.50
Yorkshire Building Society 3.375% 2027/28	650,000	540	0.35
Basic Industry - 0.51% (0.25%)			
Yara Intl 4.75% 2028 (144A)	1,050,000	785	0.51
Capital Goods - 0.63% (0.00%)			
Weir Group 6.875% 2028	1,000,000	985	0.63
Commercial Mortgage Backed - 2.60% (2.92%)			
Telereal (B7) FRN 2031	1,050,000	846	0.54
Telereal 1.3657% 2031 (A6)	550,000	329	0.21
Telereal 1.963% 2033 (B2) ¹	350,000	303	0.20
Telereal 3.5625% 2031/36 (A3)	1,400,000	1,170	0.75
Tesco 5.801% 2040	750,000	644	0.41
Tesco Property Finance 7.6227% 2039	900,000	755	0.49
Financial Services - 3.69% (5.89%)			
Abrdn 5.25% 2026 Perp	1,050,000	839	0.54
Berkshire Hathaway 2.375% 2039	500,000	338	0.22
Berkshire Hathaway 2.625% 2059	500,000	292	0.19

Portfolio Statement as at 30 June 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Blackstone Private Credit 4.875% 2026	1,450,000	1,281	0.82
Burford Capital 6.25% 2028 (144a)	872,000	631	0.41
Burford Capital 9.25% 2031 (144A)	600,000	469	0.30
Investec 1.875% 2028	1,100,000	861	0.55
Investor 5.5% 2037	300,000	300	0.19
Motability 1.5% 2041	1,300,000	736	0.47
Health Care - 1.49% (0.00%)			
Amgen 5.65% 2053	200,000	159	0.10
Amgen 5.75% 2063	200,000	159	0.10
Amgen Inc 4% 2029	1,100,000	989	0.64
GlaxoSmithKline 1.625% 2035	1,500,000	1,010	0.65
Insurance - 5.86% (3.72%)			
Abrdn 4.25% 2028	1,301,000	892	0.57
Admiral Group 5.5% 2024	1,900,000	1,874	1.20
Admiral Group 8.5% 2034 T2	900,000	909	0.59
Aviva 6.875% 2038-58 T2	1,100,000	1,211	0.78
Legal & General 4.5% 2030/50	1,200,000	1,001	0.64
Legal & General 5.375% 2025/45	550,000	522	0.34
MetLife 4.125% 2025	491,000	466	0.30
Pension Insurance 4.625% 2031	450,000	362	0.23
Phoenix Life 6.625% 2025	700,000	683	0.44
SCOR 3.25% 2027/2047	100,000	78	0.05
Zurich Financial Services 5.125% 2032/2052	1,300,000	1,123	0.72
Media - 0.33% (1.11%)			
Time Warner Cable 5.25% 2042	650,000	512	0.33
Real Estate - 3.94% (3.20%)			
Annington Finance 3.935% 2047	400,000	274	0.18
Annington Funding 2.924% 2051	1,050,000	568	0.36
Annington Funding 4.75% 2033	1,300,000	1,084	0.70
Aster 4.5% 2043	129,000	114	0.07
Berkeley Group 2.5% 2031	1,650,000	1,072	0.69

Portfolio Statement as at 30 June 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Clarion 4.25% 2042	750,000	608	0.39
Housing & Care 3.288% 2049	1,150,000	786	0.50
Longhurst Libra 3.25% 2043	350,000	244	0.16
Segro 5.125% 2041	357,000	324	0.21
Sovereign Housing Capital 4.768% 2043	300,000	272	0.17
Tritax Big Box 1.5% 2033	1,250,000	794	0.51
Retail - 0.56% (0.00%)			
Inchcape 6.5% 2028	900,000	874	0.56
Services - 0.51% (0.48%)			
University of Cambridge 3.75% 2052	400,000	332	0.21
Wellcome Trust 2.517% 2118	900,000	466	0.30
Technology & Electronics - 0.43% (0.98%)			
Apple 4.375% 2045	900,000	671	0.43
Telecommunications - 2.15% (1.41%)			
America Movil 4.375% 2041	1,200,000	992	0.63
Arqiva Group 7.21% 2045	800,000	797	0.51
AT&T 4.25% 2043	650,000	495	0.32
AT&T 4.875% 2044	600,000	496	0.32
AT&T 7% 2040	150,000	158	0.10
Vodafone 3% 2056	750,000	416	0.27
Transportation - 0.81% (0.00%)			
National Express Group 2.375% 2028	850,000	690	0.44
National Express Group 4.25% Perp	658,000	573	0.37
Utilities - 5.70% (3.50%)			
E.ON 5.875% 2037	400,000	384	0.25
E.ON 6.75% 2039	800,000	834	0.53
EDF 5.125% 2050	250,000	200	0.13
EDF 5.5% 2041	700,000	601	0.39
EDF 6% 2114	600,000	523	0.33

Portfolio Statement as at 30 June 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Enel 2.875% 2029	900,000	746	0.48
Enel 5.75% 2040	1,450,000	1,362	0.87
Engie 5.625% 2053 Green	1,000,000	945	0.61
National Grid 5.625% 2025/73	750,000	713	0.46
PPL Corporation 3.5% 2026	950,000	861	0.55
Severn Trent 4.625% 2034	181,000	161	0.10
Wessex Water Sustainable 5.125% 2032	453,000	419	0.27
Yorkshire Power 7.25% 2028	1,100,000	1,131	0.73
Derivatives - -0.75% (-1.05%)			
Forward currency contracts (see Table 1)		542	0.35
Futures contracts (see Table 2)		-	0.00
Inflation rate swap contracts (see Table 3)		61	0.04
Interest rate swap contracts (see Table 4)		(1,774)	(1.14)
Portfolio of investments		138,565	88.99
Net other assets - 11.01% (8.66%)		17,141	11.01
Net assets		155,706	100.00

¹This stock has been valued using a single broker quote and therefore is categorised as level 3 in note 13.

Please note: figures are based on market values rather than economic exposure.

Unless otherwise stated the above holdings are in fixed interest securities.

Figures in brackets in the investment category headings refer to 30 June 2022.

Portfolio Statement as at 30 June 2023 cont.

Table 1: Unrealised gains/(losses) on open forward currency contracts

Counterparty	Settlement	Buy	Buy Amount	Sell	Sell Amount	Unrealised gains/(losses) £'000	% of total net assets
Barclays	27/07/23	GBP	1,333,554	MXN	30,100,000	(39)	(0.03)
Barclays	09/11/23	GBP	1,592,841	CNH	13,760,000	88	0.06
Citigroup	13/07/23	GBP	4,004,457	COP	21,420,000,000	(12)	(0.01)
Citigroup	13/07/23	GBP	1,615,844	PEN	7,500,000	(9)	(0.01)
Citigroup	24/08/23	EUR	1,740,000	GBP	1,497,587	(1)	0.00
Citigroup	21/09/23	GBP	1,547,248	CLP	1,600,000,000	(6)	0.00
Citigroup	09/11/23	GBP	4,781,537	ZAR	114,300,000	82	0.05
Goldman Sachs	13/07/23	GBP	1,111,434	AUD	1,970,000	80	0.05
Goldman Sachs	26/10/23	GBP	2,430,134	TWD	92,000,000	87	0.06
HSBC	27/07/23	JPY	262,000,000	GBP	1,595,699	(164)	(0.11)
JP Morgan Chase	24/08/23	BRL	9,400,000	GBP	1,506,290	11	0.01
JP Morgan Chase	14/09/23	GBP	3,964,971	IDR	73,800,000,000	107	0.07
Merrill Lynch	27/07/23	THB	85,000,000	GBP	1,999,765	(109)	(0.07)
Merrill Lynch	14/09/23	PLN	8,300,000	GBP	1,591,792	9	0.01
National Australia Bank	13/07/23	GBP	4,615,837	AUD	8,181,500	331	0.21
NatWest	13/07/23	GBP	791,117	PEN	3,672,000	(5)	0.00
Royal Bank of Canada	24/08/23	EUR	1,670,000	GBP	1,437,339	(1)	0.00
Royal Bank of Canada	21/09/23	GBP	786,678	USD	1,000,000	-	0.00
Royal Bank of Canada	26/10/23	GBP	4,343,159	USD	5,402,000	93	0.06
Unrealised gains/(losses) on open forward currency contracts						542	0.35

Portfolio Statement as at 30 June 2023 cont.

Futures	Maturity	Notional	Unrealised gains/(losses) £'000	% of total net assets
Euro-Bobl Future September 2023	11/09/23	8	-	0.00
Euro-BTP Future September 2023	11/09/23	(16)	-	0.00
Euro-Bund Future September 2023	11/09/23	(4)	-	0.00
Long Gilt Future 10 Year September 2023	29/09/23	(10)	-	0.00
US 5 Year Note September 2023	04/10/23	(30)	-	0.00
Unrealised gains/(losses) on futures contracts			-	0.00

Table 3: Unrealised gains/(losses) on open inflation rate swap contracts

Counterparty	Ccy	Termination	Notional	Fund pays	Fund receives	Unrealised gains/(losses) £'000	% of total net assets
BNP Paribas	EUR	09/05/25	24,100,000	2.3934%	Eurostat Eurozone HICP Ex Tobacco Unrevised Series NSA	61	0.04
Unrealised gains / (losses) on open inflation rate swap contracts						61	0.04

Portfolio Statement as at 30 June 2023 cont.

Table 4: Unrealised gains/(losses) on open interest rate swap contracts

Counterparty	Ccy	Termination	Notional	Fund pays	Fund receives	Unrealised gains/(losses) £'000	% of total net assets
Barclays Bank Plc	EUR	08/05/33	5,700,000	Euribor 6 Month	2.881%	(54)	(0.03)
Barclays Bank Plc	EUR	08/05/53	2,300,000	2.5297%	Euribor 6 Month	4	0.00
Barclays Bank Plc	PLN	07/06/33	23,100,000	5.275%	GPW Benchmark WIBOR PLN 6M	(87)	(0.06)
BNP Paribas	KRW	21/04/35	5,300,000,000	KRW CD 3 MO	3.1647%	(81)	(0.05)
Citigroup Global Markets Limited	BRL	04/01/27	33,000,000	Brazil Cetip Interbank Deposit Rate	11.76%	318	0.20
Deutsche Bank Aktiengesellschaft	GBP	19/04/25	13,000,000	Overnight Rate	4.5799%	(313)	(0.20)
Lloyds Bank Corporate Markets PLC	GBP	27/02/25	51,000,000	Overnight Rate	4.5393%	(1,196)	(0.77)
NatWest Markets PLC	GBP	19/04/27	9,000,000	Overnight Rate	4.1967%	(365)	(0.23)
Unrealised gains/(losses) on open interest rate swap contracts						(1,774)	(1.14)

Comparative Table

Comparative Table: B Accumulation Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	111.05	129.51	129.82
Return before operating charges*	(10.55)	(17.98)	0.17
Operating charges	(0.40)	(0.48)	(0.48)
Return after operating charges*	(10.95)	(18.46)	(0.31)
Distributions	(3.71)	(3.16)	(2.70)
Retained distributions on accumulation shares	3.71	3.16	2.70
Closing net asset value per share	100.10	111.05	129.51
*After direct transaction costs of:	0.00	0.00	0.00
Performance:			
Return after charges	(9.86)%	(14.25)%	(0.24)%
Other Information:			
Closing net asset value (£'000)	22,258	20,544	28,371
Closing number of shares	22,234,695	18,499,269	21,906,166
Operating charges	0.38%	0.38%	0.37%
Direct transaction costs ²	0.00%	0.00%	0.00%
Prices:			
Highest share price (pence)	116.0	133.4	136.1
Lowest share price (pence)	93.12	109.6	126.9

Comparative Table cont.

Comparative Table: B Income Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	104.32	125.03	127.91
Return before operating charges*	(9.89)	(17.22)	0.28
Operating charges	(0.37)	(0.46)	(0.45)
Return after operating charges*	(10.26)	(17.68)	(0.17)
Distributions on income shares	(3.47)	(3.03)	(2.71)
Closing net asset value per share	90.59	104.32	125.03
*After direct transaction costs of:	0.00	0.00	0.00
Performance:			
Return after charges	(9.84)%	(14.14)%	(0.13)%
Other Information:			
Closing net asset value (£'000)	1	1	1
Closing number of shares	500	500	500
Operating charges	0.38%	0.38%	0.35% ¹
Direct transaction costs ²	0.00%	0.00%	0.00%
Prices:			
Highest share price (pence)	109.0	128.6	133.6
Lowest share price (pence)	87.47	105.0	124.2

Comparative Table cont.

Comparative Table: C Accumulation Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	113.49	131.90	131.75
Return before operating charges*	(10.80)	(18.37)	0.18
Operating charges	(0.03)	(0.04)	(0.03)
Return after operating charges*	(10.83)	(18.41)	0.15
Distributions	(3.81)	(3.22)	(2.74)
Retained distributions on accumulation shares	3.81	3.22	2.74
Closing net asset value per share	102.66	113.49	131.90
*After direct transaction costs of:	0.00	0.00	0.00
Performance:			
Return after charges	(9.54)%	(13.96)%	0.11%
Other Information:			
Closing net asset value (£'000)	133,447	1,126,295	1,419,557
Closing number of shares	129,983,302	992,397,514	1,076,262,435
Operating charges	0.03%	0.03%	0.02%
Direct transaction costs ²	0.00%	0.00%	0.00%
Prices:			
Highest share price (pence)	118.6	136.1	138.4
Lowest share price (pence)	95.25	112.0	129.2

¹As at 30 June 2021, the ACD considered 0.37% to be a more indicative rate for the ongoing charges figure for Class B Income Shares.

²The Fund incurs broker commission and transfer taxes/stamp duty as a necessary part of buying and selling the Fund's underlying investments in order to achieve the investment objective. In the case of shares; broker commissions, transfer taxes and stamp duty may be paid by the Fund on transactions. Commission is also payable to the counterparty on the trading of futures contracts.

A dilution adjustment is made whenever dealings in the shares of the Fund result in shares being issued or cancelled by the Company. The adjustment will take account of any spread between the buying and selling prices of the Fund's investments and the costs (which may include dealing charges and taxes) of acquiring or disposing of such investments. Please note that the direct transaction cost disclosures above do not include the dilution adjustment charges. For further details on dilution adjustment charges please see the General Information section. For further details on the costs associated with investing in the Fund please see the Enhanced Disclosure of Fund Costs and Charges document and Baillie Gifford's Funds Costs and Charges Summary, both of which are available on the website www.bailliegifford.com.

Financial Statements

Statement of Total Return for the year ended 30 June 2023

	Notes	2023		2022	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	1		(102,884)		(217,067)
Revenue	3	26,998		33,812	
Expenses	4	(252)		(418)	
Net revenue before taxation		26,746		33,394	
Taxation	5	(46)		(79)	
Net revenue after taxation			26,700		33,315
Total return before distributions			(76,184)		(183,752)
Distributions	6		(27,041)		(33,707)
Change in net assets attributable to shareholders from investment activities			(103,225)		(217,459)

Statement of Change in Net Assets Attributable to Shareholders for the year ended 30 June 2023

	2023		2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		1,146,840		1,447,929
Amounts receivable on issue of shares	13,769		7,065	
Amounts payable on cancellation of shares	(915,472)		(123,823)	
		(901,703)		(116,758)
Dilution adjustment		427		299
Change in net assets attributable to shareholders from investment activities		(103,225)		(217,459)
Retained distributions on accumulation shares		13,367		32,829
Closing net assets attributable to shareholders		155,706		1,146,840

Financial Statements cont.

Balance Sheet as at 30 June 2023

	Notes	2023 £'000	2022 £'000
Assets:			
Fixed assets:			
Investments	13	141,007	1,086,061
Current assets:			
Debtors	8	7,365	52,662
Cash and bank balances	9	13,387	67,327
Total assets		161,759	1,206,050
Liabilities:			
Investment liabilities	13	(2,442)	(38,553)
Creditors:			
Bank overdrafts	9	(169)	(1,505)
Other creditors	10	(3,442)	(19,152)
Total liabilities		(6,053)	(59,210)
Net assets attributable to shareholders		155,706	1,146,840

Notes to the Financial Statements

1 Net capital gains/(losses)

	2023	2022
	£'000	£'000
Non-derivative securities	(90,442)	(205,511)
Derivative contracts	(7,502)	4,785
Forward currency contracts	(5,613)	(15,559)
Currency gains/(losses)	681	(777)
Transaction costs	(8)	(5)
Net capital gains/(losses)	(102,884)	(217,067)

2 Purchases, sales and transaction costs

	2023	2022
	£'000	£'000
Purchases and transaction costs		
Gross purchases of bonds excluding transaction costs ¹	427,031	586,831
Purchases including transaction costs	427,031	586,831

¹There were no transaction costs on the purchase of bonds.

	2023	2022
	£'000	£'000
Sales and transaction costs		
Gross sales of bonds excluding transaction costs ¹	1,253,851	673,421
Sales net of transaction costs	1,253,851	673,421

¹There were no transaction costs on the sale of bonds.

	2023	2022
	£'000	£'000
Transaction cost on derivative contracts		
Commission on trading futures contracts	21	44

Notes to the Financial Statements cont.

2 Purchases, sales and transaction costs (continued)

	2023		2022	
	£'000	% of average NAV	£'000	% of average NAV
Portfolio transaction costs				
Commissions	21	0.00	44	0.00
Taxes	-	0.00	-	0.00
Total direct transaction costs	21	0.00	44	0.00
			2023	2022
			%	%
Average portfolio dealing spread			0.43	0.40

The Fund incurs broker commission and transfer taxes/stamp duty as a necessary part of buying and selling the Fund's underlying investments in order to achieve the investment objective. Commission is also payable to the counterparty on the trading of futures contracts.

Dealing spread is the difference in the buying and selling prices of the underlying investments. Dealing spreads vary considerably depending on the transaction value and market sentiment. The Fund may have holdings in single priced funds. The notional spread on these holdings is not included in the average dealing spread calculated for this Fund.

3 Revenue

	2023	2022
	£'000	£'000
Interest on debt securities	30,292	34,761
Bank interest	818	14
Swaps interest	(4,112)	(963)
Total revenue	26,998	33,812

Notes to the Financial Statements cont.

4 Expenses

	2023	2022
	£'000	£'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	75	85
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee	60	99
Bank charges	105	224
	165	323
Other expenses:		
Audit fee	12	10
Total expenses	252	418

5 Taxation

	2023	2022
	£'000	£'000
Analysis of charge in the year		
Corporation tax	-	-
Overseas tax	46	79
Total taxation	46	79

The Fund is subject to corporation tax at 20% (2022: 20%), however, the Fund is a bond fund making interest distributions and the interest distributions made by the Fund are allowable in arriving at the amount of revenue liable to tax. As a result this has reduced the corporation tax liability of the Fund to nil.

The deduction of the interest distribution has been restricted to reflect the priority utilisation of the management expenses incurred by the Fund in the year, as per regulation 13(1A) of SI 2006/964. This results in no excess management expenses or interest distribution being carried forward.

Notes to the Financial Statements cont.

5 Taxation (continued)

The tax charge is explained as follows:

	2023	2022
	£'000	£'000
Net revenue before taxation	26,746	33,394
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% (2022: 20%)	5,349	6,678
Effects of:		
Interest distributions	(5,389)	(6,727)
Overseas offsettable withholding tax	(9)	(16)
Overseas tax on coupons	46	79
Management expenses charged to capital	50	84
Tax on undistributed income carried forward	(1)	(19)
Total taxation	46	79

6 Distributions

	2023	2022
	£'000	£'000
Interim to 30 September	3,050	3,813
Interim to 31 December	3,056	3,547
Interim to 31 March	3,082	3,544
Final to 30 June	4,179	21,925
	13,367	32,829
Amounts deducted on cancellation of shares	13,838	915
Amounts added on issue of shares	(164)	(37)
Total distributions	27,041	33,707

The distributions take account of revenue transactions on the issue and cancellation of shares. Details of the distributions per share are set out in the Distribution Tables.

7 Reconciliation of net revenue to net distributions for the year

	2023	2022
	£'000	£'000
Net revenue after taxation for the year	26,700	33,315
Add expenses allocated to capital	252	418
Add distributable revenue brought forward	95	69
Less distributable revenue carried forward	(6)	(95)
Net distributions for the year	27,041	33,707

Notes to the Financial Statements cont.

8 Debtors

	2023	2022
	£'000	£'000
Sales awaiting settlement	736	9,748
Accrued income	1,998	14,293
Overseas tax recoverable	114	114
VAT recoverable	4	3
Collateral held by counterparties	450	11,540
Amounts due from clearing brokers	2,005	16,922
Amounts due from clearing house	2,003	-
Other debtors	55	42
Total debtors	7,365	52,662

9 Cash and bank balances

	2023	2022
	£'000	£'000
Sterling amounts held at clearing houses and brokers	89	4,291
Foreign amounts held at clearing houses and brokers	128	2,819
Sterling bank accounts	13,170	60,217
	13,387	67,327
Foreign amounts held at clearing houses and brokers overdrawn	(169)	(1,505)
Total cash and bank balances	13,218	65,822

10 Other creditors

	2023	2022
	£'000	£'000
Payable for cancellation of shares	-	1,325
Purchases awaiting settlement	2,415	4,971
Due to the ACD or associates	7	6
Due to the Depositary or associates	6	32
Collateral held on behalf of counterparty	975	4,945
Amounts due to clearing broker	7	7,863
Capital gains tax provision	19	-
Other accrued expenses	13	10
Total other creditors	3,442	19,152

Notes to the Financial Statements cont.

11 Related party transactions

Baillie Gifford & Co Limited, as ACD, is regarded as a related party by virtue of the services provided to the Company. Baillie Gifford & Co Limited acts as principal in respect of all transactions of shares in the Company, except where stocks are transferred on the issue or cancellation of shares. The aggregate monies received through issue and paid on cancellation are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts receivable and payable on the issue and cancellation of shares have been disclosed in notes 8 and 10 respectively.

Amounts paid to Baillie Gifford & Co Limited in respect of ACD fees are disclosed in note 4 with amounts due at the year end given in note 10.

Shares held by the ACD and associates of the ACD

The shares held by the ACD and associates of the ACD as a percentage of the Fund's NAV were:

	2023	2022
	%	%
ACD and associates of the ACD	0.00	0.00

12 Reconciliation of shares in issue

	Shares in issue as at 30.06.22	Shares issued	Shares cancelled	Shares converted	Shares in issue as at 30.06.23
B Accumulation Shares	18,499,269	6,011,953	(2,276,527)	-	22,234,695
B Income Shares	500	500	(500)	-	500
C Accumulation Shares	992,397,514	7,096,769	(869,510,981)	-	129,983,302

13 Basis of valuation

	2023		2022	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices	38,534	-	402,027	-
Level 2: Observable market data	102,170	(2,442)	673,155	(38,553)
Level 3: Unobservable data ¹	303	-	10,879	-
Total	141,007	(2,442)	1,086,061	(38,553)

¹For further information on the assets included in Level 3, as at 30 June 2023, please refer to the Portfolio Statement.

Notes to the Financial Statements cont.

14 Credit Ratings

Rating Block	2023		2022	
	Market value £'000	Percentage of total Fund	Market value £'000	Percentage of total Fund
Investment Grade	130,612	83.88	957,015	83.45
High Yield	9,123	5.86	102,524	8.94
Total	139,735	89.74	1,059,539	92.39
Other	15,972	10.26	87,301	7.61
Net Assets	155,707	100.00	1,146,840	100.00

Notes to the Financial Statements cont.

15 Derivatives and other financial instruments

Currency exposures

A proportion of the net assets of the Fund are denominated in currencies other than sterling, with the effect that the balance sheet and total return can be significantly affected by currency movements.

Currency	Net currency assets/(liabilities)			Net currency assets/(liabilities)		
	2023			2022		
	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Australian dollar	-	(182)	(181)	5,601	(4,386)	1,215
Brazilian real	-	1,835	1,835	-	15,285	15,285
Canadian dollar	-	-	-	-	23,203	23,203
Chilean peso	-	(1,554)	(1,554)	-	16,469	16,469
Chinese yuan	-	(1,505)	(1,505)	-	-	-
Colombian peso	-	3	3	-	(11,224)	(11,224)
Czech koruna	-	-	-	(36)	(12,178)	(12,214)
Euro	67	3,022	3,089	1,020	(39,906)	(38,886)
Indian rupee	-	-	-	-	(16,726)	(16,726)
Indonesian rupiah	-	(1)	(1)	-	-	-
Japanese yen	-	1,432	1,432	-	40,479	40,479
Mexican peso	-	(53)	(53)	-	-	-
Norwegian krona	-	-	-	(3,012)	2,914	(98)
Peruvian nuevo sol	-	(4)	(4)	-	(928)	(928)
Philippine peso	-	-	-	-	(22,388)	(22,388)
Polish zloty	(4)	1,514	1,511	(6,030)	27,408	21,378
South African rand	-	(119)	(119)	-	(13,023)	(13,023)
South Korean won	-	(81)	(81)	-	39	39
Taiwanese dollar	-	(2,343)	(2,343)	-	-	-
Thai baht	-	1,891	1,891	-	16,964	16,964
Turkish lira	-	-	-	-	(12,658)	(12,658)
UK sterling	16,576	135,979	152,555	83,286	1,060,588	1,143,874
US dollar	54	(1,271)	(1,217)	648	(22,423)	(21,775)

Short term debtors and creditors have not been disclosed. Totals may not sum due to rounding.

Notes to the Financial Statements cont.

15 Derivatives and other financial instruments (continued)

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund was:

Currency	2023				2022			
	Floating Rate financial assets £'000	Fixed Rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000	Floating Rate financial assets £'000	Fixed Rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Australian dollar	-	5,135	-	5,136	5,601	88,199	-	93,800
Brazilian real	-	5,843	1,517	7,360	-	34,553	-	34,553
Canadian dollar	-	-	-	-	-	-	23,203	23,203
Chilean peso	-	-	-	-	-	-	16,469	16,469
Colombian peso	-	4,020	-	4,020	36,804	-	-	36,804
Euro	22,386	4,983	2,934	30,302	16,009	109,104	-	125,113
Indonesian rupiah	-	3,857	-	3,857	-	-	-	-
Japanese yen	-	-	1,432	1,432	-	-	40,479	40,479
Mexican peso	-	1,320	-	1,320	-	-	-	-
Norwegian krona	-	-	-	-	36,211	15,191	-	51,402
Peruvian nuevo sol	-	2,417	-	2,417	-	24,196	-	24,196
Polish zloty	4,553	-	1,601	6,154	80,262	18,922	22,686	121,870
South African rand	-	4,580	-	4,580	-	38,839	-	38,839
South Korean won	-	3,178	-	3,178	-	20,731	-	20,731
Thai baht	-	-	1,891	1,891	-	-	16,964	16,964
UK sterling	18,405	184,828	32,919	236,151	117,129	1,178,819	377,355	1,673,303
US dollar	138	3,766	-	3,904	648	56,844	-	57,492

Notes to the Financial Statements cont.

15 Derivatives and other financial instruments (continued)

Currency	2023			Total £'000	2022			Total £'000
	Floating Rate financial liabilities £'000	Fixed Rate financial liabilities £'000	Financial liabilities not carrying interest £'000		Floating Rate financial liabilities £'000	Fixed Rate financial liabilities £'000	Financial liabilities not carrying interest £'000	
Australian dollar	-	-	5,317	5,317	69,822	-	22,763	92,585
Brazilian real	5,525	-	-	5,525	-	-	19,269	19,269
Chilean peso	-	-	1,554	1,554	-	-	-	-
Chinese yuan	-	-	1,505	1,505	-	-	-	-
Colombian peso	-	-	4,017	4,017	-	32,717	15,311	48,028
Czech koruna	-	-	-	-	36	-	12,178	12,214
Euro	4,966	22,247	-	27,213	289	76,375	87,335	163,999
Indian rupee	-	-	-	-	-	-	16,726	16,726
Indonesian rupiah	-	-	3,858	3,858	-	-	-	-
Mexican peso	-	-	1,372	1,372	-	-	-	-
Norwegian krona	-	-	-	-	21,117	30,383	-	51,500
Peruvian nuevo sol	-	-	2,421	2,421	-	-	25,125	25,125
Philippine peso	-	-	-	-	-	-	22,388	22,388
Polish zloty	84	4,558	-	4,643	29,267	71,224	-	100,491
South African rand	-	-	4,700	4,700	-	-	51,862	51,862
South Korean won	3,258	-	-	3,258	-	-	20,692	20,692
Taiwanese dollar	-	-	2,343	2,343	-	-	-	-
Turkish lira	-	-	-	-	-	-	12,658	12,658
UK sterling	73,968	-	9,628	83,596	393,955	16,246	119,228	529,429
US dollar	84	-	5,037	5,121	-	-	79,268	79,268

Notes to the Financial Statements cont.

16 Derivative Exposure

The exposure to derivative counterparties was:

Counterparty	2023					2022				
	Forward	Inflation	Interest	Cash	Total	Forward	Inflation	Interest	Cash	Total
	currency	rate	rate	collateral	exposure	currency	rate	rate	collateral	exposure
	contracts	swaps	swaps	held		contracts	swaps	swaps	held	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Barclays	88	-	4	-	92	334	-	-	-	334
BNP Paribas	-	61	-	-	61	-	-	-	-	-
CitiGroup	82	-	318	-	400	1,268	-	12,717	(4,380)	9,605
Deutsche Bank	-	-	-	-	-	172	-	-	-	172
Goldman Sachs	167	-	-	-	167	605	-	-	(565)	40
JP Morgan Chase	118	-	-	-	118	479	1,230	6,235	-	7,944
Merrill Lynch	9	-	-	-	9	229	-	324	-	553
National Australia Bank	331	-	-	(975)	(644)	149	-	-	-	149
NatWest	-	-	-	-	-	151	-	-	-	151
Royal Bank of Canada	93	-	-	-	93	1,786	-	-	-	1,786

In addition the Fund trades futures contracts through UBS. Fair value movements are offset by movements in the variation margin account which reduces the derivative counterparty exposure to nil.

Collateral pledged on derivatives was:

Counterparty	2023			2022		
	Cash	Bonds	Total	Cash	Bonds	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Barclays	-	-	-	590	-	590
CitiGroup	300	-	300	-	-	-
Deutsche Bank	-	-	-	255	-	255
HSBC	150	-	150	780	6,724	7,504
JP Morgan Chase	-	-	-	405	-	405
Merrill Lynch	-	-	-	115	-	115
National Australia Bank	-	-	-	315	-	315
NatWest	-	-	-	2,050	-	2,050
Royal Bank of Canada	-	-	-	7,030	-	7,030

Notes to the Financial Statements cont.

17 Value at risk (VaR)

The market risk of the Fund's financial asset and liability positions is monitored by the Investment Adviser using VaR analysis. VaR analysis attempts to reflect the interdependencies between risk variables, unlike a traditional sensitivity analysis. VaR represents the potential losses from adverse changes in market factors for a specified time period and confidence level.

Model assumptions:

System	SunGard Advanced Portfolio Technologies (APT)
VaR methodology:	variance covariance approach (with delta-adjustment)
Confidence level:	99%
Holding period:	1 month
Decay factor for exponential smoothing of historical market data:	nil
Historical observation period:	180 weeks

	2023	2022
	%	%
Fund VaR:	6.02	4.48
Index VaR:	5.55	4.42

The VaR noted above indicates the VaR of the Fund's financial instruments, measured as the potential 1 month loss in value from adverse changes in equity prices, interest rates, inflation and foreign currency exchange rates, with a 99% confidence level.

In combination with a snapshot of the portfolio and benchmark constituents at a given point in time, the APT risk model uses 180 weeks of historic data to formulate a prediction of risk over a desired time period. In the case of VaR numbers, the risk model produces a 1-month prediction of 99% VaR. The decay factor for exponential smoothing of the historic market data refers to how the risk model uses more recent data in its historic data window compared to older data. Using a positive decay factor would mean that the risk model is placing more importance on more recent data than on older data in formulating its prediction of risk – this would result in the risk model being more short-term in nature, and increasingly geared to short-term recent events. The decay factor used in the APT risk model for calculating VaR numbers is nil. This means that each of the 180 weeks of historic data used by the risk model are treated with equal importance in the model's calculation of predicted risk. This means that the risk model's prediction of risk will be influenced by the average variances and covariances of portfolio and benchmark constituents over the past 3½ years.

Objectives and limitations of the VaR methodology

The APT model uses statistical factor techniques to measure the effects of these risk variables on the value of the Fund. The VaR model is designed to measure market risk in a normal market environment.

The use of VaR has limitations because it is based on historical correlations and volatilities in market prices and assumes that future price movements will follow a statistical distribution. Due to the fact that VaR relies significantly on historical data to provide information and may not clearly predict the future changes and modifications of the risk factors, the probability of large market moves may be underestimated if changes in risk factors fail to align with the given distribution assumption. VaR may also be under- or over-estimated due to the assumption placed on risk factors and the relationship between such factors for specific instruments.

Although positions may change throughout the day, the VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99% confidence level. In practice, the actual trading results will differ from the VaR calculation and, in particular, the calculation does not provide a meaningful indication of profits and losses in stressed market conditions. To determine the reliability of the VaR models, actual outcomes are monitored regularly to test the validity of the assumptions and the parameters used in the VaR calculation. Market risk positions are also subject to regular stress tests to ensure that the Fund would withstand an extreme market event.

Distribution Tables

Interim distribution for the period ended 30 September 2022

Group 1 : shares purchased prior to 1 July 2022

Group 2 : shares purchased 1 July 2022 to 30 September 2022

	Net Revenue	Equalisation	Distribution (paid/accumulated 30.11.22)	Distribution (paid/accumulated 30.11.21)
	30.09.22 pence per share	30.09.22 pence per share	30.09.22 pence per share	30.09.21 pence per share
B Accumulation				
Group 1	0.35000	-	0.35000	0.35000
Group 2	0.10919	0.24081	0.35000	0.35000
B Income				
Group 1	0.35000	-	0.35000	0.35000
Group 2	0.35000	-	0.35000	0.35000
C Accumulation				
Group 1	0.35000	-	0.35000	0.35000
Group 2	-	0.35000	0.35000	0.35000

Distribution Tables cont.

Interim distributions for the period ended 31 December 2022

Group 1 : shares purchased prior to 1 October 2022

Group 2 : shares purchased 1 October 2022 to 31 December 2022

	Net Revenue	Equalisation	Distribution (paid/accumulated 28.02.23)	Distribution (paid/accumulated 28.02.22)
	31.12.22 pence per share	31.12.22 pence per share	31.12.22 pence per share	31.12.21 pence per share
B Accumulation				
Group 1	0.35000	-	0.35000	0.35000
Group 2	-	0.35000	0.35000	0.35000
B Income				
Group 1	0.35000	-	0.35000	0.35000
Group 2	0.35000	-	0.35000	0.35000
C Accumulation				
Group 1	0.35000	-	0.35000	0.35000
Group 2	-	0.35000	0.35000	0.35000

Distribution Tables cont.

Interim distribution for the period ended 31 March 2023

Group 1 : share purchased prior to 1 January 2023

Group 2 : share purchased 1 January 2023 to 31 March 2023

	Net Revenue	Equalisation	Distribution (paid/accumulated 31.05.23)	Distribution (paid/accumulated 31.05.22)
	31.03.23 pence per share	31.03.23 pence per share	31.03.23 pence per share	31.03.22 pence per share
B Accumulation				
Group 1	0.35000	-	0.35000	0.35000
Group 2	-	0.35000	0.35000	0.35000
B Income				
Group 1	0.35000	-	0.35000	0.35000
Group 2	0.35000	-	0.35000	0.35000
C Accumulation				
Group 1	0.35000	-	0.35000	0.35000
Group 2	-	0.35000	0.35000	0.35000

Distribution Tables cont.

Final distribution for the period ended 30 June 2023

Group 1 : shares purchased prior to 1 April 2023

Group 2 : shares purchased 1 April 2023 to 30 June 2023

	Net Revenue	Equalisation	Distribution (paid/accumulated 31.08.23)	Distribution (paid/accumulated 31.08.22)
	30.06.23 pence per share	30.06.23 pence per share	30.06.23 pence per share	30.06.22 pence per share
B Accumulation				
Group 1	2.66000	-	2.66000	2.11000
Group 2	1.10181	1.55819	2.66000	2.11000
B Income				
Group 1	2.42000	-	2.42000	1.98000
Group 2	2.42000	-	2.42000	1.98000
C Accumulation				
Group 1	2.76000	-	2.76000	2.17000
Group 2	2.76000	-	2.76000	2.17000

BAILLIE GIFFORD

Baillie Gifford Sustainable Growth Fund

a sub-fund of Baillie Gifford Investment Funds II ICVC

*Annual Report & Financial Statements
for the year ended 30 June 2023*



Baillie Gifford Sustainable Growth Fund

Investment Objective

The Fund aims to outperform (after deduction of costs) the MSCI ACWI, as stated in sterling, by at least 2% per annum over rolling five-year periods.

Investment Policy

The Fund will invest at least 90% in shares of companies anywhere in the world and of any size and in any sector which, in the investment manager's opinion demonstrate long-term Sustainable Growth prospects. The investment manager defines "Sustainable Growth" as the potential a company has to (i) deliver enduring growth, being a decade or more of profitable growth, and (ii) make a difference to society by, for example, producing products or services which have a clear positive influence, or promoting business practices that help shape industry standards and inspire wider change. The investment manager applies a proprietary qualitative investment process to assess companies' Sustainable Growth prospects. In addition, investments will be selected following application of business activity-based exclusions and norms-based evaluation. Investments in companies that derive more than 10 per cent of their annual revenues from the production or sale of tobacco, alcohol, weapons and armaments, or adult entertainment; fossil fuel extraction and/or production; or gambling services; are not permitted. Companies the Fund directly invests in will be selected following a norms-based evaluation. The Fund will comply with Baillie Gifford & Co's policy on assessing breaches of the United Nations Global Compact as outlined in its ESG Principles and Guidelines document. The Fund will be actively managed.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The

shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.



Market conditions can change rapidly and a fund in any rank can lose you your investment. The Fund is classified as above as it invests in company shares.

The indicator does not take into account the following relevant material risks:

Over shorter time periods the Fund's share price can be volatile and returns can be much higher or lower than our five-year average target. There is no guarantee this objective will be achieved over any time period.

The Fund's ESG investment policy limits the type of companies it can hold. The Fund may have different returns from funds with no such restrictions.

The limitations of third party data, which may be backward looking or estimated, may impact on the Funds ability to achieve any non-financial considerations.

In adverse market conditions it may be difficult to sell investments held by the fund in a timely manner and their value may fall significantly. This could affect how much money you receive and even delay the selling of your shares if dealing in the Fund is suspended.

Custody of assets involves a risk of loss if a custodian becomes insolvent or breaches duties of care.

You could lose your investment due to global factors like natural disasters, pandemics, or through developments such as military conflict, or changes in government policies.

Where possible, charges are taken from income. If insufficient, the rest will be taken from capital, reducing the capital value of the Fund.

For a more detailed explanation of the risks, please see the "Risk Warnings" section of the prospectus.

Baillie Gifford Sustainable Growth Fund cont.

Adoption of Net Zero Asset Managers initiative

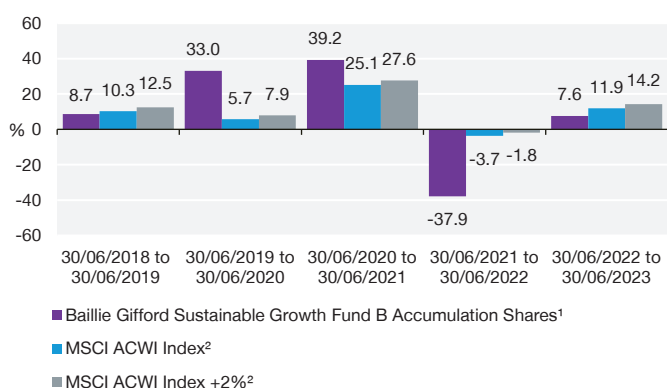
Adoption of Net Zero Asset Managers initiative Baillie Gifford & Co, the Fund's Investment Manager, has joined the Net Zero Asset Managers initiative (NZAM), as part of the Investment Manager's commitment to support the goal of net zero greenhouse gas emissions by 2050, in line with global efforts to limit warming to 1.5°C.

This commitment includes supporting investing aligned with net zero emissions by 2050 or sooner, and the Fund has been managed in line with and counted towards the Investment Manager's net zero commitment.

As a long-term investor, the Investment Manager's investment process takes into account the long-term prospects (including long-term sustainability) of an investment. Consideration of climate-related factors, including NZAM commitment, and the impact of these on a company's competitive positioning form an integral part of this process.

Investment Report

Past Performance



The performance figures shown in this graph are for Class B Accumulation Shares. Performance figures reflect the annual management charge 0.50%. Performance figures for the other share classes in issue can be obtained by contacting Client Relations. You should be aware that past performance is not a guide to future performance.

Past Performance

The investment objective of the Fund is to outperform the MSCI ACWI (the 'Index') +2% (the 'target return') over a rolling five-year period after fees. For the year to 30 June 2023 the return on B Accumulation Shares was 7.6%¹ compared to the Index of 11.9%² and the target return of 14.2%². We fully appreciate that this is disappointing whether you are a longstanding client or a newer investor in the Fund. While periods of underperformance are inevitable given our style of investment, none of us enjoy these. We believe that short-term performance measurements are of limited relevance in assessing investment ability and would suggest that five years is a more sensible timeframe over which to judge performance, a period in line with the Fund's objectives. Over that period, the annualised return on B Accumulation Shares was 6.1%¹ compared to the Index of 9.4%² and the target return of 11.7%². It is disappointing that over this period the Fund has underperformed its target return. Returns have been impacted by recent, short-term weakness.

Market Environment

The market environment was ostensibly a good one for growth equities, although the strongest returns were to be found in a relatively small number of big technology companies, some of which do not feature in the portfolio.

Performance

The Fund delivered a good positive return but was behind the benchmark in the period. Not owning Apple, which is a large index constituent, hurt relative returns for example. Detractors that we did hold included First Republic Bank (First Republic), Pacira BioSciences and freelancing platform, Upwork.

The largest of these detractors was First Republic, which was caught up in March's banking crisis. Until recently, First Republic was viewed as a fundamentally sound business with an excellent credit record and deep customer relationships. However, a deposit base concentrated on the west coast of the United States and a degree of interest rate exposure on the balance sheet drew comparisons with Silicon Valley Bank. That many

¹Source: FE, 10am dealing prices, income accumulated. ²Source: Revolution and MSCI, total return in sterling terms. The target return outperformance is compounded daily therefore the Index return plus the outperformance will not equal the target return. Please see Disclaimer on page 214.

Investment Report cont.

of these deposits emanated from wealthy individuals and exceeded the limit for federal insurance coverage prompted fears of a run, and a sharp fall in the share price resulted, the two factors forming a nasty downward spiral. This looks likely to depress margins for the foreseeable future, so we decided to sell the position. Ultimately, banks are confidence machines – even with sound fundamentals, the business model breaks down once trust is eroded.

Positive contributions to relative performance came from NVIDIA, Shopify and Netflix.

A holding since 2016, California-based designer of graphics processing units, NVIDIA is boosting production to meet surging demand for the most advanced silicon chips. The company announced in May that second-quarter revenue is to be a whopping \$4 billion higher than expected. More than 90% of generative artificial intelligence programs are trained on NVIDIA hardware and most of the world's machine learning engineers have become used to using NVIDIA's Cuda tools to design new applications. The share price more than doubled in the period.

We are acutely aware that, despite returns being in excess of the benchmark since inception, performance has been disappointing more recently. The boost to enthusiasm for growth equities from the artificial intelligence revolution is therefore a welcome one. It reminds investors that returns will accrue to those firms that are the most innovative, well-run and competitively advantaged. The Fund is replete with such investments, so we remain confident of delivering on our performance objective over longer time horizons.

Notable Transactions

Turnover has been somewhat higher than our typically low levels as we seek to bring greater resilience and diversification to the portfolio, and as we tested existing holdings against a higher bar for sustainability.

Our philosophy is that a company can make a difference to society either through what it does (impactful products or services) or how it does it (influential business practices). Our recent purchase of

Advanced Drainage Systems is a good example of an impactful product. The company manufactures pipes from recycled plastic, improving the quality of stormwater infrastructure in the US. This is an essential climate change adaptation.

L'Oreal, on the other hand, is a recent purchase with influential business practices. Its leadership in environmental reporting and targets – from its supply chain to the customers using its products – has the potential to elevate standards across the cosmetics industry and beyond.

Sales of holdings we deemed less resilient in an environment of higher interest rates, such as buy-now-pay-later lender Affirm Holdings, helped fund new holdings in companies able to make their own weather. Spirax-Sarco, for example, produces niche steam systems for industrial settings and has not made a loss since its stock market listing in 1986.

Baillie Gifford & Co, 12 July 2023

Principal Holdings as at 30 June 2023

Investment	Percentage of total Fund
Workday Inc	3.36
TSMC	2.89
MercadoLibre	2.77
Atlas Copco B	2.73
DSV	2.65
UnitedHealth	2.62
Watsco Inc	2.57
Texas Instruments	2.54
Shopify 'A'	2.49
NVIDIA	2.47

Material Portfolio Changes for the year ended 30 June 2023

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
Texas Instruments	16,401	NVIDIA	22,634
UnitedHealth	16,040	Netflix Inc	16,562
Recruit Holdings	14,393	Abiomed	15,116
DSV	13,733	SoftBank Group	14,761
L'Oreal	12,481	Tesla Inc	13,185
Starbucks Corp	10,670	Sumitomo Mitsui Trust	12,479
Experian	9,992	DMG Mori	11,085
Spirax-Sarco	9,914	Shopify 'A'	10,506
Eurofins	9,277	Fastenal	10,152
Alphabet Inc Class A	9,025	Alibaba Group Holding	8,507

Portfolio Statement as at 30 June 2023

Stock description	Holding	Market value £'000	% of total net assets
Brazil - 2.77% (1.17%)			
MercadoLibre	18,849	17,549	2.77
Canada - 2.49% (1.86%)			
Shopify 'A'	310,666	15,786	2.49
China - 1.61% (8.30%)			
JD.com	249,632	3,317	0.52
Meituan	561,400	6,886	1.09
Denmark - 2.65% (0.00%)			
DSV	101,183	16,775	2.65
France - 5.89% (2.56%)			
Dassault Systemes	238,557	8,317	1.32
L'Oreal	41,971	15,383	2.43
Sartorius Stedim Biotech	36,230	7,107	1.12
Schneider Electric SE	45,099	6,442	1.02
Germany - 1.67% (1.52%)			
adidas	47,036	7,192	1.14
Zalando SE	148,397	3,349	0.53
Hong Kong - 2.47% (3.82%)			
AIA Group	1,968,800	15,631	2.47
India - 1.53% (1.86%)			
HDFC Life Insurance Co Ltd	1,550,310	9,680	1.53
Italy - 0.00% (0.55%)			
Japan - 9.17% (13.67%)			
Bridgestone	289,400	9,280	1.47
FANUC	459,700	12,589	1.99
Kubota	962,300	10,992	1.74

Portfolio Statement as at 30 June 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Nintendo	232,500	8,277	1.31
Rakuten	1,413,200	3,838	0.60
Recruit Holdings	524,500	13,024	2.06
Luxembourg - 1.45% (0.00%)			
Eurofins	183,914	9,176	1.45
Netherlands - 2.28% (2.50%)			
IMCD Group N.V.	127,560	14,411	2.28
Norway - 0.70% (0.73%)			
Adevinta	863,591	4,460	0.70
South Korea - 1.66% (1.60%)			
Samsung SDI Co Ltd	26,247	10,482	1.66
Sweden - 8.46% (4.27%)			
Atlas Copco B	1,770,246	17,287	2.73
Beijer Ref	1,457,380	14,603	2.31
Nibe Industrier AB 'B' Shares	1,212,617	9,029	1.43
Spotify Technology SA	99,963	12,623	1.99
Taiwan - 2.89% (3.36%)			
TSMC	1,259,000	18,283	2.89
UK - 6.62% (4.87%)			
Experian	366,046	11,044	1.74
ITM Power	2,973,519	2,149	0.34
Ocado	419,546	2,383	0.38
Prudential	1,036,654	11,491	1.82
Spirax-Sarco	87,654	9,081	1.43
Wise Plc	874,785	5,748	0.91
United States - 44.88% (45.26%)			
10X Genomics Inc Class A	158,426	6,957	1.10

Portfolio Statement as at 30 June 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Advanced Drainage Systems	101,663	9,090	1.44
Alphabet Inc Class A	155,029	14,596	2.31
Amazon.com	88,958	9,116	1.44
Cognex Corp	160,497	7,072	1.12
Denali Therapeutics	259,062	6,003	0.95
Exact Sciences	107,596	7,944	1.25
Illumina	59,286	8,738	1.38
MarketAxess Holdings	69,426	14,275	2.26
Mastercard	42,713	13,202	2.09
Moderna Inc	53,863	5,148	0.81
New York Times Co	243,607	7,548	1.19
NVIDIA	47,089	15,658	2.47
Pacira BioSciences	244,624	7,702	1.22
Progyny	206,504	6,382	1.01
STAAR Surgical	222,265	9,187	1.45
Starbucks Corp	132,714	10,337	1.63
Tesla Inc	63,288	13,026	2.06
Texas Instruments	113,731	16,100	2.54
The Trade Desk	236,725	14,378	2.27
UnitedHealth	43,800	16,553	2.62
Upwork Inc	733,288	5,381	0.85
Wabtec	96,013	8,280	1.31
Warby Parker Inc	408,042	3,749	0.59
Waters	31,573	6,620	1.05
Watsco Inc	54,260	16,280	2.57
Workday Inc	119,684	21,259	3.36
Zoom	64,146	3,425	0.54
Portfolio of investments		627,670	99.19
Net other assets - 0.81% (2.10%)		5,120	0.81
Net assets		632,790	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules, unless otherwise stated.

Figures in brackets refer to 30 June 2022.

Comparative Tables

Comparative Table: B Accumulation Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	610.83	979.54	711.65
Return before operating charges*	52.19	(364.32)	272.48
Operating charges	(3.40)	(4.39)	(4.59)
Return after operating charges*	48.79	(368.71)	267.89
Distributions	(1.85)	(1.26)	0.00
Retained distributions on accumulation shares	1.85	1.26	0.00
Closing net asset value per share	659.62	610.83	979.54
*After direct transaction costs of:	0.45	0.17	0.35
Performance:			
Return after charges	7.99%	(37.64)%	37.64%
Other Information:			
Closing net asset value (£'000)	266,212	225,439	360,559
Closing number of shares	40,358,711	36,907,054	36,808,894
Operating charges	0.53%	0.52%	0.52%
Direct transaction costs ¹	0.07%	0.02%	0.04%
Prices:			
Highest share price (pence)	714.1	1,018	1,041
Lowest share price (pence)	579.5	587.3	712.6

Comparative Tables cont.

Comparative Table: B Income Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	604.86	971.98	706.16
Return before operating charges*	51.68	(362.00)	270.61
Operating charges	(3.37)	(3.88)	(4.79)
Return after operating charges*	48.31	(365.88)	265.82
Distributions on income shares	(1.83)	(1.24)	0.00
Closing net asset value per share	651.34	604.86	971.98
*After direct transaction costs of:	0.44	0.15	0.36
Performance:			
Return after charges	7.99%	(37.64)%	37.64%
Other Information:			
Closing net asset value (£'000)	46,640	31,100	5,054
Closing number of shares	7,160,494	5,141,726	520,021
Operating charges	0.53%	0.53%	0.53%
Direct transaction costs ¹	0.07%	0.02%	0.04%
Prices:			
Highest share price (pence)	707.1	1,010	1,033
Lowest share price (pence)	573.8	582.7	707.1

Comparative Tables cont.

Comparative Table: C Accumulation Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	608.24	970.52	701.59
Return before operating charges*	52.06	(362.03)	269.19
Operating charges	(0.19)	(0.25)	(0.26)
Return after operating charges*	51.87	(362.28)	268.93
Distributions	(5.05)	(5.46)	(4.29)
Retained distributions on accumulation shares	5.05	5.46	4.29
Closing net asset value per share	660.11	608.24	970.52
*After direct transaction costs of:	0.45	0.17	0.35
Performance:			
Return after charges	8.53%	(37.33)%	38.33%
Other Information:			
Closing net asset value (£'000)	226,117	197,104	294,430
Closing number of shares	34,254,189	32,405,594	30,337,338
Operating charges	0.03%	0.03%	0.03%
Direct transaction costs ¹	0.07%	0.02%	0.04%
Prices:			
Highest share price (pence)	711.5	1,010	1,030
Lowest share price (pence)	577.9	584.7	702.5

Comparative Tables cont.

Comparative Table: J Accumulation Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	611.89	979.77	710.76
Return before operating charges*	52.24	(364.77)	272.54
Operating charges	(2.38)	(3.11)	(3.53)
Return after operating charges*	49.86	(367.88)	269.01
Distributions	(2.82)	(2.54)	(1.27)
Retained distributions on accumulation shares	2.82	2.54	1.27
Closing net asset value per share	661.75	611.89	979.77
*After direct transaction costs of:	0.45	0.17	0.37
Performance:			
Return after charges	8.15%	(37.55)%	37.85%
Other Information:			
Closing net asset value (£'000)	2,091	2,235	2,608
Closing number of shares	316,003	365,241	266,176
Operating charges	0.37%	0.37%	0.38%
Direct transaction costs ¹	0.07%	0.02%	0.04%
Prices:			
Highest share price (pence)	715.4	1,019	1,041
Lowest share price (pence)	580.7	588.3	711.7

Comparative Tables cont.

Comparative Table: J Income Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	604.46	971.90	705.98
Return before operating charges*	51.62	(361.72)	270.68
Operating charges	(2.35)	(3.20)	(3.49)
Return after operating charges*	49.27	(364.92)	267.19
Distributions on income shares	(2.77)	(2.52)	(1.27)
Closing net asset value per share	650.96	604.46	971.90
*After direct transaction costs of:	0.45	0.17	0.37
Performance:			
Return after charges	8.15%	(37.55)%	37.85%
Other Information:			
Closing net asset value (£'000)	23	25	44
Closing number of shares	3,477	4,156	4,529
Operating charges	0.37%	0.38%	0.38%
Direct transaction costs ¹	0.07%	0.02%	0.04%
Prices:			
Highest share price (pence)	706.8	1,010	1,034
Lowest share price (pence)	573.7	583.5	706.9

Comparative Tables cont.

Comparative Table: Y Accumulation Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	618.80	991.56	719.78
Return before operating charges*	52.83	(368.99)	275.68
Operating charges	(3.05)	(3.77)	(3.90)
Return after operating charges*	49.78	(372.76)	271.78
Distributions	(2.21)	(1.96)	(0.73)
Retained distributions on accumulation shares	2.21	1.96	0.73
Closing net asset value per share	668.58	618.80	991.56
*After direct transaction costs of:	0.45	0.17	0.35
Performance:			
Return after charges	8.04%	(37.59)%	37.76%
Other Information:			
Closing net asset value (£'000)	91,707	90,351	149,823
Closing number of shares	13,716,731	14,601,009	15,109,807
Operating charges	0.47%	0.44% ²	0.44%
Direct transaction costs ¹	0.07%	0.02%	0.04%
Prices:			
Highest share price (pence)	723.4	1,031	1,054
Lowest share price (pence)	587.1	594.9	720.7

¹The Fund incurs broker commission and transfer taxes/stamp duty as a necessary part of buying and selling the Fund's underlying investments in order to achieve the investment objective. In the case of shares; broker commissions, transfer taxes and stamp duty may be paid by the Fund on transactions.

A dilution adjustment is made whenever dealings in the shares of the Fund result in shares being issued or cancelled by the Company. The adjustment will take account of any spread between the buying and selling prices of the Fund's investments and the costs (which may include dealing charges and taxes) of acquiring or disposing of such investments. Please note that the direct transaction cost disclosures above do not include the dilution adjustment charges. For further details on dilution adjustment charges please see the General Information section. For further details on the costs associated with investing in the Fund please see the Enhanced Disclosure of Fund Costs and Charges document and Baillie Gifford's Funds Costs and Charges Summary, both of which are available on the website www.bailliegifford.com.

²Class Y Shares have a separate annual management charge arrangement with the ACD, where a tiered scale may be applied. Please refer to the Prospectus for further information. As at 30 June 2022 the ACD considered 0.48% to be a more indicative rate for the ongoing charges figure for Class Y Shares.

Financial Statements

Statement of Total Return for the year ended 30 June 2023

	Notes	2023		2022	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	1		44,421		(317,283)
Revenue	3	5,530		5,248	
Expenses	4	(2,114)		(2,319)	
Net revenue before taxation		3,416		2,929	
Taxation	5	(485)		(382)	
Net revenue after taxation			2,931		2,547
Total return before distributions			47,352		(314,736)
Distributions	6		(2,934)		(2,544)
Change in net assets attributable to shareholders from investment activities			44,418		(317,280)

Statement of Change in Net Assets Attributable to Shareholders for the year ended 30 June 2023

	2023		2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		546,254		812,518
Amounts receivable on issue of shares	47,469		143,683	
Amounts payable on cancellation of shares	(70,162)		(95,414)	
Creation of shares settled by transfer of stocks	61,916		-	
		39,223		48,269
Dilution adjustment		106		217
Change in net assets attributable to shareholders from investment activities		44,418		(317,280)
Retained distributions on accumulation shares		2,789		2,530
Closing net assets attributable to shareholders		632,790		546,254

Financial Statements cont.

Balance Sheet as at 30 June 2023

	Notes	2023 £'000	2022 £'000
Assets:			
Fixed assets:			
Investments	13	627,670	534,777
Current assets:			
Debtors	8	649	2,815
Cash and bank balances	9	6,801	9,624
Total assets		635,120	547,216
Liabilities:			
Creditors:			
Bank overdrafts	9	(1,315)	-
Distributions payable		(131)	(64)
Other creditors	10	(884)	(898)
Total liabilities		(2,330)	(962)
Net assets attributable to shareholders		632,790	546,254

Notes to the Financial Statements

1 Net capital gains/(losses)

	2023	2022
	£'000	£'000
Non-derivative securities	45,458	(318,092)
Currency gains/(losses)	(1,031)	816
Transaction costs	(6)	(7)
Net capital gains/(losses)	44,421	(317,283)

2 Purchases, sales and transaction costs

	2023	2022
	£'000	£'000
Purchases and transaction costs		
Purchases of equities	267,677	183,375
Equities transferred in	56,612	-
Gross purchases of equities excluding transaction costs	324,289	183,375
Commissions	89	45
Taxes	159	58
Total transaction costs on equity purchases	248	103
Purchases including transaction costs	324,537	183,478
	2023	2022
	%	%
Transaction costs as a percentage of principal amount		
Commission on equity purchases	0.03	0.02
Taxes on equity purchases	0.05	0.03

Notes to the Financial Statements cont.

2 Purchases, sales and transaction costs (continued)

	2023	2022
	£'000	£'000
Sales and transaction costs		
Gross sales of equities excluding transaction costs	277,301	131,579
Commissions	(98)	(23)
Taxes	(78)	(27)
Total transaction costs on equity sales ¹	(176)	(50)
Sales net of transaction costs	277,125	131,529

¹These amounts have been deducted in determining net capital gains/(losses).

	2023	2022
	%	%
Transaction costs as a percentage of principal amount		
Commission on equity sales	(0.04)	(0.02)
Taxes on equity sales	(0.03)	(0.02)

	2023		2022	
	£'000	% of average NAV	£'000	% of average NAV
Portfolio transaction costs				
Commissions	187	0.03	68	0.01
Taxes	237	0.04	85	0.01
Total direct transaction costs	424	0.07	153	0.02

	2023	2022
	%	%
Average portfolio dealing spread	0.10	0.08

The Fund incurs broker commission and transfer taxes/stamp duty as a necessary part of buying and selling the Fund's underlying investments in order to achieve the investment objective. In the case of shares, broker commissions, transfer taxes and stamp duty may be paid by the Fund on transactions.

Dilution adjustment charges, which do not form part of the direct transaction costs disclosures above, may be incurred as a result of trading in underlying funds. For further details on dilution adjustment charges please see the General Information section.

Dealing spread is the difference in the buying and selling prices of the underlying investments. Dealing spreads vary considerably depending on the transaction value and market sentiment. The Fund may have holdings in single priced funds. The notional spread on these holdings is not included in the average dealing spread calculated for this Fund.

Notes to the Financial Statements cont.

3 Revenue

	2023	2022
	£'000	£'000
UK dividends	369	658
Overseas dividends	5,053	4,587
Bank interest	108	3
Total revenue	5,530	5,248

4 Expenses

	2023	2022
	£'000	£'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	1,985	2,181
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee	43	50
Bank charges	54	64
	97	114
Other expenses:		
Audit fee	9	7
Non-audit fees paid to auditors	9	7
Professional fees	14	10
	32	24
Total expenses	2,114	2,319

5 Taxation

	2023	2022
	£'000	£'000
Analysis of charge in the year		
Corporation tax	-	-
Overseas tax	481	395
Prior year tax reclaims written off	8	-
Tax recoverable on overseas dividends	(4)	(13)
Total taxation	485	382

The Fund is subject to corporation tax at 20% (2022: 20%), however, the majority of dividends received by the Fund are not liable to corporation tax. Accordingly, the tax deductible expenses substantially exceed the taxable income of the Fund and, as a result, there is no corporation tax charge.

Notes to the Financial Statements cont.

5 Taxation (continued)

At 30 June 2023, the Fund had excess management expenses of £9,659,000 (2022: £7,653,000) which have not been recognised as a deferred tax asset. This is because the Fund is not expected to generate taxable income in a future period in excess of the deductible expenses of that future period and, accordingly, the Fund is unlikely to be able to reduce future tax liabilities through the use of existing excess expenses.

The tax charge is explained as follows:

	2023	2022
	£'000	£'000
Net revenue before taxation	3,416	2,929
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% (2022: 20%)	683	586
Effects of:		
Non-taxable UK dividends	(74)	(132)
Non-taxable overseas dividends	(1,010)	(917)
Overseas tax on dividends	481	395
Excess management expenses	401	463
Prior year tax reclaims written off	8	-
Tax recoverable on overseas dividends	(4)	(13)
Total taxation	485	382

6 Distributions

	2023	2022
	£'000	£'000
Final to 30 June	2,920	2,593
Amounts deducted on cancellation of shares	80	64
Amounts added on issue of shares	(66)	(113)
Total distributions	2,934	2,544

The distributions take account of revenue transactions on the issue and cancellation of shares. Details of the distribution per share are set out in the Distribution Table.

7 Reconciliation of net revenue to net distributions for the year

	2023	2022
	£'000	£'000
Net revenue after taxation for the year	2,931	2,547
Add distributable revenue brought forward	6	3
Less distributable revenue carried forward	(3)	(6)
Net distributions for the year	2,934	2,544

Notes to the Financial Statements cont.

8 Debtors

	2023	2022
	£'000	£'000
Receivable for issue of shares	-	1,996
Accrued income	583	740
Overseas tax recoverable	50	75
VAT recoverable	3	2
Other debtors	13	2
Total debtors	649	2,815

9 Cash and bank balances

	2023	2022
	£'000	£'000
Sterling bank accounts	2,459	7,685
Foreign currency bank accounts	4,342	1,939
	6,801	9,624
Sterling bank accounts overdrawn	(1,315)	-
Total cash and bank balances	5,486	9,624

10 Other creditors

	2023	2022
	£'000	£'000
Payable for cancellation of shares	675	738
Due to the ACD or associates	162	142
Due to the Depositary or associates	13	13
Capital gains tax provision	23	-
Other accrued expenses	11	5
Total other creditors	884	898

11 Related party transactions

Baillie Gifford & Co Limited, as ACD, is regarded as a related party by virtue of the services provided to the Company. Baillie Gifford & Co Limited acts as principal in respect of all transactions of shares in the Company, except where stocks are transferred on the issue or cancellation of shares. The aggregate monies received through issue and paid on cancellation are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts receivable and payable on the issue and cancellation of shares have been disclosed in notes 8 and 10 respectively.

Amounts paid to Baillie Gifford & Co Limited in respect of ACD fees are disclosed in note 4 with amounts due at the year end given in note 10.

Notes to the Financial Statements cont.

11 Related party transactions (continued)

Shares held by the ACD and associates of the ACD

The shares held by the ACD and associates of the ACD as a percentage of the Fund's NAV were:

	2023	2022
	%	%
ACD and associates of the ACD	0.00	0.22

12 Reconciliation of shares in issue

	Shares in issue as at 30.06.22	Shares issued	Shares cancelled	Shares converted	Shares in issue as at 30.06.23
B Accumulation Shares	36,907,054	11,673,902	(8,234,395)	12,150	40,358,711
B Income Shares	5,141,726	2,082,950	(82,971)	18,789	7,160,494
C Accumulation Shares	32,405,594	3,537,218	(1,688,623)	-	34,254,189
J Accumulation Shares	365,241	45,592	(64,147)	(30,683)	316,003
J Income Shares	4,156	1,886	(2,565)	-	3,477
Y Accumulation Shares	14,601,009	1,962	(886,240)	-	13,716,731

13 Basis of valuation

	2023	2022
	Assets	Assets
	£'000	£'000
Level 1: Quoted prices	627,670	534,777
Level 2: Observable market data	-	-
Level 3: Unobservable data	-	-
Total	627,670	534,777

Notes to the Financial Statements cont.

14 Derivatives and other financial instruments

Currency exposures

A proportion of the net assets of the Fund are denominated in currencies other than sterling, with the effect that the balance sheet and total return can be significantly affected by currency movements.

Currency	Net currency assets/(liabilities)			Net currency assets/(liabilities)		
	2023		Total	2022		Total
	Monetary exposures	Non-monetary exposures		Monetary exposures	Non-monetary exposures	
£'000	£'000	£'000	£'000	£'000	£'000	
Danish krone	-	16,775	16,775	-	-	-
Euro	-	71,378	71,378	-	35,963	35,963
Hong Kong dollar	-	25,834	25,834	-	66,223	66,223
Indian rupee	-	9,680	9,680	-	10,138	10,138
Japanese yen	-	58,000	58,000	-	74,673	74,673
Norwegian krona	-	4,460	4,460	-	3,999	3,999
South Korean won	-	10,482	10,482	-	8,734	8,734
Swedish krona	-	40,919	40,919	-	19,330	19,330
Swiss franc	-	-	-	-	3,005	3,005
Taiwanese dollar	85	18,283	18,367	93	18,363	18,456
UK sterling	1,144	41,895	43,039	7,684	26,616	34,300
US dollar	4,257	329,964	334,221	1,847	267,735	269,582

Short term debtors and creditors have not been disclosed. Totals may not sum due to rounding.

The Fund invests in a generally diversified portfolio of assets. Consequently the ACD considers that a single measure of market sensitivity does not accurately reflect the risks faced by the Fund.

Distribution Table

Final distribution for the year ended 30 June 2023

Group 1 : shares purchased prior to 1 July 2022

Group 2 : shares purchased 1 July 2022 to 30 June 2023

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 31.08.23)	Distribution (paid/accumulated 31.08.22)
	30.06.23 pence per share	30.06.23 pence per share	30.06.23 pence per share	30.06.22 pence per share
B Accumulation				
Group 1	1.85000	-	1.85000	1.26000
Group 2	1.84950	0.00050	1.85000	1.26000
B Income				
Group 1	1.83000	-	1.83000	1.24000
Group 2	0.97157	0.85843	1.83000	1.24000
C Accumulation				
Group 1	5.05000	-	5.05000	5.46000
Group 2	3.41841	1.63159	5.05000	5.46000
J Accumulation				
Group 1	2.82000	-	2.82000	2.54000
Group 2	2.08825	0.73175	2.82000	2.54000
J Income				
Group 1	2.78000	-	2.78000	2.52000
Group 2	0.53228	2.24772	2.78000	2.52000
Y Accumulation				
Group 1	2.21000	-	2.21000	1.96000
Group 2	1.13680	1.07320	2.21000	1.96000

BAILLIE GIFFORD

Baillie Gifford Sustainable Income Fund

a sub-fund of Baillie Gifford Investment Funds II ICVC

*Annual Report & Financial Statements
for the year ended 30 June 2023*



Baillie Gifford Sustainable Income Fund

Investment Objective

The Fund aims to produce monthly income, whilst seeking to maintain the value of that income and of capital in line with inflation (UK CPI) over five-year periods.

Investment Policy

The Fund will gain exposure to a wide range of asset classes in any country or sector, subject to exclusion's identified by the investment manager's sustainable investment process. At any one time, the Fund may be invested in any one or more of the following: shares, bonds, money market instruments, deposits, and cash. This exposure may be achieved directly or indirectly through collective investment schemes. The Sub-fund may also invest indirectly in property, infrastructure, commodities and loans. The purpose of the sustainable investment process, which is applied to all assets except cash and cash-like instruments, is to ensure that the Fund invests in a way which is, in the investment manager's opinion, compatible with a sustainable economy. Companies the Fund directly invests in will be selected following a norms-based evaluation. The Fund will comply with Baillie Gifford & Co's policy on assessing breaches of the United Nations Global Compact as outlined in its ESG Principles and Guidelines document. Currency forwards and derivatives, which are types of financial contracts, are used for both investment purposes and in the management of risk. The Fund will be exposed to foreign currencies. The Fund will be actively managed.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The

shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.



Market conditions can change rapidly and a fund in any rank can lose you your investment. The Fund is classified as above as it invests in a range of assets.

As returns are not available for all of the past five years we've used the Fund's sector in their place to calculate the indicator.

The indicator does not take into account the following relevant material risks:

The Fund aims to maintain capital value in line with inflation. Neither this nor positive returns are guaranteed.

Bonds are affected by interest rates and inflation trends which may affect the value of the Fund. They could lose value if the issuer's financial health deteriorates.

Derivatives can magnify losses if returns go down.

In adverse market conditions it may be difficult to sell investments held by the Fund in a timely manner and their value may fall significantly. This could affect how much money you receive and even delay the selling of your shares if dealing in the Fund is suspended.

Custody of assets involves a risk of loss if a custodian becomes insolvent or breaches duties of care.

You could lose your investment due to global factors like natural disasters, pandemics, or through developments such as military conflict, or changes in government policies.

The manager can charge some, or all, expenses to the Fund's capital, reducing its value. This amount can vary from year to year.

For a more detailed explanation of the risks, please see the "Risk Warnings" section of the prospectus.

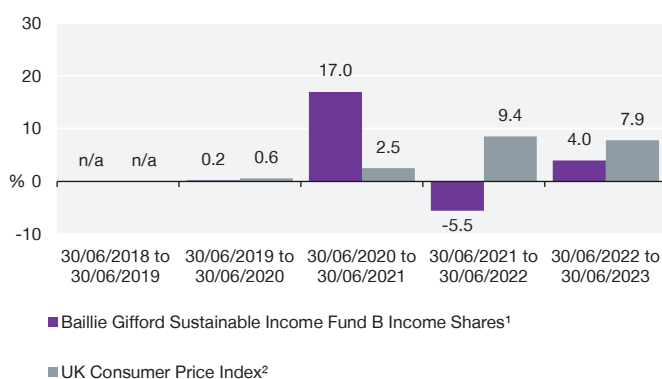
Baillie Gifford Sustainable Income Fund cont.

Fees Allocated to Capital

For distribution purposes the ACD has the facility to allocate some or all expenses to capital. For the year to 30 June 2023 100% of expenses were allocated to capital (year to 30 June 2022: 100%). This will reduce the capital value of the Fund. This number will vary from year to year.

Investment Report

Past Performance



The performance figures shown in this graph are for Class B Income Shares. Performance figures reflect the annual management charge of 0.50%. There are not five full years of performance shown as the Fund was launched on 31 August 2018. Performance figures for the other share class in issue can be obtained by contacting Client Relations. You should be aware that past performance is not a guide to future performance.

Past Performance

The investment objective of the Fund is to produce monthly income, whilst seeking to maintain the value of that income and of capital in line with inflation (UK Consumer Price Index) over five-year periods. For the year to 30 June 2023 the capital return on B Income Shares was 0.4%³ compared to the return on the UK Consumer Price Index (UK CPI) of 7.9%². The Fund paid a monthly stream of income totalling 4.03 pence per share, a 1.9% decrease compared to the prior year. We fully appreciate that this is disappointing whether you are a longstanding client or a newer investor in the Fund. While periods of underperformance are inevitable given our style of investment, none of us enjoy these. We believe that short-term performance measurements are of limited relevance in assessing investment ability and would suggest that five years is a more sensible timeframe over which to judge performance, a period in line with the Fund's objective. We look forward to reporting to you on more meaningful performance time periods over the years to come.

Market Environment

After a difficult period in 2022, the end of the year and the first half of 2023 witnessed a degree of renewed optimism in financial markets. Continued resilience of the US economy was a key driver, along with a surge of enthusiasm in the potential for Artificial Intelligence (AI) to transform everything, triggered by the widespread and rapid adoption of large learning models such as ChatGPT.

Risk assets performed well during the period. While we're seeing some moderation in inflation in the US, there has been legitimate concern that the Bank of England has less credibility in delivering on its inflation mandate. In June 2023, the Bank was forced into a more aggressive rate hike than expected. Time will tell whether it has done enough to quell rising inflation expectations. In a broader global context, China's growth rate has improved as it has come out of Covid-19 restrictions. The improvement has been more muted than many expected and it is also rare in being a country without an inflation problem. Inflation is low and falling, which, combined with a weaker Chinese currency, is once again a disinflationary force for the world economy.

¹Source: FE, 10am dealing prices, income reinvested. ²Source: Revolution and the Office for National Statistics, total return. Please see Disclaimer on page 214. ³Source: Baillie Gifford & Co Limited, 10am dealing prices, excluding income, after charges.

Investment Report cont.

As we look forward there is some concern that financial markets need to pause for breath. Arguably they are pricing in a future in which recession is avoided and inflation falls significantly. While this is possible, we still attach significant probabilities to two different scenarios: a more severe fall in growth due to the lagged effect of tighter monetary policy, or more stubborn inflation requiring further rate hikes. The macro uncertainties at play right now lead us to place even more emphasis on the resilience of our underlying investments and their ability to cope with any of these scenarios. So, while we are broadly optimistic about the future, it is true to say that we are operating in a “proceed with caution” mindset for the rest of 2023.

Performance

Thanks to the supportive market environment, global equities did well and contributed the bulk of positive performance for the year. Other notable contributors were emerging market local currency bonds. The Fund’s holding of the sovereign debt of Latin American and Central & Eastern European countries were particularly helpful. Central banks in both regions were quick off the mark in fighting inflation and we have now seen inflation decelerate, which was beneficial for bond prices. Property detracted from performance as inflation and higher interest rates led to uncertainty over how well these will be reflected in rental growth and concerns over the rising debt burden. Infrastructure also reversed its outperformance from the second half of 2022 and reduced in value over the period.

After fast growth in the financial year ending 30 June 2022, income remained stable over the past twelve months. We continue to forecast steady growth for the rest of 2023.

Notable Transactions

While equity markets were riding high on AI optimism, infrastructure – last year’s darling - became this year’s laggard. We felt the asset class was richly valued already in April 2022 and brought the Fund’s allocation down from above 20% at the time to around 13% of the Fund

as of 30 June 2023. We now believe infrastructure is again starting to offer better value and decided to add to our allocation shortly after the end of the reporting period.

Within the equity portfolio, we bought shares of Eurofins, a laboratory testing company. The company has been on our radar for some time, and we decided to invest after a recent site visit. We believe that their industry-leading technology platform and their lab network provide a strong foundation for attractive profit and dividend growth over the next decade. For the property portfolio, we invested in Equity Residential, a US multi-family apartment REIT focused on high-end urban properties in coastal markets. We believe that rental growth in these markets will continue to be well supported by real wage growth. Combined with strong cost control and no near-term refinancing needs, we expect a sustained growth of the dividend.

Baillie Gifford & Co, 12 July 2023

Principal Holdings as at 30 June 2023

Investment	Percentage of total Fund
US Treasury 4.125% 15/11/2032	2.72
Novo Nordisk	1.73
Microsoft	1.65
Watsco Inc	1.53
Fastenal	1.38
Procter & Gamble	1.27
Greencoat UK Wind	1.26
TSMC	1.22
Apple	1.22
Pepsico	1.16

Material Portfolio Changes for the year ended 30 June 2023

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
US Treasury 4.125% 15/11/2032	4,297	US Treasury 2.875% 15/05/2052	2,121
US Treasury 2.875% 15/05/2052	2,242	US Treasury 2.875% 15/05/2032	1,622
Agnico Eagle Mines	1,612	BBGI	1,460
Aguas Andinas	1,212	HICL Infrastructure Plc	1,333
BCE Inc	1,101	International Public Partnerships	1,289
US Treasury 2.875% 15/05/2032	1,059	Coca Cola	1,083
Thailand 1.25% IL 12/03/2028	1,057	Consolidated Edison	1,072
Newmont Mining	1,008	National Instruments Corp	958
Microsoft	864	McDonald's	847
Novo Nordisk	766	Avangrid	812

Portfolio Statement as at 30 June 2023

Stock description	Holding	Market value £'000	% of total net assets
Commodities - 3.00% (1.60%)			
Agnico Eagle Mines	43,514	1,710	1.15
Alrosa ¹	240,540	-	0.00
Newmont Mining	43,870	1,472	0.99
Wheaton Precious Metals	37,776	1,284	0.86
Developed Government Bonds - 2.72% (0.51%)			
US Treasury 4.125% 15/11/2032	5,031,800	4,042	2.72
Emerging Market Bonds Hard Currency - 7.44% (6.25%)			
Angola 9.375% 08/05/2048 (USD)	220,000	137	0.09
Bharti Airtel 5.65% 2025 Perp	920,000	701	0.47
Chile 3.5% 25/01/2050 (USD)	400,000	236	0.16
Chile 4.34% 07/03/2042 (USD)	400,000	279	0.19
Colombia 7.5% 02/02/2034 (USD)	400,000	307	0.21
Dominican Republic 5.875% 30/01/2060 (USD)	450,000	271	0.18
Dominican Republic 6% 19/07/2028 (USD)	150,000	115	0.08
Dominican Republic 6.875% 29/1/2026 (USD)	400,000	316	0.21
Dominican Republic 7.45% 30/04/2044 (USD)	210,000	161	0.11
DP World 6.85% 2037	300,000	255	0.17
Egypt 8.875% 29/05/2050 (USD)	200,000	84	0.06
Georgia 2.75% 22/04/2026 (USD)	200,000	141	0.09
Globo Comunicacao E Participacoes 5.5% 2032	200,000	123	0.08
Greenko Energy 3.85% 2026	200,000	132	0.09
HDFC 3.7% Perp	200,000	136	0.09
IHS Hdg 5.625% 2026	200,000	137	0.09
Indonesia 4.45% 15/04/2070 (USD)	300,000	201	0.14
Indonesia 5.25% 17/01/2042 (USD)	800,000	625	0.42
Inkia Energy 5.875% 2027	229,000	171	0.12
Instituto Costarricense de Electricidad 6.375% 2043	400,000	265	0.18
Ivory Coast 5.25% 2030 (EUR)	400,000	289	0.19
Ivory Coast 6.625% 2048 (EUR)	300,000	182	0.12
Mexico 4.75% 27/04/2032 (USD)	200,000	150	0.10
Mexico 5.75% 12/10/2110 (USD)	870,000	610	0.41
Nigeria 7.625% 28/11/2047 (USD)	400,000	223	0.15

Portfolio Statement as at 30 June 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
North Macedonia 3.675% 03/06/2026 (EUR)	500,000	401	0.27
OCP Morocco 6.875% 25/04/44 (USD)	400,000	288	0.19
Oman 6.5% 08/03/2047 (USD)	200,000	146	0.10
Oman 7.375% 28/10/2032 (USD)	200,000	173	0.12
OTP Bank Nyrt. 8.75% 2033	247,000	194	0.13
Panama 4.5% 16/04/2050 (USD)	200,000	122	0.08
Peru 3.23% 28/07/2121 (USD)	200,000	95	0.06
Peru 8.75% 21/11/2033 (USD)	457,000	455	0.31
ReNew Energy Global 4.5% 2027	200,000	129	0.09
Romania 2% 28/01/2032 (EUR)	664,000	418	0.28
Romania 6.125% 22/01/2044 (USD)	490,000	371	0.25
Senegal 5.375% 08/06/2037	500,000	286	0.19
Senegal 6.25% 23/05/2033 (USD)	220,000	144	0.10
Serbia 2.05% 23/09/2036 (EUR)	570,000	299	0.20
Shriram Finance 4.15% 2025	200,000	149	0.10
South Africa 5.875% 2030 (USD)	400,000	287	0.19
Sweihaan 3.625% 2049	200,000	123	0.08
Turkcell Iletisim Hizmetleri AS 5.8% 2028	200,000	139	0.09
Ukraine 4.375% 01/09/2032 (EUR)	300,000	55	0.04
Ukraine 7.75% 01/09/2029 (USD)	360,000	67	0.05
Unigel 8.75% 2026	200,000	50	0.03
Uruguay 4.975% 20/04/2055 (USD)	182,000	139	0.09
Uzbek Industrial And Con 5.75% 2024	200,000	151	0.10
Uzbekistan 5.375% 20/02/2029 (USD)	200,000	144	0.10
Emerging Market Bonds Local Currency - 10.74% (8.65%)			
Brazil 0% 01/01/2024	2,238	343	0.23
Brazil 10% 01/01/2025	1,580	254	0.17
Brazil 10% 01/01/2027	3,397	547	0.37
Brazil 10% 01/01/2029	700	111	0.07
Brazil CPI Linked 6% 15/05/2027	248	170	0.11
Brazil CPI Linked 6% 15/05/2045	320	226	0.15
Brazil CPI Linked 6% 15/08/2024	331	219	0.15
Chile 1.9% IL 01/09/2030	6,000	211	0.14
Chile 2.3% 01/10/2028	210,000,000	179	0.12

Portfolio Statement as at 30 June 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Chile 5% 01/03/2035	285,000,000	280	0.19
Chile 5.8% 01/06/2024	140,000,000	136	0.09
Colombia 3% IL 25/03/2033	6,180,000	364	0.24
Colombia 7% 26/03/2031	3,563,000,000	566	0.38
Colombia 7.25% 18/10/2034	1,685,000,000	256	0.17
Czech Republic 2% 13/10/2033	1,010,000	29	0.02
Czech Republic 6% 26/02/2026	4,610,000	171	0.12
Dominican Republic 13.625% 03/02/2033	38,300,000	673	0.45
Hungary 4.5% 23/03/2028	155,700,000	313	0.21
Hungary 4.75% 24/11/2032	86,440,000	168	0.11
Hungary 5.5% 24/06/2025	200,080,000	426	0.29
Indonesia 7.5% 15/08/2032	4,240,000,000	240	0.16
Indonesia 8.25% 15/05/2036	5,741,000,000	346	0.23
Indonesia 8.375% 15/03/2034	3,600,000,000	217	0.15
Indonesia 9% 15/03/2029	19,859,000,000	1,189	0.80
Korean EXIM Bank 7.25% 07/12/2024 (IDR)	2,200,000,000	117	0.08
Malaysia 4.232% 30/06/2031	2,610,000	450	0.30
Mexico 4% IL 30/11/2028	6,500	226	0.15
Mexico 4.5% IL 04/12/2025	5,816	202	0.14
Mexico 5% 06/03/2025	21,500	91	0.06
Mexico 7.5% 03/06/2027	187,300	817	0.55
Mexico 8.5% 18/11/2038	120,000	536	0.36
Mexico IL 4% 15/11/2040	12,263	416	0.28
Peru 6.15% 12/08/2032	5,789	1,199	0.81
Romania 3.65% 24/09/2031	810,000	113	0.08
Romania 4.25% 28/04/2036	4,220,000	567	0.38
Romania 4.75% 11/10/2034	810,000	117	0.08
Romania 4.85% 22/04/2026	2,210,000	366	0.25
South Africa 1.875% IL 31/03/2029	4,190,000	211	0.14
South Africa 6.25% 31/03/2036	19,200,000	510	0.34
South Africa 8% 31/01/2030	7,250,000	266	0.18
South Africa 8.75% 31/01/2044	16,330,000	498	0.34
Thailand 1.25% IL 12/03/2028	40,070,000	955	0.64
Uruguay 3.875% IL 02/07/2040	9,760,000	268	0.18

Portfolio Statement as at 30 June 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Uruguay 8.25% 21/05/2031	21,400,000	414	0.28
Global Equities - 37.20% (35.95%)			
Admiral Group	43,617	908	0.61
AJ Gallagher & Co	5,668	979	0.66
Albemarle	5,871	1,029	0.69
Amadeus IT Group SA	11,033	660	0.44
Analog Devices	9,948	1,524	1.02
ANTA Sports Products	90,400	726	0.49
Apple	11,872	1,810	1.22
Atlas Copco A	131,103	1,481	1.00
AVI	144,000	408	0.27
B3 S.A.	428,670	1,021	0.69
Carsales.com	85,601	1,068	0.72
Cisco Systems	18,758	763	0.51
Cognex Corp	14,734	649	0.44
Coloplast AS	7,483	736	0.49
Deutsche Boerse	9,245	1,343	0.90
Dolby Laboratories	8,479	558	0.37
Edenred	25,129	1,323	0.89
Eurofins	3,903	195	0.13
Experian	39,616	1,195	0.80
Fastenal	44,285	2,054	1.38
GSK PLC	24,240	337	0.23
Hargreaves Lansdown	43,841	358	0.24
Hong Kong Exchanges & Clearing	19,800	587	0.39
Intuit	2,338	842	0.57
Itochu Corp	10,900	337	0.23
Kering	1,371	595	0.40
Kuehne & Nagel	3,204	745	0.50
L'Oreal	2,640	968	0.65
Medtronic	7,734	536	0.36
Microsoft	9,181	2,457	1.65
Midea Group 'A'	78,900	503	0.34
Mitsubishi Corp	10,300	388	0.26

Portfolio Statement as at 30 June 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Mobile Telesystems Pjsc ¹	84,348	-	0.00
Nestle	13,290	1,257	0.84
NetEase HK Line	48,700	745	0.50
Nintendo	4,000	142	0.10
Novo Nordisk	20,301	2,576	1.73
Partners Group	1,526	1,129	0.76
Pepsico	11,805	1,720	1.16
Procter & Gamble	15,855	1,892	1.27
Roche	6,105	1,468	0.99
SAP	6,473	693	0.47
Schneider Electric SE	12,024	1,718	1.15
Sonic Healthcare	80,872	1,505	1.01
Starbucks Corp	9,338	727	0.49
Sumitomo Corp	27,100	448	0.30
T. Rowe Price	5,519	486	0.33
TCI Co	119,000	533	0.36
TSMC	125,000	1,815	1.22
United Overseas Bank	48,600	790	0.53
UPS	11,651	1,642	1.10
USS Co	36,300	470	0.32
Valmet Oyj	25,922	567	0.38
Want Want China	870,000	454	0.30
Watsco Inc	7,596	2,279	1.53
Wolters Kluwer N.V.	12,169	1,215	0.82
High Yield Credit - 13.22% (10.85%)			
Alcoa 6.125% 2028 (144A)	200,000	156	0.10
ANGI Homeservices 3.875% 2028 (144A)	460,000	295	0.20
Ardagh Packaging 4.75% 2027	470,000	372	0.25
Ardagh Packaging 5.25% 2025 (144A)	200,000	154	0.10
Birkenstock 5.25% 2029	660,000	529	0.36
Burford Capital 6.25% 2028 (144a)	400,000	289	0.19
Burford Capital 9.25% 2031 (144A)	350,000	274	0.18
Canpack 3.125% 2025 (144A)	600,000	432	0.29
Catalent 5% 2027 (144A)	515,000	372	0.25

Portfolio Statement as at 30 June 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
CCO Holdings 6.375% 2029 (144A)	830,000	615	0.41
Chart Industries 7.5% 2030 (144A)	490,000	393	0.26
Cheplapharm 5.5% 2028 (144A)	690,000	491	0.33
Cogent Communications Holdings 7% 2027 (144A)	600,000	457	0.31
Cushman & Wakefield 6.75% 2028 (144A)	460,000	327	0.22
Dana 4.25% 2030	535,000	350	0.24
Darling Ingredients 6% 2030 (144A)	430,000	330	0.22
EDF 6% 2026 Perp	200,000	181	0.12
First Quantum Minerals 6.875% 2026 (144A)	740,000	573	0.39
FMG Resources 6.125% 2032 (144A)	650,000	487	0.33
Grifols 4.75% 2028 (144A)	840,000	573	0.39
Hilton Grand Vacations 4.875% 2031 (144A)	630,000	416	0.28
Iliad 7% 2028 (144A)	700,000	508	0.34
ING Group 6.5% 2025 Perp	520,000	382	0.26
InPost 2.25% 2027	415,000	308	0.21
IPD 3 8% 2028	400,000	350	0.24
IQVIA 5% 2026 (144A)	210,000	159	0.11
Italmatch Chemicals 10% 2028	500,000	417	0.28
Liberty Costa Rica 10.875% 2031 (Reg S)	435,000	339	0.23
Liberty Puerto Rico 6.75% 2027 (144A)	400,000	295	0.20
Live Nation Entertainment 6.5% 2027 (144A)	290,000	229	0.15
Marks and Spencer 7.125% 2037 (144A)	590,000	438	0.29
Midcap Financial 6.5% 2028 (144A)	605,000	424	0.28
Nationwide 5.75% Perp	450,000	384	0.26
Natwest 4.6% 2031 Perp	600,000	327	0.22
Natwest 6% 2025 Perp	520,000	378	0.25
Nexans 5.5% 2028	100,000	88	0.06
Nielsen 9.29% 2029 (144A)	535,000	386	0.26
Open Text 6.9% 2027 (144A)	380,000	304	0.20
PeopleCert 5.75% 2026	340,000	281	0.19
Perrigo 4.9% 2044	1,039,000	632	0.42
Pinewood Gp 3.625% 2027	355,000	309	0.21
Sealed Air 1.573% 2026 (144A)	210,000	144	0.10
Sirius Media 5% 2027 (144A)	750,000	547	0.37
Solenis 9.625% 2028	496,000	408	0.27

Portfolio Statement as at 30 June 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
TalkTalk 3.875% 2025	500,000	403	0.27
Thyssenkrupp Elevator 5.25% 2027 (144A)	630,000	458	0.31
Time Warner 4.5% 2042	370,000	217	0.15
Venture Global Delta LNG 8.125% 2028 (144A)	680,000	542	0.36
Victoria 3.625% 2026	740,000	522	0.35
Virgin Media 5% 2027	315,000	285	0.19
Virgin Media RFN 4.875% 2028	205,000	162	0.11
Yara Intl 7.378% 2032 (144A)	265,000	226	0.15
ZF NA Capital 4.75% 2025 (144A)	310,000	238	0.16
Ziggo 4.875% 2030 (144A)	805,000	526	0.35
Infrastructure - 13.54% (25.34%)			
3i Infrastructure	312,048	975	0.66
Aguas Andinas	4,811,917	1,307	0.88
Ameren	7,672	493	0.33
BCE Inc	30,510	1,092	0.73
Brookfield Renewable	38,340	950	0.64
Consolidated Edison	6,880	489	0.33
Eversource Energy	18,075	1,008	0.68
Exelon Corporation	31,818	1,019	0.69
Foresight Solar Fund	661,483	648	0.44
Fortis	29,605	1,003	0.67
Greencoat Renewables	1,085,008	927	0.62
Greencoat UK Wind	1,301,708	1,876	1.26
HKT Trust and HKT	351,000	321	0.22
Italgas S.p.A	209,065	965	0.65
John Laing Environmental Assets Group	1,027,358	1,087	0.73
NextEnergy Solar Fund	670,336	632	0.42
NextEra Energy	16,692	974	0.65
Renewables Infrastructure Group	830,576	954	0.64
Terna	204,402	1,366	0.92
TINC Comm. VA	106,528	1,092	0.73
WEC Energy Group	14,027	974	0.65

Portfolio Statement as at 30 June 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Investment Grade Credit - 4.90% (2.25%)			
Abrdn 5.25% 2026 Perp	200,000	160	0.11
Admiral Group 8.5% 2034 T2	170,000	172	0.12
Albemarle 5.05% 2032	200,000	152	0.10
Alcoa 4.125% 2029 (144A)	200,000	141	0.09
Amgen Inc 4% 2029	245,000	220	0.15
Annington Funding 2.308% 2032	375,000	260	0.17
Antofagasta 5.625% 2032	230,000	180	0.12
Ashtead 5.55% 2033 (144A)	250,000	192	0.13
Banco Santander 3.225% 2032	400,000	249	0.17
Barclays 3.811% 2042	490,000	273	0.18
Berkeley Group 2.5% 2031	200,000	130	0.09
CaixaBank 6.875% 2028/33	300,000	279	0.19
Ctp N.V. 0.625% 2026	220,000	152	0.10
Dell 7.1% 2028	340,000	288	0.19
DNB Bank 4% 2026/27	305,000	279	0.19
E.ON 6.65% 2038	188,000	155	0.10
EDF 6.95% 2039	112,000	92	0.06
Investec 9.125% 2033	245,000	238	0.16
J.P. Morgan 6.4% 2038	335,000	294	0.20
MSCI Inc 4% 2029 (144A)	330,000	235	0.16
National Express Group 2.375% 2028	440,000	357	0.24
Netflix 5.875% 2028	303,000	246	0.17
OCI 4.625% 2025 (144A)	400,000	300	0.20
Orbia Advance Corp 5.875% 2044	205,000	141	0.10
Pension Insurance 8% 2026	300,000	299	0.20
Pershing Square Holdings 3.25% 2030	250,000	152	0.10
Phoenix 4.375% 2029 T2	300,000	233	0.16
Telefonica 8.25% 2030	200,000	182	0.12
Tesco 6.15% 2037	282,000	220	0.15
Ubisoft Entertainment 0.878% 2027	100,000	65	0.04
United Rentals 6% 2029 (144A)	415,000	326	0.22
Verisk Analytics 5.75% 2033	190,000	156	0.11
Volkswagen 4.625% 2028 Perp	200,000	154	0.10

Portfolio Statement as at 30 June 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Weir Group 6.875% 2028	320,000	315	0.21
Property - 4.94% (7.41%)			
American Tower Corp REIT	4,101	625	0.42
Assura Group	1,338,115	607	0.41
Crown Castle International REIT	5,151	461	0.31
Ctp N.V.	55,195	563	0.38
Digital Realty Trust REIT	5,624	504	0.34
Equinix	710	438	0.29
Equity Residential REIT	6,100	316	0.21
Healthcare Realty Trust REIT	21,904	325	0.22
LondonMetric Property	391,237	647	0.44
Physicians Realty Trust	32,499	357	0.24
Prologis Inc REIT	3,611	348	0.23
Rexford Industrial Realty REIT	5,368	220	0.15
Segro Plc	33,307	239	0.16
TAG Immobilien AG	18,735	139	0.09
Target Healthcare REIT Plc	440,206	316	0.21
Tritax Big Box REIT	384,734	481	0.32
Unite Group	59,086	513	0.34
Warehouses De Pauw	12,144	261	0.18
Derivatives - 0.36% (-0.19%)			
Forward currency contracts (see Table 1)		544	0.36
Portfolio of investments		145,933	98.06
Other Assets - 1.94% (1.38%)		2,883	1.94
Net assets		148,817	100.00

¹This stock was suspended from trading at the year end due to sanctions imposed by the UK government amid the ongoing conflict in Ukraine. It has been valued at the Investment Adviser's valuation and therefore is categorised as level 3 in note 13.

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

Portfolio Statement as at 30 June 2023 cont.

Table 1: Unrealised gains/(losses) on open forward currency contracts

Counterparty	Settlement	Buy	Buy Amount	Sell	Sell Amount	Unrealised gains/(losses) £'000	% of total net assets
Barclays	09/11/23	GBP	137,319	ZAR	3,260,000	3	0.00
Citigroup	09/11/23	THB	21,540,000	GBP	508,140	(24)	(0.02)
Deutsche Bank	20/07/23	GBP	2,760,619	EUR	3,220,000	(5)	0.00
Deutsche Bank	20/07/23	GBP	7,814,683	USD	9,845,000	72	0.05
Goldman Sachs	27/07/23	USD	593,000	GBP	473,606	(7)	(0.01)
HSBC	20/07/23	GBP	16,932,365	EUR	19,750,000	(31)	(0.02)
HSBC	27/07/23	GBP	103,211	EUR	116,700	3	0.00
Royal Bank of Canada	27/07/23	GBP	1,876,103	EUR	2,121,300	54	0.04
Royal Bank of Canada	27/07/23	USD	2,311,800	GBP	1,846,344	(28)	(0.02)
Natwest	20/07/23	GBP	54,952,820	USD	69,230,000	507	0.34
Unrealised gains/(losses) on open forward currency contracts						544	0.36

Portfolio Statement as at 30 June 2023 cont.

Breakdown of portfolio of investments

	30 June 2023		30 June 2022	
	Market value £'000	Percentage of total Fund	Market value £'000	Percentage of total Fund
Bonds - Direct	58,057	39.02	32,731	28.52
Commodities - Indirect	4,466	3.00	1,840	1.60
Derivatives	544	0.36	(217)	(0.19)
Equities - Direct	75,506	50.74	70,334	61.28
Property - Indirect	7,360	4.94	8,506	7.41
Portfolio of investments	145,933	98.06	113,194	98.62

Investments are categorised based on underlying asset class.

Comparative Tables

Comparative Table: B Accumulation Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	118.75	125.81	108.18
Return before operating charges*	6.61	(6.35)	18.32
Operating charges	(0.77)	(0.71)	(0.69)
Return after operating charges*	5.84	(7.06)	17.63
Distributions	(4.73)	(4.65)	(4.17)
Retained distributions on accumulation shares	4.73	4.65	4.17
Closing net asset value per share	124.59	118.75	125.81
*After direct transaction costs of:	0.04	0.04	0.05
Performance:			
Return after charges	4.92%	(5.61)%	16.30%
Other Information:			
Closing net asset value (£'000)	9,719	9,388	4,496
Closing number of shares	7,800,881	7,905,751	3,573,538
Operating charges	0.63% ¹	0.56% ²	0.58% ³
Direct transaction costs ⁴	0.03%	0.03%	0.04%
Prices:			
Highest share price (pence)	127.4	132.6	126.8
Lowest share price (pence)	111.4	117.1	108.2

Comparative Tables cont.

Comparative Table: B Income Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	102.81	113.03	100.67
Return before operating charges*	5.61	(5.48)	16.80
Operating charges	(0.65)	(0.63)	(0.62)
Return after operating charges*	4.96	(6.11)	16.18
Distributions on income shares	(4.03)	(4.11)	(3.82)
Closing net asset value per share	103.74	102.81	113.03
*After direct transaction costs of:	0.03	0.03	0.04
Performance:			
Return after charges	4.82%	(5.41)%	16.07%
Other Information:			
Closing net asset value (£'000)	104,186	96,267	90,676
Closing number of shares	100,433,690	93,633,165	80,225,744
Operating charges	0.63% ¹	0.56% ²	0.57%
Direct transaction costs ⁴	0.03%	0.03%	0.04%
Prices:			
Highest share price (pence)	110.1	117.6	114.4
Lowest share price (pence)	95.74	102.0	100.6

Comparative Tables cont.

Comparative Table: C Accumulation Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	120.56	127.22	108.96
Return before operating charges*	6.58	(6.58)	18.33
Operating charges	(0.16)	(0.08)	(0.07)
Return after operating charges*	6.42	(6.66)	18.26
Distributions	(4.69)	(4.58)	(4.09)
Retained distributions on accumulation shares	4.69	4.58	4.09
Closing net asset value per share	126.98	120.56	127.22
*After direct transaction costs of:	0.04	0.04	0.05
Performance:			
Return after charges	5.33%	(5.24)%	16.76%
Other Information:			
Closing net asset value (£'000)	20,022	1	1
Closing number of shares	15,768,067	895	895
Operating charges	0.13% ¹	0.06% ²	0.06%
Direct transaction costs ⁴	0.03%	0.03%	0.04%
Prices:			
Highest share price (pence)	129.4	134.4	128.2
Lowest share price (pence)	113.3	118.9	108.9

Comparative Tables cont.

Comparative Table: C Income Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	104.82	114.65	101.60
Return before operating charges*	5.63	(5.72)	16.85
Operating charges	(0.14)	(0.07)	(0.05)
Return after operating charges*	5.49	(5.79)	16.80
Distributions on income shares	(4.02)	(4.04)	(3.75)
Closing net asset value per share	106.29	104.82	114.65
*After direct transaction costs of:	0.03	0.03	0.04
Performance:			
Return after charges	5.24%	(5.05)%	16.54%
Other Information:			
Closing net asset value (£'000)	750	812	1
Closing number of shares	705,318	774,956	1,000
Operating charges	0.13% ¹	0.06% ²	0.05%
Direct transaction costs ⁴	0.03%	0.03%	0.04%
Prices:			
Highest share price (pence)	112.3	119.6	116.0
Lowest share price (pence)	97.74	103.9	101.5

Comparative Tables cont.

Comparative Table: H Accumulation Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	119.64	126.49	108.54
Return before operating charges*	6.63	(6.47)	18.30
Operating charges	(0.37)	(0.38)	(0.35)
Return after operating charges*	6.26	(6.85)	17.95
Distributions	(4.69)	(4.61)	(4.12)
Retained distributions on accumulation shares	4.69	4.61	4.12
Closing net asset value per share	125.90	119.64	126.49
*After direct transaction costs of:	0.04	0.04	0.05
Performance:			
Return after charges	5.23%	(5.42)%	16.54%
Other Information:			
Closing net asset value (£'000)	1	1	1
Closing number of shares	1,000	1,000	1,000
Operating charges	0.30% ¹	0.30% ²	0.29% ⁵
Direct transaction costs ⁴	0.03%	0.03%	0.04%
Prices:			
Highest share price (pence)	128.4	133.5	127.4
Lowest share price (pence)	112.3	118.0	108.5

Comparative Tables cont.

Comparative Table: H Income Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	102.97	112.90	100.26
Return before operating charges*	5.64	(5.55)	16.76
Operating charges	(0.31)	(0.34)	(0.36)
Return after operating charges*	5.33	(5.89)	16.40
Distributions on income shares	(3.97)	(4.04)	(3.76)
Closing net asset value per share	104.33	102.97	112.90
*After direct transaction costs of:	0.03	0.03	0.04
Performance:			
Return after charges	5.18%	(5.22)%	16.36%
Other Information:			
Closing net asset value (£'000)	12,397	7,129	2,179
Closing number of shares	11,882,362	6,923,266	1,930,261
Operating charges	0.30% ¹	0.30% ²	0.32%
Direct transaction costs ⁴	0.03%	0.03%	0.04%
Prices:			
Highest share price (pence)	110.3	117.6	114.3
Lowest share price (pence)	95.94	102.1	100.2

Comparative Tables cont.

Comparative Table: J Accumulation Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	120.22	127.22	109.26
Return before operating charges*	6.65	(6.47)	18.47
Operating charges	(0.59)	(0.53)	(0.51)
Return after operating charges*	6.06	(7.00)	17.96
Distributions	(4.76)	(4.66)	(4.18)
Retained distributions on accumulation shares	4.76	4.66	4.18
Closing net asset value per share	126.28	120.22	127.22
*After direct transaction costs of:	0.04	0.04	0.05
Performance:			
Return after charges	5.04%	(5.50)%	16.44%
Other Information:			
Closing net asset value (£'000)	1,205	907	834
Closing number of shares	953,698	753,962	655,136
Operating charges	0.48% ¹	0.41% ²	0.41%
Direct transaction costs ⁴	0.03%	0.03%	0.04%
Prices:			
Highest share price (pence)	129.0	134.2	128.2
Lowest share price (pence)	112.9	118.6	109.3

Comparative Tables cont.

Comparative Table: J Income Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	102.78	112.80	100.27
Return before operating charges*	5.58	(5.51)	16.77
Operating charges	(0.50)	(0.45)	(0.45)
Return after operating charges*	5.08	(5.96)	16.32
Distributions on income shares	(4.01)	(4.06)	(3.79)
Closing net asset value per share	103.85	102.78	112.80
*After direct transaction costs of:	0.03	0.03	0.04
Performance:			
Return after charges	4.94%	(5.28)%	16.28%
Other Information:			
Closing net asset value (£'000)	542	266	73
Closing number of shares	521,377	258,624	64,136
Operating charges	0.48% ¹	0.41% ²	0.41%
Direct transaction costs ⁴	0.03%	0.03%	0.04%
Prices:			
Highest share price (pence)	110.1	117.5	114.2
Lowest share price (pence)	95.74	101.9	100.3

Comparative Tables cont.

Comparative Table: P Accumulation Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	119.17	126.11	108.32
Return before operating charges*	6.60	(6.42)	18.29
Operating charges	(0.59)	(0.52)	(0.50)
Return after operating charges*	6.01	(6.94)	17.79
Distributions	(4.72)	(4.62)	(4.15)
Retained distributions on accumulation shares	4.72	4.62	4.15
Closing net asset value per share	125.18	119.17	126.11
*After direct transaction costs of:	0.04	0.04	0.05
Performance:			
Return after charges	5.04%	(5.50)%	16.42%
Other Information:			
Closing net asset value (£'000)	1	1	1
Closing number of shares	1,000	1,000	1,000
Operating charges	0.48% ¹	0.41% ²	0.42%
Direct transaction costs ⁴	0.03%	0.03%	0.04%
Prices:			
Highest share price (pence)	127.9	133.0	127.1
Lowest share price (pence)	111.9	117.5	108.3

Comparative Tables cont.

Comparative Table: P Income Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	103.18	113.22	100.67
Return before operating charges*	5.60	(5.51)	16.80
Operating charges	(0.50)	(0.46)	(0.46)
Return after operating charges*	5.10	(5.97)	16.34
Distributions on income shares	(4.02)	(4.07)	(3.79)
Closing net asset value per share	104.26	103.18	113.22
*After direct transaction costs of:	0.03	0.03	0.04
Performance:			
Return after charges	4.94%	(5.27)%	16.23%
Other Information:			
Closing net asset value (£'000)	1	1	1
Closing number of shares	1,000	1,000	1,000
Operating charges	0.48% ¹	0.41% ²	0.42%
Direct transaction costs ⁴	0.03%	0.03%	0.04%
Prices:			
Highest share price (pence)	110.5	117.9	114.6
Lowest share price (pence)	96.12	102.3	100.7

¹ As at 30 June 2023, the ongoing charges figure includes 0.07% of indirect fees associated with holding closed-ended investment funds. This relates to a change in methodology in the Investment Association's Guidance on Disclosure of Fund Charges and Costs (July 2020, updated January 2022) that are effective from 30 June 2022 and have resulted in increased ongoing charges figures for the Fund. Ongoing charges disclosures now include indirect fees associated with holding closed-ended investment funds. This does not necessarily mean that fund expenses have increased, rather that a new way of showing them has been introduced.

² As at 30 June 2022, the ongoing charges figure does not reflect the change in methodology referred to in Footnote 1 above. For comparison, the equivalent ongoing charge as at 30 June 2022 for indirect fees associated with holding closed-ended investment funds is 0.16%.

³ As at 30 June 2021, the ACD considered 0.56% to be a more indicative rate for the ongoing charges figure.

⁴ The Fund incurs broker commission and transfer taxes/stamp duty as a necessary part of buying and selling the Fund's underlying investments in order to achieve the investment objective. In the case of shares; broker commissions, transfer taxes and stamp duty may be paid by the Fund on transactions.

A dilution adjustment is made whenever dealings in the shares of the Fund result in shares being issued or cancelled by the Company. The adjustment will take account of any spread between the buying and selling prices of the Fund's investments and the costs (which may include dealing charges and taxes) of acquiring or disposing of such investments. Please note that the direct transaction cost disclosures above do not include the dilution adjustment charges. For further details on dilution adjustment charges please see the General Information section.

For further details on the costs associated with investing in the Fund please see the Enhanced Disclosure of Fund Costs and Charges document and Baillie Gifford's Funds Costs and Charges Summary, both of which are available on the website www.bailliegifford.com.

⁵ As at 30 June 2021, the ACD considered 0.31% to be a more indicative rate for the ongoing charges figure.

Financial Statements

Statement of Total Return for the year ended 30 June 2023

	Notes	2023		2022	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	1		1,621		(10,785)
Revenue	3	5,530		4,637	
Expenses	4	(618)		(592)	
Net revenue before taxation		4,912		4,045	
Taxation	5	(723)		(492)	
Net revenue after taxation			4,189		3,553
Total return before distributions			5,810		(7,232)
Distributions	6		(4,801)		(4,146)
Change in net assets attributable to shareholders from investment activities			1,009		(11,378)

Statement of Change in Net Assets Attributable to Shareholders for the year ended 30 June 2023

	2023		2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		114,773		98,263
Amounts receivable on issue of shares	39,938		31,223	
Amounts payable on cancellation of shares	(7,519)		(3,727)	
		32,419		27,496
Dilution adjustment		108		74
Change in net assets attributable to shareholders from investment activities		1,009		(11,378)
Retained distributions on accumulation shares		515		318
Closing net assets attributable to shareholders		148,824		114,773

Financial Statements cont.

Balance Sheet as at 30 June 2023

	Notes	2023 £'000	2022 £'000
Assets:			
Fixed assets:			
Investments	13	146,028	113,554
Current assets:			
Debtors	8	1,824	1,640
Cash and bank balances	9	3,240	936
Total assets		151,092	116,130
Liabilities:			
Investment liabilities	13	(95)	(360)
Creditors:			
Bank overdrafts	9	(487)	(30)
Distributions payable		(572)	(578)
Other creditors	10	(1,114)	(389)
Total liabilities		(2,268)	(1,357)
Net assets attributable to shareholders		148,824	114,773

Notes to the Financial Statements

1 Net capital gains/(losses)

	2023	2022
	£'000	£'000
Non-derivative securities	(69)	(6,047)
Derivative contracts	(20)	688
Forward currency contracts	1,967	(5,379)
Currency gains/(losses)	(242)	(34)
Transaction costs	(15)	(13)
Net capital gains/(losses)	1,621	(10,785)

2 Purchases, sales and transaction costs

	2023	2022
	£'000	£'000
Purchases and transaction costs		
Gross purchases of bonds excluding transaction costs ¹	47,690	17,632
Gross purchases of equities excluding transaction costs	31,735	23,877
Commissions	8	6
Taxes	15	17
Total transaction costs on equity purchases²	23	23
Gross purchases of funds excluding transaction costs	1,543	3,835
Commissions on purchases of funds	1	1
Taxes on purchases of funds	4	4
Total transaction costs on fund purchases²	5	5
Purchases including transaction costs	80,996	45,372

¹There were no transaction costs on the purchase or sale of bonds.

²These amounts have been deducted in determining net capital gains/(losses).

	2023	2022
	%	%
Transaction costs as a percentage of principal amount		
Commission on equity purchases	0.03	0.03
Taxes on equity purchases	0.05	0.07

Notes to the Financial Statements cont.

2 Purchases, sales and transaction costs (continued)

	2023	2022
	£'000	£'000
Sales and transaction costs		
Gross sales of bonds excluding transaction costs ¹	21,346	14,494
Gross sales of equities excluding transaction costs	21,318	7,553
Commissions	(6)	(3)
Taxes	(3)	-
Total transaction costs on equity sales²	(9)	(3)
Gross sales of funds excluding transaction costs	6,134	1,899
Commissions on sales of funds	(3)	-
Taxes on sales of funds	-	-
Total transaction costs on fund sales²	(3)	-
Sales net of transaction costs	48,786	23,943

¹There were no transaction costs on the purchase or sale of bonds.

²These amounts have been deducted in determining net capital gains/(losses).

	2023	2022
	%	%
Transaction costs as a percentage of principal amount		
Commission on equity sales	(0.03)	(0.04)
Taxes on equity sales	(0.01)	0.00

	2023	2022
	£'000	£'000
Transaction cost on derivative contracts		
Commission on trading futures contracts	-	2

	2023		2022	
	£'000	% of average NAV	£'000	% of average NAV
Portfolio transaction costs				
Commissions	18	0.01	12	0.01
Taxes	22	0.02	21	0.02
Total direct transaction costs	40	0.03	33	0.03

Notes to the Financial Statements cont.

2 Purchases, sales and transaction costs (continued)

	2023	2022
	%	%
Average portfolio dealing spread	0.32	0.35

The Fund incurs broker commission and transfer taxes/stamp duty as a necessary part of buying and selling the Fund's underlying investments in order to achieve the investment objective. Commission is also payable to the counterparty on the trading of futures contracts.

Dealing spread is the difference in the buying and selling prices of the underlying investments. Dealing spreads vary considerably depending on the transaction value and market sentiment. The Fund may have holdings in single priced funds. The notional spread on these holdings is not included in the average dealing spread calculated for this Fund.

3 Revenue

	2023	2022
	£'000	£'000
UK dividends	206	311
Overseas dividends	2,203	2,236
Property income	140	134
Interest on debt securities	2,933	1,954
Bank interest	48	-
Other income	-	2
Total revenue	5,530	4,637

Notes to the Financial Statements cont.

4 Expenses

	2023	2022
	£'000	£'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	581	546
Expenses rebate	(20)	(9)
	561	537
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee	9	7
Bank charges	21	22
	30	29
Other expenses:		
Audit fee	17	16
Non-audit fees paid to auditors	4	2
Professional fees	6	8
	27	26
Total expenses	618	592

5 Taxation

	2023	2022
	£'000	£'000
Analysis of charge in the year		
Overseas tax	227	203
Prior year tax reclaims written off	17	4
Prior year adjustments	(8)	3
Tax recoverable on overseas dividends	(5)	-
Corporation tax	492	282
Total taxation	723	492

Notes to the Financial Statements cont.

5 Taxation (continued)

The tax charge is explained as follows:

	2023	2022
	£'000	£'000
Net revenue before taxation	4,912	4,045
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% (2022: 20%)	981	809
Effects of:		
Non-taxable UK dividends	(41)	(62)
Non-taxable overseas dividends	(418)	(443)
Overseas tax on dividends	214	185
Overseas tax on coupons	13	18
Prior year tax reclaims written off	17	4
Prior year adjustments	(8)	3
Tax recoverable on overseas dividends	(5)	-
Double taxation relief	(30)	(22)
Total taxation	723	492

6 Distributions

	2023	2022
	£'000	£'000
Interim to 31 July	207	213
Interim to 31 August	352	278
Interim to 30 September	360	293
Interim to 31 October	362	303
Interim to 30 November	364	311
Interim to 31 December	365	316
Interim to 31 January	365	321
Interim to 28 February	367	324
Interim to 31 March	382	328
Interim to 30 April	383	339
Interim to 31 May	680	561
Final to 30 June	727	635
	4,914	4,222
Amounts deducted on cancellation of shares	18	9
Amounts added on issue of shares	(131)	(85)
Total distributions	4,801	4,146

The distributions take account of revenue transactions on the issue and cancellation of shares. Details of the distributions per share are set out in the Distribution Tables.

Notes to the Financial Statements cont.

7 Reconciliation of net revenue to net distributions for the year

	2023	2022
	£'000	£'000
Net revenue after taxation for the year	4,189	3,553
Add expenses allocated to capital	618	590
Add distributable revenue brought forward	4	7
Less distributable revenue carried forward	(10)	(4)
Net distributions for the year	4,801	4,146

8 Debtors

	2023	2022
	£'000	£'000
Receivable for issue of shares	96	739
Sales awaiting settlement	385	35
Accrued income	1,033	780
Overseas tax recoverable	118	82
VAT recoverable	3	-
Collateral held by counterparties	150	-
Amounts due from ACD	20	-
Other debtors	19	4
Total debtors	1,824	1,640

9 Cash and bank balances

	2023	2022
	£'000	£'000
Sterling amounts held at clearing houses and brokers	20	29
Foreign amounts held at clearing houses and brokers	-	37
Sterling bank accounts	3,220	607
Foreign currency bank accounts	-	263
	3,240	936
Sterling bank accounts overdrawn	(487)	(30)
Total cash and bank balances	2,753	906

Notes to the Financial Statements cont.

10 Other creditors

	2023	2022
	£'000	£'000
Payable for cancellation of shares	227	8
Purchases awaiting settlement	404	21
Due to the ACD or associates	50	46
Due to the Depositary or associates	8	6
Collateral held on behalf of counterparty	185	140
Capital gains tax provision	11	1
Corporation tax due on prior periods	208	145
Other accrued expenses	21	22
Total other creditors	1,114	389

11 Related party transactions

Baillie Gifford & Co Limited, as ACD, is regarded as a related party by virtue of the services provided to the Company. Baillie Gifford & Co Limited acts as principal in respect of all transactions of shares in the Company, except where stocks are transferred on the issue or cancellation of shares. The aggregate monies received through issue and paid on cancellation are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts receivable and payable have been disclosed in notes 8 and 10 respectively.

Amounts paid to Baillie Gifford & Co Limited in respect of ACD fees are disclosed in note 4 with amounts due at the period end given in note 10. During the period Baillie Gifford & Co Limited deemed it appropriate to reimburse expenses to the Fund. The amount of expenses reimbursed is given in note 4 with amounts receivable at the period end given in note 8.

Shares held by the ACD and associates of the ACD

The shares held by the ACD and associates of the ACD as a percentage of the Fund's NAV were:

	2023	2022
	%	%
ACD and associates of the ACD	0.00	0.00

Notes to the Financial Statements cont.

12 Reconciliation of shares in issue

	Shares in issue as at 30.06.22	Shares issued	Shares cancelled	Shares converted	Shares in issue as at 30.06.23
B Accumulation Shares	7,905,751	1,432,146	(1,537,016)	-	7,800,881
B Income Shares	93,633,165	11,308,310	(4,508,522)	737	100,433,690
C Accumulation Shares	895	15,767,172	-	-	15,768,067
C Income Shares	774,956	-	(69,638)	-	705,318
H Accumulation Shares	1,000	1,000	(1,000)	-	1,000
H Income Shares	6,923,266	5,775,494	(816,398)	-	11,882,362
J Accumulation Shares	753,962	215,560	(2,333)	(13,491)	953,698
J Income Shares	258,624	258,094	(11,483)	16,142	521,377
P Accumulation Shares	1,000	1,000	(1,000)	-	1,000
P Income Shares	1,000	1,000	(1,000)	-	1,000

13 Basis of valuation

	2023		2022	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices	87,333	-	80,680	-
Level 2: Observable market data	58,696	(95)	32,874	(360)
Level 3: Unobservable data ¹	-	-	-	-
Total	146,028	(95)	113,554	(360)

¹For further information on the assets included in Level 3, as at 30 June 2023, please refer to the Portfolio Statement.

14 Credit Ratings

Rating Block	2023		2022	
	Market value £'000	Percentage of total Fund	Market value £'000	Percentage of total Fund
Investment Grade	28,835	19.38	12,401	10.80
High Yield	29,222	19.64	20,330	17.71
Total	58,057	39.02	32,731	28.51
Other	90,767	60.98	82,042	71.49
Net Assets	148,824	100.00	114,773	100.00

Notes to the Financial Statements cont.

15 Derivatives and other financial instruments

Currency exposures

A proportion of the net assets of the Fund are denominated in currencies other than sterling, with the effect that the balance sheet and total return can be significantly affected by currency movements.

Currency	Net currency assets/(liabilities)			Net currency assets/(liabilities)		
	2023		Total	2022		Total
	Monetary exposures	Non-monetary exposures		Monetary exposures	Non-monetary exposures	
£'000	£'000	£'000	£'000	£'000	£'000	
Australian dollar	-	2,573	2,573	-	1,798	1,798
Brazilian real	-	2,891	2,891	-	1,545	1,545
Canadian dollar	-	2,095	2,095	-	1,316	1,316
Chilean peso	-	2,113	2,113	-	703	703
Chinese yuan	-	503	503	-	957	957
Colombian peso	-	1,185	1,185	-	450	450
Czech koruna	-	200	200	-	-	-
Danish krone	-	3,312	3,312	-	1,682	1,682
Dominican peso	-	673	673	-	596	596
Egyptian pound	-	-	-	-	529	529
Euro	-	(1,627)	(1,627)	261	(2,030)	(1,769)
Hong Kong dollar	-	2,833	2,833	-	4,546	4,546
Hungarian forint	-	908	908	-	-	-
Indonesian rupiah	-	2,109	2,109	-	1,348	1,348
Japanese yen	-	1,786	1,786	-	1,333	1,333
Malaysian ringgit	-	450	450	-	411	411
Mexican peso	-	2,288	2,288	-	1,570	1,570
Pakistan rupee	-	-	-	2	-	2
Peruvian nuevo sol	-	1,199	1,199	-	951	951
Romanian leu	-	1,163	1,163	-	222	222
Singapore dollar	-	790	790	-	559	559
South African rand	-	1,760	1,760	-	1,409	1,409
Swedish krona	-	1,481	1,481	-	588	588
Swiss franc	-	4,599	4,599	-	3,566	3,566
Taiwanese dollar	-	2,349	2,349	-	1,511	1,511
Thai baht	-	1,439	1,439	-	-	-
UK sterling	2,718	98,323	101,042	466	79,752	80,218
Uruguayan peso	-	682	682	-	847	847
US dollar	-	7,854	7,854	37	7,035	7,072

Short term debtors and creditors have not been disclosed. Totals may not sum due to rounding.

The Fund invests in a generally diversified portfolio of assets, including derivatives that are used for efficient portfolio management purposes (including hedging) and for investment purposes. Consequently the ACD considers that a single measure of market sensitivity does not accurately reflect the risks faced by the Fund.

Notes to the Financial Statements cont.

15 Derivatives and other financial instruments (continued)

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund was:

Currency	2023				2022			
	Floating Rate financial assets £'000	Fixed Rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000	Floating Rate financial assets £'000	Fixed Rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Australian dollar	-	-	2,573	2,573	-	-	1,798	1,798
Brazilian real	615	1,255	1,021	2,891	363	644	538	1,545
Canadian dollar	-	-	2,095	2,095	-	-	1,316	1,316
Chilean peso	211	595	1,307	2,113	145	557	-	702
Chinese yuan	-	-	503	503	-	216	740	956
Colombian peso	364	822	-	1,185	276	174	-	450
Czech koruna	-	200	-	200	-	-	-	-
Danish krone	-	-	3,312	3,312	-	-	1,682	1,682
Dominican peso	-	673	-	673	-	596	-	596
Egyptian pound	-	-	-	-	-	529	-	529
Euro	-	5,436	14,589	20,025	261	2,211	13,421	15,893
Hong Kong dollar	-	-	2,833	2,833	-	-	4,546	4,546
Hungarian forint	-	908	-	908	-	-	-	-
Indonesian rupiah	-	2,109	-	2,109	-	1,348	-	1,348
Japanese yen	-	-	1,786	1,786	-	-	1,333	1,333
Malaysian ringgit	-	450	-	450	-	411	-	411
Mexican peso	844	1,444	-	2,288	989	581	-	1,570
Pakistan rupee	-	-	-	-	2	-	-	2
Peruvian nuevo sol	-	1,199	-	1,199	-	951	-	951
Romanian leu	-	1,163	-	1,163	-	222	-	222
Singapore dollar	-	-	790	790	-	-	559	559
South African rand	211	1,275	408	1,894	216	865	329	1,410
Swedish krona	-	-	1,481	1,481	-	-	588	588
Swiss franc	-	-	4,599	4,599	-	-	3,566	3,566
Taiwanese dollar	-	-	2,349	2,349	-	-	1,511	1,511
Thai baht	955	-	484	1,439	-	-	-	-
UK sterling	3,390	4,805	96,347	104,541	636	2,693	78,523	81,852
Uruguayan peso	268	414	-	682	630	217	-	847
US dollar	-	31,843	38,199	70,042	37	17,896	32,384	50,317

Notes to the Financial Statements cont.

15 Derivatives and other financial instruments (continued)

Currency	2023				2022			
	Floating Rate financial liabilities £'000	Fixed Rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000	Floating Rate financial liabilities £'000	Fixed Rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Euro	-	-	21,652	21,652	-	-	17,662	17,662
South African rand	-	-	134	134	-	-	-	-
UK sterling	672	-	2,828	3,500	170	-	1,465	1,635
US dollar	-	-	62,188	62,188	-	-	43,245	43,245

16 Derivative Exposure

The exposure to derivative counterparties was:

Counterparty	2023					2022				
	Forward currency contracts £'000	Inflation rate swaps £'000	Interest rate swaps £'000	Cash collateral held £'000	Total exposure £'000	Forward currency contracts £'000	Inflation rate swaps £'000	Interest rate swaps £'000	Cash collateral held £'000	Total exposure £'000
	Barclays	3	-	-	-	3	-	-	-	-
BNP Paribas	-	-	-	-	-	-	-	-	-	-
Deutsche Bank	72	-	-	-	72	-	-	-	-	-
HSBC	3	-	-	-	3	-	-	-	-	-
NatWest	507	-	-	(185)	322	-	-	-	-	-
Royal Bank of Canada	53	-	-	-	53	135	-	-	(140)	(5)
Standard Chartered Bank	-	-	-	-	-	8	-	-	-	8

In addition the Fund trades futures contracts through UBS. Fair value movements are offset by movements in the variation margin account which reduces the derivative counterparty exposure to nil.

Collateral pledged on derivatives was:

	2023 £'000	2022 £'000
Cash collateral pledged on derivatives		
HSBC	150	-

Notes to the Financial Statements cont.

17 Value at risk (VaR)

The market risk of the Fund's financial asset and liability positions is monitored by the Investment Adviser using VaR analysis. VaR analysis attempts to reflect the interdependencies between risk variables, unlike a traditional sensitivity analysis. VaR represents the potential losses from adverse changes in market factors for a specified time period and confidence level.

Model assumptions:

System	SunGard Advanced Portfolio Technologies (APT)
VaR methodology:	variance covariance approach (with data-adjustment)
Confidence level:	99%
Holding period:	1 month
Decay factor for exponential smoothing of historical market data:	nil
Historical observation period:	180 weeks

	2023	2022
	%	%
Fund VaR:	6.38	6.43
Index VaR:	n/a	n/a

The VaR noted above indicates the VaR of the Fund's financial instruments, measured as the potential 1 month loss in value from adverse changes in equity prices, interest rates, inflation and foreign currency exchange rates, with a 99% confidence level.

In combination with a snapshot of the portfolio and benchmark constituents at a given point in time, the APT risk model uses 180 weeks of historic data to formulate a prediction of risk over a desired time period. In the case of VaR numbers, the risk model produces a 1-month prediction of 99% VaR. The decay factor for exponential smoothing of the historic market data refers to how the risk model uses more recent data in its historic data window compared to older data. Using a positive decay factor would mean that the risk model is placing more importance on more recent data than on older data in formulating its prediction of risk – this would result in the risk model being more short-term in nature, and increasingly geared to short-term recent events. The decay factor used in the APT risk model for calculating VaR numbers is nil. This means that each of the 180 weeks of historic data used by the risk model are treated with equal importance in the model's calculation of predicted risk. This means that the risk model's prediction of risk will be influenced by the average variances and covariances of portfolio and benchmark constituents over the past 3½ years.

Objectives and limitations of the VaR methodology

The APT model uses statistical factor techniques to measure the effects of these risk variables on the value of the Fund. The VaR model is designed to measure market risk in a normal market environment.

The use of VaR has limitations because it is based on historical correlations and volatilities in market prices and assumes that future price movements will follow a statistical distribution. Due to the fact that VaR relies significantly on historical data to provide information and may not clearly predict the future changes and modifications of the risk factors, the probability of large market moves may be underestimated if changes in risk factors fail to align with the given distribution assumption. VaR may also be under- or over-estimated due to the assumption placed on risk factors and the relationship between such factors for specific instruments.

Although positions may change throughout the day, the VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99% confidence level. In practice, the actual trading results will differ from the VaR calculation and, in particular, the calculation does not provide a meaningful indication of profits and losses in stressed market conditions. To determine the reliability of the VaR models, actual outcomes are monitored regularly to test the validity of the assumptions and the parameters used in the VaR calculation. Market risk positions are also subject to regular stress tests to ensure that the Fund would withstand an extreme market event.

Distribution Tables

Interim distribution for the period ended 31 July 2022

Group 1 : shares purchased prior to 1 July 2022

Group 2 : shares purchased 1 July 2022 to 31 July 2022

	Net Revenue	Equalisation	Distribution (paid/accumulated 30.08.22)	Distribution (paid/accumulated 27.08.21)
	31.07.22 pence per share	31.07.22 pence per share	31.07.22 pence per share	31.07.21 pence per share
B Accumulation				
Group 1	0.21000	-	0.21000	0.27000
Group 2	0.06957	0.14043	0.21000	0.27000
B Income				
Group 1	0.18000	-	0.18000	0.24000
Group 2	0.11477	0.06523	0.18000	0.24000
C Accumulation				
Group 1	0.20000	-	0.20000	0.26000
Group 2	0.20000	-	0.20000	0.26000
C Income				
Group 1	0.18000	-	0.18000	0.23000
Group 2	0.18000	-	0.18000	0.23000
H Accumulation				
Group 1	0.21000	-	0.21000	0.26000
Group 2	0.21000	-	0.21000	0.26000
H Income				
Group 1	0.18000	-	0.18000	0.24000
Group 2	0.08908	0.09092	0.18000	0.24000
J Accumulation				
Group 1	0.21000	-	0.21000	0.27000
Group 2	0.05148	0.15852	0.21000	0.27000
J Income				
Group 1	0.18000	-	0.18000	0.24000
Group 2	0.03926	0.14074	0.18000	0.24000
P Accumulation				
Group 1	0.21000	-	0.21000	0.27000
Group 2	0.21000	-	0.21000	0.27000

Distribution Tables cont.

Interim distribution for the period ended 31 July 2022

Group 1 : shares purchased prior to 1 July 2022

Group 2 : shares purchased 1 July 2022 to 31 July 2022

	Net Revenue	Equalisation	Distribution (paid/accumulated 30.08.22)	Distribution (paid/accumulated 27.08.21)
	31.07.22	31.07.22	31.07.22	31.07.21
	pence per share	pence per share	pence per share	pence per share
P Income				
Group 1	0.18000	-	0.18000	0.24000
Group 2	0.18000	-	0.18000	0.24000

Interim Distribution for the period ended 31 August 2022

Group 1 : shares purchased prior to 1 August 2022

Group 2 : shares purchased 1 August 2022 to 31 August 2022

	Net Revenue	Equalisation	Distribution (paid/accumulated 29.09.22)	Distribution (paid/accumulated 29.09.21)
	31.08.22	31.08.22	31.08.22	31.08.21
	pence per share	pence per share	pence per share	pence per share
B Accumulation				
Group 1	0.35000	-	0.35000	0.34000
Group 2	0.10558	0.24442	0.35000	0.34000
B Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	0.09466	0.21534	0.31000	0.31000
C Accumulation				
Group 1	0.35000	-	0.35000	0.34000
Group 2	0.35000	-	0.35000	0.34000
C Income				
Group 1	0.30000	-	0.30000	0.30000
Group 2	0.30000	-	0.30000	0.30000

Distribution Tables cont.

Interim Distribution for the period ended 31 August 2022

Group 1 : shares purchased prior to 1 August 2022

Group 2 : shares purchased 1 August 2022 to 31 August 2022

	Net Revenue	Equalisation	Distribution (paid/accumulated 29.09.22)	Distribution (paid/accumulated 29.09.21)
	31.08.22 pence per share	31.08.22 pence per share	31.08.22 pence per share	31.08.21 pence per share
H Accumulation				
Group 1	0.35000	-	0.35000	0.35000
Group 2	0.35000	-	0.35000	0.35000
H Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	0.09980	0.21020	0.31000	0.31000
J Accumulation				
Group 1	0.35000	-	0.35000	0.34000
Group 2	0.09087	0.25913	0.35000	0.34000
J Income				
Group 1	0.30000	-	0.30000	0.29000
Group 2	0.00685	0.29315	0.30000	0.29000
P Accumulation				
Group 1	0.35000	-	0.35000	0.33000
Group 2	0.35000	-	0.35000	0.33000
P Income				
Group 1	0.30000	-	0.30000	0.30000
Group 2	0.30000	-	0.30000	0.30000

Distribution Tables cont.

Interim distribution for the period ended 30 September 2022

Group 1 : shares purchased prior to 1 September 2022

Group 2 : shares purchased 1 September 2022 to 30 September 2022

	Net Revenue	Equalisation	Distribution (paid/accumulated 28.10.22)	Distribution (paid/accumulated 28.10.21)
	30.09.22 pence per share	30.09.22 pence per share	30.09.22 pence per share	30.09.21 pence per share
B Accumulation				
Group 1	0.36000	-	0.36000	0.34000
Group 2	0.00194	0.35806	0.36000	0.34000
B Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	-	0.31000	0.31000	0.31000
C Accumulation				
Group 1	0.36000	-	0.36000	0.34000
Group 2	0.36000	-	0.36000	0.34000
C Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	0.31000	-	0.31000	0.31000
H Accumulation				
Group 1	0.36000	-	0.36000	0.35000
Group 2	0.36000	-	0.36000	0.35000
H Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	-	0.31000	0.31000	0.31000
J Accumulation				
Group 1	0.36000	-	0.36000	0.34000
Group 2	0.36000	-	0.36000	0.34000
J Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	-	0.31000	0.31000	0.31000
P Accumulation				
Group 1	0.35000	-	0.35000	0.34000
Group 2	0.35000	-	0.35000	0.34000

Distribution Tables cont.

Interim distribution for the period ended 30 September 2022

Group 1 : shares purchased prior to 1 September 2022

Group 2 : shares purchased 1 September 2022 to 30 September 2022

	Net Revenue	Equalisation	Distribution (paid/accumulated 28.10.22)	Distribution (paid/accumulated 28.10.21)
	30.09.22	30.09.22	30.09.22	30.09.21
	pence per share	pence per share	pence per share	pence per share
P Income				
Group 1	0.31000	-	0.31000	0.30000
Group 2	0.31000	-	0.31000	0.30000

Interim Distribution for the period ended 31 October 2022

Group 1 : shares purchased prior to 1 October 2022

Group 2 : shares purchased 1 October 2022 to 31 October 2022

	Net Revenue	Equalisation	Distribution (paid/accumulated 29.11.22)	Distribution (paid/accumulated 29.11.21)
	31.10.22	31.10.22	31.10.22	31.10.21
	pence per share	pence per share	pence per share	pence per share
B Accumulation				
Group 1	0.36000	-	0.36000	0.35000
Group 2	-	0.36000	0.36000	0.35000
B Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	-	0.31000	0.31000	0.31000
C Accumulation				
Group 1	0.35000	-	0.35000	0.34000
Group 2	0.35000	-	0.35000	0.34000
C Income				
Group 1	0.30000	-	0.30000	0.30000
Group 2	0.30000	-	0.30000	0.30000

Distribution Tables cont.

Interim Distribution for the period ended 31 October 2022

Group 1 : shares purchased prior to 1 October 2022

Group 2 : shares purchased 1 October 2022 to 31 October 2022

	Net Revenue	Equalisation	Distribution (paid/accumulated 29.11.22)	Distribution (paid/accumulated 29.11.21)
	31.10.22 pence per share	31.10.22 pence per share	31.10.22 pence per share	31.10.21 pence per share
H Accumulation				
Group 1	0.36000	-	0.36000	0.35000
Group 2	0.36000	-	0.36000	0.35000
H Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	-	0.31000	0.31000	0.31000
J Accumulation				
Group 1	0.36000	-	0.36000	0.35000
Group 2	-	0.36000	0.36000	0.35000
J Income				
Group 1	0.30000	-	0.30000	0.30000
Group 2	0.05454	0.24546	0.30000	0.30000
P Accumulation				
Group 1	0.36000	-	0.36000	0.35000
Group 2	0.36000	-	0.36000	0.35000
P Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	0.31000	-	0.31000	0.31000

Distribution Tables cont.

Interim Distribution for the period ended 30 November 2022

Group 1 : shares purchased prior to 1 November 2022

Group 2 : shares purchased 1 November 2022 to 30 November 2022

	Net Revenue	Equalisation	Distribution (paid/accumulated 29.12.22)	Distribution (paid/accumulated 30.12.21)
	30.11.22 pence per share	30.11.22 pence per share	30.11.22 pence per share	30.11.21 pence per share
B Accumulation				
Group 1	0.36000	-	0.36000	0.35000
Group 2	0.02874	0.33126	0.36000	0.35000
B Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	-	0.31000	0.31000	0.31000
C Accumulation				
Group 1	0.36000	-	0.36000	0.34000
Group 2	0.36000	-	0.36000	0.34000
C Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	0.31000	-	0.31000	0.31000
H Accumulation				
Group 1	0.37000	-	0.37000	0.35000
Group 2	0.37000	-	0.37000	0.35000
H Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	-	0.31000	0.31000	0.31000
J Accumulation				
Group 1	0.36000	-	0.36000	0.35000
Group 2	0.36000	-	0.36000	0.35000
J Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	-	0.31000	0.31000	0.31000
P Accumulation				
Group 1	0.36000	-	0.36000	0.35000
Group 2	0.36000	-	0.36000	0.35000

Distribution Tables cont.

Interim Distribution for the period ended 30 November 2022

Group 1 : shares purchased prior to 1 November 2022

Group 2 : shares purchased 1 November 2022 to 30 November 2022

	Net Revenue	Equalisation	Distribution (paid/accumulated 29.12.22)	Distribution (paid/accumulated 30.12.21)
	30.11.22	30.11.22	30.11.22	30.11.21
	pence per share	pence per share	pence per share	pence per share
P Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	0.31000	-	0.31000	0.31000

Interim distribution for the period ended 31 December 2022

Group 1 : shares purchased prior to 1 December 2022

Group 2 : shares purchased 1 December 2022 to 31 December 2022

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 30.01.23)	Distribution (paid/accumulated 28.01.22)
	31.12.22	31.12.22	31.12.22	31.12.21
	pence per share	pence per share	pence per share	pence per share
B Accumulation				
Group 1	0.36000	-	0.36000	0.35000
Group 2	0.00008	0.35992	0.36000	0.35000
B Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	-	0.31000	0.31000	0.31000
C Accumulation				
Group 1	0.35000	-	0.35000	0.34000
Group 2	0.35000	-	0.35000	0.34000
C Income				
Group 1	0.30000	-	0.30000	0.30000
Group 2	0.30000	-	0.30000	0.30000

Distribution Tables cont.

Interim distribution for the period ended 31 December 2022

Group 1 : shares purchased prior to 1 December 2022

Group 2 : shares purchased 1 December 2022 to 31 December 2022

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 30.01.23)	Distribution (paid/accumulated 28.01.22)
	31.12.22 pence per share	31.12.22 pence per share	31.12.22 pence per share	31.12.21 pence per share
H Accumulation				
Group 1	0.36000	-	0.36000	0.35000
Group 2	0.36000	-	0.36000	0.35000
H Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	-	0.31000	0.31000	0.31000
J Accumulation				
Group 1	0.36000	-	0.36000	0.35000
Group 2	-	0.36000	0.36000	0.35000
J Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	-	0.31000	0.31000	0.31000
P Accumulation				
Group 1	0.36000	-	0.36000	0.34000
Group 2	0.36000	-	0.36000	0.34000
P Income				
Group 1	0.30000	-	0.30000	0.31000
Group 2	0.30000	-	0.30000	0.31000

Distribution Tables cont.

Interim Distribution for the period ended 31 January 2023

Group 1 : shares purchased prior to 1 January 2023

Group 2 : shares purchased 1 January 2023 to 31 January 2023

	Net Revenue	Equalisation	Distribution (paid/accumulated 27.02.23)	Distribution (paid/accumulated 25.02.22)
	31.01.23 pence per share	31.01.23 pence per share	31.01.23 pence per share	31.01.22 pence per share
B Accumulation				
Group 1	0.36000	-	0.36000	0.35000
Group 2	-	0.36000	0.36000	0.35000
B Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	0.02792	0.28208	0.31000	0.31000
C Accumulation				
Group 1	0.35000	-	0.35000	0.34000
Group 2	0.35000	-	0.35000	0.34000
C Income				
Group 1	0.31000	-	0.31000	0.30000
Group 2	0.31000	-	0.31000	0.30000
H Accumulation				
Group 1	0.37000	-	0.37000	0.31000
Group 2	0.37000	-	0.37000	0.31000
H Income				
Group 1	0.31000	-	0.31000	0.27000
Group 2	0.05837	0.25163	0.31000	0.27000
J Accumulation				
Group 1	0.37000	-	0.37000	0.35000
Group 2	0.09890	0.27110	0.37000	0.35000
J Income				
Group 1	0.30000	-	0.30000	0.30000
Group 2	-	0.30000	0.30000	0.30000
P Accumulation				
Group 1	0.36000	-	0.36000	0.35000
Group 2	0.36000	-	0.36000	0.35000

Distribution Tables cont.

Interim Distribution for the period ended 31 January 2023

Group 1 : shares purchased prior to 1 January 2023

Group 2 : shares purchased 1 January 2023 to 31 January 2023

	Net Revenue	Equalisation	Distribution (paid/accumulated 27.02.23)	Distribution (paid/accumulated 25.02.22)
	31.01.23 pence per share	31.01.23 pence per share	31.01.23 pence per share	31.01.22 pence per share
P Income				
Group 1	0.31000	-	0.31000	0.30000
Group 2	0.31000	-	0.31000	0.30000

Interim Distribution for the period ended 28 February 2023

Group 1 : shares purchased prior to 1 February 2023

Group 2 : shares purchased 1 February 2023 to 28 February 2023

	Net Revenue	Equalisation	Distribution (paid/accumulated 30.03.23)	Distribution (paid/accumulated 30.03.22)
	28.02.23 pence per share	28.02.23 pence per share	28.02.23 pence per share	28.02.22 pence per share
B Accumulation				
Group 1	0.37000	-	0.37000	0.35000
Group 2	0.08103	0.28897	0.37000	0.35000
B Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	0.03694	0.27306	0.31000	0.31000
C Accumulation				
Group 1	0.36000	-	0.36000	0.35000
Group 2	0.36000	-	0.36000	0.35000
C Income				
Group 1	0.30000	-	0.30000	0.32000
Group 2	0.30000	-	0.30000	0.32000

Distribution Tables cont.

Interim Distribution for the period ended 28 February 2023

Group 1 : shares purchased prior to 1 February 2023

Group 2 : shares purchased 1 February 2023 to 28 February 2023

	Net Revenue	Equalisation	Distribution (paid/accumulated 30.03.23)	Distribution (paid/accumulated 30.03.22)
	28.02.23 pence per share	28.02.23 pence per share	28.02.23 pence per share	28.02.22 pence per share
H Accumulation				
Group 1	0.37000	-	0.37000	0.35000
Group 2	0.37000	-	0.37000	0.35000
H Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	0.13314	0.17686	0.31000	0.31000
J Accumulation				
Group 1	0.37000	-	0.37000	0.35000
Group 2	-	0.37000	0.37000	0.35000
J Income				
Group 1	0.31000	-	0.31000	0.32000
Group 2	0.08480	0.22520	0.31000	0.32000
P Accumulation				
Group 1	0.36000	-	0.36000	0.35000
Group 2	0.36000	-	0.36000	0.35000
P Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	0.31000	-	0.31000	0.31000

Distribution Tables cont.

Interim distribution for the period ended 31 March 2023

Group 1 : share purchased prior to 1 March 2023

Group 2 : share purchased 1 March 2023 to 31 March 2023

	Net Revenue	Equalisation	Distribution (paid/accumulated 27.04.23)	Distribution (paid/accumulated 28.04.22)
	31.03.23 pence per share	31.03.23 pence per share	31.03.23 pence per share	31.03.22 pence per share
B Accumulation				
Group 1	0.36000	-	0.36000	0.35000
Group 2	-	0.36000	0.36000	0.35000
B Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	-	0.31000	0.31000	0.31000
C Accumulation				
Group 1	0.36000	-	0.36000	0.35000
Group 2	0.36000	-	0.36000	0.35000
C Income				
Group 1	0.31000	-	0.31000	0.30000
Group 2	0.31000	-	0.31000	0.30000
H Accumulation				
Group 1	0.37000	-	0.37000	0.35000
Group 2	0.37000	-	0.37000	0.35000
H Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	0.12470	0.18530	0.31000	0.31000
J Accumulation				
Group 1	0.36000	-	0.36000	0.35000
Group 2	-	0.36000	0.36000	0.35000
J Income				
Group 1	0.31000	-	0.31000	0.30000
Group 2	-	0.31000	0.31000	0.30000
P Accumulation				
Group 1	0.36000	-	0.36000	0.35000
Group 2	0.36000	-	0.36000	0.35000

Distribution Tables cont.

Interim distribution for the period ended 31 March 2023

Group 1 : share purchased prior to 1 March 2023

Group 2 : share purchased 1 March 2023 to 31 March 2023

	Net Revenue	Equalisation	Distribution (paid/accumulated 27.04.23)	Distribution (paid/accumulated 28.04.22)
	31.03.23	31.03.23	31.03.23	31.03.22
	pence per share	pence per share	pence per share	pence per share
P Income				
Group 1	0.30000	-	0.30000	0.31000
Group 2	0.30000	-	0.30000	0.31000

Interim Distribution for the period ended 30 April 2023

Group 1 : shares purchased prior to 1 April 2023

Group 2 : shares purchased 1 April 2023 to 30 April 2023

	Net Revenue	Equalisation	Distribution (paid/accumulated 30.05.23)	Distribution (paid/accumulated 30.05.22)
	30.04.23	30.04.23	30.04.23	30.04.22
	pence per share	pence per share	pence per share	pence per share
B Accumulation				
Group 1	0.37000	-	0.37000	0.36000
Group 2	-	0.37000	0.37000	0.36000
B Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	-	0.31000	0.31000	0.31000
C Accumulation				
Group 1	0.36000	-	0.36000	0.35000
Group 2	0.36000	-	0.36000	0.35000
C Income				
Group 1	0.30000	-	0.30000	0.31000
Group 2	0.30000	-	0.30000	0.31000

Distribution Tables cont.

Interim Distribution for the period ended 30 April 2023

Group 1 : shares purchased prior to 1 April 2023

Group 2 : shares purchased 1 April 2023 to 30 April 2023

	Net Revenue	Equalisation	Distribution (paid/accumulated 30.05.23)	Distribution (paid/accumulated 30.05.22)
	30.04.23 pence per share	30.04.23 pence per share	30.04.23 pence per share	30.04.22 pence per share
H Accumulation				
Group 1	0.37000	-	0.37000	0.36000
Group 2	0.37000	-	0.37000	0.36000
H Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	0.00164	0.30836	0.31000	0.31000
J Accumulation				
Group 1	0.37000	-	0.37000	0.36000
Group 2	0.37000	-	0.37000	0.36000
J Income				
Group 1	0.30000	-	0.30000	0.31000
Group 2	-	0.30000	0.30000	0.31000
P Accumulation				
Group 1	0.37000	-	0.37000	0.35000
Group 2	0.37000	-	0.37000	0.35000
P Income				
Group 1	0.31000	-	0.31000	0.31000
Group 2	0.31000	-	0.31000	0.31000

Distribution Tables cont.

Interim Distribution for the period ended 31 May 2023

Group 1 : shares purchased prior to 1 May 2023

Group 2 : shares purchased 1 May 2023 to 31 May 2023

	Net Revenue	Equalisation	Distribution (paid/accumulated 29.06.23)	Distribution (paid/accumulated 29.06.22)
	31.05.23 pence per share	31.05.23 pence per share	31.05.23 pence per share	31.05.22 pence per share
B Accumulation				
Group 1	0.66000	-	0.66000	0.58000
Group 2	0.04598	0.61402	0.66000	0.58000
B Income				
Group 1	0.55000	-	0.55000	0.51000
Group 2	-	0.55000	0.55000	0.51000
C Accumulation				
Group 1	0.65000	-	0.65000	0.58000
Group 2	0.65000	-	0.65000	0.58000
C Income				
Group 1	0.55000	-	0.55000	0.51000
Group 2	0.55000	-	0.55000	0.51000
H Accumulation				
Group 1	0.65000	-	0.65000	0.57000
Group 2	0.65000	-	0.65000	0.57000
H Income				
Group 1	0.55000	-	0.55000	0.49000
Group 2	0.00175	0.54825	0.55000	0.49000
J Accumulation				
Group 1	0.66000	-	0.66000	0.59000
Group 2	0.36560	0.29440	0.66000	0.59000
J Income				
Group 1	0.55000	-	0.55000	0.51000
Group 2	-	0.55000	0.55000	0.51000
P Accumulation				
Group 1	0.65000	-	0.65000	0.58000
Group 2	0.65000	-	0.65000	0.58000

Distribution Tables cont.

Interim Distribution for the period ended 31 May 2023

Group 1 : shares purchased prior to 1 May 2023

Group 2 : shares purchased 1 May 2023 to 31 May 2023

	Net Revenue	Equalisation	Distribution (paid/accumulated 29.06.23)	Distribution (paid/accumulated 29.06.22)
	31.05.23	31.05.23	31.05.23	31.05.22
	pence per share	pence per share	pence per share	pence per share
P Income				
Group 1	0.55000	-	0.55000	0.51000
Group 2	0.55000	-	0.55000	0.51000

Final distribution for the period ended 30 June 2023

Group 1 : shares purchased prior to 1 June 2023

Group 2 : shares purchased 1 June 2023 to 30 June 2023

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 28.07.23)	Distribution (paid/accumulated 28.07.22)
	30.06.23	30.06.23	30.06.23	30.06.22
	pence per share	pence per share	pence per share	pence per share
B Accumulation				
Group 1	0.61000	-	0.61000	0.66000
Group 2	0.10313	0.50687	0.61000	0.66000
B Income				
Group 1	0.51000	-	0.51000	0.57000
Group 2	0.10556	0.40444	0.51000	0.57000
C Accumulation				
Group 1	0.64000	-	0.64000	0.65000
Group 2	0.21300	0.42700	0.64000	0.65000
C Income				
Group 1	0.55000	-	0.55000	0.55000
Group 2	0.55000	-	0.55000	0.55000

Distribution Tables cont.

Final distribution for the period ended 30 June 2023

Group 1 : shares purchased prior to 1 June 2023

Group 2 : shares purchased 1 June 2023 to 30 June 2023

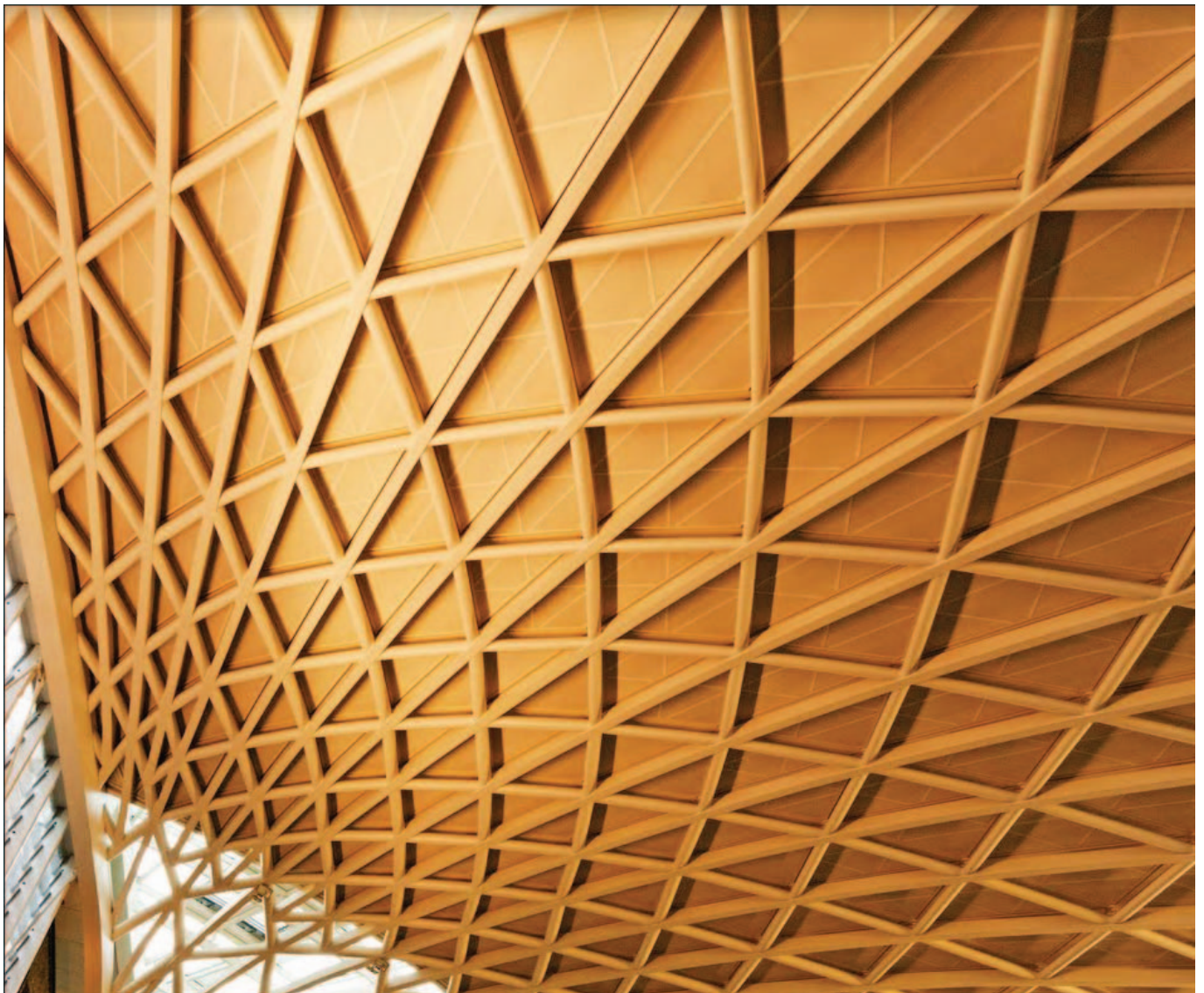
	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 28.07.23)	Distribution (paid/accumulated 28.07.22)
	30.06.23 pence per share	30.06.23 pence per share	30.06.23 pence per share	30.06.22 pence per share
H Accumulation				
Group 1	0.55000	-	0.55000	0.66000
Group 2	0.55000	-	0.55000	0.66000
H Income				
Group 1	0.45000	-	0.45000	0.56000
Group 2	0.14489	0.30511	0.45000	0.56000
J Accumulation				
Group 1	0.63000	-	0.63000	0.66000
Group 2	0.03309	0.59691	0.63000	0.66000
J Income				
Group 1	0.53000	-	0.53000	0.56000
Group 2	0.18691	0.34309	0.53000	0.56000
P Accumulation				
Group 1	0.63000	-	0.63000	0.66000
Group 2	0.63000	-	0.63000	0.66000
P Income				
Group 1	0.53000	-	0.53000	0.56000
Group 2	0.53000	-	0.53000	0.56000

BAILLIE GIFFORD

Baillie Gifford UK Equity Core Fund

a sub-fund of Baillie Gifford Investment Funds II ICVC

*Annual Report & Financial Statements
for the year ended 30 June 2023*



Baillie Gifford UK Equity Core Fund

Investment Objective

The Fund aims to outperform (after deduction of costs) the FTSE All-Share Index by at least 1% per annum over rolling five-year periods.

Investment Policy

The Fund will invest at least 80% directly or indirectly in shares of UK companies of any size and in any sector. The indirect investment will be through collective investment schemes. UK companies are companies which are incorporated, domiciled or conduct a significant portion of their business in the UK. The Fund may also invest in companies which are listed, traded or quoted in the UK. Companies the Fund directly invests in will be selected following a norms-based evaluation. The Fund will comply with Baillie Gifford & Co's policy on assessing breaches of the United Nations Global Compact as outlined in its ESG Principles and Guidelines document. The Fund will be actively managed.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.



Market conditions can change rapidly and a fund in any rank can lose you your investment. The Fund is classified as above as it invests in company shares.

As returns are not available for all of the past five years we've used the comparative index in their place to calculate the indicator.

The indicator does not take into account the following relevant material risks:

Over shorter time periods the Fund's share price can be volatile and returns can be much higher or lower than our five-year average target. There is no guarantee this objective will be achieved over any time period.

The Fund's ESG investment policy limits the type of companies it can hold. The Fund may have different returns from funds with no such restrictions

The limitations of third party data, which may be backward looking or estimated, may impact on the Funds ability to achieve any non-financial considerations.

In adverse market conditions it may be difficult to sell investments held by the Fund in a timely manner and their value may fall significantly. This could affect how much money you receive and even delay the selling of your shares if dealing in the Fund is suspended.

Custody of assets involves a risk of loss if a custodian becomes insolvent or breaches duties of care

You could lose your investment due to global factors like natural disasters, pandemics, or through developments such as military conflict, or changes in government policies.

Where possible, charges are taken from income. If insufficient, the rest will be taken from capital, reducing the capital value of the Fund.

For a more detailed explanation of the risks, please see the "Risk Warnings" section of the prospectus.

Adoption of Net Zero Asset Managers initiative

Adoption of Net Zero Asset Managers initiative Baillie Gifford & Co, the Fund's Investment Manager, has joined the Net Zero Asset Managers initiative (NZAM), as part of the Investment Manager's commitment to support the goal of net zero greenhouse gas emissions by 2050, in line with global efforts to limit warming to 1.5°C.

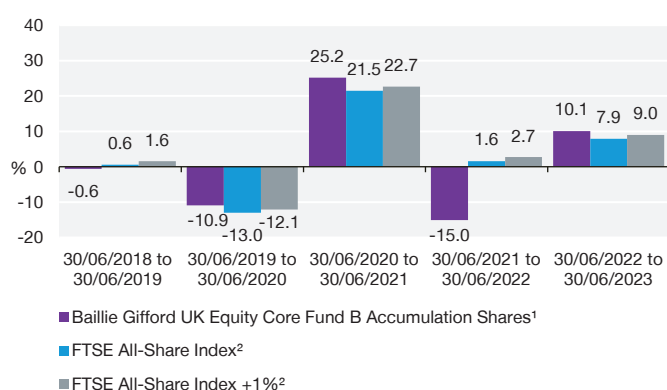
Baillie Gifford UK Equity Core Fund cont.

This commitment includes supporting investing aligned with net zero emissions by 2050 or sooner, and the Fund has been managed in line with and counted towards the Investment Manager's net zero commitment.

As a long-term investor, the Investment Manager's investment process takes into account the long-term prospects (including long-term sustainability) of an investment. Consideration of climate-related factors, including NZAM commitment, and the impact of these on a company's competitive positioning form an integral part of this process.

Investment Report

Past Performance



The performance figures shown in this graph are for Class B Accumulation Shares. Performance figures reflect the the annual management charge of 0.42%. Performance figures for other share classes in issue can be obtained by contacting Client Relations. You should be aware that past performance is not a guide to future performance.

Past Performance

The investment objective of the Fund is to outperform (after deduction of costs) the FTSE All-Share Index (the 'Index') by at least 1% per annum (the 'target return') over rolling five-year periods. For the year to 30 June 2023, the return on B Accumulation Shares was 10.1%¹ compared to the return on the FTSE All Share Index (the 'Index') of 7.9%² and the target return of 9.0%². We believe that short-term performance measurements are of limited relevance in assessing investment ability and would suggest that five years is a more sensible timeframe over which to judge performance, a period in line with the Fund's objectives. Over that period, the annualised return on B Accumulation Shares was 0.7%¹ compared to the Index of 3.1%² and the target return of 4.1%². It is disappointing that over this period the Fund has underperformed its target return. Returns have been impacted by recent, short-term weakness.

Market Environment

The UK equity market held up well in what was a challenging environment as inflation, interest rates and geopolitics all came to the fore. For instance, the rise in energy and food prices contributed to double-digit inflation in the UK. As a result, the Bank of England continued to tighten monetary policy, bringing the base rate up to 5.0 per cent by the end of June 2023.

Performance

During the very short one-year period, the Fund outperformed the index and its target. Furthermore, we remain encouraged by the fact that the vast majority of companies held in the Fund are performing well operationally, as we believe this will be the dominant influence on share price returns over the long-term.

The largest contributors to outperformance during the period included Ashtead, Lancashire Holdings and Wise. In addition, having no exposure to British American Tobacco and GSK supported relative performance.

¹Source: FE, 10am dealing prices, income accumulated. ²Source: Revolution and FTSE, total return. The target return outperformance is compounded daily therefore the Index return plus the outperformance will not equal the target return. Please see Disclaimer on page 214.

Investment Report cont.

With regards to the industrial rental equipment company, Ashtead, this is a very long-standing holding that we first invested in twelve years ago, and it has performed strongly over the long term. It has a proven track record of effectively navigating cyclical downturns by taking a disciplined approach to allocating capital and has been working to make its revenue mix more resilient by successfully diversifying into new end markets, where the concept of renting equipment is still relatively new. In June 2023, Ashtead delivered a robust full year trading update, reporting record revenues and profits.

Meanwhile, speciality (re)insurance company, Lancashire Holdings, continued to benefit from a material improvement in the insurance pricing environment, which is leading to significantly higher premiums - over the five-year period to the end of December 2022, its gross premiums increased by almost 280%. Looking ahead, we believe Lancashire is well positioned to benefit from further strong market conditions for insurers and we remain confident in its ability to grow and diversify its underwriting portfolio at attractive prices.

Elsewhere, global FX transfer company, Wise, announced a strong set of full-year results with revenue growth of 51% and a near doubling of earnings before tax. Whilst Wise is benefiting from some temporary tailwinds from rising interest rates, it is also making excellent progress in growing its customer base (up 34% year-on-year, with two thirds of customers joining through word of mouth) and expanding its “share of wallet” with products like the Wise Account.

In terms of detractors, having no exposure to the multinational bank, HSBC, and the oil major, BP, weighed on relative returns. Elsewhere, the share price of Persimmon, one of the UK’s leading housebuilders, detracted due to wider concerns about the rising interest rate environment and the potential impact on house prices. Despite the difficult market backdrop, Persimmon has a robust balance sheet, a well-invested land bank and starts from a position of profitability. Furthermore, it operates in a sector where demand far outstrips supply which should be a positive tailwind for the company over the longer-term.

Notable Transactions

Portfolio turnover remained low. We took the decision to sell the Fund’s holding in Just Eat Takeaway due to growing concerns over the long-term industry dynamics and the company’s potential to achieve profitable long-term growth. We took a new holding in Greggs, the leading food-to-go brand in the UK. Having followed the company closely for a number of years, we have built conviction in its strong value proposition and clear strategy to double sales and grow market share over the long term. We believe that its scale and highly efficient vertically integrated business model should support it in continuing to deliver attractive growth for years to come.

Baillie Gifford & Co, 12 July 2023.

Principal Holdings as at 30 June 2023

Investment	Percentage of total Fund
AstraZeneca	4.98
Bunzl	4.27
Diageo	4.23
Rio Tinto	4.14
Unilever	3.62
St. James's Place	3.46
Prudential	3.37
Baillie Gifford British Smaller Companies Fund C Acc ¹	3.31
RELX	3.31
Legal & General	2.97

¹Baillie Gifford Investment Funds II ICVC related party (please refer to note 11). Baillie Gifford British Smaller Companies Fund was closed on 27th June 2023, the closing trading price of the C Acc share class was 764.20 pence per share.

Material Portfolio Changes for the year ended 30 June 2023

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
Greggs	1,571	HomeServe	5,497
Marks & Spencer	834	Euromoney Institutional Investor	2,112
Just Group	654	AstraZeneca	1,002
Bodycote	649	Diageo	849
AstraZeneca	536	Abcam Plc ADR	840
Close Brothers	483	Rio Tinto	797
Bellway	477	Bunzl	782
Rio Tinto	460	Just Eat Takeaway.com	730
Bunzl	435	St. James's Place	682
Unilever	396	Unilever	648

Portfolio Statement as at 30 June 2023

Stock description	Holding	Market value £'000	% of total net assets
Baillie Gifford Pooled Funds - 3.31% (3.70%)			
Baillie Gifford British Smaller Companies Fund C Acc ¹	973,988	7,443	3.31
Basic Materials - 6.21% (6.19%)			
Bodycote	460,516	2,952	1.32
Rio Tinto	186,551	9,300	4.14
Victrex	121,292	1,687	0.75
Consumer Discretionary - 17.40% (15.36%)			
Bellway	110,766	2,202	0.98
Burberry	252,216	5,345	2.38
Dowlais Group Plc	509,031	647	0.29
Games Workshop Group	28,161	3,075	1.37
Howden Joinery Group	825,067	5,300	2.36
Informa	693,003	5,031	2.24
Marks & Spencer	2,893,981	5,574	2.48
Persimmon	262,235	2,689	1.19
RELX	283,471	7,430	3.31
Trainline Plc	687,850	1,795	0.80
Consumer Staples - 8.96% (8.58%)			
Diageo	281,194	9,500	4.23
Greggs	65,914	1,684	0.75
Ocado	141,975	806	0.36
Unilever	198,765	8,144	3.62
Energy - 0.34% (0.57%)			
Enquest	5,154,396	768	0.34
Financials - 24.03% (26.14%)			
Close Brothers	220,871	1,947	0.87
Hargreaves Lansdown	324,808	2,649	1.18
Hiscox	298,776	3,257	1.45
IG Group	374,983	2,537	1.13
IntegraFin	470,193	1,114	0.50

Portfolio Statement as at 30 June 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Intermediate Capital Group	207,976	2,865	1.28
Just Group	4,336,129	3,374	1.50
Lancashire Holdings	847,053	4,892	2.18
Legal & General	2,939,808	6,679	2.97
Molten Ventures	393,157	1,051	0.47
Prudential	683,191	7,573	3.37
Sabre Insurance Gp	560,935	759	0.34
Schroders Plc	365,134	1,596	0.71
St. James's Place	715,214	7,778	3.46
Standard Chartered	861,773	5,886	2.62
Health Care - 9.16% (9.18%)			
Abcam Plc ADR	95,929	1,845	0.82
AstraZeneca	99,108	11,175	4.98
Exscientia Ltd ADR	46,937	218	0.10
Genus	74,001	1,603	0.71
Hikma Pharmaceuticals	302,664	5,720	2.55
Industrials - 24.51% (22.81%)			
Ashtead	114,843	6,250	2.78
Babcock International	699,061	1,974	0.88
Breedon Group	589,829	1,923	0.85
Bunzl	319,502	9,582	4.27
Experian	192,647	5,812	2.59
FDM Group	234,759	1,317	0.59
Fisher (James) & Sons	145,199	582	0.26
Halma	110,502	2,516	1.12
Inchcape	840,761	6,537	2.91
Keller	146,763	1,027	0.46
Melrose Industries	509,031	2,576	1.15
PageGroup	779,932	3,132	1.39
Renishaw	40,954	1,597	0.71
Volution Group	752,469	2,844	1.27
Weir	286,306	5,028	2.24

Portfolio Statement as at 30 June 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Wise Plc	356,189	2,340	1.04
Real Estate - 2.37% (2.85%)			
Helical	303,230	787	0.35
Rightmove	868,959	4,546	2.02
Technology - 2.28% (2.43%)			
Auto Trader	838,026	5,115	2.28
Portfolio of investments		221,375	98.57
Net other assets - 1.43% (2.19%)		3,202	1.43
Net assets		224,577	100.00

¹Baillie Gifford Investment Funds II ICVC related party (please refer to note 11). Baillie Gifford British Smaller Companies Fund was closed on 27th June 2023, the closing trading price of the C Acc share class was 764.20 pence per share.

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules, unless otherwise stated.

Figures in brackets refer to 30 June 2022.

Comparative Tables

Comparative Table: B Accumulation Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	97.27	113.82	91.23
Return before operating charges*	10.41	(16.05)	23.04
Operating charges	(0.46)	(0.50)	(0.45)
Return after operating charges*	9.95	(16.55)	22.59
Distributions	(2.02)	(3.26)	(2.06)
Retained distributions on accumulation shares	2.02	3.26	2.06
Closing net asset value per share	107.22	97.27	113.82
*After direct transaction costs of:	0.02	0.07	0.08
Performance:			
Return after charges	10.23%	(14.54)%	24.76%
Other Information:			
Closing net asset value (£'000)	14,192	24,949	31,629
Closing number of shares	13,235,254	25,649,529	27,789,038
Operating charges	0.44%	0.44%	0.44%
Direct transaction costs ¹	0.02%	0.06%	0.08%
Prices:			
Highest share price (pence)	113.0	126.1	117.6
Lowest share price (pence)	91.10	96.56	88.35

Comparative Tables cont.

Comparative Table: C Accumulation Shares

	Financial Year Ended 30 June 2023 (pence per share)	Financial Year Ended 30 June 2022 (pence per share)	Financial Year Ended 30 June 2021 (pence per share)
Change in net assets per share:			
Opening net asset value per share	99.11	115.49	92.18
Return before operating charges*	10.62	(16.36)	23.33
Operating charges	(0.02)	(0.02)	(0.02)
Return after operating charges*	10.60	(16.38)	23.31
Distributions	(2.43)	(3.80)	(2.53)
Retained distributions on accumulation shares	2.43	3.80	2.53
Closing net asset value per share	109.71	99.11	115.49
*After direct transaction costs of:	0.02	0.07	0.08
Performance:			
Return after charges	10.70%	(14.18)%	25.29%
Other Information:			
Closing net asset value (£'000)	210,385	198,702	291,724
Closing number of shares	191,759,557	200,485,868	252,602,735
Operating charges	0.02%	0.02%	0.02%
Direct transaction costs ¹	0.02%	0.06%	0.08%
Prices:			
Highest share price (pence)	115.5	128.1	119.3
Lowest share price (pence)	92.93	98.38	89.31

¹The Fund incurs broker commission and transfer taxes/stamp duty as a necessary part of buying and selling the Fund's underlying investments in order to achieve the investment objective. In the case of shares; broker commissions, transfer taxes and stamp duty may be paid by the Fund on transactions.

A dilution adjustment is made whenever dealings in the shares of the Fund result in shares being issued or cancelled by the Company. The adjustment will take account of any spread between the buying and selling prices of the Fund's investments and the costs (which may include dealing charges and taxes) of acquiring or disposing of such investments. Please note that the direct transaction cost disclosures above do not include the dilution adjustment charges. For further details on dilution adjustment charges please see the General Information section. For further details on the costs associated with investing in the Fund please see the Enhanced Disclosure of Fund Costs and Charges document and Baillie Gifford's Funds Costs and Charges Summary, both of which are available on the website www.bailliegifford.com.

Financial Statements

Statement of Total Return for the year ended 30 June 2023

	Notes	2023		2022	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	1		15,684		(48,905)
Revenue	3	6,806		9,778	
Expenses	4	(109)		(168)	
Net revenue before taxation		6,697		9,610	
Taxation	5	-		-	
Net revenue after taxation			6,697		9,610
Total return before distributions			22,381		(39,295)
Distributions	6		(6,700)		(9,630)
Change in net assets attributable to shareholders from investment activities			15,681		(48,925)

Statement of Change in Net Assets Attributable to Shareholders for the year ended 30 June 2023

	2023		2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		223,651		323,353
Amounts receivable on issue of shares	17,645		24,984	
Amounts payable on cancellation of shares	(39,033)		(84,783)	
		(21,388)		(59,799)
Dilution adjustment		143		283
Change in net assets attributable to shareholders from investment activities		15,681		(48,925)
Retained distributions on accumulation shares		6,490		8,739
Closing net assets attributable to shareholders		224,577		223,651

Financial Statements cont.

Balance Sheet as at 30 June 2023

	Notes	2023 £'000	2022 £'000
Assets:			
Fixed assets:			
Investments	13	221,375	218,754
Current assets:			
Debtors	8	870	1,228
Cash and bank balances	9	4,375	6,198
Total assets		226,620	226,180
Liabilities:			
Creditors:			
Bank overdrafts	9	(1,667)	(2,405)
Other creditors	10	(376)	(124)
Total liabilities		(2,043)	(2,529)
Net assets attributable to shareholders		224,577	223,651

Notes to the Financial Statements

1 Net capital gains/(losses)

	2023	2022
	£'000	£'000
Non-derivative securities	15,688	(48,910)
Currency gains/(losses)	(1)	8
Transaction costs	(3)	(3)
Net capital gains/(losses)	15,684	(48,905)

2 Purchases, sales and transaction costs

	2023	2022
	£'000	£'000
Purchases and transaction costs		
Gross purchases of equities excluding transaction costs	10,637	32,153
Commissions	3	12
Taxes	51	145
Total transaction costs on equity purchases	54	157
Commissions on purchases of funds	-	-
Taxes on purchases of funds	-	-
Total transaction costs on fund purchases ¹	-	-
Purchases including transaction costs	10,691	32,310

¹These amounts have been deducted in determining net capital gains/(losses).

	2023	2022
	%	%
Transaction costs as a percentage of principal amount		
Commission on equity purchases	0.03	0.04
Taxes on equity purchases	0.48	0.45

Notes to the Financial Statements cont.

2 Purchases, sales and transaction costs (continued)

	2023	2022
	£'000	£'000
Sales and transaction costs		
Gross sales of equities excluding transaction costs	23,842	81,007
Commissions	(4)	(23)
Taxes	-	-
Total transaction costs on equity sales¹	(4)	(23)
Commissions on sales of funds	-	-
Taxes on sales of funds	-	-
Total transaction costs on fund sales¹	-	-
Sales net of transaction costs	23,838	80,984

¹These amounts have been deducted in determining net capital gains/(losses).

	2023	2022
	%	%
Transaction costs as a percentage of principal amount		
Commission on equity sales	(0.02)	(0.03)
Taxes on equity sales	0.00	0.00

	2023		2022	
	£'000	% of average NAV	£'000	% of average NAV
Portfolio transaction costs				
Commissions	7	0.00	35	0.01
Taxes	51	0.02	145	0.05
Total direct transaction costs	58	0.02	180	0.06

	2023	2022
	%	%
Average portfolio dealing spread	0.20	0.13

The Fund incurs broker commission and transfer taxes/stamp duty as a necessary part of buying and selling the Fund's underlying investments in order to achieve the investment objective. In the case of shares, broker commissions, transfer taxes and stamp duty may be paid by the Fund on transactions.

Dilution adjustment charges, which do not form part of the direct transaction costs disclosures above, may be incurred as a result of trading in underlying funds. For further details on dilution adjustment charges please see the General Information section.

Notes to the Financial Statements cont.

2 Purchases, sales and transaction costs (continued)

Dealing spread is the difference in the buying and selling prices of the underlying investments. Dealing spreads vary considerably depending on the transaction value and market sentiment. The Fund may have holdings in single priced funds. The notional spread on these holdings is not included in the average dealing spread calculated for this Fund.

3 Revenue

	2023	2022
	£'000	£'000
UK dividends	6,428	8,891
Overseas dividends	338	887
Bank interest	40	-
Total revenue	6,806	9,778

4 Expenses

	2023	2022
	£'000	£'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	78	129
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee	19	25
Bank charges	4	7
	23	32
Other expenses:		
Audit fee	8	7
Total expenses	109	168

5 Taxation

	2023	2022
	£'000	£'000
Analysis of charge in the year		
Corporation tax	-	-
Total taxation	-	-

The Fund is subject to corporation tax at 20% (2022: 20%), however, the majority of dividends received by the Fund are not liable to corporation tax. Accordingly, the tax deductible expenses substantially exceed the taxable income of the Fund and, as a result, there is no corporation tax charge.

Notes to the Financial Statements cont.

5 Taxation (continued)

At 30 June 2023, the Fund had excess management expenses of £894,000 (2022: £825,000) which have not been recognised as a deferred tax asset. This is because the Fund is not expected to generate taxable income in a future period in excess of the deductible expenses of that future period and, accordingly, the Fund is unlikely to be able to reduce future tax liabilities through the use of existing excess expenses.

The tax charge is explained as follows:

	2023	2022
	£'000	£'000
Net revenue before taxation	6,697	9,610
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% (2022: 20%)	1,339	1,922
Effects of:		
Non-taxable UK dividends	(1,286)	(1,778)
Non-taxable overseas dividends	(68)	(177)
Excess management expenses	15	33
Total taxation	-	-

6 Distributions

	2023	2022
	£'000	£'000
Interim to 31 December	1,563	1,729
Final to 30 June	4,927	7,010
	6,490	8,739
Amounts deducted on cancellation of shares	406	1,227
Amounts added on issue of shares	(196)	(336)
Total distributions	6,700	9,630

The distributions take account of revenue transactions on the issue and cancellation of shares. Details of the distributions per share are set out in the Distribution Tables.

7 Reconciliation of net revenue to net distributions for the year

	2023	2022
	£'000	£'000
Net revenue after taxation for the year	6,697	9,610
Add distributable revenue brought forward	4	24
Less distributable revenue carried forward	(1)	(4)
Net distributions for the year	6,700	9,630

Notes to the Financial Statements cont.

8 Debtors

	2023	2022
	£'000	£'000
Receivable for issue of shares	302	393
Accrued income	558	823
Overseas tax recoverable	7	12
Other debtors	3	-
Total debtors	870	1,228

9 Cash and bank balances

	2023	2022
	£'000	£'000
Sterling bank accounts	4,375	6,198
Sterling bank accounts overdrawn	(1,667)	(2,405)
Total cash and bank balances	2,708	3,793

10 Other creditors

	2023	2022
	£'000	£'000
Payable for cancellation of shares	361	57
Purchases awaiting settlement	-	49
Due to the ACD or associates	5	9
Due to the Depositary or associates	2	3
Other accrued expenses	8	6
Total other creditors	376	124

Notes to the Financial Statements cont.

11 Related party transactions

Baillie Gifford & Co Limited, as ACD, is regarded as a related party by virtue of the services provided to the Company. Baillie Gifford & Co Limited acts as principal in respect of all transactions of shares in the Company, except where stocks are transferred on the issue or cancellation of shares. The aggregate monies received through issue and paid on cancellation are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts receivable and payable on the issue and cancellation of shares have been disclosed in notes 8 and 10 respectively.

Amounts paid to Baillie Gifford & Co Limited in respect of ACD fees are disclosed in note 4 with amounts due at the year end given in note 10.

The Fund invests in other funds for whom Baillie Gifford & Co, the ultimate parent company of the ACD, act as Investment Adviser and these funds are therefore considered to be related parties. Transactions with these related party funds are noted in the table below.

	2023			2022		
	Purchases	Sales	Income	Purchases	Sales	Income
	£'000	£'000	£'000	£'000	£'000	£'000
Baillie Gifford British Smaller Companies Fund C Acc	-	396	81	-	1,005	101

Shares held by the ACD and associates of the ACD

The shares held by the ACD and associates of the ACD as a percentage of the Fund's NAV were:

	2023	2022
	%	%
ACD and associates of the ACD	0.00	0.00

12 Reconciliation of shares in issue

	Shares in issue as at 30.06.22	Shares issued	Shares cancelled	Shares converted	Shares in issue as at 30.06.23
B Accumulation Shares	25,649,529	1,297,835	(13,712,110)	-	13,235,254
C Accumulation Shares	200,485,868	15,532,394	(24,258,705)	-	191,759,557

Notes to the Financial Statements cont.

13 Basis of valuation

	2023	2022
	Assets	Assets
	£'000	£'000
Level 1: Quoted prices	213,932	210,471
Level 2: Observable market data	-	8,283
Level 3: Unobservable data ¹	7,443	-
Total	221,375	218,754

¹For further information on the assets included in Level 3, as at 30 June 2023, please refer to the Portfolio Statement.

Distribution Tables

Interim distribution for the period ended 31 December 2022

Group 1 : shares purchased prior to 1 July 2022

Group 2 : shares purchased 1 July 2022 to 31 December 2022

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 28.02.23)	Distribution (paid/accumulated 28.02.22)
	31.12.22 pence per share	31.12.22 pence per share	31.12.22 pence per share	31.12.21 pence per share
B Accumulation				
Group 1	0.65000	-	0.65000	0.55000
Group 2	0.12257	0.52743	0.65000	0.55000
C Accumulation				
Group 1	0.75000	-	0.75000	0.65000
Group 2	0.13934	0.61066	0.75000	0.65000

Final distribution for the period ended 30 June 2023

Group 1 : shares purchased prior to 1 January 2023

Group 2 : shares purchased 1 January 2023 to 30 June 2023

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 31.08.23)	Distribution (paid/accumulated 31.08.22)
	30.06.23 pence per share	30.06.23 pence per share	30.06.23 pence per share	30.06.22 pence per share
B Accumulation				
Group 1	2.02000	-	2.02000	2.71000
Group 2	1.25617	0.76383	2.02000	2.71000
C Accumulation				
Group 1	2.43000	-	2.43000	3.15000
Group 2	0.79843	1.63157	2.43000	3.15000

General Information

Dilution Adjustment

A sub-fund suffers dilution (reduction) in the value of the Scheme Property attributable to it because the actual costs of buying or selling investments for the sub-fund deviate from the mid-market values generally used in calculating the price of shares in the sub-fund. Such deviation may occur as a result of the costs (which may include dealing charges and taxes) incurred in dealing in such investments and of any spread between the buying and selling prices of such investments. It is not possible to predict accurately whether dilution is likely to occur.

The COLL Rules allow the cost of dilution to be (1) met directly from the Scheme Property attributable to the sub-fund or (2) addressed by the imposition on investors of a dilution levy on the issue by the Company, subscriptions facilitated by the ACD, cancellation by the Company or redemption by the ACD of shares in the sub-fund or (3) dealt with by means of a dilution adjustment, which is the policy which has been adopted by the ACD in relation to the sub-funds of the Company. With a view to mitigating the effects of dilution, the ACD therefore reserves the right, at its sole discretion, to make a dilution adjustment in the calculation of the dealing price, and thereby swing the dealing price, of shares in any sub-fund of the Company if in its opinion the existing shareholders (for net purchases of shares) or remaining shareholders (for net redemptions of shares) might otherwise be adversely affected. By 'purchases' of shares we mean issues by the Company and subscriptions facilitated by the ACD and by 'redemptions' of shares we mean cancellations by the Company and redemptions by the ACD.

The COLL Rules acknowledge that the need to make a dilution adjustment may depend on the volume of purchases of shares or redemptions of shares. Accordingly, the ACD reserves the right at its sole discretion to impose a dilution adjustment in the following circumstances:

- (a) If the sub-fund is experiencing steady decline (net outflow of investment).
- (b) If the sub-fund is experiencing steady growth (net inflow of investment).

- (c) If the sub-fund is experiencing large levels of net purchases or net redemptions relative to its size.
- (d) Where the sub-fund experiences net purchases or net redemptions on any Dealing Day exceeding a particular value or a particular percentage of the value of the sub-fund.
- (e) In any other circumstances where the ACD believes it will be in the interests of shareholders to make a dilution adjustment.

The ACD is currently of the opinion that it is in the best interests of shareholders in the Company to make a dilution adjustment whenever dealings in the shares of any sub-fund result in shares in that sub-fund being issued or cancelled by the Company. The ACD believes that this policy should result in no significant dilution occurring. The adjustment will take account of any spread between the buying and selling prices of the relevant sub-fund's investments and the costs (which may include dealing charges and taxes) of acquiring or disposing of such investments, as the case may be.

The level of the dilution adjustment is set by the ACD based on prevailing market conditions. Where liquidity is restricted and trading in size in the portfolio's investments results in significant movement in the prices of these investments the ACD may adjust the level of the dilution adjustment to protect the interests of the ongoing investors in a sub-fund. The ACD has thresholds for the sub-funds for daily net inflows or outflows of cash into or out of the sub-funds. Above these thresholds, which vary by sub-fund and according to market conditions, the ACD will increase the dilution adjustment to reflect the increased dealing costs incurred by the sub-funds as a result of larger inflows and outflows. A consequence of this policy is, however, that smaller transactions made on any day that the relevant threshold is exceeded will also trade at the price incorporating the higher adjustment and this may lead to increased dealing costs. Whether an adjustment may be necessary will depend upon the net movement into or out of a sub-fund on any given day and on the underlying market conditions on that day and it is therefore not possible to predict when an adjustment may be made.

General Information cont.

Dilution Adjustment cont.

On any Dealing Day when the Company neither issues nor cancels shares in a sub-fund the price of shares in that sub-fund will not contain any dilution adjustment.

This policy to swing the dealing price will be subject to regular review and may change. The ACD's decision on whether or not to make a dilution adjustment, and on what level of adjustment to make in particular circumstances or generally, will not prevent it from making a different decision in similar circumstances in the future.

Where a dilution adjustment is applied, it will increase the dealing price when there are net inflows into the relevant sub-fund and decrease the dealing price when there are net outflows. The dealing price of each class of share in a sub-fund will be calculated separately but any dilution adjustment will in percentage terms affect the dealing price of shares of each class identically.

On the occasions when no dilution adjustment is made there may be an adverse impact on the value of the Scheme Property attributable to the relevant sub-fund.

Stamp Duty Reserve Tax (SDRT)

Generally, there will be no charge to SDRT when shareholders surrender or redeem shares. However, where the redemption is satisfied by a non-pro rata in specie redemption, then a charge of SDRT may apply.

Taxation Reporting

In order to fulfil its legal obligations, the ACD is required to collect and report certain information about shareholders (and in some circumstances the shareholder's controlling persons), including their identity, tax residency, tax status and financial information relating to their shareholding. Shareholders must provide the ACD with any information required to meet these obligations, and may also be asked to provide self-certifications and tax reference numbers or the equivalent. The ACD reserves the right to refuse an

application for shares or a transfer of shares until it receives a declaration as to the shareholder's tax residency or status in the form prescribed by the ACD.

The ACD is also required to provide to HMRC certain information regarding shareholders, payments made to shareholders and proceeds arising on the disposal of shares, and HMRC may pass such information on to the tax authorities of another jurisdiction.

Share Classes

The net asset value of per share and the number of shares in each class are shown in the Comparative Tables sections of the relevant sub-fund. The distributions per share class are shown in the distribution Tables. In each sub-fund all share classes have the same rights on winding up.

Where Class C Shares are available, they are only available to persons to whom an associate of the ACD provides services under an investment management agreement or who has a separate fee arrangement with the ACD or one of its associates.

Class H Shares are only available to persons who have, or whose agent or associate has a separate agreement in place with the ACD or one of its associates.

Class J Shares are only available to persons who have, or whose agent or associate has, a separate agreement, governing aggregate investment flows and marketing activity, in place with the ACD or one of its associate.

Class P Shares are available to persons who: (i) are considered by the ACD to be institutional pension platforms and who have a relevant agreement with the ACD or an associate of the ACD; or (ii) are otherwise considered appropriate by the ACD at its sole discretion.

Class W Shares of Baillie Gifford Japanese Income Growth Fund are only available to persons who have, or whose agent has, a separate fee arrangement with the ACD or one of its associates in relation to the relevant Class W Shares.

General Information cont.

Share Classes cont.

Class Y Shares of Baillie Gifford Sustainable Growth Fund are only available to former unitholders of Phoenix Global Growth Fund which merged into Baillie Gifford Sustainable Growth Fund on 5 December 2015 via a scheme of arrangement or such other persons as the ACD may permit as its sole discretion.

Class Y Shares of Baillie Gifford Health Innovation Fund are only available to persons who: (i) have an agreement with the ACD or one of its associates; and (ii) make their initial investment in the sub-fund within the first six months of the sub-fund's launch (being 15 December 2020).

The minimum lump sum investment amounts are shown in the table on page 216.

Equalisation

The Company will operate grouping for equalisation. Each class of shares will operate its own equalisation account. Shares purchased during a distribution period are called Group 2 shares. Shares purchased during any previous distribution period are called Group 1 shares. Group 2 shares contain in their purchase price an amount called equalisation which represents a proportion of the net income of the sub-fund that has accrued up to the date of purchase. The amount of equalisation is averaged across all the shareholders of Group 2 shares and is refunded to them as part of their first distribution and is treated as a return of capital for tax purposes. Being capital it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

An 'income equalisation-like' mechanism will be operated by the ACD for conversions. The ACD will ensure that the mechanism is operated to ensure fair treatment of those converting their shares and other shareholders in the affected classes.

Fund Charges and Costs

For further details on the costs associated with investing in the sub-funds of the ICVC, please see the Enhanced Disclosure of Fund Costs and Charges document and Baillie Gifford's Funds Costs and Charges Summary, both of which are available on the website www.bailliegifford.com.

Conflicts of Interest

From time to time, there may be situations that give rise to a material interest or conflict of interest. Such interests can arise between the interests of the ACD, the Investment Adviser, other persons associated with them and the interests of the sub-funds and their shareholders. A material interest or a conflict of interest can also arise between the interests of different shareholders. In such circumstances the ACD will put in place effective organisational and administrative arrangements to manage and monitor the material interest or conflict of interest in a way that ensures shareholders are treated fairly, or where it is impractical to manage the conflict, it will be disclosed.

The ACD, the Investment Adviser and other persons associated with them may, from time to time, act as authorised corporate directors, investment managers or advisers to other persons, companies or funds which follow similar investment objectives to the sub-funds. It is therefore possible that the ACD and/or the Investment Adviser may in the course of their business have potential conflicts of interest with the Company or a particular sub-fund. Each of the ACD and the Investment Adviser will, however, have regard in such event to, amongst other things, its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients, when undertaking any investment where potential conflicts of interest may arise. The Depositary may, from time to time, act as the depositary or trustee of other companies or funds.

General Information cont.

Conflicts of Interest cont.

Full details of the ACD's conflicts of interest policy can be inspected at the offices of the ACD at Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN during normal business hours.

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General Information cont.

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Taskforce on Climate-related Financial Disclosures

Following the adoption of the Taskforce on Climate-related Financial Disclosures' ('TCFD') recommendations into the FCA's ESG sourcebook, Baillie Gifford & Co Limited is required to publish its 'TCFD entity report' by 30 June each year, detailing how in its role as ACD it takes climate-related matters into account in managing investments on behalf of clients and consumers. The regulations also require the ACD to prepare a TCFD product report for each sub-fund on how climate-related matters are taken into account within the sub-fund, including a core set of climate-related metrics. The reports must be made available on the ACD's website and a clear and prominent signpost to the product report for each authorised sub-fund must be included within each set of annual and interim financial statements. The latest product reports covering the period to 31 December 2022 are available in the website via this link:[Literature/Individual Investors/Baillie Gifford](#)

General Information cont.

Minimum Lump Sum Investment Amounts and Annual Management Charge

	Class B	Class C	Class H	Class J	Class P	Class W	Class Y
Minimum lump sum investments:							
Baillie Gifford Health Innovation Fund	£1,000	£250,000	n/a	n/a	n/a	n/a	£1,000
Baillie Gifford Japanese Income Growth Fund	£1,000	£250,000	n/a	n/a	n/a	£1,000	n/a
Baillie Gifford Sterling Aggregate Bond Fund	£1,000	£250,000	n/a	n/a	n/a	n/a	n/a
Baillie Gifford Sustainable Growth Fund	£1,000	£250,000	n/a	£1,000	n/a	n/a	£1,000
Baillie Gifford Sustainable Income Fund	£1,000	£250,000	£1,000	£1,000	£250,000	n/a	n/a
Baillie Gifford UK Equity Core Fund	£1,000	£250,000	n/a	n/a	n/a	n/a	n/a
Annual management charge:							
Baillie Gifford Health Innovation Fund	0.50%	Nil	n/a	n/a	n/a	n/a	0.25% ²
Baillie Gifford Japanese Income Growth Fund	0.60%	Nil	n/a	n/a	n/a	Note 3	n/a
Baillie Gifford Sterling Aggregate Bond Fund	0.35%	Nil	n/a	n/a	n/a	n/a	n/a
Baillie Gifford Sustainable Growth	0.50%	Nil	n/a	0.35%	n/a	n/a	Note 1
Baillie Gifford Sustainable Income Fund	0.50%	Nil	0.25%	0.35%	0.35%	n/a	n/a
Baillie Gifford UK Equity Core Fund	0.42%	Nil	n/a	n/a	n/a	n/a	n/a

¹The following fee scale will be applied to the whole of the net asset value of the Y accumulation shares: 0.50% on the first £60 million and 0.35% thereafter.

²The annual management charge for Class Y Shares shall increase to 0.5% on the third anniversary of the launch of the Baillie Gifford Health Innovation Fund on 16 December 2023.

³Where the combined net asset value of the relevant Class W Shares (accumulation and income) is equal to or greater than £100 million, the following fee scale will be applied to the whole of the net asset value of the relevant Class W Shares:

- 0.60% on the first £30 million;
- 0.50% on the next £20 million; and
- 0.40% thereafter.

Where the combined net asset value of the relevant Class W Shares (accumulation and income) is less than £100 million a rate of 0.60% shall be applied to the whole of the net asset value of the relevant Class W Shares.

General Information cont.

Active Share

Active Share is a measure of how actively managed a sub-fund is and is calculated by taking 100 minus the % of the sub-fund that overlaps with the comparative index. The Active Share as at the period end and the comparative index, for sub-funds which invest primarily in equities, is shown in the table below. The Active Share has been shown against this index to highlight the active management style against what is deemed to be the most relevant index for each sub-fund.

Sub-Fund	Active Share	Comparative Index
Baillie Gifford Health Innovation Fund	99%	MSCI ACWI Index
Baillie Gifford Japanese Income Growth Fund	84%	TOPIX
Baillie Gifford Sustainable Growth Fund	90%	MSCI ACWI Index
Baillie Gifford UK Equity Core Fund	73%	FTSE All-Share Index

Active Share has not been shown for sub-funds with holdings in bonds as other factors, such as the economic exposure of a holding in a bond, are not taken in to consideration. As a result, Active Share does not give as clear an indication for these sub-funds of the magnitude of the difference between sub-fund and the comparative index.

Portfolio Turnover Ratio

Portfolio Turnover Ratio is a measure of portfolio change or trading activity in a Fund. It is calculated as the minimum of purchases and sales in a month, divided by the average market value of the Fund. The annual turnover is then calculated as the sum of the monthly turnover figures for the 12 month period.

Sub-fund	Portfolio Turnover Ratio
Baillie Gifford Health Innovation Fund	10%
Baillie Gifford Japanese Income Growth Fund	3%
Baillie Gifford Sustainable Growth Fund	38%
Baillie Gifford UK Equity Core Fund	2%

In addition, Portfolio Turnover Ratio has not been disclosed for Baillie Sterling Aggregate Bond Fund and Baillie Gifford Sustainable Income Fund because the ACD does not consider it an appropriate measure for fixed income funds.

The Group's Funds

Baillie Gifford Bond Funds ICVC

Baillie Gifford Emerging Markets Bond Fund

Baillie Gifford High Yield Bond Fund

Baillie Gifford Investment Grade Bond Fund

Baillie Gifford Investment Grade Long Bond Fund

Baillie Gifford Strategic Bond Fund

Baillie Gifford Investment Funds ICVC

Baillie Gifford Climate Optimism Fund

Baillie Gifford Diversified Growth Fund

Baillie Gifford Long Term Global Growth Investment Fund

Baillie Gifford Multi Asset Growth Fund

Baillie Gifford Positive Change Fund

Baillie Gifford Sustainable Multi Asset Fund

Baillie Gifford Investment Funds II ICVC

Baillie Gifford Health Innovation Fund

Baillie Gifford Japanese Income Growth Fund

Baillie Gifford Sterling Aggregate Bond Fund

Baillie Gifford Sustainable Growth Fund¹

Baillie Gifford Sustainable Income Fund²

Baillie Gifford UK Equity Core Fund

Baillie Gifford Overseas Growth Funds ICVC

Baillie Gifford American Fund

Baillie Gifford China Fund

Baillie Gifford Developed Asia Pacific Fund

Baillie Gifford Emerging Markets Growth Fund

Baillie Gifford Emerging Markets Leading Companies Fund

Baillie Gifford European Fund

Baillie Gifford Global Discovery Fund

Baillie Gifford Japanese Fund

Baillie Gifford Japanese Smaller Companies Fund

Baillie Gifford Pacific Fund

Baillie Gifford UK & Balanced Funds ICVC

Baillie Gifford British Smaller Companies Fund³

Baillie Gifford Global Alpha Growth Fund

Baillie Gifford Global Alpha Paris-Aligned Fund

Baillie Gifford Global Income Growth Fund

Baillie Gifford International Fund

Baillie Gifford Managed Fund

Baillie Gifford Responsible Global Equity Income Fund

Baillie Gifford UK and Worldwide Equity Fund

Baillie Gifford UK Equity Alpha Fund

Glenfinlas Global Fund⁴

¹With effect from 31 March 2023 the name of Baillie Gifford Global Stewardship Fund was changed to Baillie Gifford Sustainable Growth Fund.

²With effect from 31 March 2023 the name of Baillie Gifford Multi Asset Income Fund was changed to Baillie Gifford Sustainable Income Fund.

³With effect from 27 June 2023 Baillie Gifford British Smaller Companies Fund is no longer available for subscription.

⁴Glenfinlas Global Fund is no longer available for subscription.

**For further information about the Funds or
Baillie Gifford's range of funds, please:**

Contact us at: Client Relations Team
Baillie Gifford & Co Limited,
Calton Square, 1 Greenside Row,
Edinburgh EH1 3AN

Call our Client Relations Team on 0800 917 2113. Your call may be recorded for training or monitoring purposes.

Visit our website at www.bailliegifford.com, or email us on trusenquiries@bailliegifford.com.

Or fax us on 0131 275 3955.

