BAILLIE GIFFORD EUROPEAN GROWTH TRUST PLC

Annual Report and Financial Statements
30 September 2020

Contents

Investor Disclosure Document

The EU Alternative Investment Fund Managers Directive requires certain information to be made available to investors prior to their investment in the Company. The Company's Investor Disclosure Document is available for viewing at www.bgeuropeangrowth.com.

Notes

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

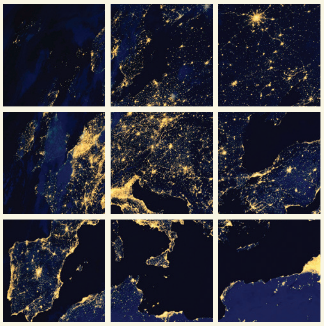
Investment trusts are UK public listed companies and as such comply with the requirements of the UK Listing Authority. They are not authorised or regulated by the Financial Conduct Authority.

Baillie Gifford European Growth Trust plc currently conducts its affairs, and intends to continue to conduct its affairs, so that the Company's Ordinary Shares can qualify to be considered as a mainstream investment product and can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the rules of the Financial Conduct Authority (FCA) in relation to non-mainstream investment products.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you reside in the UK and you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately. If you reside outwith the UK, you should consult an appropriately authorised financial adviser.

If you have sold or otherwise transferred all of your holding in Baillie Gifford European Growth Trust plc, please forward this document, together with accompanying documents, but not your personalised Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was or is being effected for delivery to the purchaser or transferee.



The principal investment objective of the Company is to achieve capital growth over the long-term from a diversified portfolio of European securities.

Financial Highlights – Year to 30 September 2020

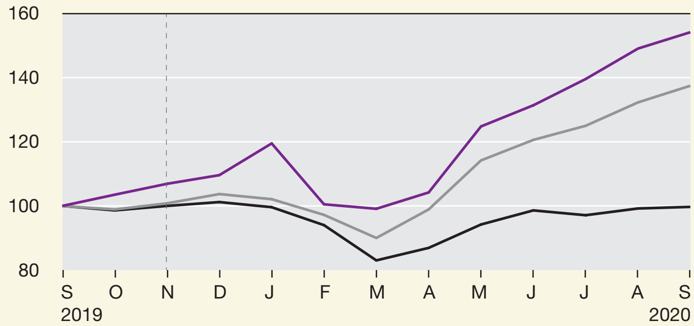
Share Price 54.2%	NAV† 37.5%	Benchmark* (0.3%)
2019 – (7.6%)	2019 – (4.6%)	2019 – 6.9%

Source: Refinitiv/Baillie Gifford. All figures are stated on a total return basis. Total return is an Alternative Performance Measure – see Glossary of Terms and Alternative Performance Measures on pages 60 and 61.

NAV, Share Price and Benchmark Total Return

(figures rebased to 100 at 30 September 2019)

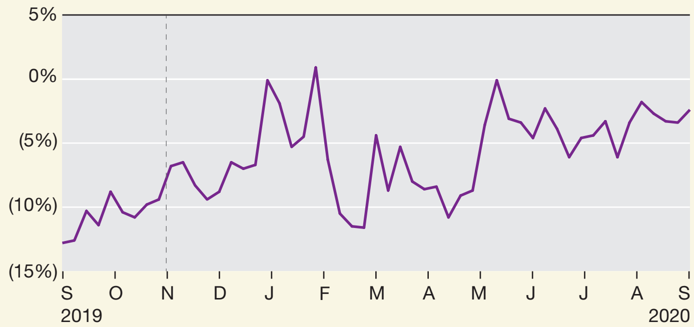
Share price
NAV†
Benchmark*



(Discount)/Premium† to Net Asset Value per share

(figures plotted on a weekly basis)

(Discount)/Premium



* The benchmark is the FTSE Europe ex UK Index (in sterling terms).
† Alternative performance measure – see Glossary of Terms and Alternative Performance Measures on pages 60 and 61.
Source: Refinitiv/Baillie Gifford and relevant underlying index providers. See disclaimer on page 59.

The vertical dotted line at 29 November 2019 represents the appointment of Baillie Gifford & Co Limited as Managers and Secretaries.

Past performance is not a guide to future performance.

Strategic Report

The Strategic Report, which includes pages 2 to 17 and incorporates the Chairman's Statement, has been prepared in accordance with the Companies Act 2006.

Chairman's Statement

Michael MacPhee, Chairman

Covid-19

Six months on from my interim statement, I continue to wish everyone well and to pass on my and the Board's sincere best wishes to all those affected directly or indirectly as a consequence of Covid-19.

Performance

I am happy to report that, despite notable market volatility, and in the absence of overall progress by the indices, the Company's portfolio performed strongly in the year to 30 September 2020 and, in particular, since Baillie Gifford & Co Limited ('Baillie Gifford') took on the management of the portfolio at the end of November 2019. The Net Asset Value per share ('NAV') total return over the Company's financial year was 37.5% compared to a total return of -0.3% for the FTSE Europe ex UK Index, in sterling terms. The share price total return over the year was 54.2% as the discount narrowed from 12.8% to 2.4%. Short term performance is rarely of significance, though this year has been notable and has served to repay shareholders for their patience.

The following table divides the financial year in two, showing the performance over the two months to the end of November 2019 when the portfolio was managed by Edinburgh Partners and the ten-month period since when the portfolio has been managed by Baillie Gifford.

Total Return (%)	30 September 2019 to 30 September 2020	30 September 2019 to 30 November 2019	30 November 2019 to 30 September 2020
NAV	37.5	0.8	36.4
Share Price	54.2	6.9	44.2
FTSE Europe ex UK Index (in sterling terms)	(0.3)	(0.1)	(0.2)

Management Arrangements

As highlighted last year in my statement to shareholders, the Board served notice on Edinburgh Partners, terminating its appointment and replacing it with Baillie Gifford as the Company's Alternative Investment Fund Manager, Company Secretary and Administrator; the move took effect at the end of November 2019. As part of the move, the Company's name was changed from The European Investment Trust plc, as were its London Stock Exchange ticker and web address (to BGEU and www.bgeuropeangrowth.com respectively).

Portfolio Re-organisation

Following the move to Baillie Gifford, the portfolio was reorganised extensively in the first half of December, with only one holding, Ryanair, being retained and 40 new ones bought. This was necessary so as to reposition the portfolio to growth equities and thus align it with Baillie Gifford's investment philosophy.

Details on the prospects for the companies now held in the portfolio are contained on pages 12 to 14 in the Managers' Report.

Costs

The cost of the portfolio restructuring was a little over 1% of the Company's NAV and, as part of the transition from Edinburgh Partners, Baillie Gifford agreed to waive its management fee for six months.

The ongoing charges figure for the year was 0.41% and would have been 0.66% without the fee waiver. This compares favourably with other actively-managed investment funds and particularly well against other European focussed investment trusts. Our own comparable figure for last year was 0.62%.

Objective and Investment Policy

At the Annual General Meeting ('AGM') held on 23 January 2020, shareholders approved changes to the Company's objective and investment policy. As detailed in the 2019 Annual Report, the objective was revised to reflect Baillie Gifford's investment style following the transition of the portfolio from Edinburgh Partners. The investment policy was also revised, principally to allow for up to 10% of the Company's total assets, as measured at the time of initial investment, to be invested in unlisted investments.

Unlisted Investments

While public equity markets have provided plenty of exceptional companies in which to invest, companies are choosing to stay private for longer. Reasons for this include increasing compliance and reporting costs, availability of capital and technology-led strategies which have made it easier to scale often without large upfront capital costs. While Europe has not traditionally been a large market for unlisted securities, these factors now mean there are attractive businesses to be found in the private market and where investors can participate in the most rapid phase of growth.

I am pleased to report that, as at the financial year end, the portfolio had made its first investment in an unlisted company, Northvolt, the Swedish battery developer and manufacturer which specialises in lithium-ion technology for electric vehicles. The Managers' Report on pages 12 to 14 provides further detail on this investment.

Dividend and Expense Allocation Policy

As flagged in the 2019 Annual Report, following the move to Baillie Gifford, the Company's dividend policy has been changed such that no interim dividend will be paid and any annual dividend will be paid only to the extent required for the Company to maintain its investment trust status.

Revenue return per share for the year was 4.17p and the Board is recommending a final dividend of 3.50p per share. Subject to shareholder approval at the AGM, the dividend will be paid on 29 January 2021 to shareholders on the register on 8 January 2021. The ex-dividend date will be 7 January 2021.

In March 2020, the Company announced a change to its expense allocation policy as the revised investment objective explicitly seeks to achieve capital growth. Effective 1 April 2020, the allocation policy was amended to 80% to capital and 20% to revenue to replace the prior policy of two-thirds to capital and one-third to revenue. This change is in line with the Board's continued aim of matching expenses against the estimated division of the Company's long-term returns.

Borrowings

The Company has a €30 million overdraft facility with The Northern Trust Company. At the year end, the facility was partially utilised, with €18.7 million (£16.9 million) drawn down. Under normal circumstances, your Board believes that the portfolio should have a modest level of gearing and the facility provides the portfolio managers with flexibility to take advantage of opportunities when deemed appropriate. The Board sets the strategic parameters for the gearing within which the portfolio managers operate. As at 30 September 2020 invested gearing stood at 4% of shareholders' funds.

Tender, Discount, Share Buybacks and Issuance

Following approval by shareholders at the General Meeting that immediately followed the AGM at the end of January 2020, the Company undertook a tender for 10% of its ordinary shares in issue at a 2% discount to the prevailing NAV; these shares are now held in treasury for re-issuance, subject to annual shareholder approval, at prices in excess of NAV and after associated costs to ensure no dilution to existing investors. The Board is looking to renew the annual issuance authority at the AGM.

When buying back shares, the Board does not have a formal discount target, but monitors the discount closely and is prepared to buy back shares opportunistically. Excluding the tender, no shares were bought back during the period.

Sub-Division of Shares ('share split')

As already referred to, the Company has seen a positive change in its fortunes since the appointment of Baillie Gifford and with it a substantial and welcome increase in its share price. As the number of private individuals owning the Company's shares continues to grow, it is the Board's view that a sub-division of the Company's share capital would be beneficial. Therefore, at the AGM, a resolution will be put to shareholders to agree a 10:1 share split. The full rationale for this proposal can be found on pages 21 and 22 of the Directors' Report.

The Board

Michael Moule is to retire from the Board at the conclusion of the AGM and, as previously announced, to avoid a conflict, Sue Inglis stood down from the Board at the end of November 2019 following the move to Baillie Gifford. Thanks have already been extended to Sue and the Board now wishes also to thank Michael for his wisdom, experience, insights and commitment to the Company since his appointment to the Board in 2004. He will be replaced as the Company's Senior Independent Director by Andrew Watkins.

I am pleased to report that, following a detailed search for candidates undertaken in conjunction with an external consultancy, the Board has appointed Emma Davies to the Board as a non-executive Director with effect from 1 January 2021. Emma is an experienced investor whose expertise spans global equities, as well as property and private equity markets in the UK, most recently as a Partner at Marylebone Partners, a leading wealth management boutique. She brings with her a sophisticated understanding of ESG considerations and is also currently a non-executive Director and Chair of the Audit Committee of Riverstone Credit Opportunities Income Plc as well as a member of the Magdalen College, Oxford, Investment Committee. Her appointment falls to be ratified by shareholders at the AGM.

Outlook

Whilst the Covid-19 induced decline impacted most stocks, the strongest risers thereafter tended to be growth names, in particular in the area of technology, where evolution accelerated in a manner that appears increasingly permanent. Europe is not known for its deep pool of technology companies and it has been interesting to note that here it has been the financially strong entrepreneurial businesses that typically have founders or families involved in running their businesses that have prospered and adapted both in business and in share price.

Opportunism and adaptability both deserve a premium in today's uncertain world and have been proving their worth. Despite Covid-19 the portfolio managers remain focused on what they can control: finding the companies that can and will navigate through current events and emerge with an even more dominant position and strong prospects. They remain vigilant to investment opportunities at attractive valuations in sustainable businesses with special cultures that provide the best chance of producing significant absolute returns over the coming years.

Annual General Meeting

This year's AGM will take place on 21 January 2021 at the offices of Baillie Gifford & Co in Edinburgh at 11.00am. Whilst normally this would take place in London with shareholders encouraged to attend, as a consequence of Covid-19 and the uncertainty regarding government policy on group meetings, this year's arrangements require modification. Therefore, shareholders are being encouraged to submit their votes by proxy ahead of the meeting rather than attempt to do so in person. It is intended that the meeting itself will involve the minimum number of people necessary for it to be quorate, so anyone not authorised to attend will likely be declined entry. Should the situation change, further information will be made available through the Company's page of the Managers' website at www.bgeuropeangrowth.com and the London Stock Exchange regulatory news service. Should shareholders have questions for the Board or the Managers or any queries as to how to vote, please make contact using the information set out on page 58. A highlight of any AGM is hearing the views of the portfolio managers. This year, due to current circumstances, the management team will record a webcast which will be available to view on the Company's aforementioned website following the AGM.

Michael MacPhee
Chairman
24 November 2020

For a definition of terms, see Glossary of Terms and Alternative Performance Measures on pages 60 and 61.
Past performance is not a guide to future performance.

One Year Summary

	30 September 2020	30 September 2019	% change
Shareholders' funds	£452.6m	£373.9m	
Net asset value per ordinary share	1,249.7p	929.0p	34.5
Share price	1,220.0p	810.0p	50.6
FTSE Europe ex UK Index (in sterling terms)			(2.8)
Revenue earnings per ordinary share	4.17p	31.00p	(86.5)
Dividends paid and payable in respect of the year#	3.50p	31.00p	(88.7)
Ongoing charges*†#	0.41%	0.62%	
Discount*	2.4%	12.8%	
Active share*	89%	82%	

Year to 30 September	2020	2019
Total returns (%)*		
Net asset value per ordinary share#	37.5	(4.6)
Share price#	54.2	(7.6)
FTSE Europe ex UK Index (in sterling terms)	(0.3)	6.9

Year to 30 September	2020	2020	2019	2019
Year's high and low	**High**	**Low**	**High**	**Low**
Net asset value per ordinary share	1,261.7p	727.4p	996.0p	845.9p
Share price	1,220.0p	620.0p	906.0p	754.0p
Premium/(discount)*#	1.9%	(16.9%)	(14.5%)	(6.6%)

	30 September 2020	30 September 2019
Net return per ordinary share		
Revenue	4.17p	31.00p
Capital	327.72p	(82.80p)
Total	**331.89p**	**(51.80p)**

* Alternative performance measure – see Glossary of Terms and Alternative Performance Measures on pages 60 and 61.

† Without the management fee waiver (see page 20), the ongoing charges for the year to 30 September 2020 would have been 0.66%. See Glossary of Terms and Alternative Performance Measures on pages 60 and 61.

\# Key Performance Indicator.

Source: Refinitiv/Baillie Gifford and relevant underlying index providers. See disclaimer on page 59.

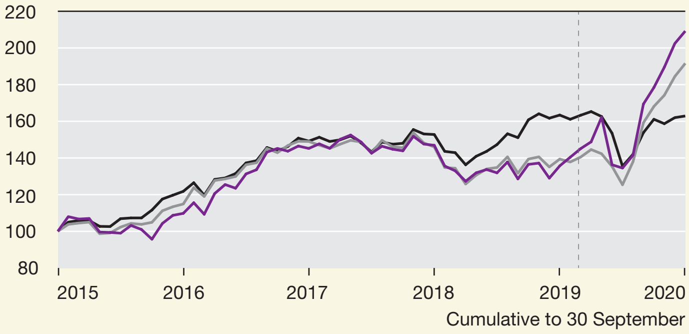
Past performance is not a guide to future performance.

Five Year Summary

The following charts indicate how an investment in Baillie Gifford European Growth Trust has performed relative to its benchmark and its underlying net asset value over the five year period to 30 September 2020.

Five Year Total Return* Performance

(figures rebased to 100 at 30 September 2015)



Source: Refinitiv/Baillie Gifford and relevant underlying index providers†.

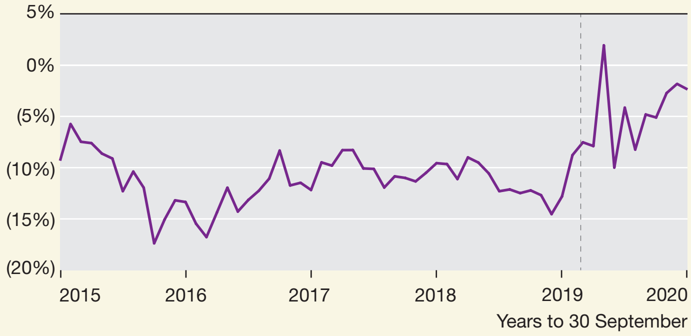
Share price

NAV

Benchmark#

(Discount)/Premium* to Net Asset Value

(figures plotted on a monthly basis)

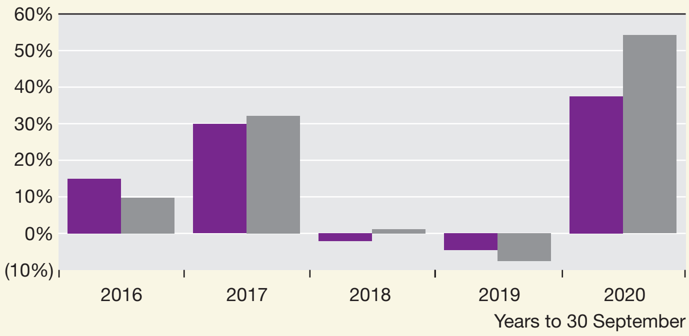


Source: Refinitiv/Baillie Gifford and relevant underlying index providers†.

(Discount)/Premium

The (discount)/premium is the difference between Baillie Gifford European Growth Trust's quoted share price and its underlying net asset value per share expressed as a percentage of net asset value per share.

Annual Net Asset Value and Share Price Total Returns*



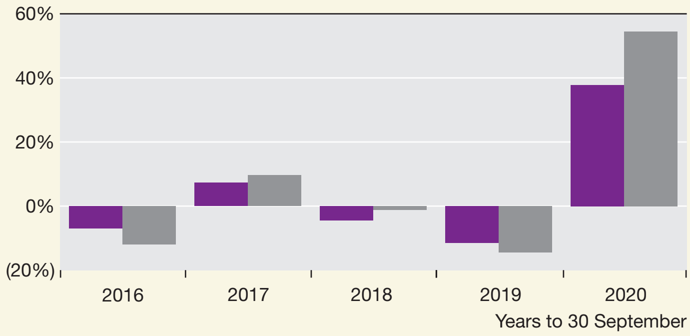
Source: Refinitiv/Baillie Gifford and relevant underlying index providers†.

NAV return

Share price return

Annual Net Asset Value and Share Price Total Returns*

(relative to the benchmark# total returns)



Source: Refinitiv/Baillie Gifford and relevant underlying index providers†.

NAV return

Share price return

* See Glossary of Terms and Alternative Performance Measures on pages 60 and 61.

† See disclaimer on page 59.

The benchmark is the FTSE Europe ex UK Index (in sterling terms).

The vertical dotted line at 29 November 2019 represents the appointment of Baillie Gifford & Co Limited as Managers and Secretaries.

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Business Review

Business Model

Business and Status

Baillie Gifford European Growth Trust plc ('the Company') is a public company limited by shares and is incorporated in England. The Company is an investment company within the meaning of section 833 of the Companies Act 2006 and carries on business as an investment trust. Investment trusts are UK public listed companies and their shares are traded on the London Stock Exchange. They invest in a portfolio of assets in order to spread risk. The Company has a fixed share capital, although, subject to shareholder approval sought annually, it may purchase its own shares or issue shares. The price of the Company's shares is determined, like other listed shares, by supply and demand. The Company has been approved as an investment trust by HM Revenue & Customs subject to the Company continuing to meet the eligibility conditions. The Directors are of the opinion that the Company has continued to conduct its affairs so as to enable it to comply with the ongoing requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011.

The Company is an Alternative Investment Fund (AIF) for the purposes of the EU Alternative Investment Fund Managers Directive.

Investment Objective

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

Investment Policy

The Company is invested in a diversified portfolio of between 30 to 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 All-World European ex UK indices, where these securities have a meaningful connection with continental Europe.

The Board has the 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 AIFM.

Culture

As an externally managed investment company with no employees, Baillie Gifford European Growth Trust's culture is expressed through its Board and its third party service providers, in particular its Managers, in their interactions with shareholders and other stakeholders. The Board's assessment of its own interactions is described in its Section 172 Statement on pages 9 and 10, and the Baillie Gifford Statement on Stewardship, which describes the Managers' culture of constructive engagement, is set out on page 11.

Performance

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives.

Key Performance Indicators

The key performance indicators (KPIs) used to measure the progress and performance of the Company over time are established industry measures and are as follows:

- the movement in the net asset value per ordinary share total return relative to the benchmark;
- the movement in the share price total return relative to the benchmark;
- the premium/discount of the share price to the net asset value per share; and
- ongoing charges.

An explanation of these measures can be found in the Glossary of Terms and Alternative Performance Measures on pages 60 and 61.

The one, five and ten year records of the KPIs can be found on pages 5, 6 and 17. Further discussion is included in the Chairman's Statement on page 2.

In addition to the above, the Board considers peer group comparative performance.

Borrowings

The Company has an uncommitted €30m bank overdraft credit facility agreement with The Northern Trust Company for the purpose of pursuing its investment objective. As at 30 September 2020, €18.7m had been drawn down (2019 – Nil). Further details of the Company's borrowings are set out in note 11 on page 48.

Principal and Emerging Risks

As explained on pages 25 and 26 there is an ongoing process for identifying, evaluating and managing the risks faced by the Company. The Directors have undertaken a robust assessment of the principal and emerging risks facing the Company, including those that would threaten the business model, future performance, solvency or liquidity. A description of these risks and how they are being managed or mitigated is set out below:

Financial Risk – The Company's assets at present consist mainly of listed securities. Its principal and emerging risks are therefore market related and include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. Explanations of those risks and how they are managed or mitigated are contained in note 18 to the Financial Statements on pages 49 to 52. The Board has, in particular, considered the impact of heightened market volatility since the Covid-19 outbreak. In monitoring this risk, the Board considers at each meeting various portfolio metrics including individual stock performance, the composition and diversification of the portfolio by sector, purchases and sales of investments and the top and bottom contributors to performance. The Manager provides rationale for stock selection decisions.

Investment Strategy Risk – pursuing an investment strategy to fulfil the Company's objective which the market perceives to be unattractive or inappropriate, or the ineffective implementation of an attractive or appropriate strategy, may lead to reduced returns for shareholders and, as a result, a decreased demand for the Company's shares. This may lead to the Company's shares trading at a widening discount to their net asset value. To mitigate this risk, the Board regularly reviews and monitors: the Company's objective and investment policy and strategy; the investment portfolio and its performance; the level of discount/premium to net asset value at which the shares trade; and movements in the share register.

Discount Risk – the discount/premium at which the Company's shares trade relative to its net asset value can change. The risk of a widening discount is that it may undermine investor confidence in the Company. To manage this, the Board monitors the level of discount/premium at which the shares trade and the Company has authority to buy back its existing shares when deemed by the Board to be in the best interests of the Company and its shareholders in aggregate.

Regulatory Risk – failure to comply with applicable legal and regulatory requirements such as the tax rules for investment companies, the FCA Listing Rules and the Companies Act could lead to suspension of the Company's Stock Exchange listing, financial penalties, a qualified audit report or the Company being subject to tax on capital gains. To mitigate this, Baillie Gifford's Business Risk, Internal Audit and Compliance Departments provide regular reports to the Company's Audit Committee on Baillie Gifford's monitoring programmes. Major regulatory change could impose disproportionate compliance burdens on the Company. In such circumstances representation is made to ensure that the special circumstances of investment trusts are recognised. Shareholder documents and announcements, including the Company's published Interim and Annual Report and Financial Statements, are subject to stringent review processes, and procedures are in place to ensure adherence to the Transparency Directive and the Market Abuse Directive with reference to inside information.

Custody and Depositary Risk – safe custody of the Company's assets may be compromised through control failures by the Depositary, including cyber security incidents. To mitigate this risk, the Audit Committee receives bi-annual reports from the Depositary confirming safe custody of the Company's assets held by the Custodian. Cash and portfolio holdings are independently reconciled to the Custodian's records by the Managers. The Custodian's audited internal controls reports are reviewed by Baillie Gifford's Business Risk Department and a summary of the key points is reported to the Audit Committee and any concerns investigated. In addition, the existence of assets is subject to annual external audit.

Operational Risk – failure of Baillie Gifford's systems or those of other third party service providers could lead to an inability to provide accurate reporting and monitoring or a misappropriation of assets. To mitigate this risk, Baillie Gifford has a comprehensive business continuity plan which facilitates continued operation of the business in the event of a service disruption (including any disruption resulting from the Covid-19 outbreak) or major disaster. Since the introduction of the Covid-19 restrictions, almost all Baillie Gifford staff have been working from home and operations have continued largely as normal. The Board reviews Baillie Gifford's Report on Internal Controls and the reports by other key third party providers are reviewed by Baillie Gifford on behalf of the Board. In the year under review, the other key third party service providers have not experienced significant operational difficulties affecting their respective services to the Company.

Leverage Risk – the Company may borrow money for investment purposes (sometimes known as 'gearing' or 'leverage'). If the investments fall in value, any invested borrowings will magnify the impact of this loss. If borrowing facilities are not renewed, the Company may have to sell investments to repay borrowings. To mitigate this, all borrowings require the prior approval of the Board and leverage levels are discussed by the Board and Managers at every meeting. Covenant levels are monitored regularly. The majority of the Company's investments are in quoted securities that are readily realisable. Further information on leverage can be found on page 59 and in the Glossary of Terms and Alternative Performance Measures on pages 60 and 61.

Political Risk – political developments are closely monitored and considered by the Board as they occur, such as the departure of the UK from the European Union on 31 December 2020. Any portfolio of European equities will be exposed to the outcome of the Brexit negotiations, positively or negatively, and the Board and Managers remain alert to developments at both a macro-economic and a stock specific level.

Viability Statement

Having regard to provision 31 of the UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a five year period. The Directors continue to believe this period to be appropriate as it reflects the Company's longer term investment strategy and to be a period during which, in the absence of any adverse change to the regulatory environment and to the tax treatment afforded to UK investment trusts, they do not expect there to be any significant change to the current principal risks facing the Company nor to the effectiveness of the controls employed to mitigate those risks. Furthermore, the Directors do not reasonably envisage any change in strategy or any events which would prevent the Company from operating over a period of five years.

In considering the viability of the Company, the Directors have conducted a robust assessment of each of the principal risks and uncertainties detailed on pages 7 and 8, in particular the impact of market risk where a significant fall in European equity markets would adversely impact the value of the investment portfolio. The majority of the Company's investments are listed at present and readily realisable and can be sold to meet its liabilities as they fall due. The Directors have also considered the Company's leverage and liquidity in the context of the unsecured overdraft facility of €30m, which had €18.7m drawn down at 30 September

2020 and €21.0m drawn down at 24 November 2020. Specific leverage and liquidity stress testing was conducted during the year, including consideration of the risk of further market deterioration resulting from the Covid-19 outbreak. The stress testing did not indicate any matters of concern. In addition, all of the key operations required by the Company are outsourced to third party service providers and it is reasonably considered that alternative providers could be engaged at relatively short notice where necessary.

The Board has specifically considered the UK's departure from the European Union on 31 December 2020 and can see no reasonable scenario that it believes would affect the going concern status or viability of the Company.

Based on the Company's processes for monitoring revenue projections and operating costs, share price discount/premium, the Managers' compliance with the investment objective, asset allocation, the portfolio risk profile, leverage, counterparty exposure, liquidity risk, financial controls and the Managers' operational resilience, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years.

Section 172 Statement

Under section 172 of the Companies Act 2006, the directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters and to the extent applicable) to:

(a) the likely consequences of any decision in the long-term;

(b) the interests of the company's employees;

(c) the need to foster the company's business relationships with suppliers, customers and others;

(d) the impact of the company's operations on the community and the environment;

(e) the desirability of the company maintaining a reputation for high standards of business conduct; and

(f) the need to act fairly as between members of the company.

In this context and having regard to the Company being an externally-managed investment company with no employees, the Board considers that the Company's key stakeholders are its existing and potential shareholders, its externally-appointed Managers and Secretaries (Baillie Gifford), other professional service providers (corporate broker, registrar, auditors and depositary), lenders, wider society and the environment when applicable.

Great importance is placed by the Board on communication with shareholders and the Annual General Meeting provides the key forum for the Board and Managers to present to shareholders on the performance of the Company and on the future plans and prospects for the Company. It also allows shareholders the opportunity to meet with the Board and Managers and to raise questions and concerns. The Chairman and Senior Independent Director are available to meet with shareholders, independently of the Managers' representatives, as appropriate and the Managers meet regularly with shareholders and their respective representatives, reporting back on views to the Board.

Shareholders may also communicate with the Board at any time by writing to them at the Company's registered office or to the Company's broker (see contact details on back cover). Such communication helps inform the Board when considering how best to promote the success of the Company for the benefit of all stakeholders in aggregate, but particularly shareholders, over the long-term.

The Board seeks to engage with its Managers and Secretaries and other service providers in a collaborative and collegiate manner, with open and respectful discussion and debate being encouraged, whilst also ensuring that appropriate and regular challenge is brought and evaluation is conducted. The aim of this approach is to enhance service levels and strengthen relationships with the Company's providers with a view to ensuring the interests of the Company are best served by keeping cost levels proportionate and competitive, by maintaining the highest standards of business conduct and by upholding the Company's values.

Whilst the Company's operations are limited, as third party service providers conduct all substantive operations, the Board is aware of the need to consider the impact of the Company's investment strategy and policy on wider society and the environment. The Board considers that its oversight of environmental, social and governance (ESG) matters is an important part of its responsibility to all stakeholders and that consideration of ESG factors sits naturally within Baillie Gifford's investment philosophy and process and with the Company's aim of providing shareholders with capital growth.

The Board recognises the importance of maintaining the interests of the Company and its stakeholders, in aggregate, firmly front of mind in its key decision making and Baillie Gifford & Co Limited, the Company Secretaries, are at all times available to the Board to ensure that suitable consideration is given to the range of factors to which the Directors should have regard. In addition to ensuring that the Company's stated investment objective was being pursued, key decisions and actions during the year which have required the Directors to have regard to applicable section 172 factors include:

— During 2019, the Board carried out a review of the Company's investment management arrangements and received proposals from a wide range of prospective investment managers, including the previous manager, Edinburgh Partners. After careful consideration and subsequent inquisition of a short list, the Board decided to appoint Baillie Gifford & Co Limited as the Company's new Alternative Investment Fund Manager and Company Secretary with effect from 29 November 2019.

— At the Annual General Meeting held in January 2020, shareholders approved changes to the Company's objective and investment policy to target investment returns primarily from capital growth, rather than capital and income growth, to reflect better the style, process and stock-picking of Baillie Gifford. The investment policy was also revised to allow for up to 10% of the Company's total assets to be invested in unlisted investments. Shareholders voted overwhelmingly in favour of the change to the objective and investment policy, with over 99.3% of votes cast in favour.

- Following approval by shareholders at the General Meeting held immediately following the Annual General Meeting, the Company undertook a tender offer for 10% of its ordinary shares in issue at a 2% discount to the prevailing NAV; these shares are now held in treasury and may be re-issued at prices in excess of the NAV.
- The Company amended its expense allocation policy to align it with the revised investment objective which seeks to achieve capital growth. This reflects the Board's continued aim of matching expenses against the estimated division of the Company's long-term returns. With effect from 1 April 2020, 80% of expenses are allocated to capital and 20% to revenue. Prior to 1 April 2020, the allocation was two-thirds to capital and one-third to revenue.

Employees, Human Rights and Community Issues

The Board recognises the requirement to provide information about employees, human rights and community issues. As the Company has no employees, all its Directors are non-executive and all its functions are outsourced, there are no disclosures to be made in respect of employees, human rights and community issues.

Gender Representation

At 30 September 2020, the Board comprises four Directors who are all male. On 1 January 2021, Ms Emma Davies will be appointed to the Board. The Company has no employees. The Board's policy on diversity is set out on page 25.

Environmental, Social and Governance Policy

Details of the Company's policy on socially responsible investment can be found under Corporate Governance and Stewardship on page 27.

The Company considers that it does not fall within the scope of the Modern Slavery Act 2015 and it is not, therefore, obliged to make a slavery and human trafficking statement. In any event, the Company considers its supply chains to be of low risk as its suppliers are typically professional advisers. A statement by the Managers under the Act has been published on the Managers' website at www.bailliegifford.com.

Future Developments of the Company

The outlook for the Company for the next 12 months is set out in the Chairman's Statement on pages 2 to 4 and the Managers' Report on pages 12 to 14.

The Strategic Report, which includes pages 2 to 17 was approved by the Board of Directors and signed on its behalf on 24 November 2020.

Michael MacPhee
Chairman

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.

Managers' Report

Our First Year

The rollercoaster analogy is used far too often in investor letters and annual reports but the ride we have all had over the last twelve months will not be forgotten for a very long time. Last November, we were delighted to take over the management of what is now called Baillie Gifford European Growth Trust. We very quickly transformed the portfolio, selling all but one of the original holdings, and reinvested the proceeds into what we consider the most innovative growth companies in Europe. These included, to give some examples, specialty chemicals distributor IMCD, air compressor manufacturer Atlas Copco, IT provider Bechtle, and audio streaming platform Spotify. Many of the names in the portfolio will be unfamiliar because we are trying to do something very different to most other managers, certainly when it comes to being long-term and emphasising growth. Each company though, regardless of where it is domiciled or what industry it operates within, shares the same characteristics we look for in any investment: exposure to large and growing markets; unique corporate cultures that translate into strong competitive positions; managers and inside shareholders whom we trust; and, finally, the potential to at least double in value over a five year period. For us, this is a simple yet effective framework that we have used for many years to assess potential outliers in Europe. As we now better appreciate, most of the wealth and value in equity markets is generated by a relatively small number of companies so, if we can find these outliers and invest in them for long periods of time, we maximise our chances of long-term outperformance.

As we moved into the New Year, little did we know what was to come. Since February, the Covid-19 pandemic has disrupted our lives and economies in a way very few could have predicted. When reporting the interim results at the end of March, however, we noted that our portfolio had held up well during the initial sell-off. This was because the companies we invested in were financially strong and exposed to structural growth trends like digitalisation, e-commerce and healthcare innovation. What we did not know then was just how much of an accelerant effect the lock-down restrictions would have on changing consumer behaviours and those same structural growth trends. In April, Microsoft's CEO said, "we have seen two years' worth of digital transformation in two months" referring to the rapid rise in remote working, online sales and marketing, and the use of cloud computing. This digital transformation has affected a lot more than enterprise software and IT though; it has affected almost every aspect of our lives. Many of the companies we invest in, like digital payment processor Adyen, online fashion marketplace Zalando, and the food delivery company Delivery Hero, have benefitted from the changes we have all had to make to our daily lives. Healthcare is another area that has received a boost, with increasing demand for the products manufactured and distributed by companies like Sartorius Stedim Biotech, a supplier for the biotech and pharmaceutical industry, and Addlife, a distributor of laboratory equipment. As these businesses have made fundamental progress their underlying performance has been rewarded by the market, resulting in them being notable contributors to the absolute performance of the portfolio over the past financial year. We believe that long-run returns from investing in equities are driven by owning big winners. In our view, the past nine months since we took over as Managers of the portfolio illustrate this point well.

Consequently, the Company has performed very strongly since we took it on, although we consider this far too short a time period to differentiate between skill and luck. We hope to be judged over at least a five-year period, the same timeframe we would use to judge a company's potential prospects and success. It is of course only natural to ask how sustainable this performance is. While we fully expect to have periods of underperformance, we still strongly believe that the structural trends mentioned above have many years left to play out, and that the companies in the current portfolio are very well placed to benefit. We are also very encouraged by the emergence of more digital platforms and disruptive business models in Europe. Together with some of the world's best industrial and consumer brands, we think these technology companies, many of which will remain private, will provide genuinely active growth managers with an opportunity set richer than anything we have ever had before.

Europe's Technology Renaissance

In stressful times like these it's very easy to forget about the big picture and fixate over short-term data that gets over-emphasised and over-analysed. As investors we try not to get bogged down in the minutiae of quarterly results or guess the short-term direction of markets. Our aim is to identify long-lasting secular trends and characteristics of companies and management teams that will enable them to be genuine outliers. We think about how big a company could grow if things really work out over the next decade, and we put a lot of emphasis on ambition and purpose. These are less tangible and more oblique than simple financial metrics, however, we consider them to be critical to long-term value creation.

We have been thinking a lot about ambition recently, specifically in a European context. Over the last 30–40 years, ambition has produced some of the most successful companies in the world. Most of them, however, have been in what we would consider to be traditional industries: Nokia and Ericsson in mobiles and network equipment; ASML in semiconductor lithography; Atlas Copco in air compressors; LVMH, Kering and Hermes in luxury goods; Inditex in fashion retail; and so on. What Europe has lacked though are the big-tech companies seen in the US or China like Amazon, Alibaba, Tencent or Facebook. These companies, by virtue of their massive and growing user bases and network economics, have built tremendously powerful businesses and produced spectacular returns.

So why have we not had anything like this in Europe? There are lots of reasons but the two that come up repeatedly are of a financial and cultural nature. European start-ups simply have not had the financial support – the cold hard cash from early investors – which is needed to build scale. You could argue that this is the reason many European tech companies sell too early and to foreign acquirers; iZettle selling to PayPal, and Booking.com selling to Priceline spring to mind, but there are many more. Even more critical is the idea that European tech companies have generally lacked global ambition or the understanding that growth, and the scale that it brings, is all that really matters. Investors also need to take some of the blame here as short-termism and risk aversion have encouraged flawed strategies that try to maximise profitability too early. For young, fast growing companies this simply does not work.

Before getting too despondent, the good news is that there are now clear signs that Europe's technology ecosystem has been shaken up by a new breed of European entrepreneur who understands how to scale and grow dominant digital platforms. Over the past six years, the number of billion-dollar tech companies in Europe, both public and private, is up nearly four-fold; the aggregate valuation of these businesses is up five-fold to more than $400bn; and the total equity raised is up 13-fold. Companies like Spotify and Adyen are now worth $50bn and $60bn respectively and for once are outperforming US competitors. We have also seen bold acquisitions from companies like Just Eat Takeaway.com, which is buying Grubhub in the US, and Adevinta, which is buying eBay's online classifieds businesses. If successful, these deals will help build the largest global platforms in their respective businesses outside China. More than that though, they signal a real cultural change and a level of ambition in Europe that we have not seen for a very long time.

Daniel Ek, the co-founder and CEO of Spotify, deserves a special mention. At Baillie Gifford, we have got to know him and the company well, having invested in 2015 when it was still private. We think he has done a remarkable job over the past five years building up the most popular audio streaming platform outside China. It has thrived because of its focus and the long-term ambition he has for it. This ambition however is not just reserved for Spotify, and it is a testament to the type of leader he is that he recently announced he will be investing €1bn – a significant portion of his personal wealth – in European tech start-ups in areas like biotechnology, machine learning and materials science. While acknowledging the funding gap and propensity for some European entrepreneurs to sell out before realising their full potential, he also reiterated the point that Europe already has most of the ingredients to create more globally relevant digital champions.

With more support like this and inspirational companies like Spotify and Adyen, we have no doubt that the changes we have started to see in Europe's tech ecosystem are going to have a profound effect on the composition of European indices. For those investors who can take a step back from the current pandemic and grasp this, there will be opportunities to invest in what we believe will be the next generation of European outliers. This is the 'European Dream' as Ek put it and, to us, seems a much more important area to be thinking about than the extent of the rebound in the next quarter.

Portfolio Changes

We would expect over long periods of time that our portfolio turnover will be 20% or lower. This means that our average holding periods will be greater than five years and, 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 means we are only really looking for between five and ten new ideas each year although the exact number can obviously vary.

Earlier this year we initiated new positions in the Swiss freight forwarding operator Kuehne & Nagel, which has invested heavily into best-in-class IT systems which should help it expand its market share over time; Remy Cointreau, the leading producer of high end cognac; Pernod Ricard, a French drinks business with the potential to improve its margin profile and accelerate its top line growth; and Ubisoft, one of the leading global video games publishers.

More recently, over the last six months we initiated new positions in four companies. These are commercial oven manufacturer Rational; IT consultant Reply; digital media company Schibsted; and battery manufacturer Northvolt, which is our first unlisted investment. Each of these is a founder or family run company with what we think is a special corporate culture. Combined with growth, competitive strength and potential returns, we consider these companies to be outliers.

As our first unlisted investment, Northvolt is particularly significant from a process point of view but also for what it indicates about the level of ambition in Europe and the scope there is for addressing climate change. Broadly speaking, the company was founded in 2016 to enable Europe's transition to a decarbonised future. More specifically, it is building huge manufacturing facilities in Sweden and Germany to produce the world's greenest lithium-ion batteries for electric vehicles, industrial applications and storage systems. By harnessing cheap hydro-electric power in the north of Sweden and adopting a fully circular business model from mining to recycling, it aims to have a cost advantage versus other battery manufacturers and to take 25% of the potential European market by 2030. Beyond the obvious environmental benefits, European politicians and its car manufacturers, like VW and BMW, are also very supportive given the alternative option of depending on Asian supply chains. With batteries potentially being the real bottleneck for progress, Northvolt therefore is a company that is needed by its European customers. It may be that, without it, Europe's car companies will be even further on the back foot when it comes to electrification.

Ambition is nothing without execution but we're very impressed with the people involved here. Peter Carlsson, the co-founder and CEO, was the head of sourcing and supply chain at Tesla, and before that NXP and Sony Ericsson, so he knows all about building at scale and trying to change the world. The team around him also has critical domain experience gathered at other automotive, battery and manufacturing companies around the world. These are the people that we are ultimately trusting to make the right decisions. There are of course numerous risks with an endeavour like this which may require further funding and at least five years to become an established leader, however, we feel that the upside potential if it does work out more than offsets these. Even globally, there aren't many opportunities to invest and support deserving projects at this kind of scale, so we feel fortunate to be able to participate.

As a reminder, we can invest up to 10% of the Company's total assets at time of purchase in private companies. We feel strongly that this is an area that will grow in importance, for Europe as a home to entrepreneurial start-ups, and for us as investors who can bridge that gap between private and public equity. We are at the very early stages of this process, but Baillie Gifford has a number of other investment vehicles that have been building expertise and relationships in this area. So far, this has been of tremendous value to us and we have to thank our colleagues for doing a lot of the heavy lifting. Northvolt, for instance, was brought to us by Daniel Ek of Spotify and Christina Stenbeck of Kinnevik who have both personally invested. Being able to tap into this established network and leverage our collaborative research culture will be a key factor if we are to succeed. Our reputation as long-term and supportive investors has already opened doors to unlisted opportunities that would have otherwise been closed. This is an exciting prospect and we believe that this will be very beneficial for the Company and our fellow shareholders.

The new positions were funded by the complete disposals of our holdings in Zooplus, a European online pet food retailer; the Turkish discount grocery retailer BIM; Coca Cola Icecek, Coca Cola's Turkish bottling operation; the Swiss elevator and escalator company Schindler; the Swedish bank Svenska Handelsbanken; Legrand, the French supplier of electrical equipment; the Swedish engineering company Alfa Laval; Edenred, the French meal-voucher and corporate benefits operator; and Tenaris, the Italian producer of oil pipes. In some cases, like Schindler, Alfa Laval or Legrand, we sold our holdings because, although we continue to admire these businesses, we believe that there are other, more exciting and faster growing companies we would rather own. In other cases, we believe our investment thesis has not been playing out; Zooplus or Tenaris spring to mind here.

As believers in long term equity returns we expect to utilise gearing strategically. We utilised some borrowings as part of the Company's 10% tender transaction at the end of January and invested gearing currently stands at c.4% of shareholders' funds. We have the ability to increase our gearing levels further to take advantage of any opportunities arising at an individual stock level.

Outlook

It seems that human ingenuity and scientific progress will allow us to resume a more normal way of living soon, however we still do not know what the economic or financial impact from Covid-19 will be. We will continue to try and invest in companies that are relatively immune to macro-economic and other exogenous shocks but where there is also the potential for huge value creation. Not all of these companies will be successful and, given the short-term impact investor sentiment can have on markets, we will inevitably go through periods of underperformance. We should not worry too much about this though. As long as we remain diligent and focused on the investment philosophy and process we have developed over the years, we strongly believe that the odds of outperforming and generating worthwhile absolute returns are tipped in our favour. More generally though, when thinking about the transition Europe is going through and the potential outliers that will emerge from both public and private markets, we are very excited and optimistic about the future. As investment managers, we will focus on getting better at our jobs every day, but the truth is that we will continue to ride on the coat-tails of the brilliant founders and entrepreneurs who do all the hard work. These are the people with the vision and ambition to make a real difference and to hopefully create and build Europe's next super companies.

Stephen Paice
Moritz Sitte
Baillie Gifford & Co
24 November 2020

For a definition of terms, see Glossary of Terms and Alternative Performance Measures on pages 60 and 61.

Past performance is not a guide to future performance.

List of Investments at 30 September 2020

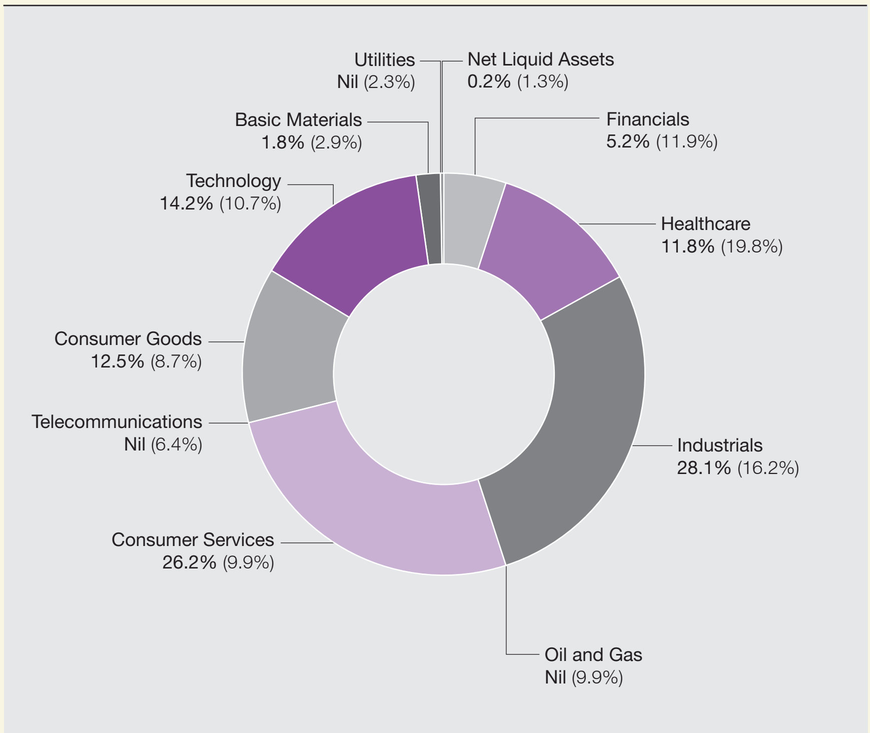
Name	Business	Country	Value £'000	% of total assets
Prosus	Media and e-commerce company	Netherlands	26,660	5.7
Zalando	Online fashion retailer	Germany	25,292	5.4
IMCD	Speciality chemical distributor	Netherlands	23,552	5.0
Bechtle	IT systems integrator	Germany	19,467	4.2
adidas	Sports shoes and equipment manufacturer	Germany	19,134	4.1
Adyen	Global payment company	Netherlands	18,695	4.0
Spotify	Online music streaming service	Sweden	18,371	3.9
Atlas Copco	Industrial compressors manufacturer	Sweden	16,963	3.6
Addlife	Distributor of medical and laboratory equipment	Sweden	16,930	3.6
Ryanair	Low cost European airline	Ireland	16,598	3.5
Kingspan	Provider of high performance insulation and building envelope technologies	Ireland	15,675	3.3
Adevinta	Provider of internet based services	Norway	15,603	3.3
Kinnevik	Invests in and builds digital consumer businesses	Sweden	15,302	3.3
Delivery Hero	Online food-delivery service	Germany	14,214	3.0
DSV	Transport and logistics company	Denmark	14,001	3.0
L'Oréal	Personal care	France	13,349	2.8
Sartorius Stedim Biotech	International pharmaceutical and laboratory equipment supplier	France	13,312	2.8
Kering	Luxury brand conglomerate	France	12,033	2.6
ASML	Semiconductor equipment manufacturer	Netherlands	10,970	2.3
NIBE	International heating technology company	Sweden	10,367	2.2
Kuehne & Nagel	Worldwide freight transporter	Switzerland	9,532	2.0
Carl Zeiss Meditec	Medical technology for ophthalmology	Germany	9,040	1.9
Investor	Industrial holdings company	Sweden	8,816	1.9
Takeaway.com	Online food ordering and home delivery	Netherlands	8,696	1.9
Hexpol	Manufacturer of rubber and plastic components	Sweden	8,240	1.8
Reply	Communication technology company	Italy	7,573	1.6
Schibsted	Media and classifieds advertising platforms	Norway	7,273	1.6
MorphoSys	Antibody based drug discovery platform	Germany	7,205	1.5
Mettler-Toledo	Manufacturer of precision weighing equipment	Switzerland	7,153	1.5
Beijer	Refrigeration and air conditioning	Sweden	7,102	1.5
Novozymes	Enzyme manufacturer	Denmark	7,012	1.5
Rémy Cointreau	Manufacturer and distributor of premium wines and spirits worldwide	France	6,482	1.4
Ubisoft Entertainment	Video games publisher	France	6,288	1.3
Richemont	Luxury goods company	Switzerland	6,184	1.3
Epiroc	Supplier to mining and construction industries	Sweden	5,138	1.1
Inditex	International clothing retailer	Spain	4,737	1.0
Northvolt[u]	Battery developer and manufacturer	Sweden	4,254	0.9
Rational	Industrial machinery manufacturing	Germany	4,143	0.9
Pernod Ricard	Global spirits manufacturer	France	3,162	0.7
Cellectis	Genetic engineering for cell based therapies	France	2,455	0.5
U-Blox	Global Positioning Systems (GPS) developer for a range of markets	Switzerland	1,882	0.4
Total investments			**468,855**	**99.8**
Net liquid assets*			732	0.2
Total assets*			**469,587**	**100.0**
Borrowings			(16,939)	(3.6)
Shareholders' funds			**452,648**	**96.4**

[u] Denotes unlisted holding.

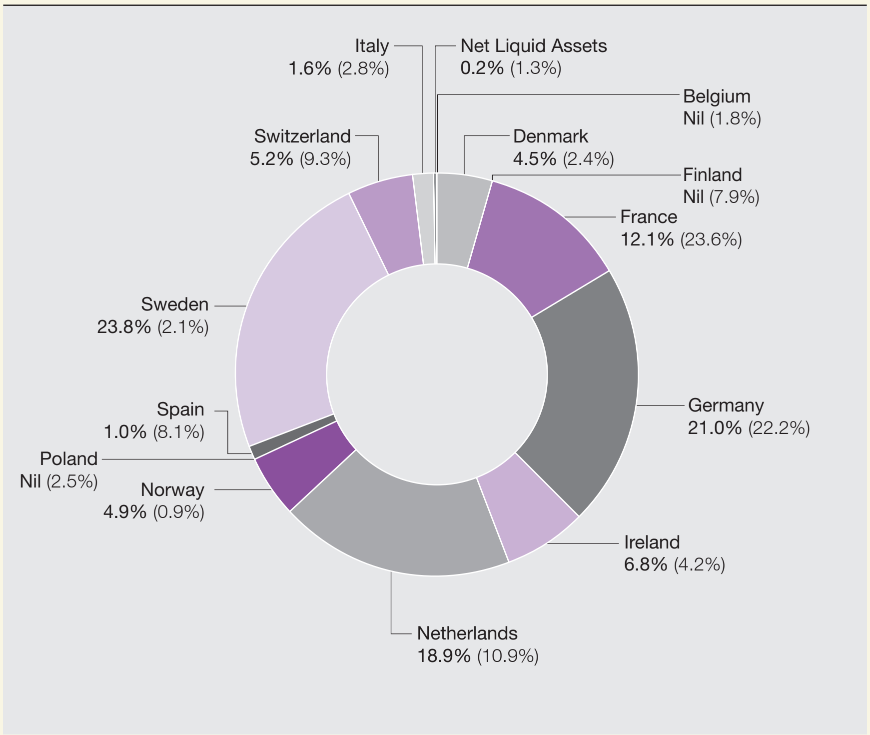
* For a definition of terms used, see Glossary of Terms and Alternative Performance Measures on pages 60 and 61.

Distribution of Total Assets†

Sectoral 2020 (2019)



Geographical 2020 (2019)



† Total assets represents total net assets before deduction of borrowings.

Ten Year Record

Capital

At 30 September	Total assets £'000	Borrowings £'000	Shareholders' funds £'000	Net asset value per share* p	Share price p	Discount† %
2010	277,847	–	277,847	650.7	545.0	16.2
2011	237,350	–	237,350	559.8	462.5	17.4
2012	256,724	–	256,724	610.2	508.0	16.8
2013	323,222	–	323,222	768.3	684.5	10.9
2014	336,729	–	336,729	800.4	748.8	6.5
2015	312,239	–	312,239	742.2	673.0	9.3
2016	360,875	10,216	350,659	833.8	722.5	13.4
2017	440,200	–	440,200	1047.9	919.5	12.3
2018	426,974	12,655	414,319	1004.3	908.0	9.6
2019	373,857	–	373,857	929.0	810.0	12.8
2020	**469,587**	**16,939**	**452,648**	**1,249.7**	**1,220.0**	**2.4**

Source: Baillie Gifford/Refinitiv. See disclaimer on page 59.

* Net asset value per ordinary share has been calculated after deducting borrowings. See Glossary of Terms and Alternative Performance Measures on pages 60 and 61.

† Discount is the difference between the Company's quoted share price and its underlying net asset value per share expressed as a percentage of net asset value per share. See Glossary of Terms and Alternative Performance Measures on pages 60 and 61.

Revenue / Gearing Ratios

Year to 30 September	Gross revenue £'000	Available for ordinary shareholders £'000	Revenue earnings per ordinary share p	Ordinary dividends paid and proposed per share p	Special dividends per share p	Ongoing charges ratio # %	Gearing ‡ %	Potential gearing ¶ %
2010	8,554	6,042	13.80	11.00	3.00	0.64	–	–
2011	9,734	7,198	17.00	12.00	4.00	0.60	–	–
2012	9,045	6,487	15.40	12.00	4.00	0.62	–	–
2013	10,413	7,581	18.00	14.00	4.00	0.59	–	–
2014	9,528	6,246	14.90	14.00	1.00	0.61	–	–
2015	9,540	6,708	16.00	14.00	2.00	0.63	–	–
2016	10,357	8,003	19.00	16.00	6.00	0.62	3	3
2017	12,591	10,853	25.80	21.50	1.50	0.59	–	–
2018	13,775	11,461	27.40	27.00	–	0.61	3	3
2019	14,523	12,605	31.00	31.00	–	0.62	–	–
2020	**2,597**	**1,568**	**4.16**	**3.50**	**–**	**0.41**	**4**	**4**

Source: Baillie Gifford.

Total operating costs divided by average net asset value. Without the management fee waiver (see page 20), the ongoing charges for the year to 30 September 2020 would have been 0.66%. See Glossary of Terms and Alternative Performance Measures on pages 60 and 61.

‡ Total assets (including all debt used for investment purposes) less all cash and cash equivalents divided by shareholders' funds. See Glossary of Terms and Alternative Performance Measures on pages 60 and 61.

¶ Total assets (including all debt used for investment purposes) divided by shareholders' funds. See Glossary of Terms and Alternative Performance Measures on pages 60 and 61.

Cumulative Performance (taking 2010 as 100)

At 30 September	Net asset value per share	Net asset value total return *	Share price	Share price total return *	Benchmark ^	Benchmark ^ total return	Revenue earnings per ordinary share	Dividends paid and proposed per ordinary share
2010	100	100	100	100	100	100	100	100
2011	86	88	85	87	83	86	123	114
2012	94	98	93	99	90	97	112	114
2013	118	127	126	137	111	124	130	129
2014	123	135	137	154	113	130	108	107
2015	114	128	123	141	108	128	116	114
2016	128	147	133	155	127	156	138	157
2017	161	190	169	204	151	191	187	164
2018	154	186	167	207	149	195	199	193
2019	143	178	149	191	154	209	225	221
2020	**192**	**245**	**224**	**294**	**150**	**208**	**30**	**25**
Compound annual returns								
5 year	11.0%	13.9%	12.6%	15.8%	6.8%	10.2%	(23.7%)	(26.2%)
10 year	6.7%	9.4%	8.4%	11.4%	4.1%	7.6%	(11.3%)	(12.9%)

Source: Baillie Gifford/Refinitiv and relevant underlying providers. See disclaimer on page 59.

* See Glossary of Terms and Alternative Performance Measures on pages 60 and 61.

^ FTSE Europe ex UK Index (in sterling terms).

Past performance is not a guide to future performance.

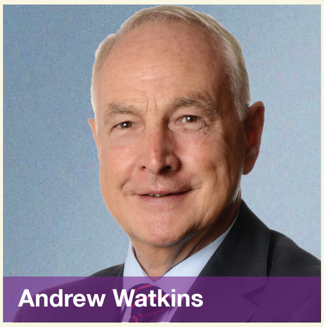
Directors and Management

The members of the Board come from a broad variety of backgrounds. The Board can draw on an extensive pool of knowledge and experience.

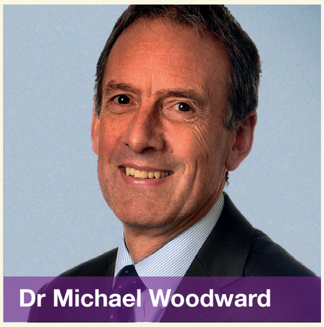
Directors

Michael MacPhee (Chairman). He is a director of Archangel Investors Limited, Castle European Limited and Fernbank Investments Limited. Having been called to the English Bar in 1987, he joined Baillie Gifford & Co in 1989 and became a partner in 1998. He headed the firm's European department from 2003 to 2008 and thereafter co-managed a global investment strategy. From 1998 until his retirement from the firm in 2014 he was the manager of Mid Wynd International Investment Trust PLC. He was appointed a Director of the Company in 2016 and Chairman in 2017.

Michael Moule (Senior Independent Director). He is a member of The Open University investment committee and a director of Atlantis Japan Growth Fund Limited. He was an investment trust manager at Henderson Global Investors, where he managed two investment trusts until his retirement in 2003. Previously, he was the chairman of Polar Capital Technology Trust plc and a director of The Bankers Investment Trust PLC, Lowland Investment Company plc and Montanaro UK Smaller Companies Investment Trust PLC. He was appointed a Director of the Company in 2004.



Andrew Watkins, until his retirement in June 2017, was head of client relations, sales and marketing for Invesco Perpetual's listed investment funds business and is currently chairman of Ashoka India Equity Investment Trust plc and a director of BMO UK High Income Trust plc, Chelverton UK Dividend Trust plc and Consistent Unit Trust Management Company Limited. He was appointed a Director of the Company in 2019.



Dr Michael Woodward (Chairman of Audit Committee). He is a director of Maitland Administration Services (Scotland) Limited, a provider of administrative services to investment trusts and other collective funds. He has worked in the investment trust industry for over 30 years, both as a European portfolio manager with Ivory & Sime and as the individual with responsibility for the management of the investment trust business at Martin Currie and F&C Asset Management. He was appointed a Director of the Company in 2013 and Chairman of the Audit Committee in 2017.

All of the Directors are members of the Audit Committee.

Managers and Secretaries

The Company has appointed Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, as its Alternative Investment Fund Manager ('AIFM') and Company Secretary. Baillie Gifford & Co Limited has delegated investment management services to Baillie Gifford & Co. Baillie Gifford & Co is an investment management firm formed in 1927 out of the legal firm Baillie Gifford, WS, which had been involved in investment management since 1908.

Baillie Gifford is one of the largest investment trust managers in the UK and currently manages eleven investment trusts. Baillie Gifford also manages unit trusts and Open Ended Investment Companies, together with investment portfolios on behalf of pension funds, charities and other institutional clients, both in the UK and overseas. Funds under the management or advice of Baillie Gifford totalled around £302.5 billion as at 24 November 2020. Based in Edinburgh, it is one of the leading privately owned investment management firms in the UK, with 46 partners and a staff of around 1,400.

The Managers of Baillie Gifford European Growth Trust are Stephen Paice and Moritz Sitte. Stephen is Head of the European Equity Team. Moritz is an Investment Manager in the European Equity Team.

Baillie Gifford & Co and Baillie Gifford & Co Limited are both authorised and regulated by the Financial Conduct Authority.

Directors' Report

The Directors present their Report together with the audited Financial Statements of the Company for the year to 30 September 2020.

Corporate Governance

The Corporate Governance Report is set out on pages 24 to 27 and forms part of this Report.

Managers and Company Secretaries

Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, was appointed as the Company's Alternative Investment Fund Manager ('AIFM') and Company Secretary on 29 November 2019. The agreement with the previous AIFM, Edinburgh Partners AIFM Limited, was terminated on 29 November 2019. Baillie Gifford & Co Limited has delegated portfolio management services to Baillie Gifford & Co. Dealing activity and transaction reporting has been further sub-delegated to Baillie Gifford Overseas Limited and Baillie Gifford Asia (Hong Kong) Limited. The name of the Company was changed to Baillie Gifford European Growth Trust plc from The European Investment Trust plc.

The Investment Management Agreement between the AIFM and the Company sets out the matters over which the Managers have authority in accordance with the policies and directions of, and subject to restrictions imposed by, the Board. The Investment Management Agreement is terminable on not less than three months' notice or on shorter notice in certain circumstances. Compensation would only be payable if termination occurred prior to the expiry of the notice period. 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. In order to offset the costs of repositioning the portfolio following its appointment as AIFM, Baillie Gifford agreed to waive its management fee for six months.

Careful consideration has been given by the Board as to the basis on which the management fee is charged. The Board considers that maintaining a relatively low ongoing charges ratio is in the best interests of the shareholders. The Board is also of the view that calculating the fee with reference to performance would be unlikely to exert a positive influence over the long-term performance.

The Board considers the Company's investment management and secretarial arrangements on an ongoing basis and a formal review is conducted annually. The Board considered, amongst others, the following topics in its review: the quality of the personnel assigned to handle the Company's affairs; the investment process and the results achieved to date; investment performance; the administrative services provided by the Secretaries and the quality of information provided; the marketing efforts undertaken by the Managers; the relationship with the Managers; and comparative peer group charges and fees.

Following the most recent review, the Board concluded that the continuing appointment of Baillie Gifford & Co Limited as AIFM and the delegation of investment management services to Baillie Gifford & Co, on the terms agreed, is in the interests of shareholders as a whole.

Depositary

In accordance with the Alternative Investment Fund Managers Directive, Northern Trust Global Services SE has been appointed as Depositary to the Company. The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. Custody services are provided by The Northern Trust Company (as a delegate of the Depositary) ('the Custodian').

Directors

Information about the Directors, including their relevant experience, can be found on page 18.

Emma Davies will be appointed to the Board on 1 January 2021 and is required to seek election by shareholders at the Annual General Meeting. Details of her relevant skills and experience are provided on page 24. All other Directors will retire at the Annual General Meeting and offer themselves for re-election, with the exception of Michael Moule, who will stand down at the conclusion of the Annual General Meeting. Following a formal performance evaluation, the Chairman confirms that the Board considers that their performance continues to be effective and each remains committed to the Company. Their contribution to the Board is greatly valued and the Board recommends their re-election to shareholders.

Director Indemnification and Insurance

The Company has entered into qualifying third party deeds of indemnity in favour of each of its Directors. The deeds, which were in force during the year to 30 September 2020 and up to the date of approval of this report, cover any liabilities that may arise to a third party, other than the Company, for negligence, default or breach of trust or duty. The Directors are not indemnified in respect of liabilities to the Company, any regulatory or criminal fines, any costs incurred in connection with criminal proceedings in which the Director is convicted or civil proceedings brought by the Company in which judgement is given against her or him. In addition, the indemnity does not apply to any liability to the extent that it is recovered from another person.

The Company maintains Directors' and Officers' liability insurance.

Conflicts of Interest

Each Director submits a list of potential conflicts of interest to the Board for consideration and approval at each meeting. The Board considers these carefully, taking into account the circumstances surrounding them prior to authorisation. Having considered the lists of potential conflicts there were no situations which gave rise to a direct or indirect interest of a Director which conflicted with the interests of the Company.

Dividend

The Board recommends a final dividend of 3.50p per ordinary share (2019 – 31.0p). No interim dividend was declared. Dividends will only be paid to the extent needed to maintain the Company's investment trust status.

If approved by shareholders at the Annual General Meeting, the recommended final dividend per ordinary share will be paid on 29 January 2021 to shareholders on the register at the close of business on 8 January 2021. The ex-dividend date is 7 January 2021.

Share Capital

Capital Structure

The Company's capital structure at 30 September 2020 consists of 40,244,369 ordinary shares of 25p each (2019 – 40,244,369) of which 36,219,933 (2019 – 40,244,369) are allotted and fully paid and 4,024,436 (2019 – nil) are held in treasury. There are no restrictions concerning the holding or transfer of the Company's ordinary shares and there are no special rights attached to any of the shares.

Dividend

The ordinary shares carry a right to receive dividends. Interim dividends are determined by the Directors, whereas the proposed final dividend is subject to shareholder approval.

Capital Entitlement

On a winding up, after meeting the liabilities of the Company, the surplus assets will be paid to ordinary shareholders in proportion to their shareholdings.

Voting

Each ordinary shareholder present in person or by proxy is entitled to one vote on a show of hands and, on a poll, to one vote for every share held.

Information on the deadlines for proxy appointments can be found on pages 54 and 55.

Major Interests in the Company's Shares

The Company has received notifications in accordance with the Financial Conduct Authority's Disclosure and Transparency Rule 5.1.2R of the following interests in 3% or more of the voting rights attached to the Company's issued share capital.

Name	No of ordinary 25p shares held at 30 September 2020	% of issue *
Wells Capital Management Inc	6,478,394	17.9
City of London Investment Management Company Limited	3,613,182	10.0
Investec Wealth & Investment Limited	1,843,379	5.1
1607 Capital Partners LLC	1,800,522	5.0

Subsequent to the year end, Wells Capital Management Inc advised it held 5,787,594 shares (16.0% of shares issued), Charles Stanley advised it held 1,855,147 shares (5.1% of shares issued) and City of London Investment Management Company Limited advised its holding as sub 5%. Holdings above are stated as per the most recent notification to a Regulatory Information Service. There have been no other changes to the major interests in the Company's shares intimated up to 24 November 2020.

* Ordinary shares in issue excluding treasury shares.

Annual General Meeting

As a consequence of Covid-19 and the uncertainty regarding government policy on group meetings, shareholders are being encouraged to submit their votes by proxy ahead of the meeting. It is intended that the meeting will involve the minimum number of people necessary for it to be quorate. The details of this year's AGM, including the proposed resolutions and information on the deadlines for proxy appointments can be found on pages 54 and 55. Shareholders who hold shares in their own name on the main register will be provided with a Form of Proxy. If you hold shares through a share platform or other nominee, the Board would encourage you to contact these organisations directly as soon as possible to arrange for you to vote at the AGM.

Subdivision of Ordinary Shares

The price of the Company's existing ordinary shares of 25p each has risen to the point where the closing mid-market price on 24 November 2020 (being the latest practicable date prior to publication of this document) was 1,330.00p. To assist monthly savers and in order to improve the liquidity of the Company's shares, the Directors believe that it is appropriate to propose the subdivision of each of the existing ordinary shares into ten new ordinary shares of 2.5p each (the 'New Ordinary Shares') pursuant to Resolution 11 at the Annual General Meeting (the 'Share Split'). Following the Share Split, each shareholder will hold ten New Ordinary Shares for each existing ordinary share they held immediately prior to the Share Split. The Share Split will increase the number of ordinary shares the Company has in issue, but there will be a corresponding reduction in the net asset value of the New Ordinary Shares, reflecting the fact that shareholders will own ten times as many New Ordinary Shares. The Directors believe that this will benefit shareholders by improving the liquidity of their shares.

The Share Split requires the approval of shareholders and, accordingly, Resolution 11 seeks such approval. The Share Split is conditional on the New Ordinary Shares being admitted to the Official List of the FCA and to trading on the London Stock Exchange's market for listed securities. The New Ordinary Shares will rank pari passu with each other and will carry the same rights and be subject to the same restrictions as the existing ordinary shares.

The Company's issued ordinary share capital (excluding treasury shares) as at 24 November 2020 was £9,054,983.25 divided into 36,219,933 existing ordinary shares of 25p each. If the Share Split is applied to the existing ordinary share capital, the total value of the share capital will remain at £9,054,983.25 but will be divided into 362,199,330 New Ordinary Shares of 2.5p each. A holding of New Ordinary Shares following the Share Split will represent the same proportion of the issued ordinary share capital of the Company as the corresponding holding of existing ordinary shares currently in issue.

The New Ordinary Shares may be held in certificated or uncertificated form. Following the Share Split becoming effective, share certificates in respect of the existing ordinary shares will cease to be valid and will be cancelled. New certificates in respect of the New Ordinary Shares will be issued to those shareholders who hold their existing ordinary shares in certificated form, and are expected to be dispatched by 5 February 2021. No temporary documents of title will be issued. Transfers of New Ordinary

Shares between 1 February 2021 and the dispatch of new certificates will be certified against the Company's register of members held by Computershare. CREST accounts are expected to be credited on 1 February 2021.

Applications will be made for admission of the New Ordinary Shares to the Official List and to trading on the London Stock Exchange's market for listed securities. If the applications are accepted, it is proposed that the last day of dealings in the existing ordinary shares will be 29 January 2021 and the effective date for dealings to commence in New Ordinary Shares will be 1 February 2021. The Share Split will not itself give rise to any liability to UK income tax (or corporation tax on income) for shareholders. For the purposes of UK capital gains tax and corporation tax on chargeable gains, the receipt of the New Ordinary Shares from the Share Split will be a reorganisation of the share capital of the Company. Accordingly, the shareholder's holding of New Ordinary Shares will be treated as the same asset as the shareholder's holding of existing ordinary shares and as having been acquired at the same time, and for the same consideration, as that holding of existing ordinary shares.

If Resolution 11 is passed, the Share Split will become effective on admission of the New Ordinary Shares to the Official List, which is expected to be at 8.00am on 1 February 2021.

Share Issuance Authority

Resolution 12 in the Notice of Annual General Meeting seeks to renew the Directors' general authority to issue shares up to an aggregate nominal amount of £3,018,327. This amount represents one third of the Company's total ordinary share capital currently in issue and meets institutional guidelines. No issue of ordinary shares will be made pursuant to the authorisation of Resolution 12 which would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

Resolution 13, which is proposed as a special resolution, seeks authority for the Directors to issue shares or sell shares held in treasury on a non pre-emptive basis for cash up to an aggregate nominal amount of £905,498.33 (representing 10% of the issued ordinary share capital of the Company as at 24 November 2020). This authority will continue until the conclusion of the Annual General Meeting to be held in 2022 or on the expiry of 15 months from the passing of the resolutions, if earlier.

Such authorities will only be used to issue shares or sell share from treasury at, or at a premium to, net asset value and only when the Directors believe that it would be in the best interests of the Company to do so.

Market Purchases of Own Shares

At the last Annual General Meeting the Company was granted authority to purchase up to 6,032,630 ordinary shares (equivalent to 14.99% of its issued share capital), such authority to expire at the 2021 Annual General Meeting. The Directors are seeking shareholders' approval at the Annual General Meeting to renew the authority to make market purchases up to 14.99% of the Company's ordinary shares in issue (excluding treasury shares) at the date of passing of the resolution, such authority to expire at the Annual General Meeting of the Company to be held in 2022. Such purchases will only be made at a discount to the prevailing net asset value.

During the year to 30 September 2020, no shares (2019 – 1,011,900) were bought back under the buy-back authority. The Board undertook a tender offer in January 2020 and as a result the Company bought back a total of 4,024,436 ordinary shares at a total cost of £37,366,068. The nominal value of these shares was £1,006,109 and represented 10% of the issued share capital at 30 January 2020. The 4,024,436 shares bought back under the tender offer are held in treasury.

The Company may hold bought-back shares in treasury and then:

(i) sell such shares (or any of them) for cash (or its equivalent under the Companies Act 2006); or

(ii) cancel the shares (or any of them).

Shares will only be resold from treasury at a premium to the net asset value per ordinary share.

Treasury shares do not receive distributions and the Company will not be entitled to exercise the voting rights attaching to them.

In accordance with the Listing Rules of the FCA, the maximum price (excluding expenses) that may be paid on the exercise of the authority must not exceed the higher of:

(i) 5 per cent. above the average closing price on the London Stock Exchange of an ordinary share over the five business days immediately preceding the date of purchase; and

(ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy back programmes and stabilisation of financial instruments (No. 2273/2003).

The minimum price (exclusive of expenses) that may be paid will be the nominal value of an ordinary share. Purchases of ordinary shares will be made within guidelines established, from time to time, by the Board. Your attention is drawn to Resolution 14 in the Notice of Annual General Meeting. This authority, if conferred, will only be exercised if to do so would result in an increase in net asset value per ordinary share for the remaining shareholders and if it is considered in the best interests of shareholders generally.

Authority to Hold General Meetings at Shorter Notice

Resolution 10, which is proposed as a special resolution, seeks authority for the Directors to convene general meetings of the Company, other than Annual General Meetings ('AGMs'), on a minimum of 14 clear days' notice. The notice period for AGMs will remain at 21 clear days. The approval will be effective until the Company's next AGM, at which it is intended that renewal will be sought. The Directors will only call general meetings on 14 clear days' notice where they consider it in the best interests of shareholders to do so and the relevant matter requires to be dealt with expediently.

Articles of Association

The Company's Articles of Association sets out the limit for the remuneration of Directors at £150,000 per annum in aggregate. It is proposed to create scope for increases in future years and, accordingly, shareholder approval is being sought at the forthcoming Annual General Meeting to increase the remuneration limit to £200,000 per annum in aggregate. Your attention is drawn to resolution 15 in the Notice of Annual General Meeting on page 54.

Financial Instruments

The Company's financial instruments comprise its investment portfolio, cash balances and debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 18 to the Financial Statements.

Articles of Association

The Company's Articles of Association may only be amended by special resolution at a general meeting of shareholders.

Disclosure of Information to Auditors

The Directors confirm that, so far as each of the Directors is aware, there is no relevant audit information of which the Company's Auditors are unaware and the Directors have taken all the steps that they might reasonably be expected to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Independent Auditor

The Auditor, BDO LLP, is willing to continue in office, and in accordance with section 489 and section 491(1) of the Companies Act 2006, resolutions concerning BDO LLP's reappointment and remuneration will be submitted to the Annual General Meeting.

Post Balance Sheet Events

The Directors confirm that there have been no significant post Balance Sheet events which require adjustment to, or disclosure in, the Financial Statements or notes up to 24 November 2020.

Stakeholder Engagement

Although the Company has no employees, trade suppliers or customers, the Directors give regular consideration to the need to foster the Company's business relationships with its stakeholders, in particular with shareholders, its externally appointed Managers, other professional service providers and lenders. The effect of this consideration upon the key decisions taken by the Company during the financial year is set out in further detail in the Strategic Report on pages 9 and 10.

Greenhouse Gas Emissions and Streamlined Energy & Carbon Reporting ('SECR')

All of the Company's activities are outsourced to third parties. The Company therefore has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. For the same reasons as set out above, the Company considers itself to be a low energy user under the SECR regulations and has no energy and carbon information to disclose.

Bribery Act

The Company has a zero tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly. The Managers also adopt a zero tolerance approach and have policies and procedures in place to prevent bribery.

Criminal Finances Act 2017

The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

Recommendation

The Directors unanimously recommend you vote in favour of the resolutions to be proposed at the Annual General Meeting as it is their view that the resolutions are in the best interests of shareholders as a whole.

On behalf of the Board
Michael MacPhee
Chairman
24 November 2020

Corporate Governance Report

The Board is committed to achieving and demonstrating high standards of Corporate Governance. This statement outlines how the principles of the 2018 UK Corporate Governance Code (the 'Code') which can be found at www.frc.org.uk and the relevant principles of the Association of Investment Companies Code of Corporate Governance (the 'AIC Code') published in 2019 were applied throughout the financial year. The AIC Code provides a framework of best practice for investment companies and can be found at www.theaic.co.uk.

Compliance

The FRC has confirmed that AIC member companies who report against the AIC Code will be meeting their obligations in relation to the Code. The Board confirms that the Company has complied throughout the year under review with the relevant provisions of the Code and the recommendations of the AIC Code except as follows:

— a Nomination Committee has not been established. As the Board is comprised entirely of non-executive Directors and is small in size, a Nomination Committee is considered unnecessary.

— the Company has no executive Directors and no employees and consequently does not have a Remuneration Committee. The Directors' Remuneration Report on pages 30 and 31 provides information on the remuneration arrangements for the Directors of the Company. The Chairman is available to engage with shareholders on issues relating to Directors' remuneration where required.

— given the small size of the Board and the fact that all Directors are independent, the Company does not have a Management Engagement Committee. The Company's management functions are delegated to the AIFM, who has delegated the management of the Company's investment portfolio to the Investment Manager, Baillie Gifford & Co. The Board reviews at least annually the performance of the AIFM, the terms of its engagement and the continued appointment of the AIFM. The Board also reviews the performance of the Investment Manager.

— the Audit Committee comprises all Directors of the Company. Given the small size of the Board, it is deemed both proportionate and practical for all Directors to be on the Audit Committee.

The Board

The Board has overall responsibility for the Company's affairs. It has a number of matters formally reserved for its approval including strategy, investment policy, gearing, share buy-back and issuance policy, treasury matters, dividend and corporate governance policy. The Board seeks to contribute to the delivery of the Company's strategy by engaging with the Managers in a collaborative and collegiate manner with open and respectful discussion and debate being encouraged, whilst also ensuring that appropriate and regular challenge is brought and evaluation is conducted. The Board also reviews the Financial Statements, investment transactions, revenue budgets and performance of the Company. Full and timely information is provided to the Board to enable it to function effectively and to allow Directors to discharge their responsibilities.

The Board comprises four Directors, all of whom are non-executive. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The executive responsibility for investment management has been delegated to the Company's Alternative Investment Fund Manager ('AIFM'), Baillie Gifford & Co Limited, and, in the context of a Board comprising only non-executive Directors, there is no chief executive officer. The Senior Independent Director is Michael Moule. Andrew Watkins will become the Senior Independent Director following Michael Moule's retirement at the conclusion of the Annual General Meeting.

The Directors believe that the Board has a balance of skills and experience that enables it to provide effective strategic leadership and proper governance of the Company. Information about the Directors, including their relevant experience, can be found on page 18.

There is an agreed procedure for Directors to seek independent professional advice, if necessary, at the Company's expense.

Appointments to the Board

Following the decision by Michael Moule to retire at the 2021 Annual General Meeting, Trust Associates was engaged to help identify a potential new Director. The Board identified the skills and experience that would be required, having due regard for the benefits of diversity on the Board, and candidates were interviewed from a shortlist provided by Trust Associates. Trust Associates has no other connection with the Company or any of the Directors. Emma Davies was identified as the preferred candidate and will be appointed to the Board on 1 January 2021. Emma is an investment professional who has experience investing across global equity markets, as well as in property, private equity and impact investment markets in the UK, most recently as a Partner at Marylebone Partners, a leading wealth management boutique. She brings with her a sophisticated understanding of ESG considerations, particularly with regard to social and governance concerns, and is also currently a non-executive director and chair of the audit committee of Riverstone Credit Opportunities Income Plc. The Board believes her considerable knowledge and experience will be a great benefit to the Company.

The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for inspection on request.

Under the provisions of the Company's Articles of Association, Directors are subject to election by shareholders at the first AGM after their appointment. Thereafter, at each AGM, any Director who has not stood for re-election at either of the two preceding AGMs shall retire. In addition, one-third of the Directors eligible to retire by rotation shall retire from office at each AGM. The Board has agreed that all Directors will retire at each Annual General Meeting and, if appropriate, offer themselves for re-election.

Independence of Directors

All the Directors are considered by the Board to be independent of the Managers and free of any business or other relationship which could interfere with the exercise of their independent judgement.

The Directors recognise the importance of succession planning for company boards and review the Board composition annually. The Board is of the view that length of service will not necessarily compromise the independence or contribution of Directors of an investment trust company, where continuity and experience can be a benefit to the Board. The Board concurs with the view expressed in the AIC Code that long serving Directors should not be prevented from being considered independent.

Meetings

There is an annual cycle of Board meetings which is designed to address, in a systematic way, overall strategy, review of investment policy, investment performance, marketing, revenue budgets, dividend policy and communication with shareholders. The Board considers that it meets sufficiently regularly to discharge its duties effectively. The table below shows the attendance record for the Board and Committee meetings held during the year. The Annual General Meeting was attended by all Directors serving at that date.

Directors' Attendance at Meetings

	Board	Audit Committee
Number of meetings	**5**	**2**
Michael MacPhee	5	2
Michael Moule	5	2
Andrew Watkins	5	2
Michael Woodward	5	2
Sue Inglis*	1	1

*Sue Inglis resigned as a Director on 29 November 2019.

Policy on Chairman's Tenure

The Board's policy is that the Chairman will serve for no longer than nine years, other than in exceptional circumstances for the benefit of the Company.

Performance Evaluation

An appraisal of the Chairman, each Director and a performance evaluation and review of the Board as a whole and the Audit Committee was carried out during the year. Each Director and the Chairman responded to an evaluation questionnaire. The Chairman's appraisal was led by Michael Moule, the Senior Independent Director. The appraisals and evaluations considered, amongst other criteria, the balance of skills of the Board, training and development requirements, the contribution of individual Directors and the overall effectiveness of the Board and the Audit Committee. Following this process it was concluded that there was a diverse range of skills within the Board, and the performance of each Director, the Chairman, the Board and the Audit Committee continues to be effective and that each Director and the Chairman remain committed to the Company.

A review of the Chairman's and the other Directors' commitments was carried out and the Board is satisfied that they are capable of devoting sufficient time to the Company. There were no significant changes to the Chairman's other commitments during the year.

Diversity

Appointments to the Board are made on merit with due regard for the benefits of diversity including gender and ethnicity. The priority in appointing new Directors is to identify the candidate with the best range of skills and experience to complement existing Directors. The Board therefore does not consider it appropriate to set diversity targets.

Induction and Training

New Directors are provided with an induction programme which is tailored to the particular circumstances of the appointee. Regular briefings were provided during the year on industry and regulatory matters. Directors receive other relevant training as necessary.

Audit Committee

The report of the Audit Committee is set out on pages 28 and 29.

Internal Controls and Risk Management

The Directors acknowledge their responsibility for the Company's risk management and internal control systems and for reviewing their effectiveness, including with regard to preparation of the Company's Annual Report and Financial Statements. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company in accordance with the FRC guidance 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'.

The practical measures in relation to the design, implementation and maintenance of control policies and procedures to safeguard the Company's assets and to manage its affairs properly, including the maintenance of effective operational and compliance controls have been delegated to the Managers and Secretaries.

The Board oversees the functions delegated to the Managers and Secretaries and the controls managed by the AIFM in accordance with the Alternative Investment Fund Managers Directive (as detailed below). Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provide the Audit Committee with regular reports on their monitoring programmes. The reporting procedures for these departments are defined and formalised within a service level agreement. Baillie Gifford & Co conducts an annual review of its system of internal controls which is documented within an internal controls report which complies with ISAE 3402 and Technical Release AAF 01/06 – Assurance Reports on Internal Controls of Service Organisations made available to Third Parties. This report is independently reviewed by Baillie Gifford & Co's Auditor and a copy is submitted to the Audit Committee.

A report identifying the material risks faced by the Company and the key controls employed to manage these risks is reviewed by the Audit Committee. These procedures ensure that consideration is given regularly to the nature and extent of risks facing the Company and that they are being actively monitored. Where changes in risk have been identified during the year they also provide a mechanism to assess whether further action is required to manage these risks.

The Directors confirm that they have reviewed the effectiveness of the Company's risk management and internal controls systems, which accord with the FRC 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' and they have procedures in place to review their effectiveness on a regular basis. No significant weaknesses were identified in the year under review and up to the date of this Report.

The Board confirms that these procedures have been in place throughout the Company's financial year and continue to be in place up to the date of approval of this Report.

To comply with the Alternative Investment Fund Managers Directive, Northern Trust Global Services SE acts as the Company's Depositary and Baillie Gifford & Co Limited as its AIFM.

The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. The Depositary is liable for the loss of financial instruments held in custody. The Company's Custodian is The Northern Trust Company. The Custodian prepares reports on its key controls and safeguards which are independently reviewed by KPMG LLP. The reports are reviewed by Baillie Gifford's Business Risk Department and a summary of the key points is reported to the Audit Committee and any concerns are investigated.

The Depositary provides the Audit Committee with a report on its monitoring activities.

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

The risk limits, which are set by the AIFM and approved by the Board, take into account the objectives, strategy and risk profile of the portfolio. These limits, including leverage (see page 59), are monitored and the sensitivity of the portfolio to key risks is undertaken periodically as appropriate to ascertain the impact of changes in key variables in the portfolio. Exceptions from limits monitoring and stress testing undertaken by Baillie Gifford's Business Risk Department are escalated to the AIFM and reported to the Board along with any remedial measures being taken.

Going Concern

In accordance with the Financial Reporting Council's guidance on going concern and liquidity risk, including its Covid-19 guidance, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern.

The Company's principal risks are market related and include market risk, liquidity risk and credit risk. An explanation of these risks and how they are managed is on pages 7 and 8 and contained in note 18 to the Financial Statements. The Board has, in particular, considered the impact of heightened market volatility since the Covid-19 outbreak and specific leverage and liquidity stress testing but does not believe the Company's going concern status is affected. The Company's assets, which at present are mainly investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) Regulations 2011.

The Company's primary third party suppliers, including its Managers and Secretaries, Custodian, Depositary, Registrar, Auditor and Corporate Broker, are not experiencing significant operational difficulties affecting their respective services to the Company.

Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal risks and other matters, including the impact of the Covid-19 outbreak set out in the Viability Statement on pages 8 and 9, that the Company will continue in operational existence for a period of at least 12 months from the date of approval of these Financial Statements.

Relations with Shareholders

The Board places great importance on communication with shareholders. The Company's Managers meet regularly with shareholders and their representatives. The Chairman also meets shareholders independently of the Managers and reports shareholders' views to the Board. Shareholders wishing to communicate with any members of the Board may do so by writing to them at the Company's registered office or through the Company's broker, Peel Hunt LLP (see contact details on back cover). All correspondence addressed to the Chairman is dealt with directly by the Chairman.

The Company's Annual General Meeting provides a further forum for communication with all shareholders. The level of proxies lodged for each resolution is announced at the Meeting and is published at www.bgeuropeangrowth.com subsequent to the meeting. The notice period for the Annual General Meeting is at least 21 clear days. Shareholders and potential investors may obtain up-to-date information on the Company from the Managers' website at www.bgeuropeangrowth.com.

Corporate Governance and Stewardship

The Company believes that it is in the shareholders' interests to consider environmental, social and governance ('ESG') factors when selecting and retaining investments and has asked the Managers to take these issues into account. The Managers do not exclude companies from their investment universe purely on the grounds of ESG factors but adopt a positive engagement approach whereby matters are discussed with management with the aim of improving the relevant policies and management systems and enabling the Managers to consider how ESG factors could impact long-term investment returns. The Managers' Statement of Compliance with the UK Stewardship Code can be found on the Managers' website: www.bailliegifford.com.

The Company has given discretionary voting powers to Baillie Gifford & Co. The Managers vote against resolutions they consider may damage shareholders' rights or economic interests and their actions are reported at Board meetings.

The Managers are signatories to the United Nations Principles for Responsible Investment and the Carbon Disclosure Project and are also members of the International Corporate Governance Network.

On behalf of the Board
Michael MacPhee
Chairman
24 November 2020

Audit Committee Report

The Audit Committee consists of all Directors. The members of the Committee consider that they have the requisite financial skills and experience to fulfil the responsibilities of the Committee. Michael Woodward is the Chairman of the Committee. The Committee's authority and duties are clearly defined within its written Terms of Reference which are available on request from the Company and on the Company's page of the Managers' website: www.bgeuropeangrowth.com. The Terms of Reference are reviewed annually.

The Committee's effectiveness is reviewed on an annual basis as part of the Board's performance evaluation process (see page 25).

At least once a year the Committee meets with the external Auditors without any representative of the Manager being present.

Main Activities of the Committee

The Committee met twice during the year to 30 September 2020. BDO LLP, the external Auditor, attended both meetings and Baillie Gifford attended one meeting. Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provided reports on their monitoring programmes.

The matters considered, monitored and reviewed by the Committee during the course of the year included the following:

— the Annual and Interim reports;

— the Company's accounting policies and practices;

— the regulatory changes impacting the Company;

— the fairness, balance and understandability of the Annual Report and Financial Statements and whether it provided the information necessary for shareholders to assess the Company's performance, business model and strategy;

— the effectiveness of the Company's internal control environment;

— the appointment/reappointment, remuneration and terms of engagement of the external Auditor;

— whether the audit services contract should be put out to tender;

— the policy on the engagement of the external Auditor to supply non-audit services;

— the independence and objectivity of the external Auditor and the effectiveness of the audit process;

— the need for the Company to have its own internal audit function;

— internal controls reports received from the Managers and other service providers; and

— the arrangements in place within Baillie Gifford & Co whereby its staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

Internal Audit

The Committee continues to believe that the compliance and internal control systems and the internal audit function in place within the Investment Managers provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained. An internal audit function, specific to the Company, is therefore considered unnecessary.

The external Auditor has adopted a wholly substantive approach to testing and therefore the absence of an internal audit function has not had an impact on audit procedures.

Financial Reporting

The Committee considers that the most significant issues likely to affect the Financial Statements are the existence and valuation of investments, as they represent 99.8% of total assets, and the accuracy and completeness of income from investments.

The majority of the investments are in quoted securities and market prices are readily available from independent external pricing sources. The Committee reviewed the Managers' Report on Internal Controls which details the controls in place regarding recording and pricing of investments, accurate recording of investment income and the reconciliation of investment holdings to third party data.

The prices of all the listed investments at 30 September 2020 were agreed to external price sources. The Committee reviewed the Manager's valuation policy for investments in unquoted companies (as described on pages 42 and 43) and approved the valuation of the unlisted investment following a detailed review of the valuation of the investment and relevant challenge where appropriate. The listed portfolio holdings were agreed to confirmations from the Company's custodian. The unlisted holding in Northvolt was agreed to transaction documentation.

The Committee considered the factors, including the impact of Covid-19, that might affect the Company's viability over a period of five years and its ability to continue as a going concern for at least twelve months from the date of signing of the Financial Statements, together with the reports from the Managers on the cash position and cash flow projections of the Company, the liquidity of the investment portfolio, compliance with debt covenants, availability of borrowing facilities and the Company's ability to meet its obligations as they fall due. The Committee also reviewed the Viability Statement on pages 8 and 9 and the statement on Going Concern on page 26 including the potential impact of Covid-19. Following this assessment, the Committee recommended to the Board the appropriateness of the Going Concern basis in preparing the Financial Statements and confirmed the accuracy of the Viability Statement and statement on Going Concern.

The Managers and Auditor confirmed to the Committee that they were not aware of any material misstatements in the context of the Financial Statements as a whole and that the Financial Statements are in accordance with applicable law and accounting standards.

Internal Controls and Risk Management

The Committee reviewed the effectiveness of the Company's risk management and internal controls systems as described on pages 25 and 26. No significant weaknesses were identified in the year under review.

External Auditor

To fulfil its responsibility regarding the independence and objectivity of the external Auditor, the Committee reviewed:

— the audit plan for the current year;

— a report from the Auditor describing its arrangements to manage auditor independence and received confirmation of its independence; and

— the extent of non-audit services provided by the external Auditor. There were no non-audit fees for the year to 30 September 2020. However, following the year-end, the Company instructed BDO to audit the cashflow statements for the years to 30 September 2018 and 2019. This non-audit service was provided in relation to borrowings to be drawn down during the year to 30 September 2021 and incurred a fee of £6,000.

To assess the effectiveness of the external Auditor, the Committee reviewed and considered:

— the Auditor's fulfilment of the agreed audit plan;

— feedback from the Secretaries on the performance of the audit team;

— the Audit Quality Inspection Report from the FRC; and

— detailed discussion with audit personnel to challenge audit processes and deliverables.

To fulfil its responsibility for oversight of the external audit process the Committee considered and reviewed:

— the Auditor's engagement letter;

— the Auditor's proposed audit strategy;

— the audit fee; and

— a report from the Auditor on the conclusion of the audit.

BDO LLP, has been engaged as the Company's Auditor since 2017. The audit partners responsible for the audit are rotated at least every five years in accordance with professional and regulatory standards in order to protect independence and objectivity and to provide fresh challenge to the business. Neil Fung-on is the lead audit partner and has held the role since 2017.

BDO LLP has confirmed that it believes it is independent within the meaning of regulatory and professional requirements and that the objectivity of the audit partner and staff is not impaired.

Having carried out the review process described above, the Committee is satisfied that the Auditor has remained independent and effective.

There are no contractual obligations restricting the Committee's choice of external Auditors.

Accountability and Audit

The respective responsibilities of the Directors and the Auditor in connection with the Financial Statements are set out on pages 32 to 37.

On behalf of the Board
Michael Woodward
Audit Committee Chairman
24 November 2020

Directors' Remuneration Report

This report has been prepared in accordance with the requirements of the Companies Act 2006.

Statement by the Chairman

The Directors' Remuneration Policy is subject to shareholder approval every three years or sooner if an alteration to the policy is proposed. The Remuneration Policy which is set out below was approved at the Annual General Meeting in January 2020 and no changes are proposed to the policy at the Annual General Meeting to be held in 2021.

The Board reviewed the level of fees during the year and it was agreed that, with effect from 1 October 2020, the Chairman's fee would increase to £40,200 per annum from £33,500 and Directors' fees would increase to £27,000 per annum from £22,500. The additional fee paid to the Audit Chairman would increase to £3,600 per annum from £3,000. Directors' fees were last increased on 1 October 2017.

Directors' Remuneration Policy

The Company follows the recommendation of the AIC Code that Directors' remuneration should reflect their duties, responsibilities and the value of their time spent on the Company's affairs. The Board's policy is that the remuneration of the Directors should reflect the experience of the Board as a whole and be determined with reference to comparable organisations and appointments.

The Board has set three levels of fees: one for the Chairman, one for the other Directors, and an additional fee that is paid to the Director who chairs the Audit Committee. Fees are reviewed annually in accordance with the policy. The fee for any new Director appointed will be determined on the same basis.

Any views expressed by shareholders on the fees being paid to Directors will be taken into consideration by the Board when reviewing the Directors' Remuneration Policy and in the annual review of Directors' fees.

The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits, as the Board does not consider such arrangements or benefits necessary or appropriate for non-executive Directors.

Under the Articles of Association, Directors are entitled to be paid all reasonable travel, hotel and incidental expenses incurred in or about the performance of their duties as Directors, including expenses incurred in attending Board or shareholder meetings.

If any Director is called upon to perform extra or special services of any kind, under the Articles of Association, they shall be entitled to receive such extra remuneration as the Board may decide in addition to any remuneration they may be entitled to receive.

The Company does not enter into service contracts with its Directors. Instead, the Company has a policy of entering into a letter of appointment with each of its Directors, copies of which are available on request from the Company Secretary. It is intended that the Company's policy when determining the duration of notice periods and termination payments under the Directors' letters of appointment will be based on prevailing best practice guidelines. Under the Directors' letters of appointment, there is a notice period of one month and no compensation is payable to a Director on leaving office. No compensation is payable in the event of a takeover bid.

The terms of their appointment provide that all Directors shall retire and be subject to election at the first Annual General Meeting after their appointment. Thereafter, at each AGM any Director who has not stood for appointment or re-election at either of the two preceding AGMs is required to retire and offer themselves for re-election. Beyond these requirements, it has been agreed that all Directors will seek annual re-election at the Company's AGMs.

Limits on Directors' Remuneration

The fees paid to the non-executive Directors are determined within the limit set out in the Company's Articles of Association which is currently £150,000 per annum in aggregate. Any change to this limit requires shareholder approval. Your attention is drawn to Resolution 15 in the Notice of Annual General Meeting on pages 53 to 55, where the Board seeks shareholder approval to increase the aggregate annual limit to £200,000, to enable the Board to continue to attract candidates of suitable calibre and allow for overlap of tenure, improving its capacity for succession planning.

The fees for the non-executive Directors are payable quarterly in arrears and the fees paid in respect of the year ended 30 September 2020 together with the expected fees payable in respect of the year ending 30 September 2021 are set out in the table below. The fees payable to the Directors in the subsequent financial years will be determined following an annual review of the Directors' fees.

	Expected fees for year ending 30 September 2021 £	Fees paid for the year to 30 September 2020 £
Chairman's Fee	40,200	33,500
Non-executive Director Fee	27,000	22,500
Additional fee for the Chairman of the Audit Committee	3,600	3,000
Total aggregate annual fees that can be paid to the Directors in any year under the Directors' Remuneration Policy, as set out in the Company's Articles of Association	200,000	150,000

Annual Report on Remuneration

An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's Auditor to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in the Independent Auditor's Report on pages 33 to 37.

Directors' Remuneration for the Year (audited)

The Directors who served during the year received the following remuneration in the form of fees and taxable benefits. This represents the entire remuneration paid to the Directors.

Name	2020 Fees £	2019 Fees £
Michael MacPhee	**33,500**	33,500
Michael Moule	**22,500**	22,500
Andrew Watkins (appointed 1 January 2019)	**22,500**	16,875
Michael Woodward	**25,500**	25,500
William Eason (retired 22 January 2019)	**–**	7,010
Sue Inglis (appointed 1 January 2019 and resigned 29 November 2019)	**3,750**	16,875
	107,750	**122,260**

Directors' Interests (audited)

The Directors at the end of the year under review, and their interests in the Company, are shown in the following table. There is no requirement under the Company's Articles of Association for Directors to hold shares in the Company. There have been no changes intimated in the Directors' interests up to 24 November 2020.

Name	Nature of interest	Ordinary 25p shares held at 30 September 2020	Ordinary 25p shares held at 30 September 2019
Michael MacPhee	Beneficial	75,695	10,000
Michael Moule	Beneficial	9,000	9,000
Andrew Watkins	Beneficial	1,500	1,500
Michael Woodward	Beneficial	5,000	5,000

Statement of Voting at Annual General Meeting

At the last Annual General Meeting, of the proxy votes received in respect of the Directors' Remuneration Report, 99.7% were in favour, 0.2% were against and votes withheld were 0.1%. At the last Annual General Meeting at which the Directors' Remuneration Policy was considered (January 2020), 99.6% of the proxy votes received were in favour, 0.1% were against and 0.3% votes were withheld.

Relative Importance of Spend on Pay

The table below shows the actual expenditure during the year in relation to Directors' remuneration and distributions to shareholders.

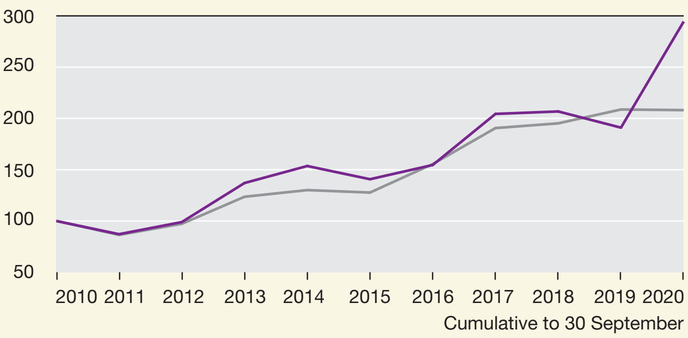
	2020 £'000	2019 £'000	Change %
Directors' remuneration	108	122	(11.5)
Dividends	1,268	11,210	(88.7)

Company Performance

The following graph compares the share price total return (assuming all dividends are reinvested) to ordinary shareholders compared with the total shareholder return on a notional investment made up of shares in the component parts of the FTSE Europe ex UK Index. This index was chosen for comparison purposes as it is a widely used measure of performance for European listed companies and also the index against which the Company measures its performance.

Performance Graph

(figures rebased to 100 at 30 September 2010)



Source: Refinitiv and relevant underlying index providers. See disclaimer on page 59.

Baillie Gifford European Growth Trust's share price

FTSE Europe ex UK Index (in sterling terms)

All figures are total returns (assuming net dividends are reinvested). See Glossary of Terms and Alternative Performance Measures on pages 60 and 61.

Past performance is not a guide to future performance.

Approval

The Directors' Remuneration Report on pages 30 and 31 was approved by the Board of Directors and signed on its behalf on 24 November 2020.

Michael MacPhee
Chairman

Statement of Directors' Responsibilities in Respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that year. In preparing these Financial Statements, the Directors are required to:

— select suitable accounting policies and then apply them consistently;

— state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the Financial Statements;

— make judgements and accounting estimates that are reasonable and prudent; and

— prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are 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, and are also responsible for safeguarding the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable laws and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with those laws and regulations.

The Directors are responsible for ensuring that the Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's page of the Manager's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein. The Directors have delegated responsibility to the Managers for the maintenance and integrity of the Company's page of the Managers' website.

Responsibility Statement of the Directors in Respect of the Annual Financial Report

We confirm that, to the best of our knowledge:

— the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and net return of the Company;

— the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties it faces; and

— the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board
Michael MacPhee
24 November 2020

Notes

The following notes relate to financial statements published on a website and are not included in the printed version of the Annual Report and Financial Statements:

— The maintenance and integrity of the Baillie Gifford & Co website is the responsibility of Baillie Gifford & Co; the work carried out by the Auditors does not involve consideration of these matters and accordingly, the Auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

— Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report

to the members of Baillie Gifford European Growth Trust plc

Opinion

We have audited the Financial Statements of Baillie Gifford European Growth Trust plc (the 'Company') for the year ended 30 September 2020 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the Financial Statements:

— give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of its net return for the year then ended;

— have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;

— have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Principal Risks, Going Concern and Viability Statement

We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

— the Directors' confirmation in the Annual Report that they have carried out a robust assessment of the Company's emerging and principal risks and the disclosures in the Annual Report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated;

— the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements and the Directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements;

— whether the Directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or

— the Directors' explanation in the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Matter	Audit response
Valuation, existence and ownership of investments (Note 1 and Note 9 to the Financial Statements) We consider the valuation, existence and ownership of investments to be the most significant audit areas as investments represent the most significant balance in the Financial Statements and underpin the principal activity of the entity. The valuation of investments is a key accounting estimate where there is an inherent risk of management override arising from the investment valuations being prepared by the Alternative Investment Fund Manager (AIFM) and Investment Manager, who is remunerated based on the lower of the Company's market capitalisation and net asset value. Given the materiality of the investment balance it is necessary to gain comfort over existence and ownership. We also consider the valuation of investments with respect to realised and unrealised gains/ losses to be a significant area as the reported performance of the portfolio is a key performance indicator of the entity. Furthermore, we consider the valuation disclosures to be a significant area as they are expected to be a key area of interest for the users of the Financial Statements.	We tested the valuation, existence and ownership of 100% of the portfolio of investments. We performed the following procedures: — Considered the appropriateness of the valuation methodology applied by the AIFM and Investment Manager. — Agreed the Level 1 Investment holdings to independently received third party confirmation from the custodian. — Agreed the Level 3 investment holding to third party confirmation received directly from the investee company, to confirm existence and completeness. — Agreed the exchange rates used to independent sources. — Considered the adequacy of the relevant controls in place at the Custodian through review of the latest available assurance report addressing the relevant controls in place at the Custodian. — Recalculated the value of investments held by multiplying the share price by the number of shares held at the year end. With respect to 100% of the Level 1 listed equity investments we also: — Agreed the year-end price to externally quoted bid prices from reputable sources. — Checked that there is an active market for each listed equity to confirm this has been appropriately categorised as Level 1. With respect to 100% of the Level 3 unlisted investments we also: — Challenged whether the valuation methodology was the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ('IPEV') Guidelines and UK GAAP. — Corroborated the inputs to the sale and purchase agreement and the amount paid to the bank statement. We also considered the completeness, accuracy and presentation of investment related disclosures against the accounting standards and the Association of Investment Companies Statement of Recommended Practice. The gains/losses on investments held at fair value comprise realised and unrealised gains/losses. For unrealised gains/losses we tested the valuation of the portfolio at the year end, together with testing the reconciliation of opening and closing investments adjusted for realised gains/ losses. For realised gains/losses, we tested disposal proceeds by agreeing the proceeds to bank statements and we re-performed the calculation of a sample of realised gains/losses. Key observations: — We did not identify any exceptions with regards to valuation, existence or ownership of investments, or disclosures, as a result of our work performed.
Income from investments (Note 1 and Note 2 to the Financial Statements) We consider the completeness of dividend income recognition and its presentation in the Income Statement, as set out in the requirements of FRS 102 and the Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP') to be a significant risk. This is because incomplete or inaccurate income could have a material impact on the Company's net asset value. Improper recognition could arise through incorrectly recognising revenue on receipt as opposed to the ex-dividend date. Incorrect allocation of revenue would impact on the distributable reserves.	We assessed the accounting policy for income recognition for compliance with FRS 102 and the AIC SORP and performed testing to check the nature of the income and that such income has been accounted for in accordance with this stated accounting policy. We also tested the allocation and presentation of dividend income between the revenue and capital columns of the Income Statement in line with the requirements set out in the AIC SORP. The testing performed consisted of the utilisation of data analytics to gain assurance over the completeness and accuracy of 100% of dividend income recognised in the year. In respect of completeness, we tested that appropriate dividends had been received in the year by reference to independent data of dividends declared on 100% of the investment holdings in the portfolio. Key observations: — Based on the work undertaken we consider that revenue has been recognised appropriately.

Our Application of Materiality

We consider materiality to be the magnitude by which misstatements, individually or in aggregate, including omissions, could reasonably influence the economic decisions of users that are made on the basis of the Financial Statements. We apply the concept of materiality both in planning and performing our audit, and in evaluating the results of our work. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take into account the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the Financial Statements as a whole.

Materiality measure	Purpose	Key considerations and benchmarks	2020 Quantum (£ '000) (2019)
Financial Statement Materiality (1% of the value of Net Assets) (2019: 1% of investment portfolio)	Determining the nature and extent of our risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature and extent of further audit procedures.	— A principal consideration for users of the financial statements in assessing the financial performance of the Company given that the principal activity of the Company is that of an investment trust. — The nature and disposition of the investment portfolio.	£4,520 (2019: £3,690)
Performance Materiality (75% of Financial Statement materiality) (2019: 75%)	Lower level of materiality applied in performance of the audit when determining the nature and extent of testing applied to individual balances and classes of transactions.	— Risk and control environment.	£3,390 (2019: £2,760)

We have changed the basis of materiality from investment portfolio value, in the prior year, to net assets given that net assets is a primary indicator of performance and to reflect the fact that debt is present in the Company, which we believe to be a key consideration for the users of the financial statements.

We agreed with the Audit Committee that we would report to it all individual audit differences in excess of £90k (2019: £73k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An Overview of the Scope of Our Audit

Our audit approach was developed by obtaining an understanding of the Company's activities and the overall control environment.

Based on this understanding we assessed those aspects of the Company's transactions and balances which were most likely to give rise to a material misstatement and designed audit procedures in response to this assessment, taking account of materiality.

Capability of the audit to detect irregularities, including fraud

We gained an understanding of the legal and regulatory framework applicable to the entity and the industry in which it operates and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Companies Act 2006, the UK Listing Rules, the DTR rules, FRS 102 accounting standards, VAT and other taxes. We also performed procedures to gain comfort over compliance with sections 1158 and 1159 of the Corporation Tax Act.

Our audit procedures were designed to respond to risks of material misstatement in the Financial Statements, recognising that 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, misrepresentations or through collusion.

We considered compliance with this framework through discussions with the Audit Committee and performed audit procedures on these areas as considered necessary. Our procedures involved enquiry with the Alternative Investment Fund Manager (AIFM) and the Board, review of the reporting to the Directors with respect to compliance with laws and regulation, review of Board meeting minutes and review of legal correspondence.

There are inherent limitations in an audit of Financial Statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the Financial Statements and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

— **Fair, balanced and understandable** – the statement given by the Directors that they consider the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

— **Audit Committee reporting** – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or

— **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on Other Matters Prescribed by the Companies Act 2006

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

— the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and

— the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on Which We are Required to Report by Exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

— adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or

— the Financial Statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or

— certain disclosures of Directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 Directors are responsible for assessing the Company's and the Company's 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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

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 auditor's report.

Other Matters Which We are Required to Address

Following the recommendation of the Audit Committee we were appointed by the members of the Company on 24 January 2017 to audit the Financial Statements for the year ending 30 September 2017 and have been re-appointed in subsequent financial periods. In respect of the year ended 30 September 2020 we were reappointed as auditor by the members of the Company at the annual general meeting held on 23 January 2020. The period of total uninterrupted engagement is four years, covering the years ending 30 September 2017 to 30 September 2020.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit. The only permissible non-audit service provided to the Company from 1 October 2019 to the date of this report was a one-off agreed upon procedures review of the 2018 and 2019 Cash Flow Statements.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of Our Report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Neil Fung-On (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
24 November 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Income Statement

For the year ended 30 September

	Notes	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Net gains/(losses) on investments	9	–	125,505	**125,505**	–	(32,508)	**(32,508)**
Currency (losses)/gains	13	(6)	(1,211)	**(1,217)**	24	80	**104**
Income	2	2,597	–	**2,597**	14,523	–	**14,523**
Investment management fee	3	(332)	(976)	**(1,308)**	(600)	(1,199)	**(1,799)**
Other administrative expenses	4	(441)	–	**(441)**	(484)	(6)	**(490)**
Net return before finance costs and taxation		1,818	123,318	**125,136**	13,463	(33,633)	**(20,170)**
Finance costs	5	(45)	(78)	**(123)**	(21)	(24)	**(45)**
Net return on ordinary activities before taxation		1,773	123,240	**125,013**	13,442	(33,657)	**(20,215)**
Tax on ordinary activities	6	(204)	–	**(204)**	(837)	–	**(837)**
Net return on ordinary activities after taxation		**1,569**	**123,240**	**124,809**	**12,605**	**(33,657)**	**(21,052)**
Net return per ordinary share	7	**4.17p**	**327.72p**	**331.89p**	**31.00p**	**(82.80p)**	**(51.80p)**

Dividends declared in respect of the financial year ended 30 September 2020 amount to 3.50p (2019 – 31.00p). Further information on dividend distributions can be found in note 8 on page 46.

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

All revenue and capital items in this statement derive from continuing operations.

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

The accompanying notes on pages 42 to 52 are an integral part of the Financial Statements.

Balance Sheet

As at 30 September

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Investments held at fair value through profit or loss	9		468,855		369,064
Current assets					
Debtors	10	2,469		2,729	
Cash and cash equivalents	18	57		2,301	
		2,526		5,030	
Creditors					
Amounts falling due within one year	11	(18,733)		(237)	
Net current (liabilities)/assets			(16,207)		4,793
Net assets			**452,648**		**373,857**
Capital and reserves					
Share capital	12		10,061		10,061
Share premium account	13		123,749		123,749
Capital redemption reserve	13		8,750		8,750
Capital reserve	13		303,860		217,985
Revenue reserve	13		6,228		13,312
Shareholders' funds			**452,648**		**373,857**
Net asset value per ordinary share*	14		**1,249.7p**		**929.0p**

The Financial Statements of Baillie Gifford European Growth Trust plc (Company registration number 1055384) were approved and authorised for issue by the Board and were signed on 24 November 2020.

Michael MacPhee
Chairman

The accompanying notes on pages 42 to 52 are an integral part of the Financial Statements.

*See Glossary of Terms and Alternative Performance Measures on pages 60 and 61.

Statement of Changes in Equity

For the year ended 30 September 2020

	Notes	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**
Dividends paid during the year	8	–	–	–	–	(8,653)	**(8,653)**
Shares bought back into treasury		–	–	–	(37,365)	–	**(37,365)**
Net return on ordinary activities after taxation	7	–	–	–	123,240	1,569	**124,809**
Shareholders' funds at 30 September 2020		**10,061**	**123,749**	**8,750**	**303,860**	**6,228**	**452,648**

For the year ended 30 September 2019

	Notes	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 2018		10,314	123,749	8,497	259,842	11,917	**414,319**
Dividends paid during the year	8	–	–	–	_	(11,210)	**(11,210)**
Shares purchased for cancellation		(253)	–	253	(8,200)	–	**(8,200)**
Net return on ordinary activities after taxation	7	–	–	–	(33,657)	12,605	**(21,052)**
Shareholders' funds at 30 September 2019		**10,061**	**123,749**	**8,750**	**217,985**	**13,312**	**373,857**

The accompanying notes on pages 42 to 52 are an integral part of the Financial Statements.

Cash Flow Statement

For the year ended 30 September

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Cash flows from operating activities					
Net return on ordinary activities before taxation		125,013		(20,215)	
Net (gains)/losses on investments		(125,505)		32,508	
Currency losses/(gains)		1,217		(104)	
Finance costs		123		45	
Overseas withholding tax		(220)		(837)	
Changes in debtors and creditors		1,369		(799)	
Cash from operations*			1,997		10,598
Interest paid			(111)		(43)
Net cash inflow from operating activities			1,886		10,555
Cash flows from investing activities					
Acquisitions of investments		(445,038)		(66,810)	
Disposals of investments		471,204		90,731	
Net cash inflow from investing activities			26,166		23,921
Cash flows from financing activities					
Shares bought back into treasury/purchased for cancellation		(37,365)		(8,477)	
Equity dividends paid	8	(8,653)		(11,210)	
Net cash outflow from financing activities			(46,018)		(19,687)
(Decrease)/increase in cash and cash equivalents			(17,966)		14,789
Exchange movements			(1,217)		104
Cash and cash equivalents at start of year	15		2,301		(12,592)
Cash and cash equivalents at end of year	15		**(16,882)**		**2,301**
Comprising:					
Cash at bank			57		2,301
Bank overdraft			(16,939)		–
			(16,882)		**2,301**

* Cash from operations includes dividends received of £2,534,000 (2019 – £14,362,000).

The accompanying notes on pages 42 to 52 are an integral part of the Financial Statements.

Notes to the Financial Statements

1 Principal Accounting Policies

The Financial Statements for the year to 30 September 2020 have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' on the basis of the accounting policies set out below which are consistent with those applied for the year ended 30 September 2019.

(a) Basis of Accounting

All of the Company's operations are of a continuing nature and the Financial Statements are prepared on a going concern basis under the historical cost convention, modified to include the revaluation of fixed asset investments and on the assumption that approval as an investment trust under section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011 will be retained. The Board has, in particular, considered the impact of heightened market volatility since the Covid-19 outbreak but does not believe the Company's going concern status is affected. The Company's assets, which at present are mainly investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) Regulations 2011.

The Company's primary third party suppliers, including its Managers and Secretaries, Custodian, Depositary, Registrar, Auditor and Corporate Broker, are not experiencing significant operational difficulties affecting their respective services to the Company. Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal risks and other matters, including the impact of the Covid-19 outbreak set out in the Viability Statement on pages 8 and 9, that the Company will continue in operational existence for a period of at least 12 months from the date of approval of these Financial Statements.

The Financial Statements have been prepared in accordance with the Companies Act 2006, applicable UK Accounting Standards and with the AIC's Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in October 2019. In order to reflect better the activities of the Company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented.

Financial assets and financial liabilities are recognised in the Company's Balance Sheet when it becomes a party to the contractual provisions of the instrument.

The Directors consider the Company's functional currency to be sterling as the entity is listed on a sterling stock exchange in the UK, the Company's share capital and dividends paid are denominated in sterling, Company's shareholders are predominantly based in the UK and the Company and its investment manager, who are subject to the UK's regulatory environment, are also UK based.

(b) Significant Accounting Estimates and Judgements

The preparation of the Financial Statements requires the use of estimates, assumptions and judgements. These estimates, assumptions and judgements affect the reported amounts of assets and liabilities, at the reporting date. While estimates are based on best judgement using information and financial data available, the actual outcome may differ from these estimates. The key sources of estimation and uncertainty relate to the assumptions used in the determination of the fair value of the unlisted investment, which are detailed in note 9 on page 46.

Judgements

The Directors consider that the preparation of the Financial Statements involves the following key judgements:

(i) the determination of the functional currency of the Company as sterling (see rationale in 1(a) above); and

(ii) the fair valuation of the unlisted investment.

The key judgements in the fair valuation process are:

(i) the Managers' determination of the appropriate application of the International Private Equity and Venture Capital Guidelines 2018 (IPEV Guidelines) to each unlisted investment; and

(ii) the Directors' consideration of whether each fair value is appropriate following detailed review and challenge. The judgement applied in the selection of the methodology used for determining the fair value of each unlisted investment can have a significant impact upon the valuation.

Estimates

The key estimate in the Financial Statements is the determination of the fair value of the unlisted investment by the Managers for consideration by the Directors. This estimate is key as it significantly impacts the valuation of the unlisted investment at the Balance Sheet date. The fair valuation process involves estimation using subjective inputs that are unobservable (for which market data is unavailable). The main estimates involved in the selection of the valuation process inputs are:

(i) the selection of appropriate comparable companies in order to derive revenue multiples and meaningful relationships between enterprise value, revenue and earnings growth. Comparable companies are chosen on the basis of their business characteristics and growth patterns;

(ii) the selection of a revenue metric (either historic or forecast);

(iii) the application of an appropriate discount factor to reflect the reduced liquidity of unlisted companies versus their listed peers;

(iv) the estimation of the probability assigned to an exit being through an initial public offering ('IPO') or a company sale;

(v) the selection of an appropriate industry benchmark index to assist with the valuation validation or the application of valuation adjustments, particularly in the absence of established earnings or closely comparable peers; and

(vi) the calculation of valuation adjustments derived from milestone analysis (i.e. incorporating operational success against the plan/forecasts of the business into the valuation).

(c) Investments

The Company's investments are classified as held at fair value through profit and loss in accordance with sections 11 and 12 of FRS 102. Purchases and sales of investments are recognised on a trade date basis. Expenses incidental to the purchase and sale of investments are recognised in the Income Statement as capital items.

Investments are designated as held at fair value through profit or loss on initial recognition and are measured at subsequent reporting dates at fair value. The fair value of listed security investments is bid price or last traded price. 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 investment policy applies methodologies consistent with IPEV Guidelines. 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 valuation process recognises also, as stated in the IPEV Guidelines, that the price of a recent investment may be an appropriate starting point for estimating fair value, however it should be evaluated using the techniques described above.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and deposits repayable on demand. Deposits are repayable on demand if they can be withdrawn at any time without notice and without penalty or if they have a maturity or period of notice of not more than one working day.

(e) Income

(i) Income from equity investments is brought into account on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Company's right to receive payment is established.

(ii) Special dividends are treated as repayments of capital or income depending on the facts of each particular case.

(iii) Interest receivable/payable on bank deposits is recognised on an accruals basis.

(iv) Overseas dividends include the taxes deducted at source.

(v) If scrip is taken in lieu of dividends in cash, the net amount of the cash dividend declared is credited to the revenue account. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised as capital.

(vi) Interest from fixed interest securities is recognised on an effective yield basis.

(f) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue account except:

(i) where they relate directly to the acquisition or disposal of an investment, (transaction costs), in which case they are recognised as capital within losses/gains on investments; and these expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty.

(ii) they relate directly to the buy-back/issuance of shares, in which case they are added to the buy-back cost or deducted from the share issuance proceeds.

With effect from 1 April 2020 the management fee is allocated 20% to revenue and 80% to capital in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio. Prior to 1 April 2020 the allocation was one-third to revenue and two-thirds to capital. The Board reviews the expense allocation policy on a yearly basis and considers whether it remains appropriate.

(g) Borrowings and Finance Costs

Bank loans and overdrafts are classified as loans and are measured at amortised cost. They are initially recorded at the proceeds received net of direct costs. Finance costs are accounted for on an accruals basis and on an effective interest basis and are allocated 20% to revenue and 80% to capital in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio. Prior to 1 April 2020 the allocation was one-third to revenue and two-thirds to capital. The Board reviews the expense allocation policy on a yearly basis and considers whether it remains appropriate.

(h) Taxation

The taxation charge represents the sum of current tax and the movement in the provision for deferred taxation during the year. Current taxation represents non-recoverable overseas taxes which is charged to the revenue accounts where it relates to income received and to capital where it relates to items of a capital nature. Deferred taxation is provided on all timing differences which have originated but not reversed by the Balance Sheet date, calculated on a non-discounted basis at the tax rates expected to apply when the timing differences reverse, based on what has been enacted or substantively enacted, relevant to the benefit or liability. Deferred tax assets are recognised only to the extent that it is more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

(i) Dividend Distributions

Interim dividends are recognised in the year in which they are paid and final dividends are recognised in the year in which the dividends are approved by the Company's shareholders in a General Meeting.

(j) Foreign Currencies

Transactions involving foreign currencies are converted at the rate ruling at the time of the transaction. Monetary assets and liabilities and fixed asset investment in foreign currencies are translated at the closing rates of exchange at the Balance Sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the Income Statement as capital or revenue as appropriate.

(k) Capital Reserve

Gains and losses on disposal of investments, changes in the fair value of investments held, exchange differences of a capital nature and the amount by which other assets and liabilities valued at fair value differ from their book cost are dealt with in the capital reserve. Purchases of the Company's own shares are also funded from this reserve. The nominal value of such shares is transferred from share capital to the capital redemption reserve if the shares are subsequently cancelled.

(l) Share Premium

The share premium reserve represents the excess of the issue price over the nominal value of shares issued less transaction costs incurred on the issue of the shares.

(m) Capital Redemption Reserve

The nominal value of ordinary share capital purchased and cancelled is transferred out of called-up share capital and into the capital redemption reserve on the relevant trade date.

(n) Revenue Reserve

The revenue profit or loss for the year is taken to or from this reserve. The revenue reserve may be distributed by way of a dividend.

2 Income

	2020 £'000	2019 £'000
Income from investments		
Overseas dividends	2,597	14,519
Other income		
Interest on withholding tax reclaims	–	4
Total income	**2,597**	**14,523**

3 Investment Management Fee

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Investment management fee	**332**	**976**	**1,308**	**600**	**1,199**	**1,799**

Details of the Investment Management Agreement are disclosed on page 20. Baillie Gifford & Co Limited's 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 & Co Limited was appointed on 29 November 2019 and agreed to waive its management fee for six months from the date of its appointment. Prior to the termination of its appointment, Edinburgh Partners AIFM Limited received £525,000 in respect of management fees, of which £215,000 represented its termination fee.

4 Other Administrative Expenses

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
General administrative expenses	210	–	**210**	237	6	**243**
Directors' fees (see Directors' Remuneration Report on page 31)	108	–	**108**	122	–	**122**
Depository and custodian fees	99	–	**99**	108	–	**108**
Auditor's remuneration – statutory audit of Company's Annual Financial Statements	24	–	**24**	17	–	**17**
	441	**–**	**441**	**484**	**6**	**490**

5 Finance Costs

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Negative interest on cash balances	19	–	**19**	9	–	**9**
Loan arrangement fee	1	2	**3**	1	2	**3**
Overdraft interest	25	76	**101**	11	22	**33**
	45	**78**	**123**	**21**	**24**	**45**

6 Tax on Ordinary Activities

	2020 £'000	2019 £'000
Analysis of charge in year		
Overseas taxation	204	837
	204	**837**
Factors affecting tax charge for year		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% (2019 – 19%)		
The differences are explained below:		
Net return on ordinary activities before taxation	125,012	(20,215)
Net return on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019 – 19%)	23,752	(3,841)
Effects of:		
Capital returns not taxable	(23,616)	6,161
Income not taxable	(492)	(2,764)
Taxable losses in year not utilised	356	443
Disallowable expenses	–	1
Overseas tax	204	837
Tax charge for the year	**204**	**837**

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

Factors that may affect future tax charges

At 30 September 2020 the Company has unrelieved losses carried forward of £17,293,000 (2019 – £15,418,000) and had a potential deferred tax asset of £3,286,000 (2019 – £2,621,000) on taxable losses which is available to be carried forward and offset against future taxable profits. A deferred tax asset has not been recognised on these losses as it is considered unlikely that the Company will make taxable revenue profits in the future and it is not liable to tax on its capital gains. The potential deferred tax asset has been calculated using a corporation tax rate of 19% (2019 – 17%).

Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

7 Net Return per Ordinary Share

	2020 Revenue	2020 Capital	2020 Total	2019 Revenue	2019 Capital	2019 Total
Net return per ordinary share	**4.17p**	**327.72p**	**331.89p**	**31.00p**	**(82.80p)**	**(51.80p)**

Revenue return per ordinary share is based on the net revenue return on ordinary activities after taxation of £1,569,000 (2019 – £12,605,000), and on 37,605,394 (2019 – 40,626,941) ordinary shares, being the weighted average number of ordinary shares in issue during each year.

Capital return per ordinary share is based on the net capital gain for the financial year of £123,240,000 (2019 – net capital loss of £33,657,000), and on 37,605,394 (2019 – 40,626,941) ordinary shares, being the weighted average number of ordinary shares in issue during each year.

There are no dilutive or potentially dilutive shares in issue.

8 Ordinary Dividends

	2020	2019	2020 £'000	2019 £'000
Amounts recognised as distributions in the year:				
Previous year's final dividend (paid 31 January 2020)	21.50p	18.00p	8,653	7,387
Interim dividend	–	9.50p	–	3,823
	21.50p	**27.50p**	**8,653**	**11,210**

Also set out below are the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of section 1158 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £1,569,000 (2019 – £12,605,000).

	2020	2019	2020 £'000	2019 £'000
Dividends paid and payable in respect of the year:				
Interim dividend	–	9.50p	–	3,823
Proposed final dividend (payable 29 January 2021)	3.50p	21.50p	1,268	8,653
	3.50p	**31.00p**	**1,268**	**12,476**

9 Investments

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

As at 30 September 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Securities				
Listed equities	369,064	–	–	**369,064**
Total financial asset investments	**369,064**	**–**	**–**	**369,064**

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

Fair Value Hierarchy

The levels are determined by the lowest (that is the least reliable or least independently observable) level of input that is significant to the fair value measurement for the individual investment in its entirety as follows:

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

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

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

The Company's unlisted ordinary share investment at 30 September 2020 was valued using the latest dealing price which is considered to be the most appropriate valuation basis as the investment was purchased on 21 September 2020.

9 Investments (continued)

	Listed equities £'000	Unlisted equities* £'000	Total £'000
Cost of investments at 30 September 2019	385,104	–	**385,104**
Investment holding losses at 30 September 2019	(16,040)	–	**(16,040)**
Value of investments at 30 September 2019	369,064	–	**369,064**
Analysis of transactions during the year:			
Purchases at cost	441,234	4,256	**445,490**
Sales proceeds received	(471,204)	–	**(471,204)**
Gains/(losses) on investments	125,507	(2)	**125,505**
Value of investments at 30 September 2020	**464,601**	**4,254**	**468,855**
Cost of investments at 30 September 2020	335,723	4,256	**339,979**
Investment holding gains/(losses) at 30 September 2020	128,878	(2)	**128,876**
Value of investments at 30 September 2020	**464,601**	**4,254**	**468,855**

* The unlisted security investment represents a holding in Northvolt.

The purchases and sales proceeds figures above include transaction costs of £542,000 (2019 – £141,000) and £141,000 (2019 – £57,000) respectively.

	2020 £'000	2019 £'000
Net gains/(losses) on investments		
(Losses)/gains on sales	(19,411)	3,228
Changes in investment holding gains/(losses)	144,916	(35,736)
	125,505	**(32,508)**

10 Debtors

	2020 £'000	2019 £'000
Accrued income and prepaid expenses	80	396
Taxation recoverable	2,389	2,333
	2,469	**2,729**

None of the above debtors are financial assets designated at fair value through profit or loss. The carrying amount of debtors is a reasonable approximation of fair value.

11 Creditors – amounts falling due within one year

	2020 £'000	2019 £'000
Overdraft facility	16,939	–
Purchases for subsequent settlement	452	–
Other creditors and accruals	1,342	237
	18,733	**237**

None of the above creditors are financial liabilities held at fair value through profit or loss. Included in other creditors is £613,000 (2019 – £152,000) in respect of the investment management fee.

The Company currently has a €30,000,000 bank overdraft credit facility agreement with The Northern Trust Company (the 'Bank') for the purpose of pursuing its investment objective. As at 30 September 2020, €18,674,000 had been drawn down (2019 – nil). The facility is uncommitted. Interest, detailed in note 5, is charged at 1.25% above the European Central Bank Main Financing Rate.

The maximum aggregate principal amount which may be outstanding under the facility at any time is the lower of €30,000,000 or 20% of the aggregated value of unencumbered assets acceptable to the Bank. The facility contains covenants preventing the Company from creating any security interest over any assets of the Company held by the Bank or incurring any other financial indebtedness without the express permission of the Bank. The Company is required to maintain its status as an investment trust authorised by HMRC and to maintain the appointment of Northern Trust Global Services SE as its Depositary. The facility also demands automatic repayment in the event of an unremedied breach by the Company or should the Company become insolvent or subject to insolvency, winding-up or administrative proceedings. There were no breaches of covenants during the year.

12 Share Capital

	2020 Number	2020 £'000	2019 Number	2019 £'000
Allotted, called up and fully paid ordinary shares of 25p each	36,219,933	9,055	40,244,369	10,061
Treasury shares of 25p each	4,024,436	1,006	–	–
Total	**40,244,369**	**10,061**	**40,244,369**	**10,061**

The Company's shareholder authority permits it to hold shares bought back in treasury. Under such authority, treasury shares may be subsequently either sold for cash (at a premium to net asset value per ordinary share) or cancelled. At 30 September 2020 the Company had authority to buy back 6,032,630 ordinary shares. During the year to 30 September 2020, no ordinary shares (2019 – 1,011,000) were bought back for cancellation and 4,024,436 (2019 – nil) ordinary shares were bought back into treasury. Under the provisions of the Company's Articles of Association share buy-backs are funded from the capital reserve.

13 Capital and Reserves

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
At 1 October 2019	10,061	123,749	8,750	217,985	13,312	**373,857**
Gains on investments	–	–	–	125,505	–	**125,505**
Investment management fee charged to capital	–	–	–	(976)	–	**(976)**
Finance costs charged to capital	–	–	–	(78)	–	**(78)**
Shares bought back into treasury	–	–	–	(37,365)	–	**(37,365)**
Exchange differences	–	–	–	(1,211)	(6)	**(1,217)**
Dividends paid in year	–	–	–	–	(8,653)	**(8,653)**
Revenue return on ordinary activities after taxation	–	–	–	–	1,575	**1,575**
At 30 September 2020	**10,061**	**123,749**	**8,750**	**303,860**	**6,228**	**452,648**

The capital reserve includes investment holding gains of £128,876,000 (2019 – losses of £16,040,000) as disclosed in note 9. The capital reserve is not distributable.

14 Net Asset Value per Ordinary Share

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

	2020	2019	2020 £'000	2019 £'000
Ordinary shares of 25p	**1,249.7p**	**929.00p**	**452,648**	**373,857**

Net asset value per ordinary share is based on the net assets as shown above and 36,219,933 (2019 – 40,244,369) ordinary shares, being the number of ordinary shares in issue at the year end, excluding shares held in treasury.

15 Analysis of Change in Net Debt

	1 October 2019 £'000	Cash flows £'000	Exchange movement £'000	30 September 2020 £'000
Cash and cash equivalents	**2,301**	**(17,966)**	**(1,217)**	**(16,882)**

16 Contingent Liabilities, Guarantees and Financial Commitments

There were no contingent liabilities, guarantees or financial commitments at either year end.

17 Transactions with Related Parties and the Managers and Secretaries

The Directors' fees for the year and interests in the Company's shares at the end of the year are detailed in the Directors' Remuneration Report on page 31. No Director has a contract of service with the Company. During the years reported, no Director was interested in any contract or other matter requiring disclosure under section 412 of the Companies Act 2006.

The Management fee due to Baillie Gifford & Co Limited is set out in note 3 on page 44 and the amount accrued at 30 September 2020 is set out in note 11 on page 48. Details of the Investment Management Agreement are set out on page 20.

18 Financial Instruments

The Company invests in equities for the long-term so as to achieve its investment objective of long-term capital growth with the aim of providing a total return in excess of the FTSE Europe Ex UK Index. The Company borrows money when the Managers have sufficient conviction that the assets funded by borrowed monies will generate a return in excess of the cost of borrowing. In pursuing its investment objective, the Company is exposed to various types of risk that are associated with the financial instruments and markets in which it invests and could result in a reduction in the Company's net assets and/or a reduction in the profits available for dividend.

These risks are categorised here as market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Board monitors closely the Company's exposures to these risks but does so in order to reduce the likelihood of a permanent loss of capital rather than to minimise short-term volatility.

The risk management policies and procedures outlined in this note have not changed substantially from the previous accounting year.

Market Risk

The fair value or future cash flows of a financial instrument or other investment held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency, interest rate risk and market price risk. The Board of Directors reviews and agrees policies for managing these risks and the Company's Investment Manager assesses the exposure to market risk when making individual investment decisions as well as monitoring the overall level of market risk across the investment portfolio on an ongoing basis. Details of the Company's investment portfolio are shown on page 15.

Currency Risk

The Company's assets, liabilities and income are denominated in currencies other than sterling (the Company's functional currency and that in which it reports its results). Consequently, movements in exchange rates may affect the sterling value of those items.

The Investment Manager monitors the Company's exposure to foreign currencies and reports to the Board on a regular basis. The Investment Manager assesses the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. However, the country in which a company is listed is not necessarily where it earns its profits. The movement in exchange rates on overseas earnings may have a more significant impact upon a company's valuation than a simple translation of the currency in which the company is quoted.

18 Financial Instruments (continued)

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

At 30 September 2020	Investments £'000	Cash and deposits £'000	Overdraft £'000	Debtors and creditors £'000	Net exposure £'000
Euro	288,731	–	(16,939)	(1,046)	**270,746**
Swedish kroner	88,859	–	–	–	**88,859**
US dollar	29,778	–	–	–	**29,778**
Norwegian krone	22,876	–	–	–	**22,876**
Danish krone	21,013	–	–	–	**21,013**
Swiss franc	17,598	–	–	–	**17,598**
Total exposure to currency risk	**468,855**	**–**	**(16,939)**	**(1,046)**	**450,870**
Sterling	–	57	–	1,721	**1,778**
	468,855	**57**	**(16,939)**	**675**	**452,648**

At 30 September 2019	Investments £'000	Cash and deposits £'000	Overdraft £'000	Debtors and creditors £'000	Net exposure £'000
Euro	304,739	2,239	–	1,009	**307,987**
Swiss franc	34,760	–	–	1,023	**35,783**
Polish zloty	9,418	–	–	193	**9,611**
Danish krone	8,828	–	–	208	**9,036**
Swedish kroner	7,731	–	–	137	**7,868**
Norwegian krone	3,588	–	–	134	**3,722**
Total exposure to currency risk	**369,064**	**2,239**	**–**	**2,704**	**374,007**
Sterling	–	62	–	(212)	**(150)**
	369,064	**2,301**	**–**	**2,492**	**373,857**

Currency Risk Sensitivity

At 30 September 2020, if sterling had strengthened by 10% in relation to all currencies, with all other variables held constant, total net assets and total return on ordinary activities would have decreased by the amounts shown below. A 10% weakening of sterling against all currencies, with all variables held constant, would have had an equal but opposite effect on the Financial Statement amounts. The analysis is performed on the same basis for 2019.

	2020 £'000	2019 £'000
Euro	27,075	30,799
Swedish kroner	8,886	787
US dollar	2,978	–
Norwegian krone	2,287	372
Danish krone	2,101	904
Swiss franc	1,760	3,578
Polish zloty	–	961
	45,087	**37,401**

18 Financial Instruments (continued)

Interest Rate Risk

Interest rate movements may affect the level of income receivable and payable on cash deposits and interest payable on variable rate borrowings. They may also impact upon the market value of the Company's investments as the effect of interest rate movements upon the earnings of a company may have a significant impact upon the valuation of that company's equity.

The possible effects on cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and when entering borrowing agreements.

The Board reviews on a regular basis the amount of investments in cash and the income receivable on cash deposits.

The Company has the ability to finance part of its activities through borrowings at approved levels. The amount of such borrowings and the approved levels are monitored and reviewed regularly by the Board.

During the year to 30 September 2020, the majority of the Company's assets were non-interest bearing. Some of the Company's cash at bank and short-term deposits were subject to a negative interest charge and there was exposure to interest bearing liabilities through the bank overdraft facility agreement.

Financial Assets

Cash deposits generally comprise overnight call or short-term money market deposits and earn interest at floating rates based on prevailing bank base rates.

Financial Liabilities

The interest rate risk profile of the Company's financial liabilities at 30 September 2020 are shown below:

	2020 £'000	2019 £'000
Overdraft – Euro denominated	**16,939**	**–**

Interest Rate Risk Sensitivity

An increase of 0.25% in interest rates, with all other variables being held constant, would have decreased the Company's net assets for the year to 30 September 2020 by £20,000 (year to 30 September 2019 – £6,000). A decrease of 0.25% would have had an equal but opposite effect.

Other Price Risk

Changes in market prices other than those arising from interest rate risk or currency risk may also affect the value of the Company's net assets. The Company's exposure to changes in market prices relates to the fixed asset investments as disclosed in note 9.

The Board manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Investment Manager. The Board meets regularly and at each meeting reviews investment performance, the investment portfolio and the rationale for the current investment positioning to ensure consistency with the Company's objectives and investment policies. The portfolio does not seek to reproduce the index, investments are selected based upon the merit of individual companies and therefore performance may well diverge from the comparative index.

Other Price Risk Sensitivity

A full list of the Company's investments is shown on page 15.

102.6% (2019 – 100%) of the Company's net assets are invested in quoted equities. A 20% increase in quoted equity valuations at 30 September 2020 would have increased total net assets and net return on ordinary activities after taxation by £92,920,000 (2019 – £73,813,000). A decrease of 20% would have had an equal but opposite effect.

Liquidity Risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is not significant as the majority of the Company's assets are in investments that are readily realisable. The Company's holding in an unlisted investment, which is not considered to be readily realisable, amounts to 0.9% of net assets at 30 September 2020.

The Company has the power to take out borrowings, which give it access to additional funding when required. The Company currently has an overdraft facility in place as detailed in note 11.

The maturity profile of the Company's financial liabilities due in less than one year at 30 September was:

	2020 £'000	2019 £'000
Overdraft facility	16,939	–
Other creditors and accruals	1,794	237
	18,733	**237**

18 Financial Instruments (continued)

Credit Risk

This is the risk that a failure of a counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss. This risk is managed as follows:

— where the Investment Manager makes an investment in a bond or other security with credit risk, that credit risk is assessed and then compared to the prospective investment return of the security in question;

— the Depositary is liable for the loss of financial instruments held in custody. The Depositary will ensure that any delegate segregates the assets of the Company. The Depositary has delegated the custody function to The Northern Trust Company. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Investment Manager monitors the Company's risk by reviewing the custodian's internal control reports and reporting its findings to the Board;

— investment transactions are carried out with a large number of brokers whose creditworthiness is reviewed by the Investment Manager. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations before any transfer of cash or securities away from the Company is completed;

— the creditworthiness of the counterparty to transactions involving derivatives, structured notes and other arrangements, wherein the creditworthiness of the entity acting as broker or counterparty to the transaction is likely to be of sustained interest, is subject to rigorous assessment by the Investment Manager; and

— cash is only held at banks that are regularly reviewed by the Investment Manager.

Credit Risk Exposure

The exposure to credit risk at 30 September was:

	2020 £'000	2019 £'000
Cash and cash equivalents	57	2,301
Debtors	2,469	2,729
	2,526	**5,030**

None of the Company's financial assets are past due or impaired.

Fair Value of Financial Assets and Financial Liabilities

The Company's investments are stated at fair value and the Directors are of the opinion that the reported values of the Company's other financial assets and liabilities approximate to fair value.

Capital Management

The objective of the Company is to maximise the total return to its equity shareholders through an appropriate capital structure. Its borrowings are set out on note 11 on page 48. The Company does not have any externally imposed capital requirements. The capital of the Company is the ordinary share capital as detailed in note 12. It is managed in accordance with its investment policy in pursuit of its investment objective, both of which are detailed on page 7, and shares may be repurchased or issued as explained on page 22.

Notice of Annual General Meeting

Covid-19 coronavirus – Important note regarding arrangements for the Annual General Meeting (AGM)

The Board of Baillie Gifford European Growth Trust plc (the 'Company') recognises the public health risk associated with the Covid-19 outbreak arising from public gatherings and notes the Government's measures restricting such gatherings, travel and attendance at workplaces. At the same time, the Board is conscious of the legal requirement for the Company to hold its AGM before the end of March. Given the current uncertainty around when public health concerns will have abated, the Board has for the time being decided to follow the Company's customary corporate timetable and, accordingly, the Company's AGM is being convened to take place as scheduled at 11am on Thursday 21 January 2021 at the offices of Baillie Gifford & Co, Calton Square, 1 Greenside Row, Edinburgh EH1 3AN, but without access for shareholders. The Board will, however, continue to monitor developments and any changes will be advised to shareholders by post and details will be updated on the Company's website. In the meantime, the Board encourages all shareholders to submit proxy voting forms as soon as possible and, in any event, by no later than 11am on 19 January 2021. We would encourage shareholders to monitor the Company's page of the Managers' website at www.bgeuropeangrowth.com. Should shareholders have questions for the Board or the Managers or any queries as to how to vote, they are welcome as always to submit them by email to trustenquiries@bailliegifford.com or call 0800 917 2112. Baillie Gifford may record your call.

Notice is hereby given that an Annual General Meeting of Baillie Gifford European Growth Trust plc will be held at the offices of Baillie Gifford & Co, Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN, on Thursday 21 January 2021 at 11am for the following purposes.

Ordinary Business

To consider and, if thought fit, to pass the following Resolutions as Ordinary Resolutions.

1. To receive and adopt the Financial Statements of the Company for the year to 30 September 2020 with the Reports of the Directors and of the Independent Auditor thereon.
2. To approve the Directors' Annual Report on Remuneration for the year to 30 September 2020.
3. To declare a final dividend of 3.50p per ordinary share.
4. To re-elect Michael MacPhee as a Director of the Company.
5. To re-elect Andrew Watkins as a Director of the Company.
6. To re-elect Michael Woodward as a Director of the Company.
7. To elect Emma Davies as a Director of the Company.
8. To re-appoint BDO LLP as Independent Auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at which the Financial Statements are laid before the Company.
9. To authorise the Directors to determine the remuneration of the Independent Auditor of the Company.
10. To consider and, if thought fit, pass the following resolution as a Special Resolution:

    That, the Company be and is hereby generally and unconditionally authorised to hold general meetings (other than Annual General Meetings) on 14 clear days' notice, such authority to expire at the conclusion of the next Annual General Meeting of the Company.

Special Business

To consider and, if thought fit, to pass Resolutions 11 and 12 as Ordinary Resolutions and Resolutions 13 and 14 as Special Resolutions.

11. That each of the ordinary shares of 25p each in the capital of the Company be subdivided into ten ordinary shares of 2.5p each (the 'New Ordinary Shares'), the New Ordinary Shares having the rights and being subject to the restrictions set out in the Articles of Association of the Company, provided that such sub-division is conditional on, and shall take effect on, admission of the New Ordinary Shares to the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange's market for listed securities by 8.00am on 1 February 2021 (or such other time and/or date as the Directors of the Company may in their absolute discretion determine).
12. That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ('Securities') provided that such authority shall be limited to the allotment of shares and the grant of rights in respect of shares with an aggregate nominal value of up to £3,018,327, such authority to expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, unless previously revoked, varied or extended by the Company in a general meeting, save that the Company may at any time prior to the expiry of this authority make an offer or enter into an agreement which would or might require Securities to be allotted or granted after the expiry of such authority and the Directors shall be entitled to allot or grant Securities in pursuance of such an offer or agreement as if such authority had not expired.
13. That, subject to the passing of Resolution 12 above, and in substitution for any existing power but without prejudice to the exercise of any such power prior to the date hereof, the Directors of the Company be and they are hereby generally empowered, pursuant to sections 570 and 573 of the Companies Act 2006 (the 'Act'), to allot equity securities (within the meaning of section 560(1) of the Act), for cash pursuant to the authority given by Resolution 12 above, and to sell treasury shares for cash, as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power:

(a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or on the expiry of 15 months from the passing of this Resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry and the Directors may allot equity securities or sell treasury shares in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and

(b) shall be limited to the allotment of equity securities or the sale of treasury shares up to an aggregate nominal value of £905,498.33, being approximately 10% of the nominal value of the issued share capital of the Company, as at 24 November 2020.

14. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of section 693(4) of the Act) of fully paid ordinary shares of 25 pence each in the capital of the Company ('ordinary shares') (either for retention as treasury shares for future reissue, resale, transfer or cancellation), provided that:

(a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 54,293,680 if Resolution 11 is approved and becomes effective or otherwise 5,429,368, or, if less, the number representing approximately 14.99% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution;

(b) the minimum price (excluding expenses) which may be paid for each ordinary share shall be the nominal value of that share;

(c) the maximum price (excluding expenses) which may be paid for each ordinary share shall not be more than the higher of:

(i) 5 per cent above the average closing price on the London Stock Exchange of an ordinary share over the five business days immediately preceding the date of purchase; and

(ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy back programmes and stabilisation of financial instruments (No. 2273/2003); and

(d) unless previously varied, revoked or renewed by the Company in a general meeting, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in respect of the year ending 30 September 2021, save that the Company may, prior to such expiry, enter into a contract to purchase ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.

15. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

That, for the purposes of and in accordance with Article 110 of the Company's Articles of Association and with effect from 1 October 2020, fees paid to Directors for their services as Directors of the Company shall not exceed in aggregate £200,000 per annum.

By order of the Board
Baillie Gifford & Co Limited
Managers and Secretaries
11 December 2020

Notes

1. As a member you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the AGM. A proxy need not be a member of the Company but must attend the AGM to represent you. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You can only appoint a proxy using the procedure set out in these notes and the notes to the proxy form. You may not use any electronic address provided either in this notice or any related documents (including the circular and proxy form) to communicate with the Company for any purpose other than those expressly stated.

2. To be valid any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand at the Registrars of the Company at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or www.eproxyappointment.com no later than 2 days (excluding non-working days) before the time of the meeting or any adjourned meeting.

3. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and/or by logging on to the website www.euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

4. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for

such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrar (ID 3RA50) no later than 2 days (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

5. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

6. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

7. The return of a completed proxy form or other instrument of proxy will not prevent you attending the AGM and voting in person if you wish.

8. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and section 311 of the Companies Act 2006 the Company specifies that to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company no later than 2 days (excluding non-working days) prior to the commencement of the AGM or any adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

9. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

10. The statement of the rights of shareholders in relation to the appointment of proxies in Notes 1 and 2 above does not apply to Nominated Persons. The rights described in those Notes can only be exercised by shareholders of the Company.

11. The members of the Company may require the Company to publish, on its website, (without payment) a statement (which is also passed to the Auditor) setting out any matter relating to the audit of the Company's Financial Statements, including the Auditor's report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5% of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address and be sent to the Company at Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN.

12. Information regarding the Annual General Meeting, including information required by section 311A of the Companies Act 2006, is available from the Company's page of the Managers' website at **www.bgeuropeangrowth.com**.

13. Given the risks posed by the spread of Covid-19 and following the related guidance received from the Government, shareholders are not expected to attend the AGM and the Company currently intends to impose entry restrictions on certain persons wishing to attend the AGM in order to ensure the safety of those having to attend the AGM to ensure it will be quorate. All shareholders are strongly encouraged to exercise their votes in respect of the AGM in advance. This should ensure that votes are registered and count at the AGM. Furthermore, the Board always welcomes questions from the Company's shareholders at the AGM and this year shareholders are invited to submit their questions to the Board in advance. The answers to these questions will be posted on the Company's page of the Managers' website after the AGM. Shareholders should submit any questions they may have to **trustenquiries@bailliegifford.com** before 15 January 2021.

14. As at 24 November 2020 (being the last practicable day prior to the publication of this notice) the Company's issued share capital consisted of 36,219,933 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 24 November 2020 were 36,219,933 votes.

15. Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the meeting as his/her proxy will need to ensure that both he/she and his/her proxy complies with their respective disclosure obligations under the UK Disclosure and Transparency Rules.

16. No Director has a contract of service with the Company.

Further Shareholder Information

Baillie Gifford European Growth Trust is an investment trust. Investment trusts offer investors the following:

- participation in a diversified portfolio of shares;
- constant supervision by experienced professional managers; and
- the Company is free from capital gains tax on capital profits realised within its portfolio, although investors are still liable for capital gains tax on profits when selling their investment.

How to Invest

The Company's shares are traded on the London Stock Exchange. They can be bought by placing an order with a stockbroker, or by asking a professional adviser to do so. If you are interested in investing directly in Baillie Gifford European Growth Trust, you can do so online. There are a number of companies offering real time online dealing services. Find out more by visiting the investment trust pages at www.bailliegifford.com.

Sources of Further Information on the Company

The price of shares is quoted daily in the Financial Times and can also be found on the Company's page of the Managers' website at www.bgeuropeangrowth.com, Trustnet at www.trustnet.co.uk and on other financial websites. Company factsheets are also available on the Baillie Gifford website and are updated monthly. These are available from Baillie Gifford on request.

Baillie Gifford European Growth Trust Identifiers

ISIN	GB0003295010
Sedol	0329501
Ticker	BGEU
Legal Entity Identifier	213800QNN9EHZ4SC1R12

The ordinary shares of the Company are listed on the London Stock Exchange.

Key Dates

Ordinary shareholders normally receive one dividend in respect of each financial year paid in January. The Annual Report and Financial Statements are normally issued in November and the AGM is normally held in January.

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 703 0025.

This helpline also offers an automated self-service functionality (available 24 hours a day, 7 days a week) which allows you to:

- hear the latest share price;
- confirm your current share holding balance; and
- order Change of Address and Stock Transfer forms.

You can also check your holding on the Registrars' website at www.investorcentre.co.uk. They also offer a free, secure share management website service which allows you to:

- view your share portfolio and see the latest market price of your shares;
- calculate the total market price of each shareholding;
- view price histories and trading graphs;
- change address details; and
- use online dealing services.

To take advantage of this service, please log in at www.investorcentre.co.uk and enter your Shareholder Reference Number and Company Code (this information can be found on your share certificate).

Electronic Proxy Voting

If you hold stock in your own name you can choose to vote by returning proxies electronically at www.eproxyappointment.com.

If you have any questions about this service please contact Computershare on 0370 889 4086.

CREST Proxy Voting

If you are a user of the CREST system (including a CREST Personal Member), you may appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. For further information please refer to the CREST Manual.

Analysis of Shareholders at 30 September

	2020 Number of shares held	2020 %	2019 Number of shares held	2019 %
Institutions	14,144,592	39.0	23,341,806	58.0
Intermediaries/ Retail Savings Platforms	18,747,669	51.8	12,841,840	31.9
Individuals	3,206,872	8.9	3,755,939	9.3
Marketmakers	120,800	0.3	304,784	0.8
	36,219,933	**100.0**	**40,244,369**	**100.0**

These Financial Statements have been approved by the Directors of Baillie Gifford European Growth Trust plc. Baillie Gifford only provides information about its products and does not provide investment advice. The staff of Baillie Gifford and Baillie Gifford European Growth Trust's Directors may hold shares in Baillie Gifford European Growth Trust and may buy or sell such shares from time to time.

Risks

Past performance is not a guide to future performance.

Baillie Gifford European Growth Trust is a listed UK Company. As a result, the value of the shares and any income from those shares 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 the 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 the 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.

With effect from 1 April 2020, Baillie Gifford European Growth Trust charges 80% of its investment management fee and borrowing costs to capital, which reduces the capital value. For the six months to 31 March 2020, Baillie Gifford European Growth Trust charged two-thirds of its investment management fee and borrowing costs to capital. Where income is low, expenses may be greater than the total income received, meaning the Company may not pay a dividend and the capital value would be further reduced.

Baillie Gifford European Growth Trust's risk could be increased by its investment in private companies. 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.

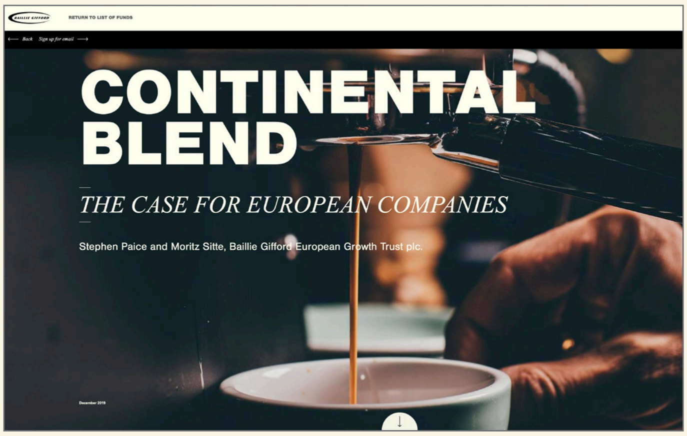
The staff of Baillie Gifford & Co and Baillie Gifford European Growth Trust Directors may hold shares in Baillie Gifford European Growth Trust and may buy or sell such shares from time to time.

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 **www.bgeuropeangrowth.com** or by calling Baillie Gifford on 0800 917 2112.

The information and opinions expressed in this document 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.

Communicating with Shareholders

Trust Magazine



A Baillie Gifford European Growth Trust web page at www.bgeuropeangrowth.com

Trust Magazine

Trust is the Baillie Gifford investment trust magazine which is published twice a year. It provides an insight to our investment approach by including interviews with our fund managers, as well as containing investment trust news, investment features and articles about the trusts managed by Baillie Gifford, including Baillie Gifford European Growth Trust. *Trust* plays an important role in helping to explain our products so that readers can really understand them. For a copy of *Trust*, please contact the Baillie Gifford Client Relations Team (see contact details opposite).

An online version of *Trust* can be found at www.bailliegifford.com/trust

Baillie Gifford European Growth Trust on the Web

Up-to-date information about Baillie Gifford European Growth Trust is available on the Company's page of the Managers' website at www.bgeuropeangrowth.com. You will find full details of the Company, including recent portfolio information and

Electronic Communications from the Company

Shareholders now have the opportunity to be notified by email when the Company's Annual Reports, Interim Reports and other formal communications are available on the website, instead of receiving printed copies by post. This has environmental benefits in the reduction of paper, printing, energy and water usage, as well as reducing costs to the Company.

If you have not already elected to receive electronic communications from the Company and wish to do so, please contact the Registrar using the details shown on page 56. Please have your Shareholder Reference Number to hand.

Suggestions and Questions

Any suggestions on how communications with shareholders can be improved are welcomed, so please contact the Baillie Gifford Client Relations Team and give them your suggestions. They will also be very happy to answer questions that you may have about Baillie Gifford European Growth Trust.

Client Relations Team Contact Details

You can contact the Baillie Gifford Client Relations Team by telephone, email or post:

Telephone: 0800 917 2112
Your call may be recorded for training or monitoring purposes.

Email: trustenquiries@bailliegifford.com
Website: www.bailliegifford.com

Baillie Gifford Client Relations Team
Calton Square
1 Greenside Row
Edinburgh EH1 3AN

Alternative Investment Fund Managers (AIFM) Directive

In accordance with the AIFM Directive, information in relation to the Company's leverage and the remuneration of the Company's AIFM, Baillie Gifford & Co Limited, is required to be made available to investors.

AIFM Remuneration

In accordance with the Directive, the AIFM remuneration policy is available at www.bailliegifford.com or on request (see contact details on the back cover). The numerical remuneration disclosures in respect of the AIFM's reporting period are available at www.bailliegifford.com.

Leverage

The Company's maximum and actual leverage (see Glossary of Terms and Alternative Performance Measures on pages 60 and 61) levels at 30 September 2020 are shown below:

	Gross method	Commitment method
Maximum limit	2.50:1	2.00:1
Actual	1.04:1	1.04:1

Automatic Exchange of Information

In order to fulfil its obligations under UK Tax Legislation relating to the automatic exchange of information, the Company is required to collect and report certain information about certain shareholders.

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

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

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

Third Party Data Provider Disclaimer

No third party data provider ('Provider') makes any warranty, express or implied, as to the accuracy, completeness or timeliness of the data contained herewith nor as to the results to be obtained by recipients of the data.

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FTSE Index Data

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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. 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.

	2020	2019
Closing NAV per share	1,249.7p	929.0p
Closing share price	1,220.0p	810.0p
Discount	**2.4%**	**12.8%**

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.

		2020 NAV	2020 Share price	2019 NAV	2019 Share price
Closing NAV per share/share price	(a)	1,249.7p	1,220.0p	929.0p	810.0p
Dividend adjustment factor*	(b)	1.0224	1.0235	1.0309	1.0353
Adjusted closing NAV per share/share price	(c = a x b)	1,277.7p	1,248.7p	957.7p	838.6p
Opening NAV per share/share price	(d)	929.0p	810.0p	1,004.3p	908.0p
Total return	(c ÷ d)-1	**37.5%**	**54.2%**	**(4.6%)**	**(7.6%)**

* The dividend adjustment factor is calculated on the assumption that the dividends of 21.5p (2019 – 27.5p) paid by the Company during the year were reinvested into shares of the Company at the cum income NAV per share/share price, as appropriate, at the ex-dividend date.

Ongoing Charges (APM)

The total expenses (excluding borrowing costs) incurred by the Company as a percentage of the average net asset value. The ongoing charges have been calculated on the basis prescribed by the Association of Investment Companies.

A reconciliation from the expenses detailed in the Income Statement on page 38 is provided below.

		2020	2019
Investment management fee		£1,093,000	£1,799,000
Other administrative expenses		£441,000	£490,000
Total expenses	(a)	£1,534,000	£2,289,000
Average net asset value	(b)	£375,086,000	£369,194,000
Ongoing charges ((a) ÷ (b) expressed as a percentage)		**0.41%**	**0.62%**

Baillie Gifford & Co Limited was appointed on 29 November 2019 and agreed to waive its management fee for six months from the date of its appointment. The calculation for 2020 above is therefore not representative of future management fees. The reconciliation below shows the ongoing charges figure if the management fee waiver had not been in place.

		2020	2019
Investment management fee		£1,093,000	£1,799,000
Investment management fee waiver		£951,000	–
Other administrative expenses		£441,000	£490,000
Total expenses	(a)	£2,485,000	£2,289,000
Average net asset value	(b)	£375,086,000	£369,194,000
Ongoing charges ((a) ÷ (b) expressed as a percentage)		**0.66%**	**0.62%**

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.

Equity gearing is the Company's borrowings adjusted for cash and cash equivalents expressed as a percentage of shareholders' funds.

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

Leverage (APM)

For the purposes of the Alternative Investment Fund Managers (AIFM) Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other.

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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Directors

Chairman:
Michael MacPhee

Michael Moule
Andrew Watkins
Dr Michael Woodward

Alternative Investment Fund Managers, Secretaries and Registered Office

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Company Details

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Sedol 0329501
Ticker BGEU

Legal Entity Identifier:
213800QNN9EHZ4SC1R12

Further Information

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