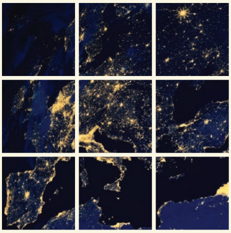
BAILLIE GIFFORD EUROPEAN GROWTH TRUST PLC

Interim Financial Report
31 March 2021



Objective

To achieve capital growth over the long-term from a diversified portfolio of European securities.

Policy

The Board believes that investment in European growth companies provides the opportunity for long term capital growth. It further considers that the structure of the Company as a UK listed investment trust, with an independent Board, is well suited to meeting this aim.

The Company is invested in a diversified portfolio of between 30 and 60 European securities.

The Company may not invest more than 10% of total assets in any one individual stock at the time of investment.

The Board recognises that investment in some European countries can be riskier than in others. Investment risks are diversified through holding a wide range of securities in different countries and industrial sectors. The Company has the ability to invest in securities that are listed in countries which are not included in the FTSE Europe ex UK Index, where these securities have a meaningful connection with continental Europe.

The Board has authority to hedge the Company's exposure to movements in the rate of exchange of currencies, principally the euro, in which the Company's investments are denominated, against sterling, its reporting currency.

Up to 10% of total assets, as measured at the time of initial investment, can be invested in unlisted investments.

The level of gearing within the portfolio is agreed by the Board and the absolute amount of any gearing should not exceed 20% of net assets at time of drawdown, excluding any unlisted investments in the calculation of net assets.

No more than 10% of the total assets of the Company may be invested in other listed investment companies (including investment trusts) except in those that have stated that they will invest no more than 15% of their total assets in other listed investment companies. In this case, the limit is 15%.

The Investment Manager's compliance with the limits set out in the investment policy is monitored by the Board and the Alternative Investment Fund Manager (the 'AIFM').

Benchmark

FTSE Europe ex UK Index (in sterling terms).

Summary of Unaudited Results*†

	31 March 2021	30 September 2020 (audited)	% change
Shareholders' funds	£493.9m	£452.6m	
Net asset value per ordinary share (debt at book value) ('NAV')	135.48p	124.97p	8.4
Net asset value per ordinary share (debt at fair value)¶	135.50p	124.97p	
Share price	136.0p	122.0p	11.5
FTSE Europe ex UK Index (in sterling terms)#			11.3
Premium/(discount) (debt at book value)¶	0.4%	(2.4%)	
Premium/(discount) (debt at fair value)¶	0.4%	(2.4%)	
Active share¶	88%	89%	

	Six months to 31 March 2021	Six months to 31 March 2020	% change
Revenue earnings per share	0.07p	0.12p	(41.7)
Dividends paid and payable in respect of the period	Nil	Nil	–

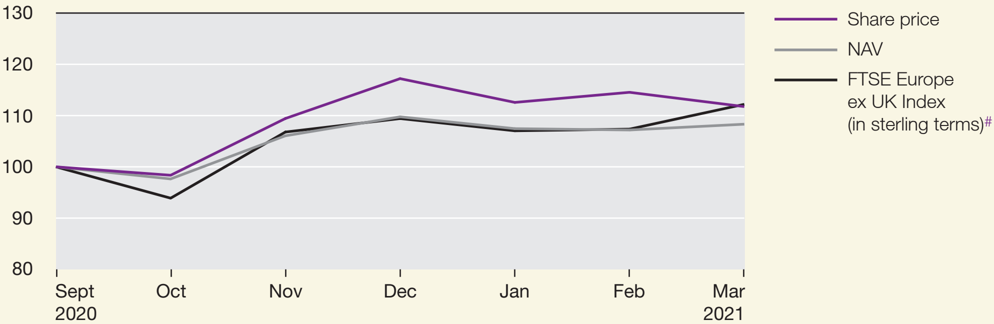
	Six months to 31 March 2021	Year to 30 September 2020
Total returns (%)#¶		
NAV	8.7	37.5
Share price	11.7	54.2
FTSE Europe ex UK Index (in sterling terms)	12.2	(0.3)

* For a definition of terms see Glossary of Terms and Alternative Performance Measures on page 23.
† Per share figures have been restated for the ten for one share split on 1 February 2021.
# Source: Refinitiv, Baillie Gifford and relevant underlying data providers. See disclaimer on page 24.
¶ Alternative performance measure, see Glossary of Terms and Alternative Performance Measures on page 23.

Past performance is not a guide to future performance.

Six Months Total Return Performance*

(figures plotted on a monthly basis and rebased to 100 at 30 September 2020)



* For a definition of terms see Glossary of Terms and Alternative Performance Measures on page 23.

† Source: Refinitiv, Baillie Gifford and relevant underlying data providers. See disclaimer on page 24.

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Interim Management Report

Our lives continue to be dominated by coronavirus and it's understandable that people focus on this and the prospect of when we are likely to get 'back to normal'. It's perhaps less clear why investors don't spend more time thinking about what happens after that though. Consumer behaviours that have changed forever, digitalisation, the accelerating energy transition and decarbonisation, and astounding advances in medical technology: all are themes which have far larger implications for us over the next decade than knowing when exactly we'll be safely eating in restaurants, shopping on the high street, or holidaying in the Algarve.

In our view, equity markets continue to do a poor job of reflecting long-term company fundamentals. The last six months reminds us of Ben Graham's quote about the market being a voting machine in the short term where prices are driven by popularity and sentiment. You only had to watch with amazement what happened earlier this year to those heavily shorted companies with a loyal following on Robinhood or the backing of Elon Musk. You don't need to be Jeremy Grantham to know that it tends not to end well for investors whose decisions are driven by speculation and emotion. On the capital markets side, it also seems that investment banks can smell blood or at least bonuses. We've never had as many offers of 'investor education' meetings ahead of IPOs and fund raisings, and we've never had to consider the risks, and even merits if we are being open-minded, of SPACs or 'blank cheque companies'. While we've drawn the line at SPACs, we have spent quite a lot of our time with potential IPOs. This is mostly to meet interesting founders or management teams and to learn about disruptive business models, but we occasionally participate, as we did with Allegro last year, and more recently with AUTO1. While we've approached these events with a higher than usual level of scepticism, taking a step back, it's tremendously exciting and encouraging to see so many European entrepreneurs with the ambition and increasing support to build world-leading companies. This is also the feeling we get when reflecting on the various discussions we are having with private companies in Europe. This strengthens our belief that Europe is starting to reinvent itself, and that the opportunities for long-term growth investors have never been as abundant.

Helping us to keep grounded during this extraordinary period have been management meetings with existing holdings, some of which we've held for a decade or longer in Baillie Gifford's open-ended European fund. Recent highlights include meeting the CEOs from companies like adidas, ASML, Mettler-Toledo and L'Oréal, which we think was Baillie Gifford's first French equity investment in the early 1980s. These are well established, durable, and extremely innovative companies. They can teach us about longer-term cycles and structural change, about factors that have driven success over the years, and about how corporate culture can prize and encourage adaptability and help exploit opportunities. We have heard first-hand how companies like adidas expect to benefit from the profound channel shift towards own-retail and online and what that means for the broader industry; have learned about Mettler's 'precision and results orientated email culture' which is so unique that new executives must be taught the Mettler way to send emails; have reflected with Jean-Paul Agon on his career defining decisions to move L'Oréal into Asia and develop its digital capabilities before its peers, and the importance of its family ownership; and have understood more about ASML's values driven culture which is based on 3 Cs: challenge, collaborate and care. It's inspiring to hear how ASML takes on challenging projects and the attitude it has that, unless something is scientifically proven to be impossible, it can be done; it's just a question of how and when. To some this might sound quite arbitrary, even indulgent. However, it helps us understand the inner workings of a company, provides a link between process and outcomes and, importantly, develops our conviction that value creation will be sustainable. While stock markets oscillate, investors panic, and greed and fear take over, being able to retreat and focus on these fundamental questions is how we can best try to create value for shareholders in Baillie Gifford European Growth Trust.

For a definition of terms see Glossary of Terms and Alternative Performance Measures on page 23.

Total return information sourced from Refinitiv/Baillie Gifford and relevant underlying index providers.

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Performance

Over the six months to 31 March 2021, the Company's net asset value per share total return was 8.7% which compares with the total return of 12.2% of the FTSE Europe ex UK Index, over the same period. Adjusting for the 10-for-1 share split approved by shareholders at this year's Annual General Meeting, the Company's share price rose by 11.5% to 136p, representing a premium of 0.4% to the net asset value per share as at 31 March 2021. This compares with a 2.4% discount at the beginning of the period. During this period, at times when the Company's share price traded at a premium to its net asset value per share, there was sufficient market demand for the Company to issue an aggregate 2.4m shares on a non-dilutive basis.

We were recently asked to explain this underperformance beyond a simple reference to the rotation away from growth stocks towards financials, energy companies and others that are deemed to be 'cheap'. The reality is that, over such short-term timeframes, the major determinants of performance have almost nothing to do with fundamentals or operational progress. We will always experience volatility like this. This is why we use rolling five-year periods to assess our own performance and that of the companies in which we invest. Since the end of November 2019, when Baillie Gifford started managing the Company's portfolio, to 31 March 2021, the Company's net asset value total return has been 47.8%, compared with the index total return of 11.9%.

For those looking for short-term attribution, detractors over the past six months included Adevinta, MorphoSys, Kingspan, adidas, and Takeaway.com. Operationally at least, these are all companies that are performing well with attractive long-term prospects. Adevinta, which is building online classifieds platforms across the world, covering real estate, cars and jobs, is a good example. Its share price fell around 20% over the six months given its exposure to markets that were unsurprisingly weak. However, its longer-term prospects have not changed. It's continuing to invest in its business, and we believe that it will return to growth rates of 15–20% while being able to raise prices and margins on its under-monetised platforms. MorphoSys, whose share price fell almost 40% is another example. This is a German drug discovery platform that has recently had its first major approval for an antibody to treat some blood cancers. We believe that this will be transformational for the company yet, because of the difficulty marketing this during lockdown and a change in appetite for 'risk', its shares were penalised by the market. Conversely, companies like Ryanair and Kuehne & Nagel, a logistics company, performed well as sentiment on short-term recovery and Covid vaccinations improved.

On the private company side, Northvolt has been making impressive progress which gives us even more confidence that this is a company that will create tremendous value for investors, other stakeholders and also society. We think the recent US$14bn order to supply VW with premium battery cells over the next decade provides strong evidence of its innovation and manufacturing expertise. The present funding round has the company valued at US$9bn, more than double its valuation when we first invested in September 2020. There is a long way to go but we feel very fortunate that we have been able to make this our first private investment. We are in talks with other private companies and will hopefully be in a position to provide an update on those in due course.

Transactions

Our annualised turnover for the six-month period was just over 18%. This means that our average holding period is around five years but, more importantly, that we are giving ourselves enough time to benefit from compound growth which in turn leads to exponential growth. In a practical sense, this also means we are only looking for roughly five to ten new ideas each year although the timing of these can be variable. In the last six months we bought seven new holdings which included: Allegro.eu, Poland's leading e-commerce business that has around 40% share of online sales in the country; Dassault Systèmes, a provider of 3D software; FinecoBank and Avanza Bank which are online trading and investment platforms in Italy and Sweden respectively; AUTO1, a pan-European marketplace for buying and selling used cars; Wizz Air, an Eastern European low-cost airline similar in many ways to Ryanair; and HelloFresh, a meal-kit delivery business. In each case, we think there are large markets to grow into, disruptive business models which are competing against traditional incumbents, and valuations which leave us with a decent probability of at least doubling our initial investment.

We made two disposals during this period, Novozymes and U-Blox. Novozymes is the world's leading manufacturer of industrial enzymes. We now believe that its core business segments have matured and that the potential of returning to more significant leaps in innovation is greatly diminished. U-Blox, a fabless semiconductor business based in Switzerland, just hasn't worked out. It has suffered from a lack of demand, delays in customer investments, and top management departures. Some of these problems seem temporary, but others strike us as structural issues. The conclusion we have drawn is that U-Blox is less well placed than we had initially believed to benefit from the tailwind from the Internet of Things, and it is less well run than we had thought.

You will have noticed that we've bought more new positions than we have sold. The balance has been funded through small reductions to some companies that were especially strong Covid beneficiaries like Zalando, Sartorius Stedim, Bechtle and Addlife. These cover e-commerce, vaccine production, healthcare supplies, and IT hardware. We very much still believe in their longer-term prospects but felt it prudent to reflect slightly lower probabilities of at least doubling from here over the next five years. In addition, we also utilised some gearing which stood at 7.1%, net of cash, at the end of the period. Part of this comes from a new long-term debt facility that provides €30m at a fixed rate of 1.57% over 20 years, which we believe is very attractive.

Outlook

Given the general performance of equities, it's inevitable that we are asked about valuations and whether the recent rotation from growth to value has inspired us to look for a few more 'defensive' companies. Our response, which shouldn't come as a surprise to anyone, is that we won't be changing our investment style just because it is at times out of favour with short-term market sentiment. If anything, we'll be looking for opportunities to add to existing holdings that have been unfairly sold off, or follow up on growth companies that we've been waiting patiently to buy. We have to be cognisant of valuations, but our objective has always been to find growth that has been mispriced, and companies that can deliver at least a 2x return over a five-year period. In terms of outlook, we really don't think it's hyperbole to suggest that we are just at the start of one of the greatest transitions of market leadership that Europe has ever seen. With this in mind, and a very clear idea of what characteristics we want companies to have, we will continue to endeavour to unearth what we think are Europe's next big winners.

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

Baillie Gifford & Co

Baillie Gifford Statement on Stewardship

Reclaiming Activism for Long-Term Investors

Baillie Gifford's over-arching ethos is that we are 'actual' investors. We have a responsibility to behave as supportive and constructively engaged long-term investors. We invest in companies at different stages in their evolution, across vastly different industries and geographies and we celebrate their uniqueness. Consequently, we are wary of prescriptive policies and rules, believing that these often run counter to thoughtful and beneficial corporate stewardship. Our approach favours a small number of simple principles which help shape our interactions with companies.

Our Stewardship Principles

Prioritisation of long-term value creation

We encourage company management and their boards to be ambitious and focus their investments on long-term value creation. We understand that it is easy for businesses to be influenced by short-sighted demands for profit maximisation but believe these often lead to sub-optimal long-term outcomes. We regard it as our responsibility to steer businesses away from destructive financial engineering towards activities that create genuine economic value over the long run. We are happy that our value will often be in supporting management when others don't.

A constructive and purposeful board

We believe that boards play a key role in supporting corporate success and representing the interests of minority shareholders. There is no fixed formula, but it is our expectation that boards have the resources, cognitive diversity and information they need to fulfil these responsibilities. We believe that a board works best when there is strong independent representation able to assist, advise and constructively test the thinking of management.

Long-term focused remuneration with stretching targets

We look for remuneration policies that are simple, transparent and reward superior strategic and operational endeavour. We believe incentive schemes can be important in driving behaviour, and we encourage policies which create alignment with genuine long-term shareholders. We are accepting of significant pay-outs to executives if these are commensurate with outstanding long-run value creation, but plans should not reward mediocre outcomes. We think that performance hurdles should be skewed towards long-term results and that remuneration plans should be subject to shareholder approval.

Fair treatment of stakeholders

We believe it is in the long-term interests of companies to maintain strong relationships with all stakeholders, treating employees, customers, suppliers, governments and regulators in a fair and transparent manner. We do not believe in one-size-fits-all governance and we recognise that different shareholder structures are appropriate for different businesses. However, regardless of structure, companies must always respect the rights of all equity owners.

Sustainable business practices

We look for companies to act as responsible corporate citizens, working within the spirit and not just the letter of the laws and regulations that govern them. We believe that corporate success will only be sustained if a business's long-run impact on society and the environment is taken into account. Management and boards should therefore understand and regularly review this aspect of their activities, disclosing such information publicly alongside plans for ongoing improvement.

List of Investments at 31 March 2021

Name	Business	Country	Value £'000	% of total assets
Prosus	Media and e-commerce company	Netherlands	30,160	5.7
IMCD	Speciality chemical distributor	Netherlands	25,798	4.9
Ryanair	Low cost European airline	Ireland	22,599	4.3
Adyen	Global payment company	Netherlands	21,253	4.0
Atlas Copco	Industrial compressors manufacturer	Sweden	19,732	3.7
Zalando	Online fashion retailer	Germany	19,634	3.7
Spotify	Online music streaming service	Sweden	19,028	3.6
Avanza Bank	Banking	Sweden	17,323	3.3
Addlife	Distributor of medical and laboratory equipment	Sweden	17,312	3.3
adidas	Sports shoes and equipment manufacturer	Germany	17,179	3.2
Kinnevik	Invests in and builds digital consumer businesses	Sweden	17,130	3.2
Delivery Hero	Online food-delivery service	Germany	15,601	2.9
ASML	Semiconductor equipment manufacturer	Netherlands	15,120	2.8
L'Oréal	Personal care	France	14,758	2.8
Kuehne & Nagel	Worldwide freight transporter	Switzerland	13,115	2.5
Adevinta	Provider of internet based services	Norway	12,574	2.4
Kering	Luxury brand conglomerate	France	11,719	2.2
NIBE	International heating technology company	Sweden	11,694	2.2
DSV	Transport and logistics company	Denmark	11,545	2.2
Kingspan	Provider of high performance insulation and building envelope technologies	Ireland	10,999	2.1
Carl Zeiss Meditec	Medical technology for ophthalmology	Germany	10,075	1.9
Hexpol	Manufacturer of rubber and plastic components	Sweden	9,767	1.8
Wizz Air	Provider of passenger and cargo air transportation	Hungary	9,380	1.8
Northvolt[u]	Battery developer and manufacturer	Sweden	8,933	1.7
Beijer	Refrigeration and air conditioning	Sweden	8,850	1.7
Investor	Industrial holdings company	Sweden	8,662	1.6
Richemont	Luxury goods company	Switzerland	8,318	1.6
Dassault Systèmes	Software company	France	8,259	1.6
Sartorius Stedim Biotech	International pharmaceutical and laboratory equipment provider	France	8,149	1.5
Mettler-Toledo	Manufacturer of precision weighing equipment	Switzerland	8,036	1.5

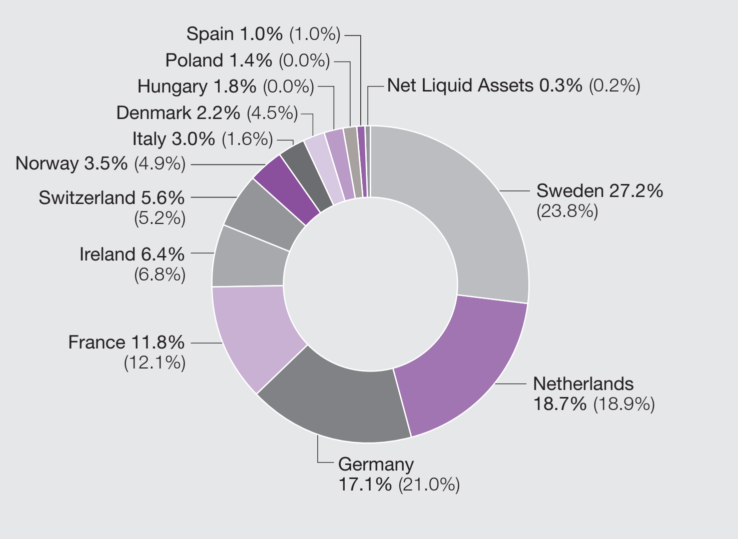
List of Investments at 31 March 2021 (continued)

Name	Business	Country	Value £'000	% of total assets
FinecoBank	Commercial bank	Italy	7,978	1.5
Reply	Communication technology company	Italy	7,807	1.5
Ubisoft Entertainment	Video games publisher	France	7,608	1.4
Allegro.eu	E-commerce	Poland	7,177	1.4
Takeaway.com	Online food ordering and home delivery	Netherlands	6,724	1.3
Bechtle	IT systems integrator	Germany	6,412	1.2
Rational	Industrial machinery manufacturing	Germany	6,330	1.2
Remy Cointreau	Manufacturer and distributor of premium wines and spirits worldwide	France	6,272	1.2
Schibsted	Media and classifieds advertising platforms	Norway	6,131	1.1
HelloFresh	Grocery retailer	Germany	5,691	1.1
Epiroc	Supplier to mining and construction industries	Sweden	5,644	1.1
Inditex	International clothing retailer	Spain	5,251	1.0
AUTO1	Digital automotive platform	Germany	5,209	1.0
MorphoSys	Antibody based drug discovery platform	Germany	4,639	0.9
Pernod Ricard	Global spirits manufacturer	France	3,492	0.6
Cellectis	Genetic engineering for cell based therapies	France	2,459	0.5
Total Equity Investments			**527,526**	**99.7**
Net Liquid Assets			1,476	0.3
Total Assets			**529,002**	**100.0**
Borrowings			(35,053)	(6.6)
Net Assets			**493,949**	**93.4**

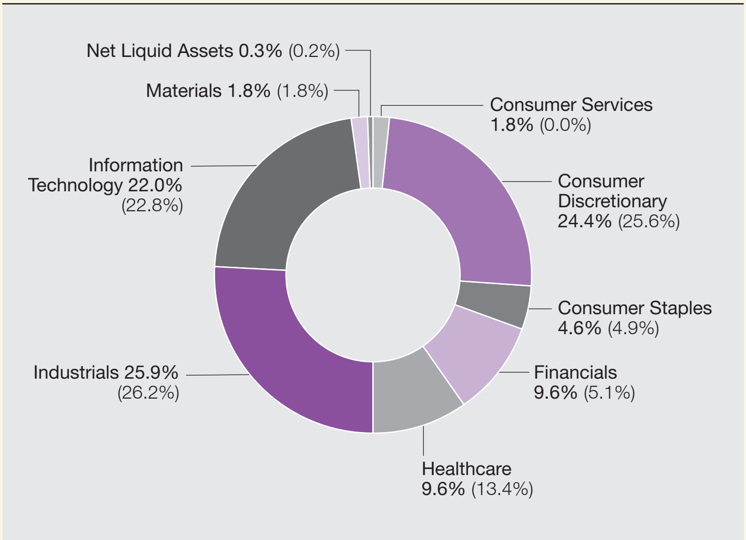
Ⓤ Denotes unlisted holding (private company).

Distribution of Total Assets* (unaudited)

Geographical Analysis at 31 March 2021 (30 September 2020)



Sectoral Analysis at 31 March 2021 (30 September 2020)



* Before deduction of borrowings (see Glossary of Terms and Alternative Performance Measures on page 23).

Income Statement (unaudited)

	For the six months ended 31 March 2021			For the six months ended 31 March 2020			For the year ended 30 September 2020 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	–	37,726	**37,726**	–	(30,699)	**(30,699)**	–	125,505	**125,505**
Currency gains/(losses)	1	2,320	**2,321**	(7)	(1,055)	**(1,062)**	(6)	(1,211)	**(1,217)**
Income	921	–	**921**	984	–	**984**	2,597	–	**2,597**
Investment management fee (note 3)	(272)	(1,089)	**(1,361)**	(175)	(350)	**(525)**	(332)	(976)	**(1,308)**
Other administrative expenses	(284)	–	**(284)**	(246)	–	**(246)**	(441)	–	**(441)**
Net return before finance costs and taxation	366	38,957	**39,323**	556	(32,104)	**(31,548)**	1,818	123,318	**125,136**
Finance costs (note 4)	(44)	(159)	**(203)**	(17)	(33)	**(50)**	(45)	(78)	**(123)**
Net return on ordinary activities before taxation	322	38,798	**39,120**	539	(32,137)	**(31,598)**	1,773	123,240	**125,013**
Tax on ordinary activities	(59)	–	**(59)**	(83)	–	**(83)**	(204)	–	**(204)**
Net return on ordinary activities after taxation	**263**	**38,798**	**39,061**	**456**	**(32,137)**	**(31,681)**	**1,569**	**123,240**	**124,809**
Net return per ordinary share* (note 5)	**0.07p**	**10.69p**	**10.76p**	**0.12p**	**(8.24p)**	**(8.12p)**	**0.42p**	**32.77p**	**33.19p**
Note: **Dividends paid and payable per share** (note 6)	**Nil**			**Nil**			**0.35p**		

* Prior period per share figures restated for the ten for one share split on 1 February 2021.

The total column of this statement is the profit and loss account of the Company. The supplementary revenue and capital columns are prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statements derive from continuing operations.

A Statement of Comprehensive Income is not required as all gains and losses of the Company have been reflected in the above statement.

The accompanying notes on pages 15 to 19 are an integral part of the Financial Statements.

Balance Sheet (unaudited)

	At 31 March 2021 £'000	At 30 September 2020 (audited) £'000
Fixed assets		
Investments held at fair value through profit or loss (note 7)	527,526	468,855
Current assets		
Debtors	4,949	2,469
Cash and cash equivalents	89	57
	5,038	2,526
Creditors		
Amounts falling due within one year	(13,128)	(18,733)
Net current liabilities	(8,090)	(16,207)
Total assets less current liabilities	519,436	452,648
Creditors		
Amounts falling due after more than one year (note 8)	(25,487)	–
	493,949	**452,648**
Capital and reserves		
Share capital	10,061	10,061
Share premium account	125,050	123,749
Capital redemption reserve	8,750	8,750
Capital reserve	344,865	303,860
Revenue reserve	5,223	6,228
Shareholders' funds	**493,949**	**452,648**
Net asset value per ordinary share*†	**135.48p**	**124.97p**
Ordinary shares in issue (note 9)†	**364,599,330**	**362,199,330**

* See Glossary of Terms and Alternative Performance Measures on page 23.

† Prior period figures restated for the ten for one share split on 1 February 2021.

The accompanying notes on pages 15 and 19 are an integral part of the Financial Statements.

Statement of Changes in Equity (unaudited)

For the six months ended 31 March 2021

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve* £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 October 2020	10,061	123,749	8,750	303,860	6,228	**452,648**
Net return on ordinary activities after taxation	–	–	–	38,798	263	**39,061**
Dividends paid (note 6)	–	–	–	–	(1,268)	**(1,268)**
Shares issued from treasury	–	1,301	–	2,207	–	**3,508**
Shareholders' funds at 31 March 2021	**10,061**	**125,050**	**8,750**	**344,865**	**5,223**	**493,949**

For the six months ended 31 March 2020

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve* £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 October 2019	10,061	123,749	8,750	217,985	13,312	**373,857**
Net return on ordinary activities after taxation	–	–	–	(32,137)	456	**(31,681)**
Dividends paid (note 6)	–	–	–	–	(8,653)	**(8,653)**
Shares bought back into treasury	–	–	–	(37,365)	–	**(37,365)**
Shareholders' funds at 31 March 2020	**10,061**	**123,749**	**8,750**	**148,483**	**5,115**	**296,158**

* The Capital Reserve as at 31 March 2021 includes investment holding gains of £153,460,000 (31 March 2020 – losses of £23,995,000).

The accompanying notes on pages 15 and 19 are an integral part of the Financial Statements.

Cash Flow Statement (unaudited)

	Six months to 31 March 2021 £'000	Six months to 31 March 2020 £'000
Cash flows from operating activities		
Net return on ordinary activities before taxation	39,120	(31,598)
Net gains on investments	(37,726)	30,699
Currency (gains)/losses	(2,321)	1,055
Finance costs of borrowings	203	50
Overseas withholding tax	(57)	(98)
Changes in debtors and creditors	(388)	709
Cash from operations*	(1,169)	817
Interest paid	(82)	(34)
Net cash (outflow)/inflow from operating activities	(1,251)	783
Cash flows from investing activities		
Acquisitions of investments	(64,331)	(386,340)
Disposals of investments	42,936	417,428
Net cash (outflow)/inflow from investing activities	(21,395)	31,088
Equity dividends paid	(1,268)	(8,653)
Cash flows from financing activities		
Shares issued	3,508	–
Shares bought back	–	(37,365)
Net borrowings drawn down	27,263	13,527
Net cash inflow/(outflow) from financing activities	30,771	(23,838)
Increase/(decrease) in cash and cash equivalents	6,857	(620)
Exchange movements	548	(483)
Cash and cash equivalents at start of period	(16,882)	2,301
Cash and cash equivalents at end of period†	**(9,477)**	**1,198**

* Cash from operations includes dividends received in the period of £827,000 (31 March 2020 – £972,000) and deposit interest received of £2,000 (31 March 2020 – £5,000).

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

Notes to the Condensed Financial Statements (unaudited)

1 The condensed Financial Statements for the six months to 31 March 2021 comprise the statements set out on pages 10 to 14 together with the related notes on pages 15 to 19. They have been prepared in accordance with FRS 104 'Interim Financial Reporting' and the AIC's Statement of Recommended Practice issued in November 2014 and updated in October 2019 and April 2021 with consequential amendments and have not been audited or reviewed by the Auditor pursuant to the Auditing Practices Board Guidance 'Review of Interim Financial Information'. The Financial Statements for the six months to 31 March 2021 have been prepared on the basis of the same accounting policies as set out in the Company's Annual Report and Financial Statements at 30 September 2020.

Going Concern

The Directors have considered the nature of the Company's principal risks and uncertainties, as set out on page 20, as well as the implications of the current Covid-19 pandemic. In addition, the Company's investment objective and policy, assets and liabilities and projected income and expenditure, together with the dividend policy have been taken into consideration and it is the Directors' opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board and gearing levels are reviewed by the Board on a regular basis. The Directors consider it appropriate to adopt the going concern basis of accounting in preparing these Financial Statements and confirm that they are not aware of any material uncertainties which may affect the Company's ability to continue to do so over a period of at least twelve months from the date of approval of these Financial Statements.

2 The financial information contained within this Interim Financial Report does not constitute statutory accounts as defined in sections 434 to 436 of the Companies Act 2006. The financial information for the year ended 30 September 2020 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The Auditor's Report on those accounts was not qualified, did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report, and did not contain a statement under sections 498(2) or (3) of the Companies Act 2006.

3 Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, was appointed by the Company as its Alternative Investment Fund Manager (AIFM) and Company Secretary on 29 November 2019. The investment management function has been delegated to Baillie Gifford & Co. The management agreement can be terminated on three months' notice. The annual management fee is 0.55% of the lower of (i) the Company's market capitalisation and (ii) the Company's net asset value (which shall include income), in either case up to £500 million, and 0.50% of the amount of the lower of the Company's market capitalisation or net asset value above £500 million, calculated and payable quarterly. Baillie Gifford agreed to waive its management fee for six months from its appointment as AIFM.

Notes to the Condensed Financial Statements (unaudited)

4 Finance Costs

	Six months to 31 March 2021		
	Revenue £'000	Capital £'000	Total £'000
Overdraft facility	15	59	**74**
Loan interest	24	98	**122**
Loan arrangement fee	1	2	**3**
Negative interest on cash balances	4	–	**4**
	44	**159**	**203**

	Year to 30 September 2020 (audited)		
	Revenue £'000	Capital £'000	Total £'000
Overdraft facility	25	76	**101**
Loan arrangement fee	1	2	**3**
Negative interest on cash balances	19	–	**19**
	45	**78**	**123**

	Six months to 31 March 2020		
	Revenue £'000	Capital £'000	Total £'000
Overdraft facility	8	16	**24**
Loan arrangement fee	1	2	**3**
Negative interest on cash balances	8	15	**23**
	17	**33**	**50**

Notes to the Condensed Financial Statements (unaudited)

	Six months to 31 March 2021 £'000	Six months to 31 March 2020 £'000	Year to 30 September 2020 (audited) £'000
5 Net return per ordinary share			
Revenue return on ordinary activities after taxation	263	456	1,569
Capital return on ordinary activities after taxation	38,798	(32,137)	123,240
Total net return	**39,061**	**(31,681)**	**124,809**
Weighted average number of ordinary shares in issue*	**362,827,352**	**389,908,560**	**376,053,940**

Net return per ordinary share is based on the above totals of revenue and capital and the weighted average number of ordinary shares in issue during each period.

* Prior period weighted average number of shares figure has been restated for the ten for one share split on 1 February 2021.

There are no dilutive or potentially dilutive shares in issue.

	Six months to 31 March 2021 £'000	Six months to 31 March 2020 £'000
6 Dividends*		
Amounts recognised as distributions in the period:		
Final dividend 0.35p (2020 – 2.15p), paid 29 January 2021	1,268	8,653
	1,268	**8,653**
Dividends proposed in the period:		
Interim dividend – nil (2020 – nil)	–	–
	–	**–**

* Prior period per share figures restated for the ten for one share split on 1 February 2021.

7 Fair Value Hierarchy

The Company's investments are financial assets held at fair value through profit or loss. The fair value hierarchy used to analyse the basis on which the fair values of financial instruments held at fair value through the profit or loss account are measured is described below. Fair value measurements are categorised on the basis of the lowest level input that is significant to the fair value measurement.

Level 1 – using unadjusted quoted prices for identical instruments in an active market;

Level 2 – using inputs, other than quoted prices included within Level 1, that are directly or indirectly observable (based on market data); and

Level 3 – using inputs that are unobservable (for which market data is unavailable).

An analysis of the Company's financial assets based on the fair value hierarchy described above is shown below.

As at 31 March 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	518,593	–	–	**518,593**
Unlisted security	–	–	8,933	**8,933**
Total financial asset investments	**518,953**	**–**	**8,933**	**527,526**

As at 30 September 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed securities	464,601	–	–	**464,601**
Unlisted security	–	–	4,254	**4,254**
Total financial asset investments	**464,601**	**–**	**4,254**	**468,855**

Unlisted investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by the Managers. The Managers' unlisted valuation policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation Guidelines ('IPEV'). These methodologies can be categorised as follows: (a) market approach (multiples, industry valuation benchmarks and available market prices); (b) income approach (discounted cash flows); and (c) replacement cost approach (net assets). The Company's holdings in unlisted investments are categorised as Level 3 as unobservable data is a significant input to their fair value measurements.

8 The Company has a €30 million overdraft credit facility with The Northern Trust Company for the purpose of pursuing its investment objective. At 31 March 2021, €11.2 million (£9.6 million), (31 March 2020 – €15.9 million (£14.1 million), 30 September 2020 – €18.7 million (£16.9 million)) had been drawn down under the facility. Interest is charged at 1.25% above the European Central Bank Main Refinancing Rate. On 8 December 2020 the Company issued €30 million of long-term, fixed rate, senior, unsecured privately placed notes ('loan notes'), with a fixed coupon of 1.57% to be repaid on 8 December 2040. At 31 March 2021 the book value of the loan notes amounted to £25,487,000. The fair value of the loan notes at 31 March 2021 was £25,391,000.

9 At the Annual General Meeting held on 21 January 2021 shareholders approved an ordinary resolution that each of the ordinary shares of 25p each in the capital of the Company be sub-divided into ten ordinary shares of 2.5p each (the 'New Ordinary Shares'). The New Ordinary Shares were admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's market for listed securities at 8.00am on 1 February 2021. Accordingly, the 36,219,933 ordinary shares of 25p in issue were sub-divided into 362,199,330 ordinary shares of 2.5p.

The Company has authority to allot shares under section 551 of the Companies Act 2006. The Board has authorised use of this authority to issue new shares at a premium to net asset value in order to enhance the net asset value per share for existing shareholders and improve the liquidity of the Company's shares. In the six months to 31 March 2021 the Company issued a total of 2,400,000 shares on a non pre-emptive basis (nominal value £60,000, representing 0.7% of the issued share capital at 30 September 2020) at a premium to net asset value (on the basis of debt valued at par value) raising net proceeds of £3,508,000 (In the year to 30 September 2020 – no ordinary shares were issued). The Company also has authority to buy back shares. In the six months to 31 March 2021 no ordinary shares were bought back therefore the Company's authority remains unchanged at 54,293,680 ordinary shares. Prior period number of shares figures restated for the ten for one share split on 1 February 2021.

10 During the period, transaction costs on equity purchases amounted to £77,000 (31 March 2020 – £435,000; 30 September 2020 – £542,000) and on equity sales £25,000 (31 March 2020 – £114,000; 30 September 2020 – £141,000).

11 Related Party Transactions

There have been no transactions with related parties during the first six months of the current financial year that have materially affected the financial position or the performance of the Company during that period and there have been no changes in the related party transactions described in the last Annual Report and Financial Statements that could have had such an effect on the Company during that period.

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

Principal Risks and Uncertainties

The principal risks facing the Company are financial risk, investment strategy risk, discount risk, regulatory risk, custody and depositary risk, operational risk, leverage risk and political risk. An explanation of these risks and how they are managed is set out on pages 7 and 8 of the Company's Annual Report and Financial Statements for the year to 30 September 2020 which is available on the Company's website: **bgeuropeangrowth.com**. The principal risks and uncertainties have not changed since the date of the Annual Report.

Responsibility Statement

We confirm that to the best of our knowledge:

a) the condensed set of Financial Statements has been prepared in accordance with FRS 104 'Interim Financial Reporting';

b) the Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months, their impact on the Financial Statements and a description of the principal risks and uncertainties for the remaining six months of the year); and

c) the Interim Financial Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board
Michael MacPhee
Chairman
14 May 2021

Further Shareholder Information

How to Invest

Baillie Gifford European Growth Trust's shares are traded on the London Stock Exchange. They can be bought through a stockbroker or by asking a professional adviser to do so.

Client Relations Team Contact Details

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

Share Register Enquiries

Computershare Investor Services PLC maintains the share register on behalf of the Company. In the event of queries regarding shares registered in your own name, please contact the Registrars on 0370 889 4086.

Automatic Exchange of Information

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

The legislation requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. Accordingly, Baillie Gifford European Growth Trust will have to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

New shareholders, excluding those whose shares are held in CREST, who come on to the share register will be sent a certification form for the purposes of collecting this information.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders **gov.uk/government/publications/exchange-of-information-account-holders**.

Risk Warnings

Past performance is not a guide to future performance.

Baillie Gifford European Growth Trust is a listed UK Company. The value of its shares and any income from them can fall as well as rise and investors may not get back the amount invested.

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

Baillie Gifford European Growth Trust can borrow money to make further investments (sometimes known as 'gearing' or 'leverage'). The risk is that when this money is repaid by the Company, the value of these investments may not be enough to cover the borrowing and interest costs.

Baillie Gifford European Growth Trust can buy back its own shares. The risks from borrowing, referred to above, are increased when a company buys back its own shares.

Market values for securities which have become difficult to trade may not be readily available, and there can be no assurance that any value assigned to such securities will accurately reflect the price the Company might receive upon their sale.

Baillie Gifford European Growth Trust can make use of derivatives which may impact upon its performance. Currently the Company does not make use of derivatives.

For the six months to 31 March 2021, Baillie Gifford European Growth Trust charged 80% of its investment management fee and borrowing costs to capital, which reduces the capital value. Also, where income is low, the remaining expenses may be greater than the total income received, meaning the capital value would be further reduced.

Risk Warnings (continued)

Baillie Gifford European Growth Trust's risk could be increased by its investment in unlisted investments. These assets may be more difficult to sell so changes in their prices may be greater.

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

The Board of Baillie Gifford European Growth Trust and the Investment Manager are actively working together to monitor the effect of Covid-19 on the Company and its investee companies. The Investment Manager has measures in place to safeguard the health of its employees whilst remaining fully operational and providing business continuity to its clients. In particular, the Board and Investment Manager are monitoring closely the following:

— the valuation and liquidity of Baillie Gifford European Growth Trust's portfolio companies;

— the operational arrangements in place at Baillie Gifford & Co; and

— the ability of Baillie Gifford European Growth Trust's third-party service providers to continue to provide contracted services.

The Investment Manager and third-party service providers remain fully operational and business continuity plans are working as expected.

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

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

The Company is listed on the London Stock Exchange and is not authorised or regulated by the Financial Conduct Authority.

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

Further details of the risks associated with investing in the Company, including a Key Information Document and how charges are applied, can be found at **bgeuropeangrowth.com**, or by calling Baillie Gifford on 0800 917 2112.

The information and opinions expressed within this Interim Financial Report are subject to change without notice. This information has been issued and approved by Baillie Gifford & Co Limited, the Managers and Secretaries, and does not in any way constitute investment advice.

Glossary of Terms and Alternative Performance Measures (APM)

Total Assets
Total assets less current liabilities, before deduction of all borrowings.

Net Asset Value
Net Asset Value (NAV) is the value of total assets less liabilities (including borrowings). The NAV per share is calculated by dividing this amount by the number of ordinary shares in issue (excluding treasury shares).

Net Liquid Assets
Net liquid assets comprise current assets less current liabilities, excluding borrowings.

Discount/Premium (APM)
As stockmarkets and share prices vary, an investment trust's share price is rarely the same as its NAV per share. When the share price is lower than the NAV per share it is said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, it is said to be trading at a premium.

Total Return (APM)
The total return is the return to shareholders after reinvesting the net dividend on the date that the share price goes ex-dividend.

Net Asset Value (Borrowings at Book Value)
Borrowings are valued at nominal book value (book cost).

Net Asset Value (Borrowings at Fair Value) (APM)
Borrowings are valued at an estimate of their market worth.

Net Asset Value (Reconciliation of NAV at Book Value to NAV at Fair Value)

	31 March 2021
Net Asset Value per ordinary share (borrowings at book value)	**135.48p**
Shareholders' funds (borrowings at book value)	£493,949,000
Add: book value of borrowings	£25,487,000
Less: fair value of borrowings	(£25,391,000)
Shareholders' funds (borrowings at fair value)	**£494,045,000**
Number of shares in issue	364,599,330
Net Asset Value per ordinary share (borrowings at fair value)	**135.50p**

Gearing (APM)
At its simplest, gearing is borrowing. Just like any other public company, an investment trust can borrow money to invest in additional investments for its portfolio. The effect of the borrowing on the shareholders' assets is called 'gearing'. If the Company's assets grow, the shareholders' assets grow proportionately more because the debt remains the same. But if the value of the Company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

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

Gearing represents borrowings less cash and cash equivalents expressed as a percentage of shareholders' funds.

Active Share (APM)
Active share, a measure of how actively a portfolio is managed, is the percentage of the portfolio that differs from its comparative index. It is calculated by deducting from 100 the percentage of the portfolio that overlaps with the comparative index. An active share of 100 indicates no overlap with the index and an active share of zero indicates a portfolio that tracks the index.

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ISIN	GB00BMC7T380
Sedol	BMC7T38
Ticker	BGEU

Legal Entity Identifier:
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