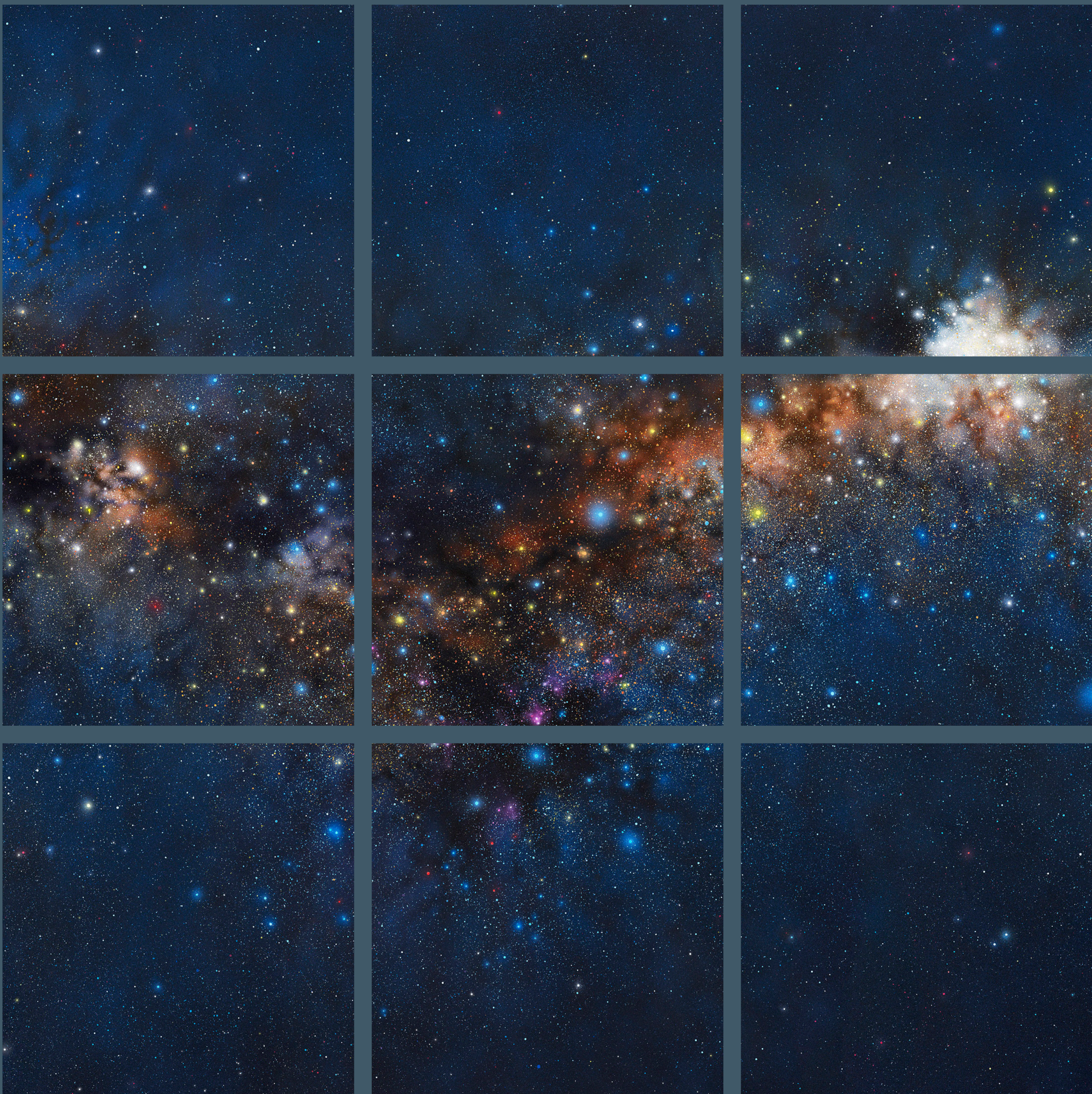
EDINBURGH WORLDWIDE INVESTMENT TRUST plc

Growth companies
shaping our tomorrow



Annual Report and Financial Statements
31 October 2019

Edinburgh Worldwide's objective is the achievement of long term capital growth by investing primarily in listed companies throughout the world.

Contents

Investor Disclosure Document

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

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.

Edinburgh Worldwide Investment 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 in relation to non-mainstream investment products.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If 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 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser.

If you have sold or otherwise transferred all of your ordinary shares in Edinburgh Worldwide Investment Trust plc, please forward this document, together with any accompanying documents, but not your personalised Form of Proxy or Form of Direction, 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.

Financial Highlights – Year to 31 October 2019

Share Price† 6.7%

Net Asset Value† 7.4%
(borrowings at fair value)#

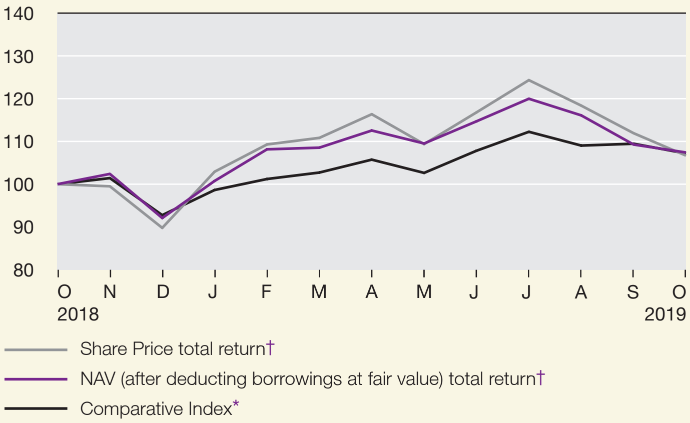
Comparative Index† 7.2%

†All figures total return.

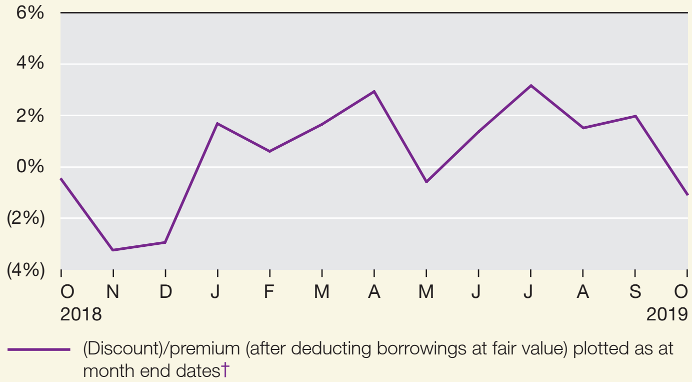
#Alternative performance measure, See Glossary of Terms and Alternative Performance Measures on pages 64 and 65.

Net Asset Value, Share Price and Comparative Index

(rebased to 100 at 31 October 2018)



(Discount)/Premium to Net Asset Value



* S&P Global Small Cap Index total return (in sterling terms).

†Alternative performance measure, see Glossary of Terms and Alternative Performance Measures on pages 64 and 65.

Source: Refinitiv/Baillie Gifford and relevant underlying index providers. See disclaimer on page 63.

Past performance is not a guide to future performance.

Company Summary

Investment Policy

Edinburgh Worldwide Investment Trust plc aims to achieve long term capital growth by investing primarily in listed companies throughout the world. Further details of the investment policy are given in the Business Review on page 7.

Comparative Index

The index against which performance is compared is the S&P Global Small Cap Index total return (in sterling terms). Prior to 1 February 2014 the comparative index was the MSCI All Countries World Index (in sterling terms). For periods commencing prior to this date, the returns on these indices for their respective periods are linked together to form a single comparative index.

Management Details

The Company has appointed Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, as its Alternative Investment Fund Manager and Company Secretaries. Baillie Gifford & Co Limited has delegated portfolio management services to Baillie Gifford & Co. Dealing activity and transaction reporting have been further sub-delegated to Baillie Gifford Overseas Limited. The Management Agreement can be terminated on three months' notice.

With effect from 1 January 2019 the annual management fee is 0.75% on the first £50 million of net assets, 0.65% on the next £200 million of net assets and 0.55% on the remaining net assets. Prior to 1 January 2019 the fee was 0.95% on the first £50 million of net assets, 0.65% on the next £200 million of net assets and 0.55% on the remaining net assets. Management fees are calculated and payable quarterly.

Capital Structure

At the year end the Company's share capital consisted of 302,598,695 fully paid ordinary shares of 1p each. The Company currently has powers to buy back shares at a discount to net asset value per share for cancellation or retention as treasury shares as well as to issue shares/sell treasury shares at a premium to net asset value.

Following a five for one share split on 28 January 2019, each ordinary share of 5p was replaced with five new ordinary shares of 1p each.

AIC

The Company is a member of the Association of Investment Companies.

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.

Strategic Report

This Strategic Report, which includes pages 2 to 18 and incorporates the Chairman's Statement, has been prepared in accordance with the Companies Act 2006.

Chairman's Statement

Henry Strutt, Chairman

Performance

In the year to 31 October 2019, the Company's net asset value ('NAV') per share, when calculated by deducting borrowings at fair value, increased by 7.4% and the share price by 6.7%, both in total return terms. The comparative index, the S&P Global Small Cap Index* total return, increased by 7.2% in sterling terms during this period. Over the course of the financial year the share price averaged a 1.0% premium to net assets, with borrowings deducted at fair value. Portfolio turnover was 4.5% compared to 12.6% in 2018 and the ongoing charges have reduced to 0.75% from 0.81%.

The good relative and absolute performance was driven by several holdings, most notably Novocure, a US manufacturer of medical devices for cancer treatment, Seattle Genetics, a US biotechnology developer of monoclonal antibodies, and Galapagos, a Belgian clinical stage biotechnology company. On balance, the underlying performance of the holdings in the portfolio continues to progress as hoped. Greater detail on this can be found within the Managers' Review on pages 10 and 11.

Management Fee

During the year, a change was made to the management fee structure resulting in a £100,000 per annum saving to the Company. With effect from 1 January 2019, the calculation of the first tier of the management fee charged on the first £50 million of net assets was reduced from 0.95% to 0.75%. The annual management fee payable by the Company is now charged at a rate of 0.75% on the first £50 million of net assets, at 0.65% on the next £200 million of net assets and at 0.55% on the remaining net assets. The fee continues to be calculated and paid on a quarterly basis.

Share Buybacks, Treasury and Issuance

The Company will once again be seeking to renew its share buyback, issuance and treasury share authorities. The buyback facility is sought to allow the Company to buy back its own shares when the discount is substantial in absolute terms and relative to its peers. Issuance, either from treasury or of new shares, will only be undertaken at a premium to the prevailing NAV, with debt calculated at par, in order to satisfy natural market demand. This would enhance the NAV per share for existing shareholders as well as dilute ongoing costs and help with the trading liquidity of the shares of the Company.

Over the course of the last financial year, the Company has issued over 16.5 million new shares at a premium to its NAV, raising net proceeds of £30.9 million and increasing the NAV per share by 0.11%. This equates to 5.8% of the issued share capital at the start of the year. This, along with good investment performance and the reduced rate of management fee, has contributed to the reduction in the Company's ongoing charges for the year.

Unlisted Investments

At last year's Annual General Meeting shareholders approved an increase in the permissible limit of investment in unlisted investments from 5% to 15% of total assets at the time of initial investment.

Shareholders should keep in mind that this is a ceiling to exposure rather than an aspirational target. As at the Company's year end, the portfolio weighting in unlisted investments stood at 5.5% of total assets, invested in seven companies (2018 – 3.2% of total assets in five companies). Two new unlisted investments were made during the year: Space Exploration Technologies ('SpaceX'), a US company that designs, manufactures and launches advanced rockets and spacecraft; and, PsiQuantum, a US developer of commercial quantum computing. Additions were made to the existing investments in Oxford Nanopore Technologies, Reaction Engines and Spire. The other two unlisted investments in the portfolio are Akili Interactive Labs and KSQ Therapeutics.

Borrowings

The extent and range of equity gearing is discussed by the Board and Managers at each Board meeting. Both parties agree that the Company should typically be geared to equities to maximise potential returns, with the current aspirational parameters set at +5% to +15%. Over the year, the invested gearing ranged between 5.0% and 9.2%, and stood at 6.6% at the financial year end (2018 – 5.3%).

* See disclaimer on page 63.

For a definition of terms see Glossary of Terms and Alternative Performance Measures on pages 64 and 65.

Past performance is not a guide to future performance.

As at 31 October 2018, the Company had a five year fixed rate facility with National Australia Bank Limited with an expiry date of 30 September 2019 and a five year £25 million revolving credit facility with National Australia Bank Limited with an expiry date of 29 June 2023. On its expiry, the five year fixed rate facility was refinanced with a five year £36 million revolving credit facility with National Australia Bank Limited with an expiry date of 30 September 2024. As at 31 October 2019, the Company had drawings of €2,821,800, US$37,090,500 and £17,500,000.

Earnings and Dividend

The Company's objective is to generate capital growth and investors should not expect any dividend from this investment. This year the net revenue return per share was a negative 0.23p (2018 – negative 0.19p). As the revenue account is running at a deficit, no final dividend is being recommended by the Board. Should the level of underlying income increase in future years, the Board will seek to distribute to shareholders the minimum permissible to maintain investment trust status by way of a final dividend.

Board Composition

Mr William Ducas intends to retire from the Board in 2020. A search consultancy has been engaged to find two new non-executive Directors to create flexibility for further Board changes in the future. The Company's Nominations Committee has identified the skills and experience required; its priority is to identify candidates with the best range of skills and experience to complement existing Directors; this search is now under way. The Board does not consider it appropriate to set diversity targets or apply a diversity policy. The Board intends to engage an independent consultancy to undertake a review of governance and Board effectiveness in 2020, once the new Directors have been appointed.

Investment Outlook

For some investors, uncertainty regarding Brexit has resulted in risk aversion and a desire to withdraw exposure to equities. The reality for this portfolio is that should sterling weaken in aggregate against other currencies, then investor returns are likely to increase as the majority of assets within the portfolio are non-sterling denominated. Therefore, the converse holds true. Rather than focusing on macro-economic developments, your managers continue to direct their efforts to picking the best entrepreneurial, immature growth companies that create and exploit investment opportunities, and which exhibit excellent long-term growth prospects and the potential for positive long term returns wherever they are listed. The managers and the Board remain enthused by the prospects for the holdings within the portfolio and the many exciting company specific developments being announced. Whilst markets exhibit volatility, the investment trust structure permits the managers and discerning long-term investors to take positions for the long term when the tide of money or sentiment depresses valuations.

An overview of the portfolio is provided on pages 10 and 11.

Annual General Meeting

The Annual General Meeting of the Company will be held at Baillie Gifford's offices in Edinburgh at 12 noon on Wednesday 22 January 2020. The Directors consider that all resolutions put to shareholders are in their and the Company's best interests as a whole and recommend that shareholders vote in their favour.

Further information, including the proposed resolutions and information on the deadlines for proxy appointments, can be found on pages 57 to 59. 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 attend and/or vote at the Annual General Meeting.

Douglas Brodie, the portfolio's lead manager, and Svetlana Viteva and Luke Ward, joint deputy portfolio managers, will give a presentation and take questions. The Board will also be available to respond to any questions that you may have. I hope that you will be able to attend.

Henry CT Strutt
Chairman
4 December 2019

One Year Summary*

The following information illustrates how Edinburgh Worldwide has performed over the year to 31 October 2019.

	31 October 2019	31 October 2018 †	% change
Total assets (before deduction of loan)	£585.3m	£521.1m	
Borrowings	£48.6m	£48.6m	
Shareholders' funds	£536.7m	£472.5m	
Net asset value per ordinary share (after deducting borrowings at fair value)#	177.37p	165.14p	7.4
Net asset value per ordinary share (after deducting borrowings at book value)	177.37p	165.16p	7.4
Share price	175.40p	164.40p	6.7
S&P Global Small Cap Index capital return (in sterling terms)‡	467.90	445.84	4.9
Dividends paid and proposed per ordinary share	Nil	Nil	
Revenue (loss)/profit per ordinary share	(0.23p)	(0.19p)	
Ongoing charges#	0.75%	0.81%	
Discount (borrowings at fair value)#	(1.1%)	(0.5%)	
Discount (borrowings at book value)#	(1.1%)	(0.5%)	
Active share#	99%	98%	

Year to 31 October	2019	2018
Total returns (%)‡		
Net asset value (after deducting borrowings at fair value)#	7.4	14.9
Share price	6.7	19.0
Comparative Index (in sterling terms)¶	7.2	0.1

Year to 31 October	2019	2019	2018 †	2018 †
Year's high and low	**High**	**Low**	**High**	**Low**
Share price	205.60p	143.60p	204.00p	138.10p
Net asset value (after deducting borrowings at fair value)#	201.34p	142.87p	199.74p	141.16p
Net asset value (after deducting borrowings at book value)	201.36p	142.89p	199.77p	141.39p
Premium/(discount) (borrowings at fair value)#	4.9%	(6.5%)	6.7%	(4.6%)
Premium/(discount) (borrowings at book value)#	4.8%	(6.5%)	6.7%	(4.8%)

	31 October 2019	31 October 2018 †
Net return per ordinary share		
Revenue	(0.23p)	(0.19p)
Capital	11.57p	18.68p
Total	**11.34p**	**18.49p**

Performance since broadening of investment policy	31 October 2019	31 January 2014 †	% change (capital)	% change (total return)
69 months from 31 January 2014				
Net asset value per ordinary share (after deducting borrowings at fair value)#	177.37p	87.34p	103.1	104.0
Net asset value per ordinary share (after deducting borrowings at book value)	177.37p	87.43p	102.9	103.8
Share price	175.40p	81.00p	116.5	117.6
Comparative Index (in sterling terms)¶	467.90	286.06	63.6	83.1

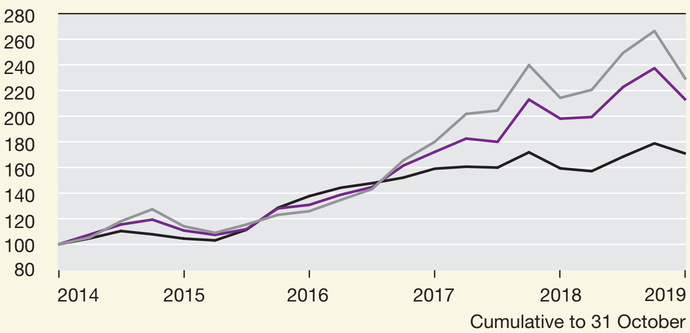
*For a definition of terms see Glossary of Terms and Alternative Performance Measures on pages 64 and 65. †All per share figures have been restated for the five for one share split on 28 January 2019. #Alternative performance measure, see Glossary of Terms and Alternative Performance Measures on pages 64 and 65. ‡Source: Refinitiv/Baillie Gifford and relevant underlying index providers. See disclaimer on page 63. ¶S&P Global Small Cap Index total return (in sterling terms). Past performance is not a guide to future performance.

Five Year Summary*

The following charts indicate how Edinburgh Worldwide has performed relative to its comparative index† and the relationship between share price and net asset value over the five year period to 31 October 2019.

Five Year Total Return Performance

(figures rebased to 100 at 31 October 2014)



Source: Refinitiv and relevant underlying index providers#.

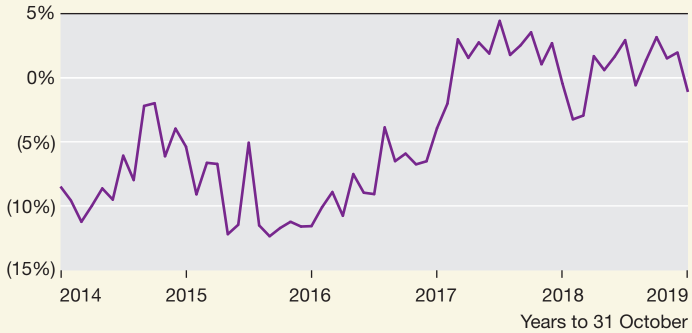
Share price total return

NAV (after deducting borrowings at fair value) total return

Comparative index† (in sterling terms) total return

(Discount)/Premium to Net Asset Value

(plotted on a monthly basis)

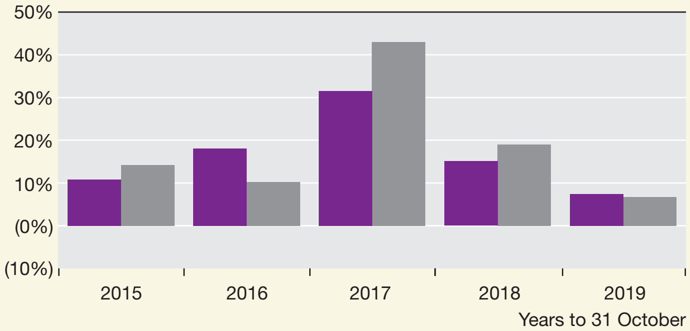


Source: Refinitiv/Baillie Gifford.

Edinburgh Worldwide discount

The (discount)/premium is the difference between Edinburgh Worldwide's quoted share price and its underlying net asset value (after deducting borrowings at fair value).

Annual Net Asset Value and Share Price Total Returns

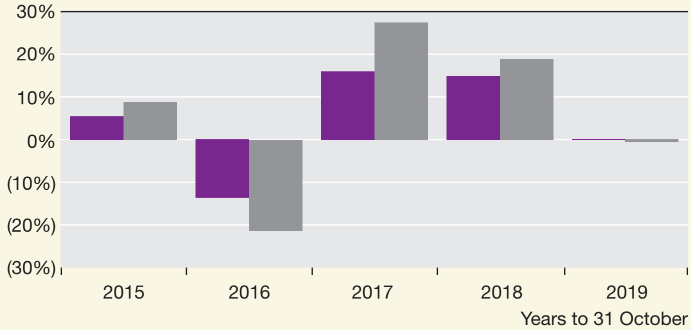


Source: Refinitiv.

NAV (after deducting borrowings at fair value) total return

Share price total return

Relative Annual Net Asset Value and Share Price Total Returns (relative to the benchmark total return)



Source: Refinitiv and relevant underlying index providers#.

NAV (after deducting borrowings at fair value) total return relative to the comparative index†

Share price total return relative to the comparative index†

* For a definition of terms see Glossary of Terms and Alternative Performance Measures on pages 64 and 65.

† The comparative index is the S&P Global Small Cap Index total return (in sterling terms).

See disclaimer on page 63.

Past performance is not a guide to future performance.

Ten Year Record*

Capital

At 31 October	Total assets † £'000	Borrowings £'000	Shareholders' funds £'000	Net asset value per share (fair) # p	Net asset value per share (book) # p	Share price p	Discount (fair) ‡ %	Discount (book) ‡ %
2009	149,312	(23,501)	125,811	51.35	51.35	44.15	14.0	14.0
2010	177,716	(24,803)	152,913	62.41	62.41	55.00	11.9	11.9
2011	179,621	(29,981)	149,640	60.85	61.07	52.80	13.2	13.5
2012	186,209	(29,318)	156,891	63.79	64.03	56.10	12.0	12.4
2013	241,969	(29,823)	212,146	86.46	86.58	81.00	6.3	6.4
2014	237,224	(30,862)	206,362	84.12	84.22	77.00	8.5	8.6
2015	258,155	(30,799)	227,356	92.55	92.79	87.60	5.3	5.6
2016	305,520	(36,908)	268,612	109.23	109.63	96.60	11.6	11.9
2017	387,863	(35,024)	352,839	143.78	144.00	138.10	3.9	4.1
2018	521,102	(48,628)	472,474	165.14	165.16	164.40	0.5	0.5
2019	**585,314**	**(48,596)**	**536,718**	**177.37**	**177.37**	**175.40**	**1.1**	**1.1**

† Total assets comprise total assets less current liabilities, before the deduction of borrowings.

Net asset value per ordinary share has been calculated after deducting long term borrowings at either book value or fair value (see note 15, page 56 and Glossary of Terms and Alternative Performance Measures on pages 64 and 65).

‡ Discount is the difference between Edinburgh Worldwide's quoted share price and its underlying net asset value (deducting borrowings at either book or fair value) expressed as a percentage of net asset value. See Glossary of Terms and Alternative Performance Measures on pages 64 and 65.

Revenue

Year to 31 October	Income £'000	Net return on ordinary activities after tax £'000	Revenue earnings per ordinary share p	Dividend paid and proposed per ordinary share (net) p	Ongoing charges ¶ %	Ongoing charges (incl. performance fee) § %
2009	3,088	1,816	0.74	0.60 ††	1.08	1.08
2010	1,931	910	0.37	0.40	1.03	1.06
2011	2,412	1,231	0.50	0.40	1.02	1.02
2012	2,414	1,225	0.50	0.40	1.02	1.02
2013	1,987	823	0.34	0.40	0.99	0.99
2014	1,186	68	0.03	0.40	0.92	0.92
2015	1,106	(90)	(0.04)	Nil	0.93	0.93
2016	1,178	(61)	(0.02)	Nil	0.92	0.92
2017	1,268	149	0.06	Nil	0.87	0.87
2018	1,270	(497)	(0.19)	Nil	0.81	0.81
2019	**1,229**	**(684)**	**(0.23)**	**Nil**	**0.75**	**0.75**

Gearing Ratios

Year to 31 October	Gearing ^ %	Potential gearing ** %
2009	13	19
2010	14	16
2011	14	20
2012	17	19
2013	8	14
2014	10	15
2015	10	14
2016	9	14
2017	9	10
2018	5	10
2019	**7**	**9**

¶ Total operating costs divided by average net asset value (with debt at fair value). Figures prior to 2012 have not been recalculated as the change in methodology is not considered to result in a materially different figure. See Glossary of Terms and Alternative Performance Measures on pages 64 and 65.

§ Total operating costs divided by average net asset value (with debt at fair value). No performance fee is payable under the current management fee arrangements (see note 3 on page 44 and Glossary of Terms and Alternative Performance Measures on pages 64 and 65).

^ Borrowings less cash and cash equivalents expressed as a percentage of shareholder's funds. See Glossary of Terms and Alternative Performance Measures on pages 64 and 65.

** Borrowings expressed as a percentage of shareholders' funds. See Glossary of Terms and Alternative Performance Measures on pages 64 and 65.

†† Includes special dividend.

Cumulative Performance (taking 2009 as 100)

At 31 October	Net asset value per share (at fair)	Net asset value total return (at fair) ^^	Comparative index ‡‡	Comparative index total return ^^	Share price	Share price total return ^^	Retail price index
2009	100	100	100	100	100	100	100
2010	122	123	115	118	125	126	105
2011	119	120	112	118	120	122	110
2012	124	127	119	129	127	131	114
2013	168	173	144	161	183	190	117
2014	164	169	146	166	174	181	119
2015	180	187	151	175	198	207	120
2016	213	220	195	230	219	228	123
2017	280	290	221	266	313	326	127
2018	322	333	217	266	372	388	132
2019	**345**	**358**	**228**	**285**	**397**	**414**	**134**
Compound annual returns							
5 year	16.1%	16.2%	9.3%	11.5%	17.9%	14.9%	2.4%
10 year	13.2%	13.6%	8.6%	11.0%	14.8%	15.3%	3.0%

^^ Source: Refinitiv and relevant underlying index providers. See disclaimer on page 63. ‡‡MSCI All Countries World Index (in sterling terms) until 31 January 2014, thereafter the S&P Global Small Cap Index (in sterling terms). The index data has been chain linked to form one comparative index figure.

* For a definition of terms see Glossary of Terms and Alternative Performance Measures on pages 64 and 65.

All per share figures have been restated for the five for one share split on 28 January 2019. Past performance is not a guide to future performance.

Business Review

Business Model

Business and Status

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 for the purposes of the EU Alternative Investment Fund Managers Directive.

Objective and Policy

The Company's current investment objective and policy is set out below.

Edinburgh Worldwide's investment objective is the achievement of long term capital growth by investing primarily in listed companies throughout the world.

While the policy is global investment, the approach adopted is to construct a portfolio through the identification of individual companies which offer long term growth potential, normally over at least a five year horizon and which typically have a market capitalisation of less than US$5bn at the time of initial investment. The portfolio is actively managed and does not seek to track the comparative index hence a degree of volatility against the index is inevitable.

In constructing the equity portfolio a spread of risk is achieved by diversifying the portfolio through investment in:

— 75 to 125 holdings

— a minimum of 6 countries

— a minimum of 15 industries

On acquisition, no holding shall exceed 5% of total assets and no more than 15% of the Company's total assets will be invested in other listed investment companies. No more than 10% of the Company's total assets will be invested in other pooled vehicles, such as open ended funds.

Unlisted investments may be held. On acquisition of any unlisted investment, the Company's aggregate holding in unlisted investments shall not exceed 15% of total assets. From time to time, fixed interest holdings or non equity investments, may be held on an opportunistic basis.

Derivative instruments are not normally used but, in certain circumstances and with the prior approval of the Board, their use may be considered either as a hedge or to exploit an investment opportunity.

The Company recognises the long term advantages of gearing and would seek to have a maximum gearing level of 30% of shareholders' funds in the absence of exceptional market conditions.

Borrowings are invested when it is considered that investment grounds merit the Company taking a geared position. Gearing levels, and the extent of gearing, are discussed by the Board and Managers at every Board Meeting.

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 net asset value per ordinary share (after deducting borrowings at fair value);

— the movement in the share price;

— the movement of the net asset value and share price compared to the comparative index;

— the premium/discount of the share price to the net asset value per share; and

— the ongoing charges.

An explanation of these measures can be found in the Glossary of Terms and Alternative Performance Measures on pages 64 and 65.

The one, five and ten year records of the KPIs are shown on pages 4, 5 and 6, respectively.

Borrowings

At 31 October 2018 the Company had a five year fixed rate facility with National Australia Bank Limited with an expiry date of 30 September 2019 and a five year £25 million revolving credit facility with National Australia Bank Limited with an expiry date of 29 June 2023. On its expiry the five year fixed rate facility was refinanced with a five year £36 million revolving credit facility with National Australia Bank Limited with an expiry date of 30 September 2024, which was an approximate sterling equivalent amount to the borrowings drawn under the fixed rate facility at the expiry date. At 31 October 2019 the drawings were €1,410,900, US$18,545,250 and £8,750,000 under each of the two revolving credit facilities (31 October 2018 – €9,400,000, US$25,600,000 and £7,500,000 under the fixed rate facility and €2,128,263, US$9,895,500 and £3,125,000 under the £25 million floating rate facility) (see note 10 on page 48 for the sterling equivalent at each year end).

Principal Risks

As explained on pages 26 and 27 there is a process for identifying, evaluating and managing the risks faced by the Company on a regular basis. The Directors have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. There have been no significant changes to the principal risks during the year. A description of these risks and how they are being managed or mitigated is set out below.

Financial Risk – the Company's assets consist mainly of listed securities and its principal financial risks are therefore market related and include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. An explanation of those risks and how they are managed is contained in note 15 to the Financial Statements on pages 50 to 56. As oversight of this risk, the Board considers at each meeting various metrics including the composition and diversification of the portfolio by geographies, sectors and capitalisation along with sales and purchases of investments. Individual investments are discussed with the portfolio managers together with their general views on the various investment markets and sectors. A strategy meeting is held annually.

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. The Board monitors the level of discount/premium at which the shares trade and the Company has authority to buy back its existing shares or issue shares (including authority to sell shares held in treasury), when deemed by the Board to be in the best interests of the Company and its shareholders.

Regulatory Risk – failure to comply with applicable legal and regulatory requirements such as the tax rules for investment trust companies, the UKLA 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 risk, Baillie Gifford's Business Risk, Internal Audit and Compliance Departments provide regular reports to the Audit and Management Engagement 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 breaches of cyber security. To monitor potential risk, the Audit and Management Engagement Committee receives six monthly 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 who also agree uncertificated unlisted portfolio holdings to confirmations from investee companies. In addition, the existence of assets is subject to annual external audit and 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 and Management Engagement Committee and any concerns investigated.

Small Company Risk – the Company has investments in smaller, immature companies which are generally considered higher risk as changes in their share prices may be greater and the shares may be harder to sell. Smaller, immature companies may do less well in periods of unfavourable economic conditions. To mitigate this risk, the Board reviews the investment portfolio at each meeting and discusses the merits and characteristics of individual investments with the Managers. A spread of risk is achieved by holding stocks classified across at least fifteen industries and six countries.

Unlisted Investments – the Company's risk is increased by its investment in unlisted investments. These assets may be more difficult to buy or sell, so changes in their prices may be greater. To mitigate this risk, the Board considers the unlisted investments in the context of the overall investment strategy and provides guidance to the Managers on the maximum exposure to unlisted investments.

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 or major disaster. The Audit and Management Engagement Committee 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.

Leverage Risk – the Company may borrow money for investment purposes. If the investments fall in value, any 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 risk, 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 in note 17 on page 56 and the Glossary of Terms and Alternative Performance Measures on pages 64 and 65.

Political and Associated Economic Risk – the Board is of the view that political change in areas in which the Company invests or may invest may have practical consequences for the Company. Political developments are closely monitored and considered by the Board. The Board continues to monitor developments as they occur regarding the Government's intention that the UK should leave the European Union and to assess the potential consequences for the Company's future activities. Whilst there remains considerable uncertainty, the Board believes that the Company's global portfolio, with only a moderate exposure to the United Kingdom, positions the Company to be suitably insulated from Brexit-related risk.

Viability Statement

In accordance with provision C.2.2 of the UK Corporate Governance Code the Directors have assessed the prospects of the Company over a minimum period of five years. The Directors continue to believe this period to be appropriate as it is reflective of the longer term investment strategy of the Company, and to be a period during which, in the absence of any adverse change to the regulatory environment and to the favourable 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 adequacy of the mitigating controls in place. Also, the Directors do not envisage any change in strategy or objectives or any events that would prevent the Company from continuing to operate over that period.

In considering the viability of the Company, the Directors have conducted a robust assessment of each of the Company's principal risks and uncertainties detailed on pages 8 and 9 and in particular the impact of a significant fall in the global equity markets on the value of the Company's investment portfolio. The Directors have also considered the Company's leverage and liquidity in the context of the floating rate loan facilities which are due to expire in June 2023 and September 2024, the income and expenditure projections and the fact that the Company's investments comprise mainly readily realisable quoted equity securities which can be sold to meet funding requirements if necessary. In addition, all of the key operations required by the Company are outsourced to third party providers and alternative providers could be engaged at relatively short notice if necessary.

Based on the Company's processes for monitoring operating costs, share price discount/premium, the Managers' compliance with the investment objective, asset allocation, the portfolio risk profile, leverage, counterparty exposure, liquidity risk and financial controls, 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 as a minimum.

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

The Board comprises five Directors, four male and one female. The Company has no employees. The Board's policy on diversity is set out on page 26.

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**.

Managers' Review

With the Company's net asset value ('NAV') growing by 7.4% in the year to 31 October 2019, modestly ahead of the 7.2% growth in the comparative index*, the casual observer might conclude that the performance during the period under review was solid if somewhat unspectacular. The challenge with quoting returns over a given period is that it is ultimately defined by the start and ending values, while the story of what happened in the intervening period is glossed over. The current year is a clear case in point. Pronounced portfolio and stock market weakness in the latter stages of 2018 made way for a strong rally in the first half of 2019 which ultimately contributed to a 41% rise in the NAV from December lows to the highs in July. Towards the end of the Company's year, geopolitical and macro-economic concerns reappeared on the stock market's list of worries, denting our absolute and relative performance from August onwards. The headline numbers also mask a wide dispersion of share price returns in the underlying portfolio holdings. Of the 107 companies held in the portfolio, 13 had share price moves (either positive or negative) that exceeded 75% over the year.

We have long been believers in two simple principles of long-term, active, investment management. First, the performance of a group of stocks, be it a portfolio or an index, will be driven most by a small subset of stocks that deliver exceptional share price returns. Second, the compounding of fundamental business growth and, ultimately, share price performance works to the advantage of long-term investors. We believe these principles are at their most impactful when applied to the challenge of investing in innovative companies lower down the market capitalisation spectrum. It is here that stock-picking investors can unlock the deeply powerful opportunity of long duration transformational growth with large end markets accessible from a low starting base.

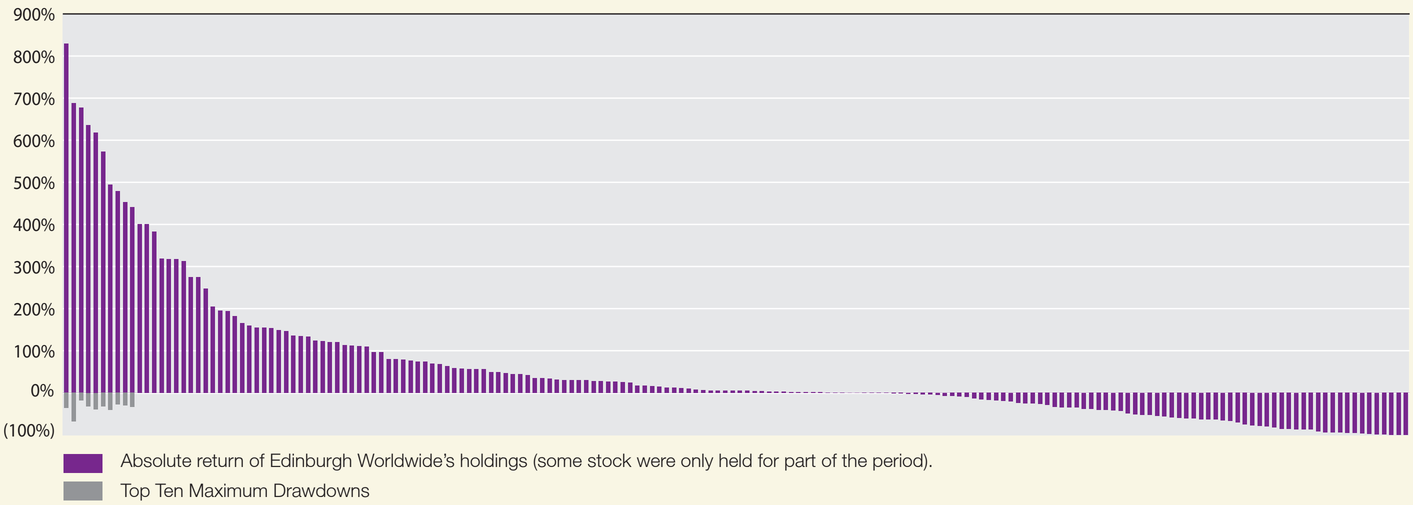
As portfolio managers, we see our role as one of identifying young innovative businesses with significant long-term growth potential, providing support to those companies that deliver on that potential and maximising the benefit by avoiding selling successful companies too early on that journey. What looks simple, is fraught with practical challenges; the required tolerance of uncertainty, the inevitable businesses that fail to develop as hoped, the bouts of volatility that stock markets will periodically throw at you. These challenges combine to make our style of equity investing an endeavour that is as much about temperament and adaptability as it is about analytical skill and logical foresight.

Following shareholder approval in January 2014, the Company's growth investing style was refocussed on the opportunity set lower down the market capitalisation spectrum. With sufficient time having passed, we think it now appropriate to reflect on the progress to date. While acknowledging that the background for growth investing has been relatively robust over this period, it is pleasing to note the 104.0% growth in the NAV since January 2014 is significantly ahead of the 83.1% achieved by the comparative index*. However, like the earlier described annual portfolio returns, capturing the headline performance data is merely an output of the investment process. Only when we delve into understanding the inputs that drove the performance does the picture come to life.

Portfolio managers have many tools at their disposal to analyse and help explain their performance. In anchoring to our principles, we favour a simple illustration of how our actions and the portfolio have performed, and one that also hopefully highlights a model of how we might be able to generate robust portfolio returns over coming decades. To our minds, the largest contributor to both absolute and relative performance will come from the returns achieved by the holdings in the period that are held. This will be further impacted by the sizing of those holdings and any additions or reductions to them. Trying to answer the simple question 'did we invest in enough companies that had strongly positive share price performance' has intuitive appeal.

To illustrate our performance against this objective we show below the distribution of returns for all the stocks held within the portfolio since January 2014; each bar representing the return of each stock whilst held in the portfolio. This cumulative period holding analysis shows the broad distribution of returns achieved by the holdings from time of initial purchase to end of October 2019 or the date in which the holding was fully sold from the portfolio.

Asymmetry of Returns



Source: StatPro since 31 January 2014 to 31 October 2019, sterling.

* S&P Global Small Cap Index total return (in sterling terms), see disclaimer on page 63.

Multi well plate containing DNA samples.

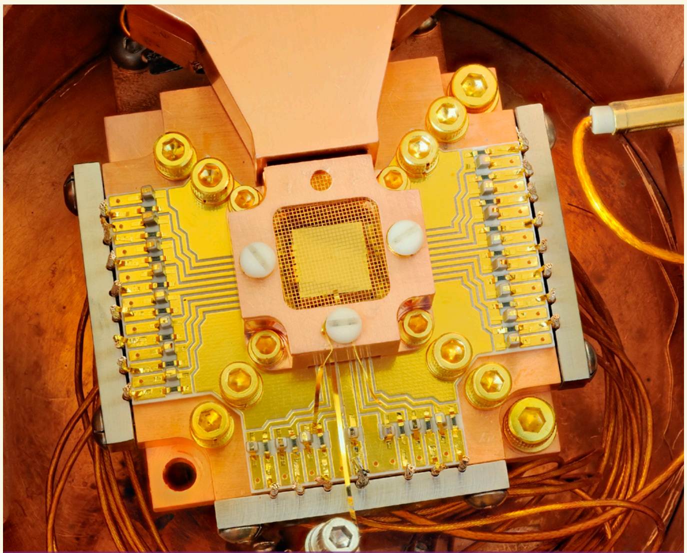
The asymmetric profile of returns is striking and underscores both the opportunity and the risks of investing in immature, innovative companies. The potential of losing up to 100% of your investment in a company (especially a young, unproven one) is an unpleasant, inescapable risk but it can be handsomely offset by the ability to make multiple times your investment in individual stocks. Asymmetry demonstrates that a handful of stocks will do the heavy lifting when it comes to portfolio performance. The 35 highest returning companies in the portfolio, on the left of the distribution, effectively accounted for the entirety of the Company's NAV performance over the period. When aggregated, the other 153 stocks off-set each others contribution.

The distribution of returns also speaks to the importance of long termism and patience in investing. Generalising around our 'failed' investments is difficult but ultimately these companies did not deliver on the potential that we saw in them. Whilst the reasons for that will be varied, we commonly see that when investments do not work as planned this is quickly reflected in share price performance. Conversely, unlocking the returns achieved by the companies on the left side of the graph is a multi-year endeavour that is driven by a combination of a long-term structural growth opportunity, execution and the power of compounding. We have also included the peak to trough drawdowns we had to tolerate in our ownership of the 10 best absolute performing holdings. We do not agree with the common perception in equity markets that this 'volatility' represents the risk associated with an equity. Given the returns these companies ultimately delivered, such drawdown periods represent opportunity more than risk.

Portfolio Update

We continue to find exciting immature, innovative companies in which to invest and remain enthusiastic about the prospects of the current holdings in aggregate. In the interim report we discussed, amongst others, the purchases of Appian, Zuora, Axon Enterprises, Kaleido Biosciences, SpaceX and Upwork. The two new purchases in the second half of the Company's year were Zai Lab and PsiQuantum. Zai Lab is a Shanghai-based emerging biopharmaceutical company developing drugs in oncology, autoimmune and infectious diseases. It is focused on bringing best-in-class assets to China via partnerships with leading global pharmaceutical companies and in therapeutic classes prioritised by the Chinese FDA. One of Zai Lab's partners, Novocure (an existing holding in the portfolio), has developed a patented, FDA approved, novel therapeutic which uses electrical fields to stop cancer cell division. Zai Lab has the exclusive license for this technology in China and the potential upside from this one division alone could be transformational for it.

PsiQuantum is an unlisted company working to develop commercial quantum computing. Current industry approaches employ exotic materials and error-prone electrons to achieve basic quantum functionality. In contrast, PsiQuantum's components are made from silicon, allowing them to use traditional semiconductor manufacturing techniques and use photons which are much more stable. Their approach shows signs of being a uniquely scalable solution and one which could realise the field's ultimate promise of solving the most complex, pressing and lucrative problems in the world today. Although in its infancy, we are impressed by the quality of the people, partnerships and processes that the Company has assembled to meet this challenge in the years ahead.



Ion trap being developed for use in quantum computing.

We added to the holding in US-based Codexis, a manufacturer of custom enzymes for the pharmaceutical industry. We see increasing scope for this business to broaden from supplying enzymes used in drug production towards one in which the enzymes themselves will be the active therapeutic. This would move the company higher up the value chain and could radically alter the financial characteristics of the business.

In the second half of the financial year we added to the holding in Oxford Nanopore as some existing shares became available. We have been impressed with how nanopore sequencing is gaining traction in the scientific research community driven by technological differentiation and low-cost accessibility. Following strong share price performance, we further reduced the holding in the home-furnishing e-commerce company Wayfair and we exited the positions in Nanoco, Thin Film Electronics, Basware and Xaar.

Investment Philosophy

Most small businesses are destined to stay small given their limited scope for both structural growth and meaningful differentiation. Such businesses constitute the bulk of the smaller companies' universe yet are of no appeal to us. However, what is intriguing about the smaller companies' universe is that it contains a subset of immature but potentially high growth companies. By identifying attractive growth companies earlier we seek to benefit from growth at an earlier stage in a company's lifecycle and retain ownership of successful companies as they grow and thrive; we see our role as investing in what are potentially the larger companies of the future as opposed to the smaller companies of today.

We are looking to concentrate on the part of the market where we believe our analytical effort and the pursuit of genuinely transformational growth can be better exploited. The focus at time of initial investment is on younger, more immature companies that are global and exhibiting strong growth.

It is important to remember that big successful ideas typically start out as small, tentative and unproven. Early iterations are easy to dismiss as unworkable but experimentation with, and evolution of, an initially raw concept can, over time, yield huge commercial relevance. Our philosophy involves weighing up what is proven and tangible alongside what has promise and long term potential. Integral to this approach is recognising the role of innovation in business development; it provides the fuel for business creation, growth and long term competitive differentiation. Consequently, identifying companies that value innovation, having both a cultural acceptance of it and a means to develop commercial opportunities around it, is fundamental to our investment approach.

Growth companies, especially those which are young and hard to model, are difficult businesses to value. The wide range of potential outcomes and profitability that is heavily skewed to future years is a combination of uncertainties that many investors struggle with. We do not have all the answers but by approaching the challenge with a genuine long term perspective, accepting a degree of uncertainty, backing robust innovation and entrepreneurial management, we believe we are well positioned to identify the smaller businesses most likely to shape the world in which we live. As technological advancements encroach into an increasing pool of opportunity, the rate and extent of growth that a small business can achieve, in a relatively short period of time, is almost unrecognisable to that of a few years ago. Innovative smaller businesses that are unburdened by the legacy of historic business practices, or those willing to adapt to change, are best positioned to harness this opportunity.

Twenty Largest Holdings and Twelve Month Performance at 31 October 2019

Name	Business	Country	Fair value 2019 £'000	% of total assets *	Absolute † performance %	Relative † performance %
MarketAxess	Electronic bond trading platform	USA	31,837	5.4	74.7	63.0
Ocado	Online grocery retailer	UK	28,883	4.9	55.4	45.0
LendingTree	Online loan marketplace	USA	28,112	4.8	76.2	64.4
Alnylam Pharmaceuticals	Therapeutic gene silencing	USA	22,046	3.8	6.5	(0.6)
Novocure	Manufacturer of medical devices for cancer treatment	USA	21,709	3.7	113.5	99.2
Zillow#	US online real estate portal	USA	14,479	2.5	(19.9)	(25.3)
Chegg	Online educational company	USA	13,749	2.3	11.0	3.5
Puretech Health	IP commercialisation focused on healthcare	UK	12,401	2.1	45.9	36.1
Yext	Digital knowledge manager	USA	10,970	1.9	(14.5)	(20.2)
Galapagos	Clinical stage biotechnology company	Belgium	10,941	1.9	76.7	64.8
Tesla	Electric cars, autonomous driving and solar energy	USA	10,929	1.9	(7.8)	(14.0)
Exact Sciences	Provides non-invasive molecular tests for early cancer detection	USA	10,369	1.8	21.0	12.9
Teladoc	Telemedicine services provider	USA	10,247	1.7	9.1	1.8
Temenos Group	Banking software	Switzerland	10,084	1.7	2.7	(4.1)
Tandem Diabetes Care	Manufacturer of pumps for diabetic patients	USA	9,973	1.7	61.7	50.8
Baozun SPN ADR	Chinese e-commerce solution provider	China	9,907	1.7	7.8	0.6
AeroVironment	Small unmanned aircraft systems	USA	9,869	1.7	(36.4)	(40.6)
Xero	Cloud based accounting software	New Zealand	9,653	1.6	66.5	55.3
STAAR Surgical	Develops and manufactures high margin visual implants	USA	9,142	1.5	(19.3)	(24.7)
InfoMart	Internet platform for restaurant supplies	Japan	9,112	1.5	45.3	35.5
			294,412	**50.1**		

* Total assets less current liabilities before the deduction of borrowings.

† Absolute and relative performance has been calculated on a total return basis over the period 1 November 2018 to 31 October 2019. Absolute performance is in sterling terms; relative performance is against S&P Global Small Cap Index (in sterling terms).

More than one line of stock held. Holding information represents the aggregate of both lines of stock.

Source: Baillie Gifford/StatPro and relevant underlying index providers. See disclaimer on page 63.

Past performance is not a guide to future performance.

List of Investments as at 31 October 2019

Name	Business	Country	Fair value 2019 £'000	% of total assets	Fair value 2018 £'000
MarketAxess	Electronic bond trading platform	USA	31,837	5.4	18,355
Ocado	Online grocery retailer	UK	28,883	4.9	18,588
LendingTree	Online loan marketplace	USA	28,112	4.8	15,991
Alnylam Pharmaceuticals	Therapeutic gene silencing	USA	22,046	3.8	17,909
Novocure	Manufacturer of medical devices for cancer treatment	USA	21,709	3.7	10,179
Zillow Class C	US online real estate portal	USA	12,205	2.1	9,709
Zillow Class A	US online real estate portal	USA	2,274	0.4	2,869
			14,479	2.5	12,570
Chegg	Online educational company	USA	13,749	2.3	12,383
Puretech Health	IP commercialisation focused on healthcare	UK	12,401	2.1	8,401
Yext	Digital knowledge manager	USA	10,970	1.9	4,024
Galapagos	Clinical stage biotechnology company	Belgium	10,941	1.9	6,208
Tesla	Electric cars, autonomous driving and solar energy	USA	10,929	1.9	11,853
Exact Sciences	Provides non-invasive molecular tests for early cancer detection	USA	10,369	1.8	10,767
Teladoc	Telemedicine services provider	USA	10,247	1.7	9,391
Temenos Group	Banking software	Switzerland	10,084	1.7	9,850
Tandem Diabetes Care	Manufacturer of pumps for diabetic patients	USA	9,973	1.7	6,165
Baozun SPN ADR	Chinese e-commerce solution provider	China	9,907	1.7	7,568
AeroVironment	Small unmanned aircraft systems	USA	9,869	1.7	15,529
Xero	Cloud based accounting software	New Zealand	9,653	1.6	5,801
STAAR Surgical	Develops and manufactures high margin visual implants	USA	9,142	1.5	11,303
InfoMart	Internet platform for restaurant supplies	Japan	9,112	1.5	6,306
Dexcom	Real time blood glucose monitoring	USA	8,692	1.5	7,576
Genmab	Therapeutic antibody company	Denmark	8,275	1.4	5,274
MonotaRO	Online business supplies	Japan	8,222	1.4	6,012
Codexis	Manufacturer of custom industrial enzymes	USA	8,075	1.4	7,302
Wayfair	Online furniture and homeware retailer	USA	7,736	1.3	17,989
Oxford Nanopore Technologies^u^	Novel DNA sequencing technology	UK	7,710	1.3	4,982
IPG Photonics	High-power fibre lasers	USA	7,642	1.3	7,696
Peptidream	Drug discovery platform	Japan	7,482	1.3	4,925
Seattle Genetics	Biotechnology developer of monoclonal antibodies	USA	7,090	1.2	3,756
Splunk	Data diagnostics	USA	6,847	1.2	5,773
Genus	Animal breeding services	UK	6,716	1.2	4,874
Appian	Enterprise software developer	USA	6,571	1.1	–
Kingdee International Software	Enterprise management software	China	6,483	1.1	4,871
Space Exploration Technologies Series J Preferred^u^	Designs, manufactures and launches advanced rockets and spacecraft	USA	4,446	0.8	–
Space Exploration Technologies Series K Preferred^u^	Designs, manufactures and launches advanced rockets and spacecraft	USA	2,026	0.3	–
			6,472	1.1	–
Pacira Pharmaceuticals	Development, commercialisation and manufacturing of proprietary pharmaceutical products	USA	6,457	1.1	7,890
CyberArk Software	Cyber security solutions provider	Israel	6,319	1.1	4,299
Zai Lab ADR	Bio-pharmaceutical company	China	5,614	1.0	–
Morphosys	Therapeutic antibodies	Germany	5,396	0.9	4,656
Renishaw	Measurement and calibration equipment	UK	5,329	0.9	5,905
M3	Online medical database	Japan	5,212	0.9	3,530
BlackLine	Enterprise software developer	USA	5,027	0.8	5,046

Name	Business	Country	Fair value 2019 £'000	% of total assets	Fair value 2018 £'000
Penumbra	Manufacturer of novel blood clot extraction technology	USA	4,860	0.8	4,290
iRobot	Domestic and military robots	USA	4,764	0.8	8,854
Digital Garage	Internet business incubator	Japan	4,607	0.8	3,851
Rightmove	UK online property portal	UK	4,129	0.7	3,119
Axon Enterprises	Law enforcement equipment and software provider	USA	4,034	0.7	–
Benefitfocus	Cloud based benefits software provider	USA	3,976	0.7	6,280
Faro Technologies	Designs and develops measurement devices	USA	3,974	0.7	4,263
Ambarella	Video compression and image processing semiconductors	USA	3,967	0.7	2,654
SEEK	Online recruitment portal	Australia	3,940	0.7	3,232
Akili Interactive Labs Series C Preferredⓤ	Digital medicine company	USA	3,864	0.7	3,913
KSQ Therapeutics Series C Preferredⓤ	Biotechnology target identification company	USA	3,864	0.7	3,913
PsiQuantum Series Cⓤ	Developer of commercial quantum computing	USA	3,864	0.7	–
Reaction Enginesⓤ	Advanced heat exchange company	UK	3,805	0.7	1,500
Dialog Semiconductor	Analogue chips for mobile phones	Germany	3,704	0.6	2,204
Grubhub	Online and mobile platform for restaurant pick-up and delivery orders	USA	3,685	0.6	10,163
Ceres Power Holding	Developer of fuel cells	UK	3,514	0.6	2,729
National Instruments	Instrumentation equipment used in research and testing	USA	3,498	0.6	4,192
Upwork	Online recruitment services provider	USA	3,483	0.6	–
ZOZO (formerly Start Today)	Internet fashion retailer	Japan	3,483	0.6	3,630
resTORbio	Clinical stage biopharmaceutical company	USA	3,453	0.6	4,132
Trupanion	Pet health insurance provider	USA	3,390	0.5	3,656
IP Group	Intellectual property commercialisation	UK	3,065	0.5	5,846
ASOS	Online fashion retailer	UK	2,926	0.5	4,522
Oxford Instruments	Produces advanced instrumentation equipment	UK	2,888	0.5	2,098
Victrex	High-performance thermo-plastics	UK	2,792	0.5	3,370
Zuora	Cloud based software developer	USA	2,700	0.4	–
Spire Global Series C Preferredⓤ	Manufacturer and operator of nanosatellites for data collection	USA	2,330	0.4	2,241
Spire Global Inc Sub Convertible Promissory Noteⓤ	Manufacturer and operator of nanosatellites for data collection	USA	266	0.0	–
			2,596	0.4	2,241
Stratasys	3D printer manufacturer	USA	2,310	0.4	2,156
Digimarc	Digital watermarking technology	USA	2,235	0.4	1,597
Cellectis	Biotech focused on genetic engineering	France	2,182	0.4	4,723
Cosmo Pharmaceuticals	Therapies for gastrointestinal diseases	Italy	1,905	0.3	3,289
Sensirion Holding	Manufacturer of gas and flow sensors	Switzerland	1,863	0.3	2,154
NuCana SPN ADR	An oncology-focused biotechnology company	UK	1,823	0.3	4,603
CEVA	Licenses DSP-based platforms applications to the semiconductor industry	USA	1,736	0.3	1,591
Evolent Health	Healthcare company which helps hospitals move to value-based healthcare	USA	1,727	0.3	5,097
Suess Microtec	Fabrication and inspection equipment	Germany	1,699	0.3	1,960
Horizon Discovery	Customised cell lines to aid drug discovery	UK	1,674	0.3	1,975
Unity Biotechnology	Biotechnology company seeking to develop anti ageing therapies	USA	1,645	0.3	2,950
AxoGen	A regenerative medicine company	USA	1,629	0.3	4,944
Jianpu Technology ADR	Chinese consumer finance marketplace	China	1,571	0.3	3,757

Name	Business	Country	Fair value 2019 £'000	% of total assets	Fair value 2018 £'000
Catapult Group International	Sports analytics focused on optimising athlete performance	Australia	1,356	0.2	1,027
Uxin ADR	E-commerce services provider	China	1,335	0.2	2,404
Rubius Therapeutics	Developer of novel therapies using engineered red blood cells	USA	1,050	0.2	1,406
4D Pharma	Bacteria derived novel therapeutics	UK	956	0.2	1,526
China Financial Services	Small and medium-sized enterprises lending in China	China	924	0.2	955
Ricardo	Automotive engineer	UK	879	0.2	969
Kaleido Biosciences	Clinical-stage healthcare company with a chemistry-driven approach to leveraging the microbiome to treat disease	USA	866	0.1	–
Zumtobel	Commercial lighting	Austria	634	0.1	738
Ilika	Discovery and development of materials for mass market applications	UK	617	0.1	500
Avacta Group	Analytical reagents and instrumentation	UK	600	0.1	892
Aduro Biotechnology	Immunotherapy services provider	USA	516	0.1	1,938
Adaptimmune Therapeutics ADR	Clinical stage biopharmaceutical company	UK	476	0.1	3,400
Acacia Research	Patent licenser	USA	436	0.1	569
Tissue Regenix	Regenerative medical devices	UK	399	0.1	1,344
Foamix Pharmaceuticals	Drug reformulation technology	Israel	301	0.1	379
C4X Discovery Holdings	Rational drug design and optimisation	UK	238	0.1	1,144
Summit Therapeutics	Drug discovery and development	UK	213	0.0	255
Sarine Technologies	Systems for diamond grading and cutting	Singapore	136	0.0	257
hVIVO (formerly Retroscreen Virology)	Outsourced pre-clinical analytical services	UK	115	0.0	300
Applied Graphene Materials	Manufactures graphene nanoplatelets	UK	108	0.0	261
Xeros Technology Group	Polymer technology company with laundry and textile applications	UK	77	0.0	860
GI Dynamics	Develops and markets medical devices	Australia	18	0.0	14
Velocys	Gas to liquid technology	UK	6	0.0	18
China Lumena New Materials	Mines, processes and manufactures natural thenardite products	China	0	0.0	0
Ensogo	South East Asian e-commerce	Australia	0	0.0	0
Total equities			**572,859**	**97.9**	
Net liquid assets			**12,455**	**2.1**	
Total assets at fair value*			**585,314**	**100.0**	

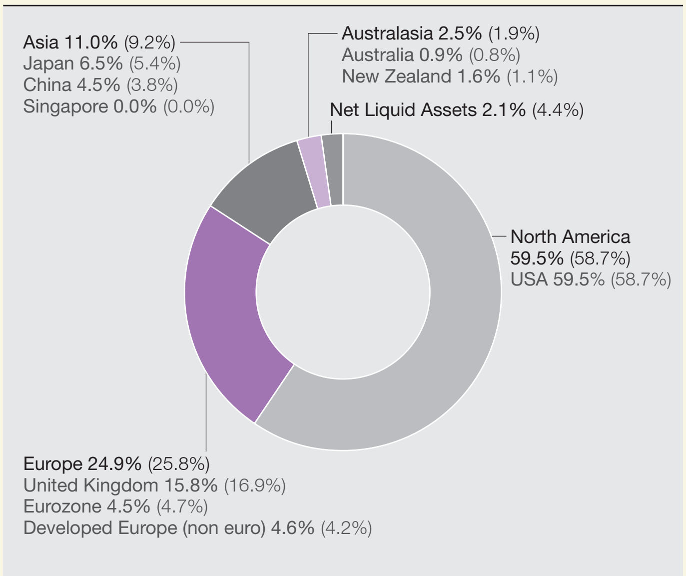
* Total assets less current liabilities before the deduction of borrowings.
ⓤ Denotes unlisted security.

	Listed equities %	Unlisted securities † %	Net liquid assets %	Total %
31 October 2019	**92.4**	**5.5**	**2.1**	**100.0**

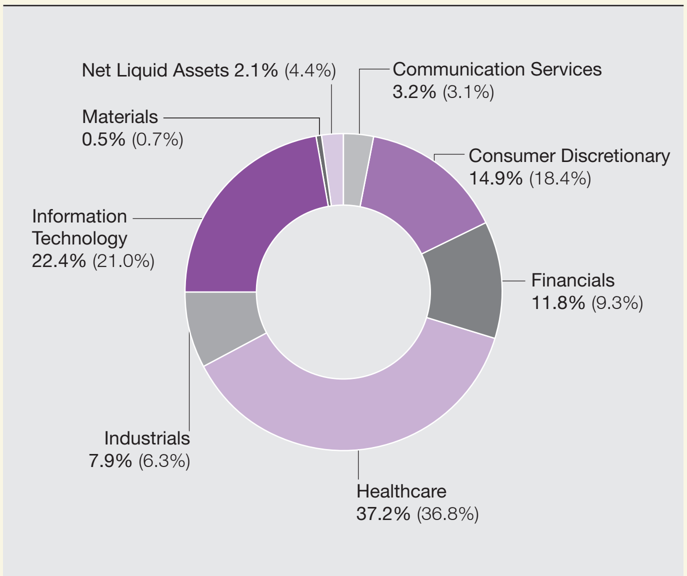
Figures represent percentage of total assets.
† Includes holdings in preference shares, ordinary shares and convertible promissory note.

Distribution of Total Assets

Geographical 2019 (2018)



Sectoral 2019 (2018)



Investment Changes

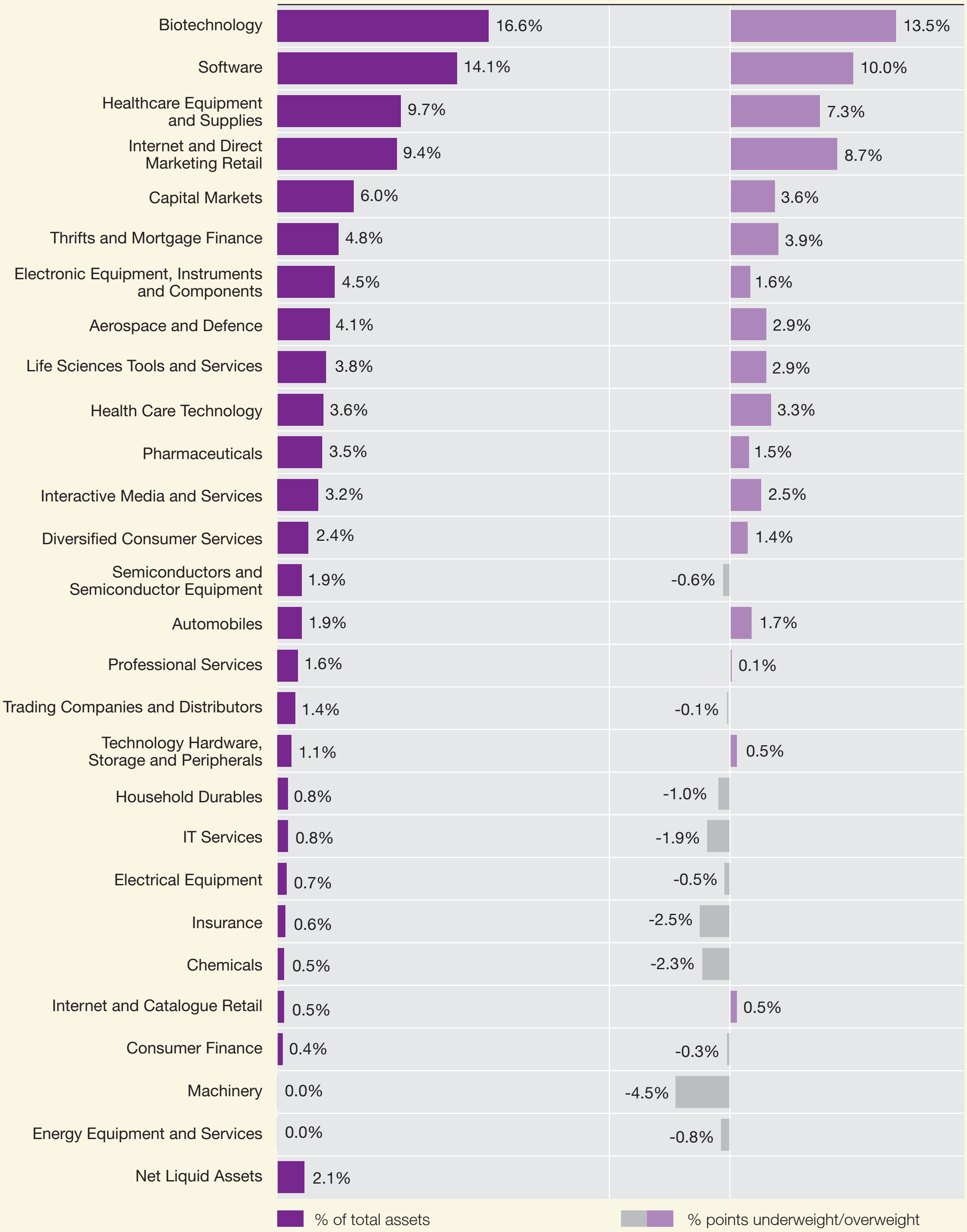
	Valuation at 31 October 2018 £'000	Net acquisitions/ (disposals) £'000	Gains/ (losses) £'000	Valuation at 31 October 2019 £'000
Equities:				
North America				
USA	304,840	28,932	14,390	348,162
Europe				
United Kingdom	88,209	1,792	2,338	92,339
Eurozone	24,981	(1,246)	2,726	26,461
Developed Europe (non euro)	22,156	(22)	4,708	26,842
Asia				
Japan	28,254	–	9,864	38,118
China	19,555	7,660	(1,381)	25,834
Singapore	257	–	(121)	136
Australasia				
Australia	4,273	–	1,041	5,314
New Zealand	5,801	–	3,852	9,653
Total equities	**498,326**	**37,116**	**37,417**	**572,859**
Net liquid assets	22,776	(10,049)	(272)	12,455
Total assets	**521,102**	**27,067**	**37,145**	**585,314**

The figures above for total assets are made up of total assets less current liabilities before the deduction of borrowings.

Distribution of Total Assets* by Industry

At 31 October 2019 — Industry Analysis — Portfolio Weightings

(relative to comparative index†)



* Total assets less current liabilities before the deduction of borrowings.

† S&P Global Small Cap Index (in sterling terms). Weightings exclude industries where the Company has no exposure. See disclaimer on page 63.

The Strategic Report which includes pages 2 to 18 was approved by the Board on 4 December 2019.

Henry CT Strutt
Chairman

Directors and Management

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

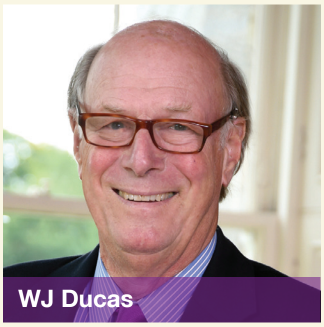
Directors

Henry Strutt was appointed a Director on 1 November 2011 and appointed Chairman on 24 January 2017. He qualified as a chartered accountant in 1979, following which he spent over twenty years with the Robert Fleming Group, seventeen of which were in the Far East. He is a non-executive director of New Waves Solutions Limited.

Helen James was appointed a Director on 2 December 2010. She is the former CEO of Investis, a leading digital corporate communications company. She was also previously Head of Pan-European Equity Sales at Paribas. She is a non-executive director of The Mercantile Investment Trust plc and group chief operating officer of Brunswick Group.

Donald Cameron was appointed a Director on 2 December 2010 and is Chairman of the Audit and Management Engagement Committee. He is an advocate at the Scottish Bar where he has a general civil practice, with a particular emphasis on public law. He is also a qualified barrister in England and Wales, a Member of the Scottish Parliament and a non-executive director of Murray Income Trust PLC.

Mungo Wilson was appointed a Director on 8 December 2016. He is a former solicitor and is Associate Professor of Finance at Saïd Business School, University of Oxford. He is also an associate member of the Oxford Man Institute of Quantitative Finance.



William Ducas was appointed a Director on 22 March 2002 and is the Senior Independent Director. He is a member of the board of the Weir Foundation charitable trust and is on the International Advisory Board of Zamorano University. He was previously a director of West LB Mellon Asset Management and a managing director of F&C Management Ltd of North America.

All the Directors are members of the Nomination Committee and all the Directors, with the exception of Mr WJ Ducas, are members of the Audit and Management Engagement Committees. Mr WJ Ducas stepped down from the Audit and Management Engagement Committee on 20 September 2017.

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 and Company Secretaries. Baillie Gifford & Co Limited has delegated portfolio management services to Baillie Gifford & Co. Dealing activity and transaction reporting have been further sub-delegated to Baillie Gifford Overseas Limited. 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 ten investment trusts. Baillie Gifford also manages a listed investment company, 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 over £200 billion at 31 October 2019. Based in Edinburgh, it is one of the leading privately owned investment management firms in the UK, with 43 partners and a staff of around 1,250.

Douglas Brodie is the portfolio manager. He joined Baillie Gifford in 2001 and is Head of the Global Discovery Team, which focuses on the opportunities of smaller companies. Svetlana Viteva and Luke Ward are the deputy portfolio managers. Both joined Baillie Gifford in 2012 and work closely with Douglas Brodie as part of Baillie Gifford's Global Discovery investment desk, from which Edinburgh Worldwide is managed.

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

Directors' Report

The Directors present their Report together with the Financial Statements of the Company for the year to 31 October 2019.

Corporate Governance

The Corporate Governance Report is set out on pages 25 to 27 and forms part of this Report.

Managers and Company Secretaries

Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, has been appointed as the Company's Alternative Investment Fund Manager ('AIFM') and Company Secretaries. Baillie Gifford & Co Limited has delegated portfolio management services to Baillie Gifford & Co. Dealing activity and transaction reporting have been further sub-delegated to Baillie Gifford Overseas Limited.

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. Compensation fees would only be payable in respect of the notice period if termination by the Company were to occur within a shorter notice period.

With effect from 1 January 2019 the annual management fee is 0.75% on the first £50 million of net assets, 0.65% on the next £200 million of net assets and 0.55% on the remaining net assets. Prior to 1 January 2019 the fee was 0.95% on the first £50 million of net assets, 0.65% on the next £200 million of net assets and 0.55% on the remaining net assets. Management fees are calculated and payable quarterly. The Board is of the view that calculating the fee with reference to performance would be unlikely to exert a positive influence on performance.

The Board considers the Company's investment management and secretarial arrangements on a continuing basis and a formal review is conducted by the Audit and Management Engagement Committee annually. The Committee considered the following topics amongst others in its review:

— investment process;

— investment performance;

— the quality of the personnel assigned to handle the Company's affairs;

— developments at the Managers, including staff turnover;

— the administrative services provided by the Secretaries;

— share price and discount; and

— charges and fees.

Following the most recent review the Audit and Management Engagement Committee concluded that the continuing appointment of Baillie Gifford & Co Limited as AIFM and Secretaries, the delegation of the investment management services to Baillie Gifford & Co and the further sub-delegation of dealing activity and transaction reporting to Baillie Gifford Overseas Limited, on the terms agreed, is in the interests of the Company and the shareholders as a whole. This was subsequently approved by the Board.

Depositary

In accordance with the Alternative Investment Fund Managers Directive, the AIFM must appoint a Depositary to the Company. The Bank of New York Mellon (International) Limited has been appointed as the Company's Depository.

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 custody function is also undertaken by The Bank of New York Mellon (International) Limited ('the Custodian').

Directors

Information about the Directors who were in office during the year and up to the date the Financial Statements were signed including their relevant experience can be found on page 19.

In accordance with the AIC Code of Corporate Governance issued in February 2019, the Board has agreed that all Directors will offer themselves for re-election by shareholders on an annual basis. As a result, all Directors will retire at this year's Annual General Meeting and will offer themselves for re-election.

Following formal performance evaluation, the Board concluded that the performance of each of the Directors continues to be effective and that they remain committed to the Company. Their contribution to the Board is greatly valued and the Board recommends their re-election to shareholders.

The Board also considers that Mr WJ Ducas remains independent having served on the Board for more than nine years, as explained on page 25.

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 31 October 2019 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 him/her. 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 Nomination Committee on an annual basis. The Committee considers these carefully, taking into account the circumstances surrounding them and makes a recommendation to the Board on whether or not the potential conflicts should be authorised. Board authorisation is for a period of one year.

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.

Dividends

The Company's objective is that of generating capital growth. Consequently, the Managers do not invest in companies based on the level of income they may payout as dividends.

As highlighted previously, the Board does not intend to draw on the Company's revenue reserve to pay or maintain dividends. This year the net revenue return per share was a deficit of £684,000. There is no requirement under section 1158 of the Corporation Tax Act 2010 to pay a dividend as the net revenue return is below the level which would trigger the requirement to pay a dividend hence the Board is recommending that no final dividend be paid. Should the level of underlying income increase in future years, the Board will seek to distribute the minimum permissible to maintain investment trust status by way of a final dividend.

Share Capital

Capital Structure

The Company's capital structure as at 31 October 2019 consists of 302,598,695 ordinary shares of 1p each (2018 – 286,073,695 ordinary shares of 1p each), see note 11. 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.

Following a five for one share split on 28 January 2019, each ordinary share of 5p was replaced with five new ordinary shares of 1p each.

Dividends

The ordinary shares carry a right to receive dividends. Interim dividends are determined by the Directors, whereas any 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.

Major Interests Disclosed in the Company's Shares

Name	No. of ordinary shares held at 31 October 2019	% of issue
Brewin Dolphin Limited (indirect)	11,254,900	3.7

There have been no disclosed changes to the major interests in the Company's shares intimated up to 4 December 2019.

Annual General Meeting

The details of this year's Annual General Meeting, including the proposed resolutions and information on the deadlines for proxy appointments, can be found on pages 57 to 59. 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 attend and/or vote at the Annual General Meeting. The resolutions relating to the renewal of the Directors' authorities to issue and buy back shares are explained in more detail below.

Issuance of Shares

At the last Annual General Meeting, the Directors were granted shareholders' approval for a general authority to issue shares, up to £946,930.69, being approximately 33% of the nominal value of the Company's issued ordinary share capital, and also an authority to issue shares or sell shares held in treasury for cash on a non pre-emptive basis, up to £286,948.69, representing approximately 10% of the nominal value of the issued share capital of the Company (without first offering such shares to existing shareholders pro-rata to their existing holdings).

During the year to 31 October 2019 the Company issued a total of 16,525,000 shares on a non pre-emptive basis (nominal value £165,000, representing 5.8% of the issued share capital at 31 October 2018) at a premium to net asset value (on the basis of debt valued at book value) on 34 separate occasions at weighted average price of 187.20p per share raising net proceeds of £30,895,000.

Between 1 November 2019 and 4 December 2019 no further shares were issued.

Both authorities expire at the forthcoming Annual General Meeting and the Directors are seeking shareholders' approval to renew them for a further year, as detailed below.

Resolution 11 in the Notice of Annual General Meeting seeks a general authority for the Directors to issue ordinary shares up to an aggregate nominal amount of £998,575.69. This amount represents approximately 33% of the Company's total ordinary share capital in issue at 4 December 2019, being the latest practicable date prior to the publication of this document, and meets institutional guidelines. No issue of ordinary shares will be made pursuant to the authorisation in Resolution 11 which would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

Resolution 12, which is being proposed as a special resolution, seeks to renew the Directors' authority to allot equity securities, or sell treasury shares, for cash without having to offer such shares to existing shareholders pro-rata to their existing holdings, up to a total nominal amount of £302,598.69, representing approximately 10% of the Company's total issued ordinary share capital as at 4 December 2019, being the latest practicable date prior to publication of this document.

The Directors consider that the authority proposed to be granted by Resolution 12 continues to be advantageous when the Company's shares trade at a premium to net asset value and the level of natural liquidity in the market is unable to meet demand. The Directors do not intend to use this authority to sell or issue ordinary shares on a non pre-emptive basis at a discount to net asset value. While the level of the authority being sought is greater than the 5% recommended by the Pre-Emption Group in their Statement of Principles on disapplying pre-emption rights, it is specifically recognised in the Statement of Principles that, where an investment trust is seeking authority to issue shares at a premium to the underlying net asset value per share, this should not normally raise concerns and the Directors consider the greater flexibility provided by this authority to be justified in the circumstances.

The authorities sought in Resolutions 11 and 12 will continue until the conclusion of the Annual General Meeting to be held in 2021 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 shares from treasury 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. The Directors believe that the ability to buy-back shares at a discount and re-sell them or issue new shares at a premium are useful tools in smoothing supply and demand.

No shares were held in treasury as at 4 December 2019.

Market Purchases of Shares by the Company

At the last Annual General Meeting the Company was granted authority to purchase up to 43,013,609 ordinary shares (equivalent to approximately 14.99% of its issued share capital). This authority expires at the forthcoming Annual General Meeting. No shares were bought back during the year under review and no shares are held in treasury.

Share buy-backs may be made principally:

(i) to enhance net asset value for continuing shareholders by purchasing shares at a discount to the prevailing net asset value; and

(ii) to address any imbalance between the supply of and the demand for the Company's shares that results in a discount of the quoted market price to the published net asset value per share.

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 re-sold from treasury at a premium to net asset value per ordinary share.

The Directors are seeking shareholders' approval at the Annual General Meeting to renew the authority to purchase up to 45,359,544 ordinary shares or, if less, the number representing approximately 14.99% of the Company's ordinary shares in issue at the date of passing of the resolution, such authority to expire at the Annual General Meeting of the Company to be held in 2021.

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

(i) 5% 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 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 shares will be made within guidelines established, from time to time, by the Board. Your attention is drawn to Resolution 13 in the Notice of Annual General Meeting.

Recommendation

The Directors consider each resolution being proposed at the Annual General Meeting to be in the best interests of the Company and its shareholders as a whole and they unanimously recommend that all shareholders vote in favour of them, as they intend to do where possible in respect of their own beneficial shareholdings.

Financial Instruments

The Company's financial instruments comprise its investment portfolio, cash balances, bank borrowings 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 15 to the accounts.

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 and 3 and the Managers' Report and Investment Philosophy on pages 10 to 12.

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 Auditor

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

Independent Auditor

The Auditor, Ernst & Young LLP, is willing to continue in office and in accordance with section 489 and section 491(1) of the Companies Act 2006, resolutions concerning Ernst & Young 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 post Balance Sheet events which require adjustment of, or disclosure in, the Financial Statements or notes thereto up to 4 December 2019.

Greenhouse Gas Emissions

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.

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.

On behalf of the Board
Henry CT Strutt
Chairman
4 December 2019

Corporate Governance Report

The Board is committed to achieving and demonstrating high standards of Corporate Governance. This statement outlines how the principles of the 2016 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') 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**.

The Board has noted the new UK Corporate Governance Code published in July 2018 and the new AIC Code of Corporate Governance published in February 2019. The Company will report against these codes for the year ending 31 October 2020.

Compliance

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. The Code includes provisions relating to the role of the chief executive, executive directors' remuneration and the need for an internal audit function. Given that the Company is an externally managed investment trust, the Board considers these provisions are not relevant to the Company (the need for an internal audit function specific to the Company has been addressed on page 28).

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, currency hedging, gearing, treasury matters, dividend and corporate governance policy. A separate strategy session is held annually. 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 the Board to function effectively and to allow Directors to discharge their responsibilities.

The Board comprises five Directors all of whom are non-executive.

The Chairman, Mr HCT Strutt, is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda.

The executive responsibilities for investment management have been delegated to the Company's Alternative Investment Fund Manager ('AIFM'), Baillie Gifford & Co Limited, and in the context of a Board comprising entirely non-executive Directors, there is no chief executive officer. Mr WJ Ducas is the Senior Independent Director.

The Directors believe that the Board has a balance of skills and experience which enable 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 19.

There is an agreed procedure for Directors to seek independent professional advice if necessary at the Company's expense. No such advice was sought in the year to 31 October 2019 or 31 October 2018.

Appointments

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, a Director appointed during the year is required to retire and seek election by shareholders at the next Annual General Meeting. In accordance with the principals of the upcoming 2019 AIC Code of Corporate Governance all Directors will offer themselves for re-election annually.

The reasons why the Board supports the re-elections are set out on page 21.

Directors are not entitled to any termination payments in relation to their appointment.

Independence of Directors

All of 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.

Mr WJ Ducas, having served on the Board for more than nine years, offers himself for re-election annually. Following formal performance evaluation the Board considers that Mr WJ Ducas continues to be independent in character and judgement and his skills and experience were a significant benefit to the Board.

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 following table shows the attendance record for the Board and Committee Meetings held during the year, excluding ancillary and sub-committee meetings. The Annual General Meeting was attended by all the Directors.

Directors' Attendance at Meetings

	Board	Audit and Management Engagement Committee	Nomination Committee
Number of meetings	**5**	**2**	**1**
HCT Strutt	5	2	1
DAJ Cameron	5	2	1
WJ Ducas*	5	–	1
H James	5	2	1
MIG Wilson	5	2	1

* Mr WJ Ducas is not a member of the Audit and Management Engagement Committee.

Nomination Committee

The Nomination Committee consists of the whole Board and the Chairman of the Board is Chairman of the Committee except when the Committee is dealing with the matter of succession to the Chairmanship of the Company. The Committee meets on an annual basis and at such other times as may be required. The Committee has written terms of reference which include reviewing the composition of the Board, identifying and nominating new candidates for appointment to the Board, Board appraisal, succession planning and training. The Committee also considers whether Directors should be recommended for re-election by shareholders. The Committee is responsible for considering Directors' potential conflicts of interest and for making recommendations to the Board on whether or not the potential conflicts should be authorised.

Board Diversity

Appointments to the Board are made on merit with due regard for the benefits of diversity including gender. 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 or apply a diversity policy.

Board Composition

The Board reviews its composition annually and at its most recent meeting resolved that in consideration of succession planning it was appropriate that two new non-executive Directors be appointed in the forthcoming year.

For the position, the Committee identified the skills and experience that would be required and Nurole Limited was engaged to help identify two potential new Directors in advance of Mr Ducas's retirement from the Board at some point during 2020. Nurole Limited has no other connection with the Company or its Directors.

The Committee's terms of reference are available on request from the Company and on the Company's page on the Managers' website: **www.edinburghworldwide.co.uk**.

Performance Evaluation

An appraisal of the Chairman, each Director and a performance evaluation and review of the Board as a whole and its Committees was carried out during the year. After considering and responding to an evaluation questionnaire each Director spoke with the Chairman. The appraisal of the Chairman was led by Mr WJ Ducas, 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 its Committees. Following this process it was concluded that the performance of each Director, the Chairman, the Board and its Committees continues to be effective and each Director and the Chairman remain committed to the Company.

A review of the Chairman's and other Directors' commitments was carried out and the Nomination Committee 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.

It is the Board's intention that the Board evaluation to be held in 2020 be facilitated by an external facilitation company.

Induction and Training

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

Remuneration

As all the Directors are non-executive, there is no requirement for a separate Remuneration Committee. Directors' fees are considered by the Board as a whole within the limits approved by shareholders. The Company's policy on remuneration is set out in the Directors' Remuneration Report on page 30.

Audit and Management Engagement Committee

The report of the Audit and Management Engagement 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 controls systems and for reviewing their effectiveness. 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 a continuing 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 and Management Engagement 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 and Management Engagement 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 and Management Engagement 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 '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, The Bank of New York Mellon (International) Limited act 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 Depositary will ensure that any delegate segregates the assets of the Company. The Company's Depositary also acts as the Company's Custodian. 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 and Management Engagement Committee and any concerns are investigated.

The Depositary provides the Audit and Management Engagement 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 note 17 on page 56), 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, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. An explanation of the Company's principal risks and how they are managed is set out on pages 8 and 9 and contained in note 15 to the Financial Statements.

The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis.

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 set out in the Viability Statement on page 9, that the Company will continue in operational existence for a period of at least twelve 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 and report shareholders' views to the Board. The Chairman is available to meet with shareholders as appropriate. Shareholders wishing to communicate with any member of the Board may do so by writing to them at the Company's registered office or through the Company's broker Numis Securities Limited (see contact details on the back cover).

The Company's Annual General Meeting provides a forum for communication with all shareholders. The level of proxies lodged for each resolution is announced at the meeting and is published on the Company's page of the Managers' website **www.edinburghworldwide.co.uk** subsequent to the meeting.

The notice period for the Annual General Meeting is at least twenty working days.

Shareholders and potential investors may obtain up-to-date information on the Company at **www.edinburghworldwide.co.uk**.

Corporate Governance and Stewardship

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.

The Company believes that it is in the shareholders' interests to consider environmental, social and governance ('ESG') factors when selecting and retaining investments and have asked the Managers to take these issues into account as long as the investment objectives are not compromised. 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 at **www.bailliegifford.com**. The Managers' policy has been reviewed and endorsed by the Board.

The Managers, Baillie Gifford & Co, are signatories to the United Nations Principles for Responsible Investment and the Carbon Disclosure Project and are also members of the Asian Corporate Governance Association and International Corporate Governance Network.

On behalf of the Board
Henry CT Strutt
Chairman
4 December 2019

Audit and Management Engagement Committee Report

The Audit and Management Engagement Committee consists of all independent Directors with the exception of Mr WJ Ducas who stepped down from the Committee on 20 September 2017. With reference to the guidance from the 2019 AIC Code of Corporate Governance it is considered appropriate for Mr HCT Strutt, the Chairman, to be a member of the Audit and Management Engagement Committee as he is a qualified chartered accountant and as such brings significant financial experience to the Committee. The members of the Committee consider that they have the requisite financial skills and experience to fulfil the responsibilities of the Committee. Mr DAJ Cameron is 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 Secretaries and at **www.edinburghworldwide.co.uk**. 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.

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

Main Activities of the Committee

The Committee met twice during the year, and the external Auditor, Ernst & Young LLP, attended both meetings. Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provided reports on their monitoring programmes for the meetings.

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

- the preliminary results announcement and 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 provide advice to the Board 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;
- 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 external audit process;
- the need for the Company to have its own internal audit function;
- internal controls reports received from the Managers and Custodian;
- the terms of the Investment Management Agreement, as described on page 21 and the continuing appointment of the Managers; and
- the arrangements in place within Baillie Gifford & Co whereby their 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 controls 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.

Financial Reporting

The Committee considers that the most significant issue likely to affect the Financial Statements is the existence and valuation of investments as they represent 97.9% of total assets and the accuracy and completeness of income from investments.

Unlisted Investments

The Committee reviewed the Managers' valuation approach for investments in unlisted companies (as described on page 43) and approved the value of all unlisted investments at 31 October 2019, following a detailed review of the valuation of each investment and relevant challenge where appropriate.

The Managers agreed the holdings in certificated form to confirmations from the Company's custodian and holdings of uncertificated unlisted investments were agreed to confirmations from the relevant investee companies.

Listed 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 and the reconciliation of investment holdings to third party data.

The Managers agreed the prices of all the listed investments at 31 October 2019 to external price sources and the holdings were agreed to confirmations from the Company's Custodian or Transfer Agent.

Other Matters

The Committee reviewed the Managers' Report on Internal Controls which details the controls in place regarding completeness and accurate recording of investment income. The accounting treatment of each special dividend received or receivable during the year are reviewed by the Managers as they arise.

The Auditor confirmed to the Committee that the investments at 31 October 2019 had been valued in accordance with the stated accounting policies. The value of all the listed investments had been agreed to external price sources and the portfolio holdings agreed to confirmations from the Company's Custodian.

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 26 and 27. No significant weaknesses were identified in the year under review.

External Auditor

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

— the Auditor's audit plan for the current year which includes a report from the Auditor describing their arrangements to manage auditor independence and received confirmation of their independence; and

— the extent of non-audit services provided by the external Auditor. There were no non-audit fees in the year to 31 October 2019. Ernst & Young LLP provide an iXBRL tagging service to the Company. The engagement is with Baillie Gifford & Co and the Company is not recharged for this service. The fee charged for this service was £1,500.

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; and

— the Audit Quality Inspection Report on Ernst & Young LLP issued by the FRC's Audit Quality Review team.

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.

Ernst & Young LLP were appointed as the Company's Auditor at the Annual General Meeting held on 24 January 2017. The audit partner responsible for the audit is to be 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. The year ending 31 October 2019 is the third year out of a maximum of five for the current audit partner, Caroline Mercer.

Ernst & Young LLP have confirmed that they believe they are 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 described above, the Committee is satisfied that the Auditor remains independent and effective for the purposes of this year's audit and, as such, has not considered it necessary to put the audit services contract out to tender.

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

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
Donald AJ Cameron
Chairman of the Audit and Management Engagement Committee
4 December 2019

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 last approved at the Annual General Meeting in January 2017. No changes to the policy are proposed and an ordinary resolution for the approval of the Remuneration Policy will be put to the members at the forthcoming Annual General Meeting on 22 January 2020.

The Board reviewed the level of fees during the year and following a review of the Directors' time commitment and the fees paid by comparable trusts it was agreed that, with effect from 1 November 2019, the Chairman's fee would increase from £34,500 to £35,500, the Directors' fees would increase from £23,000 to £24,000 and the additional fee for the Audit and Management Engagement Committee Chairman would increase from £4,000 to £4,500 per annum. The fees were last increased on 1 November 2018.

Directors' Remuneration Policy

The Board is composed wholly of non-executive Directors, none of whom has a service contract with the Company. There is no separate remuneration committee and the Board as a whole considers changes to Directors' fees from time to time. Baillie Gifford & Co Limited, the Company Secretaries, provide comparative information when the Board considers the level of Directors' fees.

The Board's policy is that the remuneration of Directors should be set at a reasonable level that is commensurate with the duties and responsibilities of the role and consistent with the requirement to attract and retain Directors of the appropriate quality and experience. The Board believes that the fees paid to the Directors should reflect the experience of the Board as a whole, be fair and should take account of the level of fees paid by comparable investment trusts. Any views expressed by shareholders on the fees being paid to Directors will be taken into consideration by the Board when reviewing the Board's policy on remuneration.

Non-executive Directors are not eligible for any other remuneration or benefits apart from the reimbursement of allowable expenses. There are no performance conditions relating to Directors' fees and there are no long term incentive schemes or pension schemes. There is no notice period and no compensation is payable on loss of office.

Limits on Directors' Remuneration

The fees for the non-executive Directors are payable quarterly in arrears and are determined within the limit set out in the Company's Articles of Association which is currently £200,000 per annum in aggregate. Any change to this limit requires shareholder approval.

The basic and additional fees payable to Directors in respect of the year ended 31 October 2019 and the fees payable in respect of the year ending 31 October 2020 are set out in the table below. The fees payable to the Directors in the subsequent financial periods will be determined following an annual review of the Directors' fees.

	Expected fees for year ending 31 Oct 2020 £	Fees for year ending 31 Oct 2019 £
Chairman's fee	35,500	34,500
Non-executive Director fee	24,000	23,000
Additional fee for Chairman of the Audit and Management Engagement Committee	4,500	4,000
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	200,000

* Approved by shareholders 23 January 2019.

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 their 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	2019 Fees £	2019 Taxable benefits* £	2019 Total £	2018 Fees £	2018 Taxable benefits* £	2018 Total £
HCT Strutt (Chairman)	34,500	2,880	**37,380**	31,500	2,713	**34,213**
DAJ Cameron (Audit and Management Engagement Committee Chairman)	27,000	–	**27,000**	24,500	194	**24,694**
WJ Ducas	23,000	1,163	**24,163**	21,000	1,226	**22,226**
H James	23,000	1,422	**24,422**	21,000	2,638	**23,638**
MIG Wilson	23,000	2,544	**25,544**	21,000	2,312	**23,312**
	130,500	**8,009**	**138,509**	**119,000**	**9,083**	**128,083**

* Comprises expenses incurred by Directors in the course of travel to attend Board and Committee meetings held at the Edinburgh offices of Baillie Gifford & Co Limited, the Company's Secretaries.

Directors' Interests (audited)

The Directors are not required to hold shares in the Company. The Directors at the financial year end, and their interests in the Company, were as shown below. There have been no changes intimated in the Directors' interests up to 4 December 2019.

Name	Nature of interest	Ordinary shares held at 31 Oct 2019	Ordinary shares held at 31 Oct 2018 *
HCT Strutt	Beneficial	358,000	305,000
DAJ Cameron	Beneficial	8,717	8,715
WJ Ducas	Beneficial	140,000	140,000
H James	Beneficial	11,500	11,500
MIG Wilson		–	–

* Adjusted for the five for one share split on 28 January 2019.

Statement of Voting at Annual General Meeting

At the Annual General Meeting held on 24 January 2017, of the proxy votes received in respect of the Directors' Remuneration Policy, 98.8% were in favour, 0.7% were against and votes withheld were 0.5%.

At the Annual General Meeting held on 23 January 2019, of the proxy votes received in respect of the Directors' Remuneration Report, 97.9% were in favour, 1.1% were against and votes withheld were 1.0%.

Relative Importance of Spend on Pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to employees with distributions to shareholders. The Directors' remuneration for the year is set out on the previous page. There were no distributions to shareholders by way of dividend or share repurchases during the year (2018 – none).

Directors' Service Details

Name	Date of appointment	Due date for re-election
HCT Strutt	1 November 2011	AGM in 2020
DAJ Cameron	2 December 2010	AGM in 2020
WJ Ducas	22 March 2002	AGM in 2020
H James	2 December 2010	AGM in 2020
MIG Wilson	8 December 2016	AGM in 2020

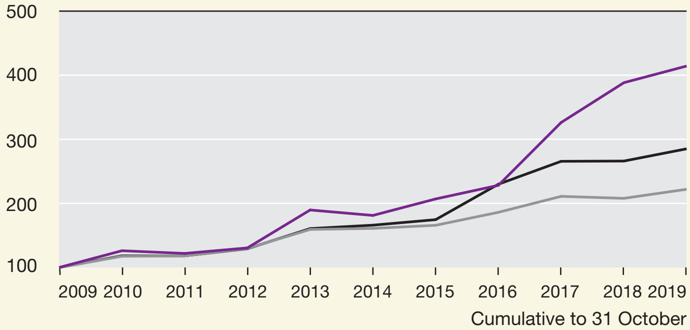
Company Performance

The following graph compares, for the ten financial years ended 31 October 2019, the share price total return (assuming all dividends are reinvested) to Edinburgh Worldwide ordinary shareholders compared to the total shareholder return on a notional investment made up of shares in the component parts of the FTSE All-Share Index. This index was chosen for comparison purposes as it is a widely used measure of performance for UK listed companies. Comparative Index provided for information purposes only.

Performance Graph

Edinburgh Worldwide's Share Price, FTSE All-Share Index and Comparative Index*

(figures have been rebased to 100 at 31 October 2009)



Source: Refinitiv and relevant underlying index providers. See disclaimer on page 63.

Edinburgh Worldwide share price

FTSE All-Share Index

Comparative Index* (in sterling terms)

All figures are total return (assuming all dividends reinvested).

* MSCI All Countries World Index (in sterling terms) until 31 January 2014, thereafter the S&P Global Small Cap Index total return (in sterling terms). The comparative index data has been chain linked to form one comparative index figure. See disclaimer on page 63.

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 4 December 2019.

Henry CT Strutt
Chairman

Statement of Directors' Responsibilities in Respect of the Annual Report and the 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 (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 the profit or loss of the Company for that period.

In preparing these Financial Statements, the Directors are required to:

— select suitable accounting policies and then apply them consistently;

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

— state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; 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 comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Directors have delegated responsibility to the Managers for the maintenance and integrity of the Company's page of the Managers' website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions. The work carried out by the Auditor does not involve any consideration of these matters and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website.

Each of the Directors, whose names and functions are listed within the Directors and Management section, confirm that, to the best of their knowledge:

— the Financial Statements, which have been prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', give a true and fair view of the assets, liabilities, financial position and net return of the Company;

— 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 performance, business model and strategy; and

— 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 that it faces.

On behalf of the Board
Henry CT Strutt
Chairman
4 December 2019

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 Directors have delegated responsibility to the Managers for the maintenance and integrity of the Company's page of the Managers' website; 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; and

— 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 Edinburgh Worldwide Investment Trust plc

Opinion

We have audited the Financial Statements of Edinburgh Worldwide Investment Trust plc ('the Company') for the year ended 31 October 2019 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the related notes 1 to 17, 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 FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion, the Financial Statements:

— give a true and fair view of the Company's affairs as at 31 October 2019 and of its profit for the year then ended;

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

— 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 below. 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 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 disclosures in the Annual Report set out on pages 8 and 9 that describe the principal risks and explain how they are being managed or mitigated;

— the Directors' confirmation set out on page 8 in the Annual Report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;

— the Directors' statement set out on page 27 in the Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity'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 in relation 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 set out on page 9 in the Annual Report as to how they have assessed the prospects of the entity, 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 entity 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.

Overview of Our Audit Approach

Key audit matters	Risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Income Statement. Risk of incorrect valuation and/or defective title to the investment portfolio.
Materiality	Overall materiality of £5.37m which represents 1% of equity shareholders' funds.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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. These matters included 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 our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit and Management Engagement Committee
Incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Income Statement (per the Audit and Management Engagement Committee Report set out on pages 28 and 29 and the accounting policy set out on page 43). The investment income received for the year to 31 October 2019 was £1.23m (2018 – £1.27m), consisting primarily of dividend income from the investment portfolio. The investment income receivable by the Company during the year directly affects the Company's revenue return. There is a risk of incomplete or inaccurate recognition of income through the failure to recognise proper income entitlements or applying appropriate accounting treatment. In addition to the above, the Directors are required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'.	**We have performed the following procedures:** We obtained an understanding of Baillie Gifford's processes and controls surrounding revenue recognition and the classification of special dividends by reviewing their internal controls report and performing our walkthrough procedures to evaluate the design and implementation of controls. We agreed a sample of dividends recognised in the income report to the corresponding announcement made by the investee company. We recalculated the dividend amount receivable using exchange rates obtained from an independent data vendor and confirmed that the cash received as shown on bank statements was consistent with the recalculated amount. We agreed a sample of investee company dividend announcements from an independent data vendor to the income recorded by the Company to test completeness of the income recorded. For all dividends accrued at the year end, we reviewed the investee company announcements to assess whether the dividend obligation arose prior to 31 October 2019. We agreed the dividend rate to corresponding announcements made by the investee company, recalculated the dividend amount receivable and confirmed this was consistent with cash received as shown on post year end bank statements. We reviewed the income report and the acquisition and disposal report produced by Baillie Gifford to identify special dividends recorded in the year in excess of our testing threshold. The Company received no special dividends above our testing threshold. However, for a sample of special dividends below our testing threshold we reviewed the underlying circumstances and motives for the payments to verify the classification as revenue or capital respectively.	**The results of our procedures are**: We have no issues to report to the Audit and Management Engagement Committee with respect to our procedures performed over the risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital in the income statement.

Risk	Our response to the risk	Key observations communicated to the Audit and Management Engagement Committee
Incorrect valuation and/or defective title to the investment portfolio (as described on pages 28 and 29 in the Annual Report of the Audit and Management Engagement Committee and as per the accounting policy set out on page 43). The valuation of the investment portfolio at 31 October 2019 was £572.86m (2018 – £498.33m) consisting primarily of quoted equities with an aggregate value of £540.68m (2018 – £481.78m) and unquoted investments with an aggregate value of £32.18m (2018 – £16.55m). The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title of the assets held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of quoted investments is bid value or, in the case of holdings on certain recognised overseas exchanges, at last traded prices. Unquoted investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by Baillie Gifford. The unquoted investment policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation guidelines ('IPEV'). The valuation of the unquoted investments is the area requiring the most significant judgement and estimation in the preparation of the Financial Statements.	**We performed the following procedures:** We obtained an understanding of Baillie Gifford's processes and controls surrounding investment valuation and legal title, including an understanding of the operation of Baillie Gifford's Unquoted Valuation Securities Group and the Director's process for review of the unquoted valuations by performing our walkthrough procedures to evaluate the design and implementation of controls. For all quoted investments in the portfolio, we compared the market values and exchange rates applied to an independent pricing vendor. We tested whether the quoted price is a valid fair price and also assessed the liquidity of the investment portfolio through analysing the last month's trading volumes and bid-ask spread of the investments at the year end. We attended one of the relevant meetings of Baillie Gifford's Unquoted Valuation Securities Group in the final quarter of the year to discuss and challenge the significant assumptions and judgements made in the preparation of the unquoted valuations. For a sample of unquoted investments held as at the year end, we utilised our specialist Valuations and Business Modelling team to review the valuations. This included: — Assessing whether the valuations have been performed in line with the IPEV guidelines; — Assessing the appropriateness of the data inputs and assumptions used to support the valuations; and — Assessing other facts and circumstances, such as market movement and comparative company information, that have an impact on the fair market value of the investments. For the remaining unquoted investments, we obtained and assessed the valuation papers produced for the Unquoted Valuation Securities Group to support the valuation of the investment as at 31 October 2019. We agreed the Company's investments to the independent confirmation received from the Company's Custodian/ Depositary to confirm existence and legal title as at 31 October 2019.	**The results of our procedures are**: We have no issues to report to the Audit and Management Engagement Committee with respect to our procedures performed over the risk of incorrect valuation and/or defective title to investment portfolio.

There have been no changes to the areas of key focus raised in the above risk table from the prior year.

An Overview of the Scope of Our Audit

Tailoring the Scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the Financial Statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

Our Application of Materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the Financial Statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £5.37m (2018 – £4.72m) which is 1% of equity shareholders' funds. We believe that equity shareholders' funds provides us with materiality aligned to the key measurement of the Company's performance.

Performance Materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% of our planning materiality, namely £4.03m (2018 – £3.54m).

Reporting Threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Management Engagement Committee that we would report to them all uncorrected audit differences in excess of £0.27m (2018 – £0.24m) which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other Information

The other information comprises the information included in the Annual Report, other than the Financial Statements and our Auditor's Report thereon. The Directors are responsible for the other information.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 set out on page 32** – 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 performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

— **Audit and Management Engagement Committee reporting set out on pages 28 and 29** – the section describing the work of the Audit and Management Engagement Committee does not appropriately address matters communicated by us to the Audit and Management Engagement Committee; or

— **Directors' statement of compliance with the UK Corporate Governance Code set out on page 25** – 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 Directors' Reports 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 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, 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 set out on page 32, 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 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.

Explanation as to what Extent the Audit was Considered Capable of Detecting Irregularities, including Fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the Financial Statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

— We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are UK GAAP, the Companies Act 2006, AIC SORP, the Listing Rules, the UK Corporate Governance Code and section 1158 of the Corporation Tax Act 2010.

— We understood how the Company is complying with those frameworks through discussions with the Audit and Management Engagement Committee and Company Secretary and review of the Company's documented policies and procedures.

— We assessed the susceptibility of the Company's Financial Statements to material misstatement, including how fraud might occur by considering the key risks impacting the Financial Statements. We identified fraud risks with respect to incomplete or inaccurate revenue recognition through incorrect classification of special dividends between revenue and capital and the incorrect valuation of the unquoted investments. Further discussion of our approach is set out in the section on key audit matters above.

— Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the Financial Statements to ensure compliance with the reporting requirements of the Company.

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

Other Matters we are Required to Address

— Following the recommendation of the Audit and Management Engagement Committee, we were appointed by the Company on 24 January 2017 to audit the Financial Statements of the Company for the period ending 31 October 2017 and subsequent financial periods.

The period of total uninterrupted engagement is 3 years, covering periods from our appointment through to the period ending 31 October 2019.

— 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 the audit.

— The audit opinion is consistent with the additional report to the Audit and Management Engagement 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.

Caroline Mercer (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
4 December 2019

Income Statement

For the year ended 31 October

	Notes	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Gains on investments	8	–	37,417	**37,417**	–	51,630	**51,630**
Currency gains	12	–	182	**182**	–	175	**175**
Income	2	1,229	–	**1,229**	1,270	–	**1,270**
Investment management fee	3	(820)	(2,461)	**(3,281)**	(694)	(2,082)	**(2,776)**
Other administrative expenses	4	(671)	–	**(671)**	(737)	–	**(737)**
Net return before finance costs and taxation		(262)	35,138	**34,876**	(161)	49,723	**49,562**
Finance costs of borrowings	5	(368)	(1,105)	**(1,473)**	(282)	(846)	**(1,128)**
Net return on ordinary activities before taxation		(630)	34,033	**33,403**	(443)	48,877	**48,434**
Tax on ordinary activities	6	(54)	–	**(54)**	(54)	–	**(54)**
Net return on ordinary activities after taxation		**(684)**	**34,033**	**33,349**	**(497)**	**48,877**	**48,380**
Net return per ordinary share*	7	**(0.23p)**	**11.57p**	**11.34p**	**(0.19p)**	**18.68p**	**18.49p**

* Prior year per share figures restated for the five for one share split on 28 January 2019.

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

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

A Statement of Comprehensive Income is not required as the Company does not have any other comprehensive income and the net return on ordinary activities after taxation is both the profit and comprehensive income for the year.

The accompanying notes on pages 42 to 56 are an integral part of the Financial Statements.

Balance Sheet

As at 31 October

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Investments held at fair value through profit or loss	8		572,859		498,326
Current assets					
Debtors	9	155		147	
Cash and cash equivalents	15	13,342		23,607	
		13,497		23,754	
Creditors					
Amounts falling due within one year	10	(49,638)		(49,606)	
Net current liabilities			(36,141)		(25,852)
Net assets			**536,718**		**472,474**
Capital and reserves					
Share capital	11		3,026		2,861
Share premium account	12		183,754		153,024
Special reserve	12		35,220		35,220
Capital reserve	12		314,930		280,897
Revenue reserve	12		(212)		472
Shareholders' funds			**536,718**		**472,474**
Net asset value per ordinary share* (after deducting borrowings at book value)	13		**177.37p**		**165.16p**

The Financial Statements of Edinburgh Worldwide Investment Trust plc (Company registration number SC184775) were approved and authorised for issue by the Board and were signed on 4 December 2019.

Henry CT Strutt
Chairman

* Prior year per share figures restated for the five for one share split on 28 January 2019.

The accompanying notes on pages 42 to 56 are an integral part of the Financial Statements.

Statement of Changes in Equity

For the year ended 31 October 2019

	Notes	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 November 2018		2,861	153,024	35,220	280,897	472	**472,474**
Ordinary shares issued	11	165	30,730	–	–	–	**30,895**
Net return on ordinary activities after taxation	12	–	–	–	34,033	(684)	**33,349**
Shareholders' funds at 31 October 2019		**3,026**	**183,754**	**35,220**	**314,930**	**(212)**	**536,718**

For the year ended 31 October 2018

	Notes	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 November 2017		2,450	82,180	35,220	232,020	969	**352,839**
Ordinary shares issued	11	411	70,844	–	–	–	**71,255**
Net return on ordinary activities after taxation		–	–	–	48,877	(497)	**48,380**
Shareholders' funds at 31 October 2018		**2,861**	**153,024**	**35,220**	**280,897**	**472**	**472,474**

The accompanying notes on pages 42 to 56 are an integral part of the Financial Statements.

Cash Flow Statement

For the year ended 31 October

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Cash flows from operating activities					
Net return on ordinary activities before taxation			33,403		48,434
Net gains on investments			(37,417)		(51,630)
Currency gains			(182)		(175)
Finance costs of borrowings			1,473		1,128
Overseas tax incurred			(56)		(52)
Changes in debtors and creditors			54		116
Cash from operations*			(2,725)		(2,179)
Interest paid			(1,469)		(1,083)
Net cash outflow from operating activities			(4,194)		(3,262)
Cash flows from investing activities					
Acquisitions of investments		(61,085)		(118,338)	
Disposals of investments		23,969		55,488	
Net cash outflow from investing activities			(37,116)		(62,850)
Cash flows from financing activities					
Shares issued	11	30,895		71,255	
Bank loans drawn		88,580		25,057	
Bank loans repaid		(88,158)		(12,564)	
Net cash inflow from financing activities			31,317		83,748
(Decrease)/increase in cash and cash equivalents			(9,993)		17,636
Exchange movements			(272)		1,285
Cash and cash equivalents at 1 November			23,607		4,686
Cash and cash equivalents at 31 October			**13,342**		**23,607**

* Cash from operations includes dividends received of £1,026,000 (2018 – £1,086,000) and interest received of £217,000 (2018 – £184,000).

The accompanying notes on pages 42 to 56 are an integral part of the Financial Statements.

Notes to the Financial Statements

The Company was incorporated under the Companies Act 2006 in Scotland as a public limited company with registered number SC184775. 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.

1 Principal Accounting Policies

The Financial Statements for the year to 31 October 2019 have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and on the basis of the accounting policies set out below which are unchanged from the prior year and have been applied consistently.

(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 at fair value through profit or loss, 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 Financial Statements have been prepared in accordance with the Companies Act 2006, applicable United Kingdom Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the Association of Investment Companies ('AIC') in November 2014 and updated in February 2018 with consequential amendments.

In order to reflect better the activities of the Company and in accordance with guidance issued by the AIC, supplementary information which analyses the profit and loss account between items of a revenue and capital nature has been presented in the Income Statement.

(b) Financial Currency

The Directors consider the Company's functional and presentational currency to be sterling as the Company's share capital is denominated in sterling, the entity is listed on a sterling stock exchange in the UK, the 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.

(c) Financial Instruments

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.

(d) Accounting Estimates, Assumptions 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 fair value of the unlisted investments.

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(b) above); and

(ii) the fair valuation of the unlisted investments.

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 Valuation ('IPEV') Guidelines 2018 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 (see 1(e) below) 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 investments by the Managers for consideration by the Directors. This estimate is key as it significantly impacts the valuation of the unlisted investments 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 historical 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).

Fair value estimates are cross-checked to alternative estimation methods where possible to improve the robustness of the estimates. As the valuation outcomes may differ from the fair value estimates a price sensitivity analysis is provided in Other Price Risk Sensitivity in note 15 on pages 54 and 56 to illustrate the effect on the Financial Statements of an over or under estimation of fair values. The risk of an over or under estimation of fair values is greater when methodologies are applied using more subjective inputs.

Assumptions

The determination of fair value by the Managers involves key assumptions dependent upon the valuation technique used. As explained in 1(e) below, the primary technique applied under the IPEV Guidelines is the Multiples approach. Where the Multiples approach is used the valuation process recognises also, as stated in the IPEV Guidelines, that the price of a recent investment may be an appropriate calibration for estimating fair value. The Multiples approach involves subjective inputs and therefore presents a greater risk of over or under estimation and particularly in the absence of a recent transaction.

The key assumptions for the Multiples approach are that the selection of comparable companies provides a reasonable basis for identifying relationships between enterprise value, revenue and growth to apply in the determination of fair value. Other assumptions include:

(i) the discount applied for reduced liquidity versus listed peers;

(ii) the probabilities assigned to an exit being through either an IPO or a company sale; and

(iii) that the application of milestone analysis and industry benchmark indices are a reasonable basis for applying appropriate adjustments to the valuations. Valuations are cross-checked for reasonableness to alternative Multiples-based approaches or benchmark index movements as appropriate.

(e) Investments

The Company's investments are classified, recognised and measured at fair value through profit in accordance with sections 11 and 12 of FRS 102. Changes in the fair value of investments and gains and losses on disposal are recognised as capital items in the Income Statement.

Recognition and Initial Measurement

Purchases and sales of investments are accounted for on a trade date basis. Expenses incidental to purchase and sale are written off to capital at the time of acquisition or disposal. All investments are designated as valued at fair value through profit or loss upon initial recognition and are measured at subsequent reporting dates at fair value.

Measurement and Valuation

Listed Investments **–** The fair value of listed security investments is bid value or, in the case of holdings on certain recognised overseas exchanges, at last traded prices.

Unlisted Investments **–** 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 valuation policy applies techniques consistent with the IPEV Guidelines.

The techniques applied are predominantly market-based approaches. The market-based approaches available under IPEV Guidelines are set out below and are followed by an explanation of how they are applied to the Company's unlisted portfolio:

— Multiples;

— Industry Valuation Benchmarks; and

— Available Market Prices.

The nature of the unlisted portfolio currently will influence the valuation technique applied. The valuation approach recognises that, as stated in the IPEV Guidelines, the price of a recent investment, if resulting from an orderly transaction, generally represents fair value as at the transaction date and may be an appropriate starting point for estimating fair value at subsequent measurement dates. However, consideration is given to the facts and circumstances as at the subsequent measurement date, including changes in the market or performance of the investee company. Milestone analysis is used where appropriate to incorporate the operational progress of the investee company into the valuation. Additionally, the background to the transaction must be considered. As a result, various Multiples-based techniques are employed to assess the valuations particularly in those companies with established revenues. Discounted cashflows are used where appropriate. An absence of relevant industry peers may preclude the application of the Industry Valuation Benchmarks technique and an absence of observable prices may preclude the Available Market Prices approach. All valuations are cross-checked for reasonableness by employing relevant alternative techniques.

The unlisted investments are valued according to a three monthly cycle of measurement dates from the date of purchase. The fair value of the unlisted investments will also be reviewed before the next scheduled three monthly measurement date on the following occasions:

— at the year end and half year end of the Company; and

— where there is an indication of a change in fair value as definedin the IPEV guidelines (commonly referred to as 'trigger' events).

Gains and Losses

Gains and losses on investments, including those arising from foreign currency exchange differences, are recognised in the Income Statement as capital items. The Managers monitor the investment portfolio on a fair value basis and uses the fair value basis for investments in making investment decisions and monitoring financial performance.

(f) 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.

(g) 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) If scrip dividends are taken in lieu of dividends in cash, the net amount of the cash dividend declared is credited to the revenue column of the Income Statement. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised in the capital column of the Income Statement.

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

(iv) Unfranked investment income and overseas dividends include the taxes deducted at source.

(v) Underwriting commission and interest receivable on deposits is recognised on an accruals basis.

(h) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged to the revenue column of the Income Statement except:

(i) where they relate directly to the acquisition or disposal of an investment (transaction costs), in which case they are charged to the capital within gains/losses on investments; and

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

The investment management fee is allocated 25% to revenue and 75% to capital, in line with the Board's expectation of returns from the Company's investments over the long term in the form of revenue and capital respectively.

(i) Borrowings and Finance Costs

Any long term borrowings are carried in the Balance Sheet at amortised cost, representing the cumulative amount of net proceeds after issue, plus accrued finance costs. The finance costs of borrowings are allocated 25% to the revenue account and 75% to the capital reserve. Gains and losses on the repurchase or early settlement of debt are wholly charged to capital.

(j) Deferred Taxation

Deferred taxation is provided on all timing differences which have originated but not reversed by the Balance Sheet date, calculated at the current tax rates expected to apply when its timing differences reverse, based on what has been enacted or substantially enacted, relevant to the benefit or liability. Deferred tax assets are recognised only to the extent that it will be more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

(k) Foreign Currencies

Transactions involving foreign currencies are converted at the rate ruling at the time of the transaction. Assets and liabilities 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 and classified as a revenue or capital item as appropriate.

(l) 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 this reserve. Purchases of the Company's own shares can also be funded from this reserve. 75% of management fees and finance costs are allocated to the capital reserve in line with the Board's expectation of returns from the Company's investments over the long term in the form of revenue and capital respectively.

(m) Single Segment Reporting

The Company has only one material segment being that of an investment trust company, investing primarily in listed companies throughout the world.

2 Income

	2019 £'000	2018 £'000
Income from investments		
UK dividends	433	448
Overseas dividends	574	638
Overseas interest	5	–
	1,012	**1,086**
Other income		
Deposit interest	217	184
Total income	**1,229**	**1,270**
Total income comprises:		
Dividends from financial assets designated at fair value through profit or loss	1,007	1,086
Interest from financial assets designated at fair value through profit or loss	5	–
Interest from financial assets not designated at fair value through profit or loss	217	184
	1,229	**1,270**

3 Investment Management Fee

	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Investment management fee	**820**	**2,461**	**3,281**	**694**	**2,082**	**2,776**

Details of the Investment Management Agreement are disclosed on page 21. With effect from 1 January 2019 the annual management fee is 0.75% on the first £50 million of net assets, 0.65% on the next £200 million of net assets and 0.55% on the remaining net assets. Prior to 1 January 2019 the fee was 0.95% on the first £50 million of net assets, 0.65% on the next £200 million of net assets and 0.55% on the remaining net assets. Management fees are calculated and payable quarterly.

4 Other Administrative Expenses – all charged to the revenue column of the income statement

	2019 £'000	2018 £'000
Directors' fees (see Directors' Remuneration Report on page 30)	131	119
Auditor's remuneration for audit services (exclusive of VAT)	25	20
Other expenses	515	598
	671	**737**

There were no non-audit fees in the year to 31 October 2019 and 31 October 2018. Ernst & Young LLP provide an iXBRL tagging service to the Company. The engagement is with Baillie Gifford & Co and the Company is not recharged for this service. The fee charged for this service was £1,500 (2018 – £1,500).

5 Finance Costs of Borrowings

	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Financial liabilities not at fair value through profit or loss						
Interest on bank loans	368	1,105	**1,473**	282	846	**1,128**

6 Tax on Ordinary Activities

	2019 £'000	2018 £'000
Analysis of charge in year		
Overseas withholding tax	**54**	**54**
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 19.0% (2018 – lower, 19.0%). The differences are explained below:		
Net return on ordinary activities before taxation	33,403	48,434
Net return on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.0% (2018 – 19.0%)	6,346	9,202
Effects of:		
Capital returns not taxable	(7,144)	(9,843)
Income not taxable	(191)	(206)
Taxable losses in the year not utilised	989	847
Overseas withholding tax incurred	54	54
Total tax charge for the year	**54**	**54**

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

Factors that may affect future tax charges

At 31 October 2019 the Company had a potential deferred tax asset of £7,851,000 (2018 – £6,967,000) in respect of taxable losses which are available to be carried forward and offset against future taxable profits. A deferred tax asset has not been provided 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 17% (2018 – 17%).

7 Net Return per Ordinary Share

	2019 Revenue	2019 Capital	2019 Total	2018 Revenue	2018 Capital	2018 Total
Net return on ordinary activities after taxation*	**(0.23p)**	**11.57p**	**11.34p**	**(0.19p)**	**18.68p**	**18.49p**

Revenue return per ordinary share is based on the net revenue loss on ordinary activities after taxation of £684,000 (2018 – net revenue loss of £497,000) and on 294,171,777 (2018 – 261,676,350) ordinary shares, being the weighted average number of ordinary shares during the year.

Capital return per ordinary share is based on the net capital gain for the financial year of £34,033,000 (2018 – net capital gain of £48,877,000) and on 294,171,777 (2018 – 261,676,350) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

There are no dilutive or potentially dilutive shares in issue.

* Prior year per share restated for the five for one share split on 28 January 2019.

8 Fixed Assets – Investments

As at 31 October 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	540,684	–	–	**540,684**
Unlisted ordinary shares	–	–	11,515	**11,515**
Unlisted preference shares*	–	–	20,394	**20,394**
Unlisted convertible promissory note	–	–	266	**266**
Total financial asset investments	**540,684**	**–**	**32,175**	**572,859**

As at 31 October 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	481,777	–	–	**481,777**
Unlisted ordinary shares	–	–	6,482	**6,482**
Unlisted preference shares*	–	–	10,067	**10,067**
Total financial asset investments	**481,777**	**–**	**16,549**	**498,326**

* The investments in preference shares are not classified as equity holdings as they include liquidation preference rights that determine the repayment (or multiple thereof) of the original investment in the event of a liquidation event such as a take-over.

There have been no transfers between levels of fair value hierarchy during the year.

Investments in securities are financial assets designated at fair value through profit or loss. In accordance with Financial Reporting Standard 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.

8 Fixed Assets – Investments (continued)

Fair Value Hierarchy

The fair value hierarchy used to analyse the fair values of financial assets is described below. 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 valuation techniques used by the Company are explained in the accounting policies on page 43.

	Listed securities £'000	Unlisted securities £'000	Total securities £'000
Cost of investments held at 1 November 2018	339,075	15,280	**354,355**
Investment holding gains at 1 November 2018	142,702	1,269	**143,971**
Fair value of investments held at 1 November 2018	481,777	16,549	**498,326**
Movements in year:			
Purchases at cost	46,642	14,443	**61,085**
Sales – proceeds	(23,969)	–	**(23,969)**
– gains on sales	1,034	–	**1,034**
Changes in investment holding gains	35,200	1,183	**36,383**
Fair value of investments held at 31 October 2019	**540,684**	**32,175**	**572,859**
Cost of investments held at 31 October 2019	362,782	29,723	**392,505**
Investment holding gains at 31 October 2019	177,902	2,452	**180,354**
Fair value of investments held at 31 October 2019	**540,684**	**32,175**	**572,859**

The Company incurred transaction costs on purchases of £18,000 (2018 – £44,000) and on sales of £13,000 (2018 – £25,000).

	2019 £'000	2018 £'000
Net gains/(losses) on investments designated at fair value through profit or loss on initial recognition		
Gains on sales	1,034	30,061
Changes in investment holding gains	36,383	21,569
	37,417	**51,630**

In respect of sales made during the year a net loss of £3,054,000 (2018 – net gain of £17,712,000) was included in investment holding gains and losses at the previous year end.

9 Debtors

	2019 £'000	2018 £'000
Due within one year:		
Income accrued (net of withholding tax)	40	51
Other debtors and prepaid expenses	115	96
	155	**147**

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. There are no debtors that were past due or impaired at 31 October 2019 or 31 October 2018.

10 Creditors – amounts falling due within one year

	2019 £'000	2018 £'000
National Australia Bank Limited £25 million revolving credit facility	24,298	12,757
National Australia Bank Limited £36 million revolving credit facility	24,298	–
National Australia Bank Limited fixed rate facility	–	35,871
Investment management fee	813	750
Other creditors and accruals	229	228
	49,638	**49,606**

Borrowing facilities at 31 October 2019

A five year £25 million revolving credit facility with National Australia Bank Limited with an expiry date of 29 June 2023.

A five year £36 million revolving credit facility with National Australia Bank Limited with an expiry date of 30 September 2024.

At 31 October 2019 drawings were as follows:

£25 million facility with National Australia Bank	€1,410,900 at an interest rate of 1.22000% per annum
	US$18,545,250 at an interest rate of 3.49513% per annum
	£8,750,000 at an interest rate of 2.12800% per annum
£36 million facility with National Australia Bank	€1,410,900 at an interest rate of 1.55000% per annum
	US$18,545,250 at an interest rate of 3.88513% per annum
	£7,500,000 at an interest rate of 2.55800% per annum
	£1,250,000 at an interest rate of 2.56401% per annum

Borrowing facilities at 31 October 2018

A five year £25 million revolving credit facility with National Australia Bank Limited with an expiry date of 29 June 2023.

A five year fixed rate facility with National Australia Bank Limited of €9.4 million, US$25.6 million and £7.5 million, with an expiry date of 30 September 2019.

At 31 October 2018 drawings were as follows:

£25 million facility with National Australia Bank	€2,128,263 at an interest rate of 0.90100% per annum
	US$9,895,500 at an interest rate of 3.79613% per annum
	£3,125,000 at an interest rate of 2.17025% per annum
€9.4 million, US$25.6 million and £7.5 million fixed rate facility with National Australia Bank	€9,400,000 at an interest rate of 1.59% per annum
	US$25,600,000 at an interest rate of 3.14% per annum
	£7,500,000 at an interest rate of 3.12% per annum

During the year the five year fixed rate facility with National Australia Bank Limited of €9.4 million, US$25.6 million and £7.5 million was replaced with a £36 million revolving credit facility with National Australia Bank Limited.

The main covenants relating to both loan facilities with National Australia Bank Limited are: total borrowings shall not exceed 35% of the Company's adjusted gross assets and the minimum adjusted gross assets shall be £260 million. There were no breaches in the loan covenants during the year to 31 October 2019 (2018 – none).

11 Share Capital

	2019 Number	2019 £'000	2018 Number	2018 £'000
Allotted, called up and fully paid ordinary shares of 1p each*	**302,598,695**	**3,026**	**286,073,695**	**2,861**

At the Annual General Meeting held on 23 January 2019 shareholders approved an ordinary resolution that each of the ordinary shares of 5p each in the capital of the Company be subdivided into five ordinary shares of 1p each (the 'New Ordinary Shares'). The New Ordinary Shares were admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's market for listed securities at 8.00am on 28 January 2019). Accordingly, the 57,389,739 ordinary shares of 5p in issue as at 23 January 2019 were sub-divided into 286,948,695 ordinary shares of 1p.

The Company has authority to allot shares under section 551 of the Companies Act 2006. The Board has authorised use of this authority to issue new shares at a premium to net asset value in order to enhance the net asset value per share for existing shareholders and improve the liquidity of the Company's shares. In the year to 31 October 2019 the Company issued a total of 16,525,000 shares on a non pre-emptive basis (nominal value £165,000, representing 5.8% of the issued share capital at 31 October 2018) at a premium to net asset value (on the basis of debt valued at book value) raising net proceeds of £30,895,000 (In the year to 31 October 2018 – 41,052,100 shares with a nominal value of £411,000, representing 16.8% of the issued share capital at 31 October 2017 raising net proceeds of £71,255,000).

The Company also has authority to buy back shares. In the year to 31 October 2019 no ordinary shares were bought back therefore the Company's authority remains unchanged at 43,013,609 ordinary shares.

* Prior period number of shares figures restated for the five for one share split on 28 January 2019.

12 Capital and Reserves

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
At 1 November 2018	2,861	153,024	35,220	280,897	472	**472,474**
Net gains on disposal of investments	–	–	–	1,034	–	**1,034**
Changes in investment holding gains	–	–	–	36,383	–	**36,383**
Exchange differences on bank loan	–	–	–	454	–	**454**
Other exchange differences	–	–	–	(272)	–	**(272)**
Ordinary shares issued	165	30,730	–	–	–	**30,895**
Investment management fee	–	–	–	(2,461)	–	**(2,461)**
Finance cost of borrowings	–	–	–	(1,105)	–	**(1,105)**
Revenue return on ordinary activities after taxation	–	–	–	–	(684)	**(684)**
At 31 October 2019	**3,026**	**183,754**	**35,220**	**314,930**	**(212)**	**536,718**

The capital reserve includes investment holding gains on fixed asset investments of £180,354,000 (2018 – gains of £143,971,000) as disclosed in note 8.

The special reserve may be utilised to finance any purchase of the Company's ordinary shares.

The revenue reserve is distributable by way of dividend.

13 Net Asset Value per Ordinary Share

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

	2019	2018	2019 £'000	2018 £'000
Ordinary shares*	**177.37p**	**165.16p**	**536,718**	**472,474**

Net asset value per ordinary share is based on the net assets as shown above and 302,598,695 (2018 – 286,073,695 ordinary shares, being the number of ordinary shares in issue at each year end.

At 31 October 2019 all borrowings are in the form of short term floating rate borrowings and their fair value is considered equal to their book value, hence there is no difference in the net asset value at book value and fair value.

Deducting borrowings at fair value would have had the effect of reducing net asset value per ordinary share at 31 October 2018 from 165.16p to 165.14p. Taking the market price of the ordinary shares at 31 October 2018 of 164.40p this would have given a discount to net asset value of 0.45% as against 0.46% on the basis of deducting borrowings at book value.

*Prior year per share figures restated for the five for one share split on 28 January 2019.

14 Transactions with Related Parties and the Managers and Secretaries

The Directors' fees for the year are detailed in the Directors' Remuneration Report on page 30.

No Director has a contract of service with the Company. During the year no Director was interested in any contract or other matter requiring disclosure under section 412 of the Companies Act 2006.

Details of the management contract are set out in the Directors' Report on page 21. The management fee payable to the Managers by the Company for the year, as disclosed in note 3, was £3,281,000 (2018 – £2,776,000) of which £813,000 (2018 – £750,000) was outstanding at the year end, as disclosed in note 10.

15 Financial Instruments

As an Investment Trust, the Company invests in equities and makes other investments so as to meet its investment objective of achieving long term capital growth. 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.

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 the short term volatility.

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

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 risk, interest rate risk and other price risk. The Board of Directors reviews and agrees policies for managing these risks and the Company's Investment Managers both assess the exposure to market risk when making individual investment decisions and monitor the overall level of market risk across the investment portfolio on an ongoing basis.

Details of the Company's investment portfolio are shown in note 8 and on pages 14 to 16.

(i) Currency Risk

Certain of 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 Managers monitor the Company's exposure to foreign currencies and report to the Board on a regular basis. The Managers assess 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.

Foreign currency borrowings can limit the Company's exposure to anticipated future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments.

15 Financial Instruments (continued)

(i) Currency Risk (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 31 October 2019	Investments £'000	Cash and deposits £'000	Bank loan £'000	Other debtors and creditors * £'000	Net exposure £'000
US dollar	375,508	13,263	(28,663)	(86)	**360,022**
Yen	38,118	–	–	15	**38,133**
Euro	24,556	–	(2,433)	14	**22,137**
Australian dollar	14,967	–	–	–	**14,967**
Swiss franc	13,852	–	–	–	**13,852**
Danish krone	8,275	–	–	–	**8,275**
Hong Kong dollar	7,407	–	–	–	**7,407**
Singapore dollar	136	–	–	–	**136**
Norwegian krone	–	–	–	–	**–**
Total exposure to currency risk	482,819	13,263	(31,096)	(57)	**464,929**
Sterling	90,040	79	(17,500)	(830)	**71,789**
	572,859	**13,342**	**(48,596)**	**(887)**	**536,718**

* Includes net non-monetary assets of £38,000.

At 31 October 2018	Investments £'000	Cash and deposits £'000	Bank loan £'000	Other debtors and creditors * £'000	Net exposure £'000
US dollar	331,250	23,011	(27,780)	(85)	**326,396**
Yen	28,254	–	–	34	**28,288**
Euro	21,692	–	(10,223)	18	**11,487**
Australian dollar	10,074	–	–	–	**10,074**
Swiss franc	15,293	–	–	–	**15,293**
Danish krone	5,274	–	–	–	**5,274**
Hong Kong dollar	5,826	–	–	–	**5,826**
Singapore dollar	257	–	–	–	**257**
Norwegian krone	200	–	–	–	**200**
Total exposure to currency risk	418,120	23,011	(38,003)	(33)	**403,095**
Sterling	80,206	596	(10,625)	(798)	**69,379**
	498,326	**23,607**	**(48,628)**	**(831)**	**472,474**

* Includes net non-monetary assets of £38,000.

15 Financial Instruments (continued)

Currency Risk Sensitivity

At 31 October 2019, if sterling had strengthened by 5% 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 5% weakening of sterling against all currencies, with all other variables held constant, would have had an equal but opposite effect on the Financial Statement amounts. The level of change is considered to be reasonable based on observations of current market conditions. The analysis is performed on the same basis for 2018.

	2019 £'000	2018 £'000
US dollar	18,001	16,320
Yen	1,906	1,414
Euro	1,107	574
Australian dollar	748	504
Swiss franc	693	765
Danish krone	414	264
Hong Kong dollar	370	291
Singapore dollar	7	13
Norwegian krone	–	10
	23,246	**20,155**

(ii) Interest Rate Risk

Interest rate movements may affect directly:

- the fair value of investments in fixed interest rate securities;
- the level of income receivable on cash deposits;
- the fair value of fixed-rate borrowings; and
- the interest payable on any variable rate borrowings.

Interest rate movements may also impact upon the market value of the Company's investments outwith fixed income securities. 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 fair value and 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 fixed income securities and the income receivable on cash deposits, floating rate notes and other similar investments.

The Company finances 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. Movements in interest rates, to the extent that they affect the market value of the Company's fixed rate borrowings, may also affect the amount by which the Company's share price is at a discount or a premium to the net asset value (assuming that the Company's share price is unaffected by movements in interest rates).

The interest rate risk profile of the Company's financial assets and liabilities at 31 October is shown below:

Financial Assets

	2019 Fair value £'000	2019 Weighted average interest rate	2019 Weighted average period until maturity *	2018 Fair value £'000	2018 Weighted average interest rate	2018 Weighted average period until maturity *
Cash and short term deposits:						
US dollars	13,263	1.60	n/a	23,011	1.12	n/a
Sterling	79	–	n/a	596	–	n/a

* Based on expected maturity date.

The cash deposits generally comprise overnight call or short term money market deposits of less than one month which are repayable on demand. The benchmark rate which determines the interest payments received on cash balances is the bank base rate.

15 Financial Instruments (continued)

Financial Liabilities

The interest risk profile of the Company's financial liabilities and the maturity profile of the undiscounted future cash flows in respect of the Company's contractual financial liabilities at 31 October are shown below:

Interest Rate Risk Profile

		2019 £'000	2018 £'000
The interest rate risk profile of the Company's financial liabilities at 31 October was:			
Floating rate	– Sterling denominated	17,500	3,125
	– US$ denominated	28,663	7,745
	– Euro denominated	2,433	1,887
Fixed rate	– Sterling denominated	–	7,500
	– US$ denominated	–	20,035
	– Euro denominated	–	8,336
		48,596	**48,628**

Maturity Profile

	2019 £'000	2018 £'000
The maturity profile of the Company's financial liabilities at 31 October was:		
In less than three months		
– repayment of loans	48,596	48,628
– accumulated interest	258	990
	48,854	**49,618**

Interest Rate Risk Sensitivity

An increase of 100 basis points in interest rates, with all other variables held constant, would have decreased the Company's total net assets and total return on ordinary activities for the year ended 31 October 2019 by £695,000 (2018 – increased, £101,000). This is due to the Company's exposure to interest rates on its revolving floating rate bank loans and cash balances. A decrease of 100 basis points would have had an equal but opposite effect. The Company does not hold bonds.

(iii) 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 8.

The Board manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Managers. The Company's portfolio of unlisted level 3 investments is not necessarily affected by market performance, however the valuations are affected by the performance of the underlying securities in line with the valuation criteria in note 1(e). 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 comparative index: investments are selected based upon the merit of individual companies and therefore performance may well diverge from the short term fluctuations of the comparative index.

15 Financial Instruments (continued)

Other Price Risk Sensitivity

A full list of the Company's investments is given on pages 14 to 16. In addition, a geographical analysis of the portfolio and an analysis of the investment portfolio by broad industrial or commercial sector is given on pages 17 and 18.

100.7% (2018 – 102.0%) of the Company's net assets are invested in quoted equities. A 10% increase in quoted equity valuations at 31 October 2019 would have increased total assets and total return on ordinary activities by £54,068,000 (2018 – £48,178,000). A decrease of 10% would have had an equal but opposite effect.

6.0% (2018 – 3.5%) of the Company's net assets are invested in unlisted securities. The fair valuation of the unlisted investments is influenced by the estimates, assumptions and judgements made in the fair valuation process (see 1(d) on page 42). The unlisted securities sensitivity analysis below which recognises that the valuation methodologies employed involve different levels of subjectivity in their inputs. The sensitivity analysis would apply a wider range of input variable sensitivity to the Multiples methodology as it would involve more significant subjective estimation than the recent Transaction method (the risk of over or under estimation is higher due to the greater subjectivity involved, for example, in selecting the most relevant measure of sustainable revenues and identifying appropriate comparable companies).

As at 31 October 2019 Valuation Technique	Fair value of investments £'000	Key variable input*	Variable input sensitivity (%)	Impact £'000 †	Impact % of net assets
Recent Transaction/ Adjusted Recent Transaction	28,370	Selection of appropriate benchmark Selection of comparable companies Probability estimation of liquidation event# Application of valuation basis	±10	±2,837	±0.5
Multiples	3,805	Estimated sustainable earnings Selection of comparable companies Application of illiquidity discount Probability estimation of liquidation event# Application of valuation basis	±20	±761	±0.2
Total	**32,175**			**±3,598**	**±0.7**

As at 31 October 2018 Valuation Technique	Fair value of investments £'000	Key variable input*	Variable input sensitivity (%)	Impact £'000 †	Impact % of net assets
Recent Transaction/ Adjusted Recent Transaction	16,549	Selection of appropriate benchmark Selection of comparable companies Probability estimation of liquidation event# Application of valuation basis	±10	±1,655	±0.4
Total	**16,549**			**±1,655**	**±0.4**

† Impact on net assets and net return after taxation.

A liquidation event is typically a company sale or an initial public offering ('IPO'). In assessing fair value the Company has determined the likely enterprise value attributed to the different investment classes held by the Company.

* **Key Variable Inputs**

The variable inputs applicable to each broad category of valuation basis will vary dependent on the particular circumstances of each unlisted company valuation. An explanation of each of the key variable inputs is provided below and includes an indication of the range in value for each input, where relevant. The assumptions made in the production of the inputs are described in note 1(d) on page 42.

15 Financial Instruments (continued)

Selection of Appropriate Benchmarks

The selection of appropriate benchmarks is assessed individually for each investment. The industry and geography of each company are key inputs to the benchmark selection, with either one or two key indices or benchmarks being used for comparison.

Selection of Comparable Companies

The selection of comparable companies is assessed individually for each investment at the point of investment, and the relevance of the comparable companies is continually evaluated at each valuation. The key criteria used in selecting appropriate comparable companies are the industry sector in which they operate, the geography of the company's operations, the respective revenue and earnings growth rates and the operating margins. Typically, between 4 and 10 comparable companies will be selected for each investment, depending on how many relevant comparable companies are identified. The resultant revenue or earnings multiples derived will vary depending on the companies selected and the industries they operate in and can vary in the range of 1x to 10x.

Probability Estimation of Liquidation Events

The probability of a liquidation event such as a company sale, or alternatively an initial public offering ('IPO'), is a key variable input in the Transaction-based and Multiples-based valuation techniques. The probability of an IPO versus a company sale is typically estimated from the outset to be 50:50 if there has been no indication by the company of pursuing either of these routes. If the company has indicated an intention to IPO, the probability is increased accordingly to 75% and if an IPO has become a certainty the probability is increased to 100%. Likewise, in a scenario where a company is pursuing a trade sale the weightings will be adjusted accordingly in favour of a sale scenario, or in a situation where a company is underperforming expectations significantly and therefore deemed very unlikely to pursue an IPO.

Application of Valuation Basis

Each investment is assessed independently, and the valuation basis applied will vary depending on the circumstances of each investment. When an investment is pre-revenue, the focus of the valuation will be on assessing the recent transaction and the achievement of key milestones since investment. Adjustments may also be made depending on the performance of comparable benchmarks and companies. For those investments where a trading Multiples approach can be taken, the methodology will factor in revenue, earnings or net assets as appropriate for the investment, and where a suitable correlation can be identified with the comparable companies then a regression analysis will be performed. Discounted cash flows will also be considered where appropriate forecasts are available.

Estimated Sustainable Earnings

The selection of sustainable revenue or earnings will depend on whether the company is sustainably profitable or not, and where it is not then sustainable revenues will be used in the valuation. The valuation approach will typically assess companies based on the last twelve months of revenue or earnings, as they are the most recent available and therefore viewed as the most reliable. Where a company has reliably forecasted earnings previously or there is a change in circumstance at the business which will impact earnings going forward, then forward estimated revenue or earnings may be used instead.

Application of Liquidity Discount

The application of a liquidity discount will be applied either through the calibration of a valuation against the most recent transaction, or by application of a specific discount. The discount applied where a calibration is not appropriate is typically 10%, reflecting that the majority of the investments held are substantial companies with some secondary market activity.

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 investments in quoted securities that are readily realisable. The Board monitors the exposure to any one holding.

The Company has the power to take out borrowings, which gives it access to additional funding when required. The Company's borrowing facilities are detailed in note 10 and the maturity profile of its borrowings are set out on page 53.

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 Managers make 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 Managers monitor 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 Managers. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's Custodian bank 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;

15 Financial Instruments (continued)

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

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

Credit Risk Exposure

The exposure to credit risk at 31 October was:

	2019 £'000	2018 £'000
Cash and short term deposits	13,342	23,607
Debtors and prepayments	155	147
	13,497	**23,754**

None of the Company's financial assets are past due or impaired (2018 – none).

Fair Value of Financial Assets and Financial Liabilities

The Directors are of the opinion that the financial assets and liabilities of the Company are stated at fair value in the Balance Sheet with the exception of long term borrowings. The fair values of the Company's borrowings are shown below.

	2019 Book £'000	2019 Fair* £'000	2018 Book £'000	2018 Fair* £'000
Floating rate loan	48,596	48,596	12,757	12,757
Fixed rate loan	–	–	35,871	35,912
Total borrowings	**48,596**	**48,596**	**48,628**	**48,669**

* All short term floating rate borrowings are stated at book cost which is considered to be equal to their fair value given the facilities are revolving credit facilities. In the prior year, the fair value of the fixed rate bank loan is calculated with reference to government bonds of comparable yield and maturity.

Capital Management

The capital of the Company is its share capital and reserves as set out in note 12 together with its borrowings (see note 10). The objective of the Company is the achievement of long term capital growth by investing primarily in listed companies throughout the world. The Company's investment policy is set out on page 7. In pursuit of the Company's objective, the Board has a responsibility for ensuring the Company's ability to continue as a going concern and details of the related risks and how they are managed are set out on page 27, pages 8 and 9 and pages 26 and 27, respectively. The Company has the authority to issue and to buy back its shares (see pages 22 and 23) and changes to the share capital during the year are set out in note 11. The Company does not have any externally imposed capital requirements other than the covenants on its loan which are detailed in note 10.

16 Subsequent Events

Up to the date of this report the Company is not aware of any subsequent events.

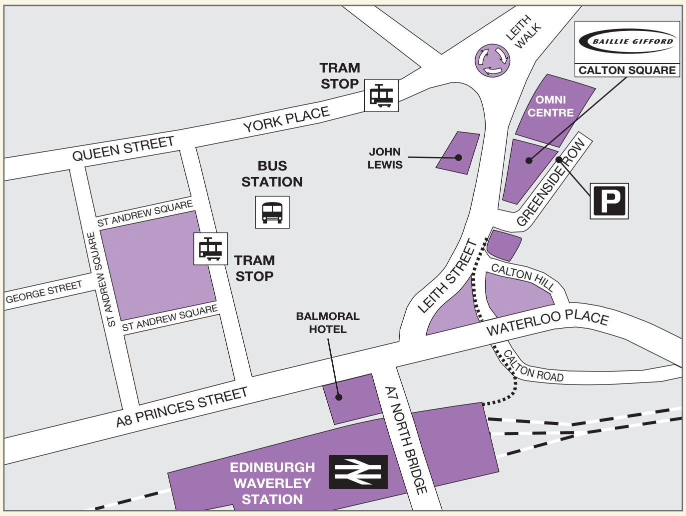
17 Alternative Investment Fund Managers (AIFM) Directive

In accordance with the Alternative Investment Fund Managers 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. In accordance with the Directive, the AIFM's remuneration policy is available at **www.bailliegifford.com** or on request (see contact details on the back cover) and the numerical remuneration disclosures in respect of the AIFM's relevant reporting period are also available at **www.bailliegifford.com**. The Company's maximum and actual leverage levels (see Glossary of Terms and Alternative Performance Measures on pages 64 and 65) at 31 October 2019 are shown below:

Leverage

	Gross method	Commitment method
Maximum limit	2.50:1	2.00:1
Actual	1.09:1	1.09:1

Notice of Annual General Meeting



The Annual General Meeting of the Company will be held at the offices of Baillie Gifford & Co, Calton Square, 1 Greenside Row, Edinburgh EH1 3AN on Wednesday, 22 January 2020 at 12 noon. A buffet lunch will be provided.

If you have any queries as to how to vote or how to attend the meeting, please call us on 0800 917 2112.

Baillie Gifford may record your call.

	By Rail: Edinburgh Waverley – approximately a 5 minute walk away
	By Bus: Lothian Buses local services include: 1, 5, 7, 8, 10, 12, 14, 15, 15A, 16, 22, 25, 34
	By Tram: Stops at St Andrew Square and York Place
....	Access to Waverley Train Station on foot

NOTICE IS HEREBY GIVEN that the twenty second Annual General Meeting of Edinburgh Worldwide Investment Trust plc (the 'Company') will be held at the offices of Baillie Gifford & Co, Calton Square, 1 Greenside Row, Edinburgh EH1 3AN on Wednesday, 22 January 2020 at 12 noon for the purposes of considering and, if thought fit, passing the following resolutions, of which Resolutions 1 to 11 will be proposed as ordinary resolutions and Resolutions 12 and 13 will be proposed as special resolutions:

1. To receive and adopt the Annual Report and Financial Statements of the Company for the financial year ended 31 October 2019 together with the Reports of the Directors and of the Independent Auditor thereon.
2. To approve the Directors' Remuneration policy.
3. To approve the Directors' Annual Report on Remuneration for the financial year ended 31 October 2019.
4. To re-elect Mr HCT Strutt as a Director of the Company.
5. To re-elect Mr DAJ Cameron as a Director of the Company.
6. To re-elect Mr WJ Ducas as a Director of the Company.
7. To re-elect Ms H James as a Director of the Company.
8. To re-elect Mr MIG Wilson as a Director of the Company.
9. To reappoint Ernst & Young LLP as Independent Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which the Financial Statements are laid before the Company.
10. To authorise the Directors to determine the remuneration of the Independent Auditor of the Company.
11. 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 grant of rights in respect of shares with an aggregate nominal value of up to £998,575.69 (representing approximately 33% of the nominal value of the issued share capital as at 4 December 2019), 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.
12. That, subject to the passing of Resolution 11 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 11 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 after such expiry and the Directors may allot equity securities 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 £302,598.69 (representing approximately 10% of the nominal value of the issued share capital of the Company as at 4 December 2019).

13. 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 generally and unconditionally authorised, 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 in the capital of the Company ('Ordinary Shares') (either for retention as treasury shares for future reissue, resale, transfer or for cancellation) provided that:
    (a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 45,359,544 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 any Ordinary Share purchased pursuant to this authority shall not be more than the higher of:
        (i) 5% above the average closing price on the London Stock Exchange of an Ordinary Share over the five business days immediately preceding the day of purchase; and
        (ii) the higher of the price of the last independent trade and the highest current independent bid 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 next Annual General Meeting, 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 or contracts.

By Order of the Board
Baillie Gifford & Co Limited
Managers and Secretaries
17 December 2019

Notes:

1. A shareholder who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote on his/her behalf. Such proxy need not also be a shareholder of the Company. If appointing more than one proxy, each proxy must be appointed to exercise rights attaching to different shares held by the shareholder.
2. A proxy form for use by shareholders at the meeting is enclosed with this document. Proxies must be lodged with the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or **www.eproxyappointment.com**, not less than two days (excluding non-working days) before the time appointed for the meeting together with any power of attorney or other authority (if any) under which it is signed. Completion of the proxy form will not prevent a shareholder from attending the meeting and voting in person.
3. Only those shareholders having their name entered on the Company's share register not later than 12 noon on 20 January 2020 or, if the meeting is adjourned, at 12 noon two days (excluding non-working days) prior to the date of the adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the entries on the Company's share register after that time shall be disregarded in determining the rights of any shareholder to attend, speak and vote at the meeting, notwithstanding any provision in any enactment, the Articles of Association of the Company or other instrument to the contrary.
4. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual and 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.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must be transmitted so as to be received by the Company's registrars, Computershare Investor Services PLC (ID 3RA50) by no later than 12 noon on 20 January 2020. No such message received through the CREST network after this time will be accepted. The time of receipt will be taken to be the time from which the Registrars are able to retrieve the message by enquiry to CREST. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. 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.

6. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ('Nominated Persons'). Nominated Persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if Nominated Persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in notes 1 and 2 above does not apply to Nominated Persons. The rights described in these notes can be exercised only by members of the Company.

7. There are special arrangements for holders of shares through The Aberdeen Investment Trusts ISA and Shareplan. These are explained in the form of direction which such holders will have received with this report.

8. As at 4 December 2019 the Company's issued share capital comprised 302,598,695 ordinary shares of 1p each. Therefore, as at 4 December 2019, the total number of voting rights exercisable at the meeting is 302,598,695.

9. Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his/her proxy will need to ensure that both he/she and such third party comply with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.

10. 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.

11. Information regarding the meeting, including information required by section 311A of the Companies Act 2006, is available from the Company's page of the Manager's website, **www.edinburghworldwide.co.uk**.

12. Under section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the meeting put by a member attending the meeting unless:

    (a) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;

    (b) the answer has already been given on a website in the form of an answer to a question; or

    (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

13. Shareholders are advised that, unless otherwise stated, any telephone number, website or e-mail address which may be set out in this notice of meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

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

Further Shareholder Information

Edinburgh Worldwide 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 Edinburgh Worldwide, you can do so online. There are a number of companies offering real time online dealing services.

Sources of Further Information on the Company

The ordinary shares of the Company are listed on the London Stock Exchange and their price is shown in the Financial Times and The Scotsman under 'Equity Investment Instruments'. The price of shares can also be found on the Company's page on Baillie Gifford's website at **www.edinburghworldwide.co.uk**, 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.

Edinburgh Worldwide Share Identifiers

ISIN GB00BHSRZC82

Sedol BHSRZC8

Ticker EWI

Legal Entity Identifier 213800JUA8RKIDDLH380

AIC

The Company is a member of the Association of Investment Companies.

Key Dates

The Company pays the minimum permissible level of final dividend and no interim dividend. If a dividend was payable this would be due in February.

The Annual General Meeting is normally held in late January or early February.

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 707 1643.

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;
- confirm your payment history; and
- order Change of Address, Dividend Bank Mandate and Stock Transfer forms.

By quoting the reference number on your share certificate you can check your holding on the Registrar's 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;
- register to receive communications from the Company, including the Annual Report and Financial Statements, in electronic format;
- update bank mandates and 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 the last dividend voucher or 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 707 1643.

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.

Where this has been received in a country where the provision of such a service would be contrary to local laws or regulations, this should be treated as information only.

Analysis of Shareholders at 31 October

	2019 Number of shares held	2019 %	2018 Number of shares held *	2018 %
Institutions	30,009,021	9.9	32,621,405	11.4
Intermediaries	252,175,113	83.4	197,489,175	69.1
Individuals	19,431,922	6.4	21,822,045	7.6
Baillie Gifford Share Plans/ISA	–	–	32,734,850	11.4
Marketmakers	982,639	0.3	1,406,220	0.5
	302,598,695	**100.0**	**286,073,695**	**100.0**

* The 2018 figures have been restated for the five for one share split on 28 January 2019.

Data Protection

The Company is committed to ensuring the confidentiality and security of any personal data provided to it. Further details on how personal data is held and processed on behalf of the Company can be found in the privacy policy available on the Company's website **www.edinburghworldwide.co.uk**.

Risks

Past performance is not a guide to future performance.

Edinburgh Worldwide is a UK listed company. The value of the shares, and any income from them, can fall as well as rise and investors may not get back the amount invested.

Edinburgh Worldwide invests in overseas securities. Changes in the rates of exchange may also cause the value of your investment (and any income it may pay) to go down or up.

Edinburgh Worldwide has borrowed money to make further investments (sometimes known as 'gearing' or 'leverage'). The risk is that when this money is repaid by the Company, the value of the investments may not be enough to cover the borrowing and interest costs, and the Company will make a loss. If the Company's investments fall in value, any invested borrowings will increase the amount of this loss.

Edinburgh Worldwide 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.

Edinburgh Worldwide can make use of derivatives which may impact on its performance.

Edinburgh Worldwide has investments in smaller, immature companies which are generally considered higher risk as changes in their share prices may be greater and the shares may be harder to sell. Smaller, immature companies may do less well in periods of unfavourable economic conditions.

Edinburgh Worldwide's risk could be increased by its investment in unlisted investments. These assets may be more difficult to buy or sell so changes in their prices may be greater.

Edinburgh Worldwide charges 75% of the investment management fee and 75% of borrowing costs to capital which reduces the capital value. Also, where income is low, the remaining expenses may be greater than the total income received, meaning the Company may not pay a dividend and the capital value would be further reduced.

The aim of Edinburgh Worldwide 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.

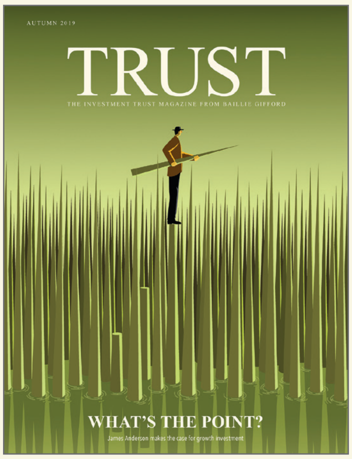
Further details of the risks associated with investing in the Company, including a Key Information Document and how charges are applied, can be found at **www.edinburghworldwide.co.uk**, or by calling Baillie Gifford on 0800 917 2112. This information has been issued and approved by Baillie Gifford & Co Limited, the Managers and Secretaries, and does not in any way constitute investment advice.

Edinburgh Worldwide is a UK public listed company and as such complies with the requirements of the UK Listing Authority. It is not authorised or regulated by the Financial Conduct Authority.

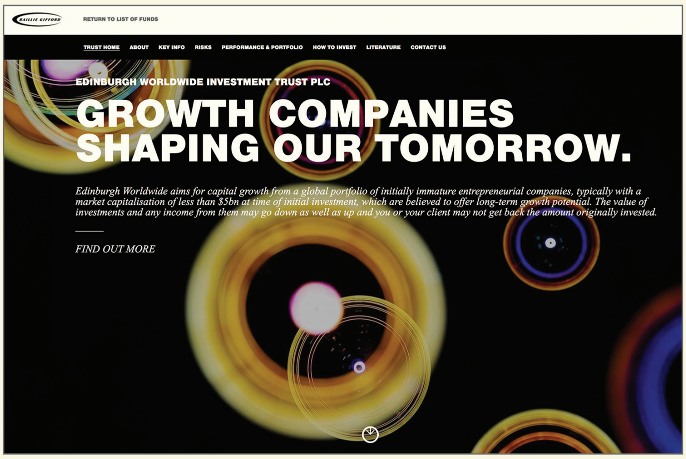
The Financial Statements have been approved by the Directors of Edinburgh Worldwide. The information and opinions expressed within the Annual Report and Financial Statements are subject to change without notice.

The staff of Baillie Gifford and Edinburgh Worldwide's Directors may hold shares in Edinburgh Worldwide and may buy or sell such shares from time to time.

Communicating with Shareholders



Trust Magazine



An Edinburgh Worldwide web page at **www.edinburghworldwide.co.uk**

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 Edinburgh Worldwide. *Trust* plays an important role in helping to explain our products so that readers can really understand them.

You can subscribe to *Trust* magazine or view a digital copy at **www.bailliegifford.com/trust**.

Edinburgh Worldwide on the Web

Up-to-date information about Edinburgh Worldwide can be found on the Company's page of the Managers' website at **www.edinburghworldwide.co.uk**. You will find full details on Edinburgh Worldwide, including recent portfolio information and performance figures.

Suggestions and Questions

Any suggestions on how communications with shareholders can be improved are welcomed. 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 Edinburgh Worldwide.

Literature in Alternative Formats

It is possible to provide copies of the literature in alternative formats, such as large print or on audio tape. Please contact the Baillie Gifford Client Relations Team for more information.

Client Relations Team Contact Details

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

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

Email: trustenquiries@bailliegifford.com
Website: www.bailliegifford.com
Fax: 0131 275 3955

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

Please note that Baillie Gifford is not permitted to give financial advice. If you would like advice please ask an authorised intermediary.

Automatic Exchange of Information

In order to fulfil its obligations under UK tax legislation relating to the automatic exchange of information, Edinburgh Worldwide Investment Trust plc is required to collect and report certain information about certain shareholders.

The legislation requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. Accordingly, Edinburgh Worldwide Investment 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. No Provider shall in any way be liable to any recipient of the data for any inaccuracies, errors or omissions in the index data included in this document, regardless of cause, or for any damages (whether direct or indirect) resulting therefrom.

No Provider has any obligation to update, modify or amend the data or to otherwise notify a recipient thereof in the event that any matter stated herein changes or subsequently becomes inaccurate.

Without limiting the foregoing, no Provider shall have any liability whatsoever to you, whether in contract (including under an indemnity), in tort (including negligence), under a warranty, under statute or otherwise, in respect of any loss or damage suffered by you as a result of or in connection with any opinions, recommendations, forecasts, judgments, or any other conclusions, or any course of action determined, by you or any third party, whether or not based on the content, information or materials contained herein.

S&P Index Data

The S&P Global Small Cap Index ('Index') is a product of S&P Dow Jones Indices LLC, a division of S&P Global, or its affiliates ('SPDJI'). Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC, a division of S&P Global ('S&P'); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ('Dow Jones'). Neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors make any representation or warranty, express or implied, as to the ability of any index to accurately represent the asset class or market sector that it purports to represent and neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors shall have any liability for any errors, omissions, or interruptions of any index or the data included therein.

MSCI Index Data

Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an 'as is' basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the 'MSCI Parties') expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages (**www.msci.com**).

FTSE Index Data

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Glossary of Terms and Alternative Performance Measures ('APM')

An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Total Assets

The total value of all assets held less all liabilities other than liabilities in the form of borrowings.

Net Asset Value ('NAV')

Also described as shareholders' funds, net asset value is the value of total assets less liabilities (including borrowings). Net asset value can be calculated on the basis of borrowings stated at book value and fair value. An explanation of each basis is provided below. The net asset value per share is calculated by dividing this amount by the number of ordinary shares in issue excluding any shares held in treasury.

Net Asset Value (Borrowings at Book Value)

Borrowings are valued at their nominal book value. The value of the borrowings at book and fair value are set out on page 56.

Net Asset Value (Borrowings at Fair Value) (APM)

Borrowings are valued at an estimate of their market worth. The value of the borrowings at book and fair value are set out on page 56.

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

	31 October 2019	31 October 2018
Net Asset Value per ordinary share (borrowings at book value)	177.37p	165.16p
Shareholders' funds (borrowings at book value)	£536,718,000	£472,474,000
Add: book value of borrowings	£48,596,000	£48,628,000
Less: fair value of borrowings	(£48,596,000)	(£48,669,000)
Shareholders' funds (borrowings at fair value)	**£536,718,000**	**£472,433,000**
Number of shares in issue	302,598,695	286,073,695
Net Asset Value per ordinary share (borrowings at fair value)*	**177.37p**	**165.14p**

At 31 October 2019 all borrowings are in the form of short term floating rate borrowings and their fair value is considered equal to their book value, hence there is no difference in the net asset value at book value and fair value.

* Prior year figures restated for the five for one share split on 28 January 2019.

Net Liquid Assets

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

Discount/Premium (APM)

As stock markets and share prices vary, an investment trust's share price is rarely the same as its net asset value. When the share price is lower than the net asset value 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 net asset value per share and is usually expressed as a percentage of the net asset value per share. If the share price is higher than the net asset value per share, this situation is called a premium.

Total Return (APM)

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

Compound Annual Return (APM)

The compound annual return converts the return over a period of longer than one year to a constant annual rate of return applied to the compound value at the start of each year.

Ongoing Charges (APM)

The total recurring expenses (excluding the Company's cost of dealing in investments and borrowing costs) incurred by the Company as a percentage of the average net asset value (with debt at fair value). The ongoing charges have been calculated on the basis prescribed by the Association of Investment Companies.

Ongoing Charges Calculation

	31 October 2019	31 October 2018
Investment management fee	£3,281,000	£2,776,000
Other administrative expenses	£671,000	£737,000
Total expenses (a)	**£3,952,000**	**£3,513,000**
Average daily cum-income net asset value (with debt at fair value) (b)	£525,391,000	£432,553,000
Ongoing charges (a)÷(b) (expressed as a percentage)	**0.75%**	**0.81%**

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.

Gearing is the Company's borrowings at book value less cash and cash equivalents (including any outstanding trade settlements) expressed as a percentage of shareholders' funds.

Gearing (APM) (continued)

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

	31 October 2019	31 October 2018
Borrowings (at book value)	£48,596,000	£48,628,000
Less: cash and cash equivalents	(£13,342,000)	(£23,607,000)
Less: sales for subsequent settlement	–	–
Add: purchases for subsequent settlement	–	–
Adjusted borrowings (a)	£35,254,000	£25,021,000
Shareholders' funds (b)	£536,718,000	£472,474,000
Gearing: (a) as a percentage of (b)	**7%**	**5%**

	31 October 2019	31 October 2018
Borrowings (at book value) (a)	£48,596,000	£48,628,000
Shareholders' funds (b)	£536,718,000	£472,474,000
Potential gearing (a) ÷ (b) (expressed as a percentage)	**9%**	**10%**

Leverage (APM)

For the purposes of the Alternative Investment Fund Managers 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.

Share Split

A share split (or stock split) is the process by which a company divides its existing shares into multiple shares. Although the number of shares outstanding increases, the total value of the shares remains the same with respect to the pre-split value.

Unlisted Company

An unlisted company means a company whose shares are not available to the general public for trading and not listed on a stock exchange.

Directors

Chairman:
HCT Strutt

DAJ Cameron
WJ Ducas
H James
MIG Wilson

Alternative Investment Fund Manager, Secretaries and Registered Office

Baillie Gifford & Co Limited
Calton Square
1 Greenside Row
Edinburgh
EH1 3AN
Tel: 0131 275 2000
www.bailliegifford.com

Registrar

Computershare
Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Tel: 0370 707 1643

Depositary

The Bank of New York Mellon
(International) Limited
1 Canada Square
London
E14 5AL

Company Broker

Numis Securities Limited
The London Stock
Exchange Building
10 Paternoster Square
London
EC4M 7LT

Independent Auditor

Ernst & Young LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Company Details

www.edinburghworldwide.co.uk
Company Registration
No. SC184775
ISIN GB00BHSRZC82
Sedol BHSRZC8
Ticker EWI

Legal Entity Identifier:
213800JUA8RKIDDLH380

Further Information

Baillie Gifford
Client Relations Team
Calton Square
1 Greenside Row
Edinburgh
EH1 3AN
Tel: 0800 917 2112
Email:
trustenquiries@bailliegifford.com
Fax: 0131 275 3955