BAILLIE GIFFORD
UK GROWTH FUND PLC

Annual Report and Financial Statements
30 April 2019

Contents

Investor Disclosure Document

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

Notes

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

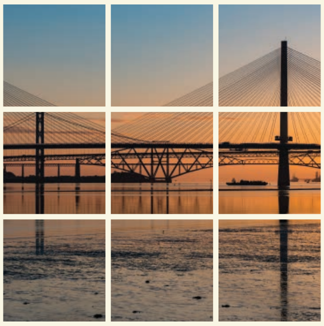
Investment trusts are UK public listed companies and as such comply with the requirements of the UK Listing Authority. They are not authorised or regulated by the Financial Conduct Authority.

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

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser.

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



The principal investment objective of the Company is to achieve capital growth predominantly from investment in UK equities, with the aim of providing a total return in excess of the FTSE All-Share Index.

Financial Highlights – Year to 30 April 2019

Share Price 5.0%	NAV 0.2%	Benchmark* 2.6%

Source: Refinitiv/Baillie Gifford. All figures are stated on a total return basis. Total return is an Alternative Performance Measure – see Glossary of Terms and Alternative Performance Measures on pages 54 and 55. Comparatives for 2018 can be found on page 4.

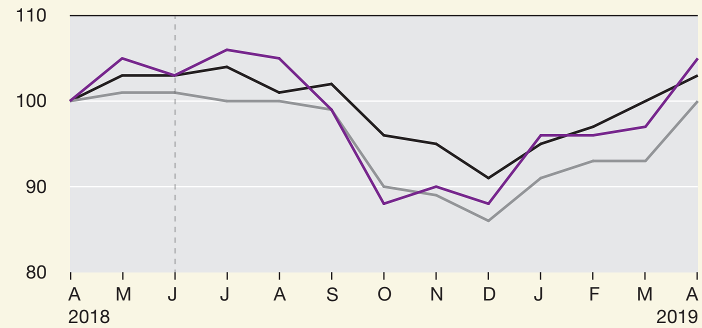
Share Price, NAV and Benchmark

(figures rebased to 100 at 30 April 2018)

Share price

NAV

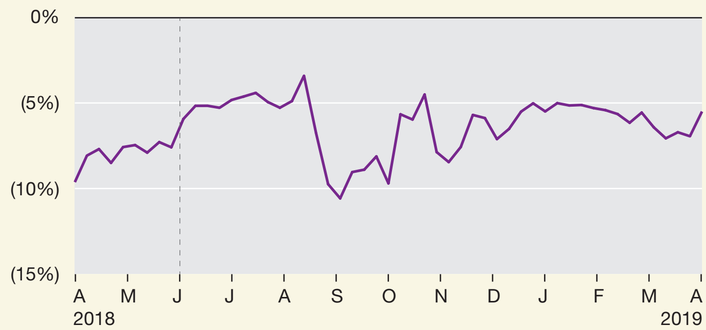
Benchmark*



Discount† to Net Asset Value

(figures plotted on a weekly basis)

Discount



* The benchmark is the FTSE All-Share Index.
† Alternative performance measure – see Glossary of Terms and Alternative Performance Measures on pages 54 and 55.
Source: Refinitiv/Baillie Gifford and relevant underlying index providers. See disclaimer on page 53.

The line at 30 June 2018 represents the appointment of Baillie Gifford & Co Limited as Managers and Secretaries.

Past performance is not a guide to future performance.

Strategic Report

The Strategic Report, which includes pages 2 to 14 and incorporates the Chairman's Statement has been prepared in accordance with the Companies Act 2006.

Chairman's Statement

Carolan Dobson, Chairman

Performance

For the year to 30 April 2019, the Company's net asset value ('NAV') total return (capital and income) was 0.2% and the FTSE All Share index total return was 2.6%. The Company's share price total return over the same period was 5.0%.

For the first two months of the reporting period the portfolio was managed by Schroder Unit Trusts Limited ('Schroder'), since the end of June 2018 it has been managed by Baillie Gifford & Co Limited ('Baillie Gifford'), represented by the co-managers Iain McCombie and Milena Mileva. The reasons behind this and the consequent change in the Company's name were outlined in my 2018 statement.

The table below provides some additional detail by showing NAV performance over the two months to the end of June 2018 and the subsequent 10-month period to the end of April 2019.

	1 Year to 30 April 2019	30 April 2018 to 30 June 2018	30 June 2018 to 30 April 2019
Total Return			
NAV	0.2%	0.6%	(0.4%)
Share Price	5.0%	3.5%	1.4%
FTSE All-Share	2.6%	2.6%	0.0%

Since the change of Managers and the consequent reorganisation of the portfolio, market conditions have been difficult for the focused portfolio of good quality UK stocks now held. It is, however, reassuring that the discount of the Company's share price versus its NAV has narrowed to 5.5% (NAV cum income).

Details on the prospects for the companies held in the portfolio are contained on pages 10 and 11 in the Managers' Report.

Portfolio Reorganisation

Following the move to Baillie Gifford the portfolio was re-positioned in line with the new Managers' growth investment philosophy. Consequently, most of the Company's prior 49 holdings were sold and 42 new holdings purchased with 100% of the portfolio now positioned as desired. The cost of this portfolio restructuring was approximately 1% of NAV.

Schroders ISA Savings Scheme

At the time of the Manager change, 23% of the Company's shares were held within the Schroders ISA Scheme and the Board highlighted that it would not be possible for individuals to continue to hold the Company's shares in the Schroders ISA. I am pleased to say that all this stock was either transferred to other third-party platforms or acquired by new and existing investors.

Share Buy-backs and Issuance from Treasury

No shares were bought back during the year to 30 April 2019. At the forthcoming Annual General Meeting ('AGM'), the Board will ask shareholders to renew the mandate to repurchase up to 14.99% of the outstanding shares. The share buy-back policy seeks to operate in the best interests of shareholders by taking into account the relative level of the Company's share price discount to NAV when compared with peer group trusts, the absolute level of discount, volatility in the level of discount and the impact from share buy-back activity on the long-term liquidity of the Company's issued shares.

The Board also believes that the Company benefits from the flexibility of being able to re-issue any shares that might be held in treasury and is therefore looking to renew the annual issuance authority. At present there are 10,396,700 shares, 6.9% of the Company's issued share capital as at 30 April 2019, held in treasury. To avoid any dilution to existing investors, these would only be re-issued at a premium to NAV and after associated costs.

Gearing

During the year, the Company maintained its total borrowing facilities at £35 million through a revolving one-year credit facility with Scotiabank. This was undrawn throughout the year due to several factors, including the overhang of stock from the Schroders ISA Savings Schemes. The Board sets internal guidelines for the portfolio managers' use of gearing which are altered from time to time but are subject to net effective gearing not representing more than 20% of shareholders' funds. In the long term, the Board expects gearing to range between 5 and 15%, with 10% representing a neutral position.

Earnings and Dividends

As highlighted in my most recent annual and interim Chairman's Statements, there will be a stepped reduction in dividend payments. Over the last few years, the Company has paid out dividends that reflected the portfolio revenue derived from Schroders' management style. As our new portfolio managers are growth investors, with any underlying income received being a by-product of that approach, revenue earnings for this and future years are expected to be notably lower than previously.

The net revenue return per share for the year was 5.12p, versus 6.58p in 2018. A final dividend of 2.95p per share is being

For a definition of terms, see Glossary of Terms and Alternative Performance Measures on pages 54 and 55.
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recommended, making a total of 4.45p for the year ending 30 April 2019. Shareholders should note that earnings for the year ending 30 April 2019 include several dividends received in May and June 2018 before the portfolio was reorganised. As of the date of this statement, the earnings estimate for the year ending 30 April 2020 is 3.94p per share.

Historically, the Company's second dividend has also been paid as an interim dividend. This year it is being paid as a final dividend, therefore allowing shareholders the opportunity to vote on it at the AGM on 1 August 2019. Consequently, payment of the final dividend will be made after this date rather than at the end of July as has been the case in recent years. In addition, it is the intention of the Board that future dividends be paid by way of a single final payment and be approximately the minimum permissible to maintain investment trust status, reflecting our priority which is capital growth.

Continuation of the Company

At this year's AGM the Directors are proposing, in accordance with the Articles, that the life of the Company be extended for a further five years. If the continuation vote is not approved, the Directors will convene a meeting, to be held by 1 November 2019, confirming the voluntary winding up of the Company. Shareholders will then be entitled, in proportion to their respective holdings, to the net proceeds following the liquidation of the portfolio.

Your Directors are aware that performance over the past five years has been disappointing. Over the five years to 30 April 2019, the Company's NAV total return was 25.1% and the FTSE All Share index total return was 35.2%. The Company's share price total return over the same period was 26.6% and the share price discount to NAV (cum income) averaged 10.0%. Cognisant of these issues and following a review, the Board appointed Baillie Gifford as the Company's new AIFM and Company Secretaries in 2018, replacing Schroder.

It is still too early to comment on the longer-term performance of the new portfolio managers. However, having conducted a thorough review of the Managers' approach and resources we believe Baillie Gifford has the right team to manage a portfolio comprising judiciously selected investments with good long-term growth prospects. In addition, the Board believes that Baillie Gifford will market the Company appropriately and has noted the positive reaction of the Company's share price immediately following news of the Manager change and since.

Your Directors therefore believe that it is desirable to extend the Company's life and recommend that shareholders vote in favour of the extension for a further period of five years.

Board Composition

Bob Cowdell retired as a Director in September 2018 and Scott Cochrane and Ruary Neill were appointed in November 2018. Their respective additions strengthen the breadth and depth of the Board; their appointments are subject to ratification at the Company's Annual General Meeting in August 2019. Their respective biographies can be found on page 15.

Mr Hutton, who has served as a Director for 11 years, has indicated his intention to retire from the Board at the conclusion of this year's AGM. The Board and I would like to thank him for his contribution to Board discussions, his candid opinions and insightful comments. The Board continues to review its composition and to consider its succession and refreshment policies.

As a Board, we remain completely committed to the principles of diversity both within the Board and at an operational level. While the recent appointments to the Board, taken together with Mr Hutton's retirement, will produce a 25 per cent. female representation on the Board, we retain a female Chair and female co-manager. As a Board we will continue to look for appropriate opportunities to meet our long-term commitment to gender and wider diversity.

Diversity Policy

The Board believes that maintaining a diversity of thought and experience on the Board and at an operational level within Baillie Gifford represents the best way of discharging its responsibilities to shareholders.

In furtherance of this belief, the Board will look for the best ways to increase the diversity of gender, ideas, professional experiences and cultural backgrounds to which the Company is exposed.

The Board will continue to monitor diversity on an ongoing basis, having regard to developments in Corporate Governance Code and wider market practice, and seek to ensure that the Company retains the benefits of a diversity of thought and experience going forward. As circumstances allow, the Company will continue to look for opportunities to broaden the diversity to which the Company is exposed, in furtherance of this commitment.

Outlook

The Board and Managers have considered the implications of Brexit and the current political uncertainties. As of the date of this statement, there are so many uncertainties that there seems little that could be done to hedge the portfolio against such a wide range of potential negative outcomes other than our portfolio managers remaining focused on backing exceptional UK companies that have the potential to exploit their competitive advantage. Whilst the benefits of this approach will not always be reflected in short term returns, the Board and Managers firmly believe it will reward the patient investor over the long-term.

AGM

The Annual General Meeting of the Company will be held on Thursday 1 August 2019 at 12.00 noon at the Institute of Directors, 116 Pall Mall, London SW1Y 5ED. Shareholders are warmly invited to attend. The meeting will include a presentation by the portfolio managers on the prospects for UK equities and the positioning of the portfolio. They and the Board will be available to answer any questions.

Change of Registrar

The Board appointed Computershare Investor Services PLC as the Company's Registrar with effect from 3 June 2019.

Carolan Dobson
Chairman
19 June 2019

Past performance is not a guide to future performance.

One Year Summary

	30 April 2019	30 April 2018	% change
Shareholders' funds	£305.7m	£312.3m	
Net asset value per share	203.1p	207.5p	(2.1)
Share price	192.0p	187.5p	2.4
FTSE All-Share Index			(1.4)
Revenue earnings per ordinary share	5.12p	6.58p	(22.2)
Dividends paid and payable in respect of the year	4.45p	6.00p	(25.8)
Ongoing charges*†	0.51%	0.63%	
Discount*	(5.5%)	(9.6%)	
Active share*	86%	66%	

Year to 30 April	2019	2018
Total returns (%)*		
Net asset value	0.2	9.1
Share price	5.0	15.0
FTSE All-Share Index	2.6	8.2

Year to 30 April	2019	2019	2018	2018
Year's high and low	**High**	**Low**	**High**	**Low**
Net asset value per share	216.9p	170.7p	207.5p	186.8p
Share price	200.0p	158.0p	187.5p	165.0p
Discount*	(3.4%)	(11.4%)	(8.4%)	(14.2%)

	30 April 2019	30 April 2018
Net return per ordinary share		
Revenue	5.12p	6.58p
Capital	(4.95p)	10.00p
Total	**0.17p**	**16.58p**

* Alternative performance measure – see Glossary of Terms and Alternative Performance Measures on pages 54 and 55.

† Without the management fee waiver (see page 17), the ongoing charges would have been 0.76%. See Glossary of Terms and Alternative Performance Measures on pages 54 and 55.

Source: Refinitiv/Baillie Gifford & Co and relevant underlying index providers. See disclaimer on page 53.

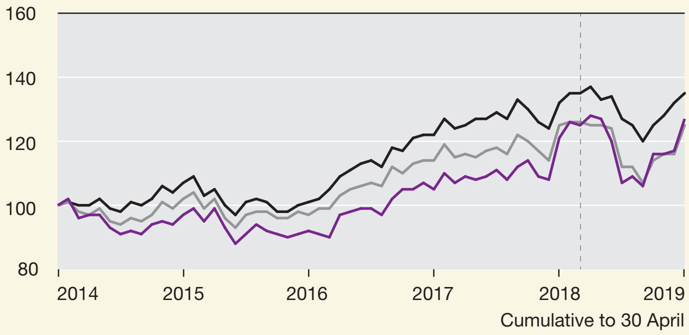
Past performance is not a guide to future performance.

Five Year Summary

The following charts indicate how an investment in Baillie Gifford UK Growth Fund has performed relative to its benchmark and its underlying net asset value over the five year period to 30 April 2019.

Five Year Total Return* Performance

(figures rebased to 100 at 30 April 2014)



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

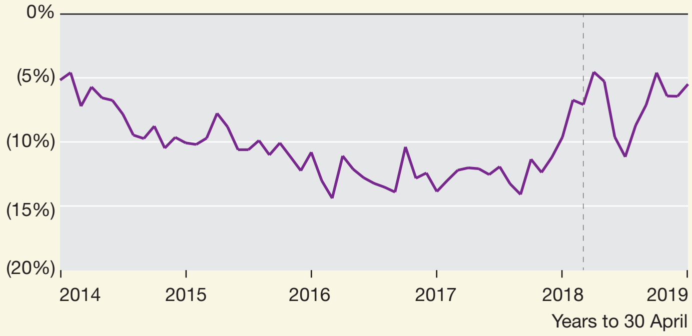
Share price

NAV

Benchmark#

Discount* to Net Asset Value

(figures plotted on a monthly basis)

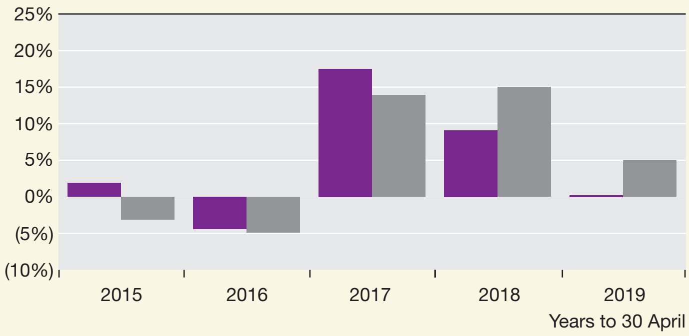


Source: Refinitiv/Baillie Gifford and relevant underlying index providers†.

Discount

The discount is the difference between UK Growth's quoted share price and its underlying net asset value.

Annual Net Asset Value and Share Price Total Returns*



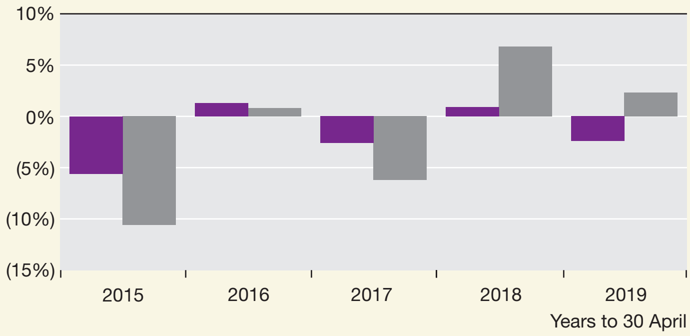
Source: Refinitiv/Baillie Gifford and relevant underlying index providers†.

NAV return

Share price return

Annual Net Asset Value and Share Price Total Returns*

(relative to the benchmark# total returns)



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

NAV return

Share price return

* See Glossary of Terms and Alternative Performance Measures on pages 54 and 55.

† See disclaimer on page 53.

The benchmark is the FTSE All-Share Index.

The line at 30 June 2018 represents the appointment of Baillie Gifford & Co Limited as Managers and Secretaries.

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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 obtained approval as an investment trust from HM Revenue & Customs subject to the Company continuing to meet the eligibility conditions. The Directors are of the opinion that the Company has continued to conduct its affairs so as to enable it to comply with the ongoing requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011.

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

Investment Objective

The principal investment objective of the Company is to achieve capital growth predominantly from investment in UK equities, with the aim of providing a total return in excess of the FTSE All-Share Index.

Investment Policy

The Company invests in a relatively concentrated portfolio of between 35 and 65 stocks principally selected for their potential to provide shareholders with attractive returns relative to the FTSE All-Share Index. The portfolio is invested primarily in listed UK equities. It may, if appropriate, include convertible securities, and equity-related derivatives may be used for efficient portfolio management purposes. The yield on the Company's investment portfolio is of secondary importance.

The stocks are predominantly constituents of the FTSE 350 Index.

The size of individual stock holdings depends on the Managers' degree of conviction, not the stock's weight in any index.

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 total return per ordinary share relative to the benchmark total return over the longer term;

— the movement in the share price total return relative to the benchmark total return over the longer term;

— the absolute level of movement in the net asset value total return over the longer term;

— the absolute level of movement in the share price total return over the longer term;

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

— management fee; and

— ongoing charges.

An explanation of these measures can be found in the Glossary of Terms and Alternative Performance Measures on pages 54 and 55.

The one, five and ten year records of the KPIs can be found on pages 4, 5 and 14.

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

Borrowings

The Company has a one year £35 million unsecured, revolving loan facility with Scotiabank Europe plc which is due to expire on 8 July 2019. At 30 April 2019, there were no outstanding drawings. Negotiations are underway with National Australia Bank to put in place a one year £35 million unsecured, revolving facility on 8 July 2019 to replace the current Scotiabank facility.

Principal Risks

As explained on pages 21 and 22 there is an ongoing 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. A description of these risks and how they are being managed or mitigated is set out below:

Financial Risk – the Company's assets consist of listed securities and its principal 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 17 to the Financial Statements on pages 43 to 46. To mitigate this risk the Board considers at each meeting various portfolio metrics including individual stock performance, the composition and diversification of the portfolio by sector, purchases and sales of investments and the top and bottom contributors to performance. The Managers provide rationale for stock selection decisions. 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. To manage this risk, the Board monitors the level of discount/premium at which the shares trade and the Company has authority to buy back its existing shares when deemed by the Board to be in the best interests of the Company and its shareholders.

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 Committee on Baillie Gifford's monitoring programmes. Major regulatory change could impose disproportionate compliance burdens on the Company. In such circumstances representation is made to ensure that the special circumstances of investment trusts are recognised. Shareholder documents and announcements, including the Company's published Interim and Annual Report and Financial Statements, are subject to stringent review processes, and procedures are in place to ensure adherence to the Transparency Directive and the Market Abuse Directive with reference to inside information.

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

Operational Risk – failure of Baillie Gifford's systems or those of other third party service providers could lead to an inability to provide accurate reporting and monitoring or a misappropriation of assets. To mitigate this risk, Baillie Gifford has a comprehensive business continuity plan which facilitates continued operation of the business in the event of a service disruption or major disaster. The Board reviews Baillie Gifford's Report on Internal Controls and the reports by other key third party providers are reviewed by Baillie Gifford on behalf of the Board.

Leverage Risk – the Company may borrow money for investment purposes (sometimes known as 'gearing' or 'leverage'). If the investments fall in value, any borrowings will magnify the extent 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 Company's investments are in listed securities that are readily realisable. Further information on leverage can be found on page 53 and in the Glossary of Terms and Alternative Performance Measures on pages 54 and 55.

Political Risk – political developments are monitored and considered by the Board as they occur, such as the Government's intention that the UK should leave the European Union, and to assess the political consequences for the Company's future activities.

Viability Statement

Notwithstanding that the continuation of the Company is subject to approval by shareholders every five years, with the next vote at the Annual General Meeting in 2019, the Directors have, in accordance with provision C2.2 of the UK Corporate Governance Code, assessed the prospects of the Company over a five year period. The Directors continue to believe this period to be appropriate as it reflects the Company's longer term investment strategy and to be a period during which, in the absence of any adverse change to the regulatory environment and to the tax treatment afforded to UK investment trusts, they do not expect there to be any significant change to the current principal risks facing the Company nor to the effectiveness of the controls employed to mitigate those risks. Furthermore, the Directors do not reasonably envisage any change in strategy or any events which would prevent the Company from operating over a period of five years.

In considering the viability of the Company, the Directors have conducted a robust assessment of each of the principal risks and uncertainties detailed on pages 6 and 7 and in particular the impact of market risk where a significant fall in UK equity markets would adversely impact the value of the investment portfolio. The Company's investments are listed and readily realisable and can be sold to meet its liabilities as they fall due. The Directors have also considered the Company's leverage and liquidity in the context of the unsecured loan facility of £35m expiring in July 2019, which was undrawn at 30 April 2019. In addition, all of the key operations required by the Company are outsourced to third party service providers and it is reasonably considered that alternative providers could be engaged at relatively short notice. The Board has specifically considered the market uncertainty arising from the UK's negotiations to leave the European Union and can see no scenario that it believes would affect the going concern status or viability of the Company.

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

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. Further information on the Company's approach to environmental, social and governance (ESG) matters is provided on page 23.

Gender Representation

The Board comprises five Directors, one female and four male. The Company has no employees. The Board's policy on diversity is set out on page 21.

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 23.

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

Future Developments of the Company

The outlook for the Company for the next 12 months is set out in the Chairman's Statement on pages 2 and 3 and the Managers' Report on pages 10 and 11.

The Strategic Report, which is includes pages 2 to 14 was approved by the Board of Directors and signed on its behalf on 19 June 2019.

Carolan Dobson
Chairman

The Managers' Core Investment Principles

Investment Philosophy

The following are the three core principles underpinning our investment philosophy. We have a consistent, differentiated long-term investment approach to managing UK equities that should stand investors in the Company in good stead:

Growth

We search for the few companies which have the potential to grow substantially and profitably over many years. Whilst we have no insight into the short-term direction of a company's share price, we believe that, over the longer term, those companies which deliver above average growth in cash flows will be rewarded with above average share price performance and that the power of compounding is often under-appreciated by investors. Successful investments will benefit from a rising share price and also from income accumulated over long periods of time.

Patience

Great growth companies are not built in a day. We firmly believe that investors need to be patient to fully benefit from the scale of the potential. Our investment time horizon, therefore, spans decades rather than quarters and our portfolio turnover is significantly below the UK industry average. This patient, long-term approach affords a greater chance for the superior growth and competitive traits of companies to emerge as the dominant influence on their share prices and allows compounding to work in the investors' favour.

Active Investment Management

It is our observation that many investors pay too much attention to the composition of market indices and active managers should make meaningful investments in their best ideas regardless of the weightings of the index. For example, we would never invest in a company just because it is large or to reduce risk. As a result, shareholders should expect the composition of the portfolio to be significantly different from the benchmark. This differentiation is a necessary condition for delivering superior returns over time and shareholders should be comfortable tolerating the inevitable ups and downs in short-term relative performance that will follow from that.

Portfolio construction flows from the investment beliefs stated above.

Managers' Report

Why Invest in UK Equities?

This is a question we are often asked. The inference is that the UK market is dominated by large, dull, boring businesses that any self-respecting growth manager would be crazy to look at. We happen to agree with this. However, where we take issue with the doomsters is that this generalisation applies to all of the market. The reality is that if an active stock picker is prepared to look beyond the well-known names, then there are plenty of UK businesses with tremendous growth records and others that show great promise for the future. We make no apologies for this optimism. Despite its many critics, one of the great attributes of capitalism is the creative destruction engendered. Society changes over time which allows for the emergence of new markets and services. New firms emerge to capitalise on this and existing businesses must adapt or face the consequences. If this seems fanciful or overly theoretical then simply take a walk around a town centre outside London to see one such adjustment occurring around us. This constant dynamism presents both huge opportunities and significant threats to investors (as well as admittedly inflicting short term pain on many blameless individuals and families). Our belief is that we want to be on the 'right' side of history for our investors and we look for businesses that are on that upward trajectory and own them for as long as we can. That is why, in simple terms, we prefer to own the likes of Boohoo rather than Marks and Spencer. We think that the risk of disruption has never been greater for many of the stalwarts of the UK stockmarket so, for example, we have no holdings in oil & gas exploration, banks or tobacco names. In contrast, we have assembled a portfolio of what we believe are exceptional companies that can capitalise on a myriad of growth opportunities both in the UK and globally. So, to answer the question posed at the start, we invest in UK equities because we do find plenty of companies that generate attractive growth.

Portfolio Positioning and Recent Activity

The application of our investment philosophy resulted in significant changes to the portfolio that we inherited from Schroders at the end of June 2018, with almost all of the 49 holdings sold and 42 new names bought. Changes thereafter have been minor in comparison.

Two new purchases were made in the second half of the year. Having met with the management team a couple of times and considered the merits of the investment case, we participated in the IPO of the online investment platform AJ Bell. We were particularly attracted by the fact that the business is still run by one of its founders and significant shareholder, Andy Bell, combined with our belief that the UK savings market enjoys strong long-term growth prospects. This is also a great example of how over the last decade and a half, changes in regulation and technology have led to the exciting emergence of a new service in the form of investment platforms servicing both the advised and direct-to-consumer market. Customers and advisors like the service because of the obvious benefit of the ability to see a myriad of funds and shares in their investment portfolio easily in one place. We believe these high margin, capital light platform businesses are exceptionally well-placed to exploit the structural shift from corporate defined benefit pension schemes to more self-directed defined contribution pension schemes and to accumulate savings flows over many years. We view AJ Bell, alongside Hargreaves Lansdown and Integrafin, as 'winners' in this attractive market and hope to own them for many years to come.

We also initiated a small position in Draper Esprit, a listed venture capital firm investing in European technology companies. Whilst the market for funding private enterprises in the US is well-developed, it is much less so in Europe. Draper Esprit has the ambition to become one of the leading providers of capital to highly prospective European technology businesses. The management team has a long and very successful track record, and, it seems to us, that their model of permanent capital through the PLC structure might have some advantages to the traditional VC model (constrained by the timing of exits) in better capturing the long-term value inherent in great businesses. We view a handful of the company's current core portfolio holdings (such as the Bristol based machine intelligence chip maker Graphcore and the London headquartered money transfer service TransferWise) as potentially transformational opportunities capable of driving outsized returns for investors.

These purchases were funded by the complete sale of HSBC, following concerns over its future growth potential, and the insurance broker Jardine Lloyd Thompson, following a takeover approach by Marsh & McLennan of the US.

As long-term investors, we would tend to view market volatility as an opportunity to increase our positions in some of the outstanding growth business we own. We, therefore, took advantage of market wobbles in the final quarter of 2018 and made additions to some of the portfolio's exciting growth investments such as Genus, FDM Group, First Derivatives, and Renishaw amongst others. Shareholders should not expect to see huge changes in the portfolio in the future given our style and we hope to highlight companies in future reports in more detail as to why we are enthused about their prospects.

Stewardship and Engagement

Our investment approach is founded on the long-term ownership of growing businesses. We are acutely aware of the responsibilities that stem from this approach and endeavour to be active stewards of our clients' capital. We want to help companies fulfil their potential by encouraging them to invest in growth opportunities and ignore the short-term pressures of the stock market. We therefore spend considerable time and effort in developing an understanding of the governance, social and environmental factors which might affect the long-term sustainability of the businesses we support. The following are only two examples of the many engagements we have had over the year.

Our holding in the annuities provider Just Retirement endured a torrid share price as the market was spooked by the regulator's provisional paper on lifetime mortgages that Just owns as an asset to match its future liabilities. The concern was that the proposals were very onerous on capital requirements that would negatively impact the capital position of Just. We engaged extensively with both the board and management on the issue and having thought about it carefully, independently wrote to the regulator expressing some concern over certain aspects of the paper that in our opinion had led to market confidence in the sector being unintentionally undermined. Pleasingly, the regulator appeared to listen to some of the points raised by many respondents in the consultation process and modified its approach to a degree. Our engagement here remains ongoing as there remains a striking disconnect between the share price and the value we see within the business.

A second ongoing engagement is with the clothing retailer Ted Baker. Over the years, Ted Baker has developed an exceptionally strong brand identity. We have long admired the company's measured approach to growth and believe that its investments in omni-channel distribution have positioned it well to adapt to the challenges, and embrace the opportunities, brought on the retail sector by digital technology. The brand identity has been built with founder and major shareholder Ray Kelvin at its heart. It was, therefore, disappointing when allegations about Mr Kelvin's behaviour came to light in December. After these emerged we engaged with various members of the non-executive board to take reassurance that the company was taking the right approach to a serious and sensitive issue. The board acted swiftly and, we believe, appropriately to set up suitable structures to lead an investigation into these matters. Mr Kelvin subsequently decided to step down while maintaining his innocence. Losing the founder was a serious issue for us given Mr Kelvin's significant input to the success of Ted Baker. Following some reflection, we decided that a smaller holding than before was warranted. However, we still retained a holding after meeting the executive team and speaking to one of the non-executive directors of the company on the importance of succession at this crucial time for the business. While there are some outstanding cultural and industry issues that we will continue to monitor, we applauded the decision shortly after to appoint Lindsay Page, Ted Baker's highly respected and longstanding CFO and COO, as the new chief executive.

What these examples illustrate is that investment should not be about shuffling bits of paper nor engagement merely a box-ticking exercise. It is about being willing in certain circumstances to engage and debate, with boards, key strategic issues and be willing to support a company at a difficult time. This is not a distraction to what we do but is a fundamental and underappreciated part of our task as patient long-term investors.

Gearing

At the time of transfer from Schroders the portfolio was ungeared and this remained the case throughout the year. Initially we waited for the Schroder ISA overhang of stock to be resolved but then general caution about the possible outcomes over Brexit led us to stay ungeared. However, as believers in long-term equity returns, we expect to utilise gearing strategically, with 10% being the anticipated long-term strategic position.

Performance

Over the twelve months to 30 April 2019, the Company's net asset value ('NAV') total return (capital and income) was 0.2% and the FTSE All Share index total return was 2.6% The Company's share price total return over the same period was 5.0% We took over the management of the Company's assets in the end of June 2018 and have experienced significant performance volatility since. Whilst the final quarter of 2018 presented a very challenging backdrop for our growth approach, performance has rebounded strongly since the beginning of the year. We believe it is unwise to try to infer anything meaningful from such a short period and request that shareholders judge our efforts over similar time frames to the ones we apply to judge the progress of our underlying investments, namely five years.

Outlook

Political developments, whether Brexit or the prospects for US/China trade, have been a key factor for equity markets during the past year. We simply do not have a crystal ball and therefore cannot claim to have any expertise in forecasting political outcomes. What we do know is the recent operational progress of the portfolio's holdings has generally been encouraging despite the apparent doom and gloom espoused by the media.

So, what we are doing? As long-term investors, we try and focus on topics such as the competitive position of the companies in which we invest, and whether there are sound reasons why that business should be significantly larger in five and 10 years' time. We think those are the key drivers to any successful investment strategy over the long term. A further comfort for us, in a period of uncertainty, is that as patient backers of skilled management teams we implicitly benefit from their ability to nimbly adapt or seek out new opportunities. This is an attribute that too many stockmarket investors overlook with their short-term focus and much higher portfolio turnover.

Summary

To sum up this first annual Managers' report since taking on the mandate, we are confident that the portfolio is populated with some terrific businesses which have the potential to nurture and exploit their competitive advantages and deliver good growth over the next five years and beyond. We remain confident that consistently applying our approach will result in attractive long-term returns to fellow shareholders and we are excited and upbeat about the prospects for the portfolio.

Iain McCombie and Milena Mileva
Baillie Gifford & Co
19 June 2019

For a definition of terms, see Glossary of Terms and Alternative Performance Measures on pages 54 and 55.
Past performance is not a guide to future performance.

List of Investments at 30 April 2019

Name	Business	Fair value £'000	% of total assets
Basic Materials			
Rio Tinto	**Metals and mining company**	**8,196**	**2.7**
Victrex	Speciality high-performance chemicals manufacturer	5,645	1.8
		13,841	**4.5**
Consumer Goods			
Diageo	**International drinks company**	**9,197**	**3.0**
Burberry	**Luxury goods retailer**	**8,059**	**2.6**
Ted Baker	Fashion retailer	4,867	1.6
		22,123	**7.2**
Consumer Services			
Auto Trader Group	**Advertising portal for second hand cars in the UK**	**11,458**	**3.7**
Rightmove	**UK's leading online property portal**	**8,777**	**2.9**
RELX	**Professional publications and information provider**	**8,392**	**2.8**
Just Eat	**Operator of online and mobile market place for takeaway food**	**7,729**	**2.5**
Boohoo.com	Online fashion retailer	7,376	2.4
Carnival	World's largest cruise ship operator	7,159	2.3
Inchcape	Car wholesaler and retailer	6,015	2.0
Euromoney Institutional Investor	Specialist publisher	3,885	1.3
Mitchells & Butlers	Pub and restaurant operator	3,027	1.0
		63,818	**20.9**
Financials			
Hargreaves Lansdown	**UK retail investment platform**	**14,044**	**4.6**
Prudential	**International life insurer**	**13,216**	**4.3**
St. James's Place	**UK wealth manager**	**12,025**	**3.9**
Legal & General	**Insurance and investment management company**	**9,023**	**3.0**
Hiscox	Property and casualty insurance	6,753	2.2
Helical	Property developer	6,243	2.0
Just Group	Provider of retirement income products and services	5,337	1.8
IntegraFin	Provides platform services to financial clients	5,030	1.6
Jupiter Fund Management	Investment management business	4,918	1.6
Draper Esprit	Technology focused venture capital firm	2,904	1.0
AJ Bell	Investment platform	2,849	0.9
IG Group	Spread betting website	2,189	0.7
		84,531	**27.6**
Health Care			
Abcam	**Online platform selling antibodies to life science researchers**	**7,832**	**2.6**
Genus	**World leading animal genetics company**	**7,705**	**2.5**
		15,537	**5.1**

Name	Business	Fair value £'000	% of total assets
Industrials			
Renishaw	**World leading metrology company**	**11,739**	**3.8**
HomeServe	**Domestic insurance**	**8,745**	**2.9**
Halma	**Specialist engineer**	**8,393**	**2.7**
Bunzl	**Distributor of consumable products**	**8,376**	**2.7**
Ultra Electronics	**Aerospace and defence company**	**7,737**	**2.5**
Howden Joinery	Manufacturer and distributor of kitchens to trade customers	7,307	2.4
Rolls-Royce	Power systems manufacturer	5,977	2.0
Bodycote	Heat treatment and materials testing	5,918	2.0
PageGroup	Recruitment consultancy	5,852	1.9
Ashtead	Construction equipment rental company	5,743	1.9
Volution Group	Supplier of ventilation products	5,514	1.8
James Fisher & Sons	Specialist service provider to the global marine and energy industries	3,308	1.1
		84,609	27.7
Technology			
First Derivatives	**IT consultant and software developer**	**8,092**	**2.7**
FDM Group	**Provider of professional services focusing on information technology**	**7,656**	**2.5**
		15,748	5.2
Total Equities		**300,207**	**98.2**
Net Liquid Assets		5,528	1.8
Total Assets		**305,735**	**100.0**

Stocks in bold are the 20 largest investments.

Ten Year Record

Capital

At 30 April	Total assets £'000	Borrowings £'000	Shareholders' funds £'000	Net asset value per share * p	Share price p	Discount † %
2009	176,443	35,000	141,443	90.2	83.5	7.4
2010	222,103	25,000	197,103	125.8	117.3	6.8
2011	257,141	25,000	232,141	144.2	137.1	4.9
2012	249,204	25,000	224,204	137.7	126.5	8.2
2013	301,074	25,000	276,074	171.6	157.0	8.5
2014	332,917	30,000	302,917	188.2	178.5	5.2
2015	298,837	–	298,837	185.7	167.0	10.1
2016	274,880	–	274,880	171.4	152.9	10.8
2017	304,372	–	304,372	195.6	168.5	13.9
2018	324,252	12,000	312,252	207.5	187.5	9.6
2019	**305,735**	**–**	**305,735**	**203.1**	**192.0**	**5.5**

Source: Baillie Gifford/Refinitiv. See disclaimer on page 53.

* Net asset value per ordinary share has been calculated after deducting borrowings. See Glossary of Terms and Alternative Performance Measures on pages 54 and 55.

† Discount is the difference between the Company's quoted share price and its underlying net asset value expressed as a percentage of net asset value. See Glossary of Terms and Alternative Performance Measures on pages 54 and 55.

Revenue

Year to 30 April	Gross revenue £'000	Available for ordinary shareholders £'000	Revenue earnings per ordinary share p	Dividends paid and proposed per ordinary share p	Ongoing charges ratio # %
2009	6,901	5,744	3.66	3.85	0.63
2010	4,794	3,828	2.45	2.75	0.75
2011	5,280	4,300	2.76	3.00	0.70
2012	6,690	5,603	3.49	3.50	0.88
2013	7,737	6,666	4.14	4.00	0.86
2014	10,758	9,843	6.12	5.50 §	0.47
2015	10,372	9,475	5.89	6.00 §	0.47
2016	9,839	9,262	5.77	5.20	0.32
2017	10,069	9,248	5.83	5.40	0.62
2018	10,980	10,099	6.58	6.00	0.63
2019	**8,658**	**7,710**	**5.12**	**4.45**	**0.51**

Gearing Ratios

Year to 30 April	Gearing ‡ %	Potential gearing ¶ %
2009	12	25
2010	6	13
2011	9	11
2012	8	11
2013	5	9
2014	9	10
2015	(4)	–
2016	(2)	–
2017	(1)	–
2018	(3)	4
2019	**(1)**	**–**

Source: Baillie Gifford.

Total operating costs divided by average net asset value. Without the management fee waiver (see page 17), the ongoing charges for the year to 30 April 2019 would have been 0.76%. See Glossary of Terms and Alternative Performance Measures on pages 54 and 55.

‡ Total assets (including all debt used for investment purposes) less all cash and cash equivalents divided by shareholders' funds. See Glossary of Terms and Alternative Performance Measures on pages 54 and 55.

¶ Total assets (including all debt used for investment purposes) divided by shareholders' funds. See Glossary of Terms and Alternative Performance Measures on pages 54 and 55.

§ Includes a special dividend of 1.00p per ordinary share.

Cumulative Performance (taking 2009 as 100)

At 30 April	Net asset value per share	Net asset value total return *	Share price	Share price total return *	Benchmark ††	Benchmark †† total return	Revenue earnings per ordinary share	Dividends paid and proposed per ordinary share
2009	100	100	100	100	100	100	100	100
2010	140	145	140	146	132	137	67	71
2011	160	169	164	174	145	155	75	78
2012	153	166	151	165	137	152	95	91
2013	190	212	188	211	156	179	113	104
2014	209	238	214	246	167	198	167	143
2015	206	242	200	238	173	213	161	156
2016	190	232	183	226	157	201	158	135
2017	217	272	202	258	182	241	159	140
2018	230	297	225	296	190	261	180	156
2019	**225**	**298**	**230**	**311**	**187**	**268**	**140**	**116**
Compound annual returns								
5 year	1.5%	4.6%	1.5%	4.8%	2.3%	6.2%	(3.5%)	(4.1%)
10 year	8.5%	11.5%	8.7%	12.0%	6.5%	10.4%	3.4%	1.5%

Source: Baillie Gifford/Refinitiv and relevant underlying providers. See disclaimer on page 53.

* See Glossary of Terms and Alternative Performance Measures on pages 54 and 55.

†† FTSE All-Share Index.

Past performance is not a guide to future performance.

Directors and Management

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

Directors

Carolan Dobson was appointed a Director in 2014 and became Chairman in 2016. She is also Chairman of the Management Engagement Committee. She is chairman of JP Morgan European Smaller Companies Trust plc (retiring July 2019), Brunner Investment Trust plc, Blackrock Latin American Investment Trust plc and a non-executive director of Woodford Patient Capital Trust plc. She was a fund manager holding a number of positions including director at Murray Johnstone Ltd and subsequently undertook several key roles at Abbey Asset Managers Ltd.

Andrew Westenberger was appointed a Director in May 2017 and became Chairman of the Audit Committee in August 2017. He is Chief Financial Officer of Integro Insurance Brokers and Tysers, a leading independent specialist broker and risk management firm. He is also a non-executive director and trustee of the Chartered Institute of Securities and Investments. Previously, he was group finance director of Brewin Dolphin Holdings PLC and Evolution Group Plc and held senior finance roles at Barclays Capital and Deutsche Bank. He is a Chartered Accountant.

Scott Cochrane was appointed a Director on 15 November 2018. He is Global Head of Corporate at International law firm Herbert Smith Freehills where he is responsible for leading the strategic direction of the practice across a global network of offices. He is also a member of the firm's Global Executive and has over 25 years' experience advising clients in the asset management sector on a broad range of corporate matters.

Ruary Neill was appointed a Director on 15 November 2018. He is currently a director of JP Morgan Emerging Markets Investment Trust plc, chairs the Investment Committee at Great Ormond Street Children's Charity and is a member of the Advisory Board, SOAS China Institute, London University. Previously, he worked in investment banking at UBS Investment Bank prior to which he spent several years in the financial sector working in Asian Equity Markets for UBS Investment Bank and Schroder Securities.

Andrew Hutton was appointed a Director in 2008 and became Senior Independent Director in 2015. He is also Chairman of the Nomination and Remuneration Committee. He is owner and Director of A.J. Hutton Ltd., an investment advisory firm. He was previously a Managing Director of JP Morgan and Head of Investment Management at Coutts Group. He is a former chairman of JP Morgan Global Emerging Markets Income Trust PLC.

All of the Directors are members of the Nomination and Remuneration Committee and the Management Engagement Committee. All Directors are members of the Audit Committee with the exception of Carolan Dobson, who stepped down from the Committee on 11 December 2018.

Managers and Secretaries

With effect from 29 June 2018, the Company has appointed Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, as its Alternative Investment Fund Manager ('AIFM') and Company Secretary. Baillie Gifford & Co Limited has delegated investment management services to Baillie Gifford & Co. Baillie Gifford & Co is an investment management firm formed in 1927 out of the legal firm Baillie Gifford, WS, which had been involved in investment management since 1908. Prior to 29 June 2018, Schroder Unit Trusts was the AIFM.

Baillie Gifford is one of the largest investment trust managers in the UK and currently manage nine investment trusts. Baillie Gifford also manage 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 total around £200 billion. 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 1,200.

The Managers of Baillie Gifford UK Growth are Iain McCombie and Milena Mileva. Iain is a partner at Baillie Gifford and is the lead Manager of the UK Core strategy. Milena is an Investment Manager in the UK Equity Team.

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

Directors' Report

The Directors present their Report together with the audited Financial Statements of the Company for the year to 30 April 2019.

Corporate Governance

The Corporate Governance Report is set out on pages 20 to 23 and forms part of this Report.

Managers and Company Secretaries

Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, was appointed as the Company's Alternative Investment Fund Manager ('AIFM') and Company Secretary on 29 June 2018. The agreement with the previous manager, Schroder Unit Trusts was terminated on 29 June 2018. Baillie Gifford & Co Limited has delegated portfolio management and services to Baillie Gifford & Co. Dealing activity and transaction reporting has 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 six months' notice or on shorter notice in certain circumstances. Compensation would only be payable if termination occurred prior to the expiry of the notice period. The annual management fee is 0.5% of net assets, calculated and payable quarterly. In order to offset the costs of repositioning the portfolio following its appointment as AIFM, Baillie Gifford agreed to waive its management fee for the year to the extent of £732,000 (approximately equal to six months' management fee payable to Baillie Gifford based on the Company's net asset value on 29 June 2018).

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

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

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

Depositary

In accordance with the Alternative Investment Fund Managers Directive, The Bank of New York Mellon (International) Limited has been appointed as Depositary and Custodian to the Company. The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements.

Directors

Information about the Directors, including their relevant experience, can be found on page 15.

Scott Cochrane and Ruary Neill were appointed to the Board on 15 November 2018 and are required to seek election by shareholders at the Annual General Meeting.

All other Directors will retire at the Annual General Meeting and offer themselves for re-election, with the exception of Andrew Hutton, who will stand down after the conclusion of the Annual General Meeting. Following a formal performance evaluation, the Chairman confirms that the Board considers that their performance continues to be effective and each remains committed to the Company. Their contribution to the Board is greatly valued and the Board recommends their re-election to shareholders.

Director Indemnification and Insurance

The Company has entered into qualifying third party deeds of indemnity in favour of each of its Directors. The deeds which were in force during the year to 30 April 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 her or him. In addition, the indemnity does not apply to any liability to the extent that it is recovered from another person.

The Company maintains Directors' and Officers' liability insurance.

Conflicts of Interest

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

Dividend

The Board recommends a final divided of 2.95p per ordinary share which, together with the interim dividend of 1.50p per ordinary share already paid, makes a total of 4.45p (2018 – 6.00p) for the year.

If approved by shareholders at the Annual General Meeting, the recommended final divided per ordinary share will be paid on 6 August 2019 to shareholders on the register at the close of business on 12 July 2019. The ex-dividend date is 11 July 2019.

The Board has amended the second interim dividend to a final dividend to give shareholders the opportunity to approve payment by voting on the resolution at the Annual General Meeting.

Share Capital

Capital Structure

The Company's capital structure at 30 April 2019 consists of 160,917,184 ordinary shares of 25p each (2018 – 160,917,184) of which 150,520,484 (2018 – 150,520,484) are allotted and fully paid and 10,396,700 (2018 – 10,396,700) are held in treasury. There are no restrictions concerning the holding or transfer of the Company's ordinary shares and there are no special rights attached to any of the shares.

Dividend

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

Capital Entitlement

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

Voting

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

Information on the deadlines for proxy appointments can be found on pages 48 and 49.

Major Interests in the Company's Shares

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

Name	No of ordinary 25p shares held at 30 April 2019	% of issue
1607 Capital Partners LLC	14,882,282	9.9
Standard Life Aberdeen plc	8,963,524	6.0
City of London Investment Management Company Limited	7,877,229	5.2
Rathbone Brothers PLC	7,781,856	5.2
Quilter and Co Limited	7,735,411	5.1
Investec Wealth & Investment Limited	6,911,698	4.6
Barclays plc	6,018,095	4.0
East Riding of Yorkshire Council	5,000,000	3.3

There have been no changes to the major interests in the Company's shares intimated up to 18 June 2019.

Annual General Meeting

Share Issuance Authority

At the last Annual General Meeting, the Directors were granted shareholders' approval for a general authority to allot shares and also an authority to issue shares or sell shares held in treasury on a non pre-emptive basis (without first offering such shares to existing shareholders pro-rata to their existing holdings). No shares were issued during the year.

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 10 in the Notice of Annual General Meeting seeks a general authority for the Directors to allot shares up to an aggregate nominal amount of £3,763,012. This amount represents 10% of the Company's total ordinary share capital in issue at 18 June 2019 and meets institutional guidelines. This authority will continue until the conclusion of the Annual General Meeting to be held in 2020 or on the expiry of 15 months from the passing of the resolutions, if earlier.

Resolution 11, which is proposed as a special resolution, seeks authority for the Directors to issue shares or sell shares held in treasury on a non pre-emptive basis for cash up to an aggregate nominal amount of £3,763,012 (representing 10% of the issued ordinary share capital of the Company as at 18 June 2019). This authority will only be used to issue shares or sell shares from treasury at a premium to net asset value on the basis of debt valued at par value and only when the Directors believe that it would be in the best interests of the Company to do so. This authority will continue until the conclusion of the Annual General Meeting to be held in 2020 or on the expiry of 15 months from the passing of the resolutions, if earlier.

Market Purchases of Own Shares

At the last Annual General Meeting the Company was granted authority to purchase up to 22,563,020 ordinary shares (equivalent to 14.99% of its issued share capital), such authority to expire at the 2019 Annual General Meeting. The Directors are seeking shareholders' approval at the Annual General Meeting to renew the authority to make market purchases up to 22,563,020 ordinary shares 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 2020.

No shares (2018 – 5,068,700 shares) were bought back during the year under review and 10,396,700 (2018 – 10,396,700) shares are held in treasury.

The share buy-back policy seeks to operate in the best interests of shareholders by taking into account the relative level of the Company's share price discount when compared with peer group trusts, the absolute level of discount and the impact from share buy-back activity on the long-term liquidity of the Company's issued shares.

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).

All buy-backs will initially be held in treasury. Shares will only be resold from treasury at a premium to net asset value per ordinary share.

The Company shall not be entitled to exercise the voting rights attaching to treasury shares.

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

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

The minimum price (exclusive of expenses) that may be paid will be 25p per share. Purchases of shares will be made within guidelines established, from time to time, by the Board. Your attention is drawn to Resolution 12 in the Notice of Annual General Meeting. This authority, if conferred, will only be exercised if to do so would result in an increase in net asset value per ordinary share for the remaining shareholders and if it is considered in the best interests of shareholders generally.

Financial Instruments

The Company's financial instruments comprise its investment portfolio, cash balances and debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 17 to the Financial Statements.

Articles of Association

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

Disclosure of Information to Auditors

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

Independent Auditors

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

A formal audit tender process, led by the Company's Audit Committee is underway and will conclude in the year to 30 April 2020. Under EU Regulations, PricewaterhouseCoopers LLP is prevented from taking part in the process as it has been engaged as the Company's auditors for 25 years.

Post Balance Sheet Events

The Directors confirm that there have been no significant post Balance Sheet events up to 19 June 2019 that require disclosure in the Financial Statements.

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.

Recommendation

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

On behalf of the Board
Carolan Dobson
Chairman
19 June 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 30 April 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 24.

The Board

The Board has overall responsibility for the Company's affairs. It has a number of matters formally reserved for its approval including strategy, investment policy, gearing, share buy-back and issuance policy, treasury matters, dividend and corporate governance policy. A separate meeting devoted to strategy is held each year. The Board also reviews the Financial Statements, investment transactions, revenue budgets and performance of the Company. Full and timely information is provided to the Board to enable it to function effectively and to allow Directors to discharge their responsibilities.

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

The Directors believe that the Board has a balance of skills and experience that enables it to provide effective strategic leadership and proper governance of the Company. Information about the Directors, including their relevant experience, can be found on page 15.

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

Appointments to the Board

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. The Board has agreed that all Directors will retire at each Annual General Meeting and, if appropriate, offer themselves for re-election.

Independence of Directors

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

Andrew Hutton has served on the Board for more than nine years. 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. Following formal performance evaluation, the Board concluded that, notwithstanding his length of service, Andrew Hutton continues to be independent in character and judgement and his skill and experience are a 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 table below shows the attendance record for the Board and Committee meetings held during the year. The Annual General Meeting was attended by all Directors serving at that date.

Directors' Attendance at Meetings

	Board	Audit Committee	Nomination and Remuneration Committee	Management Engagement Committee
Number of meetings	**6**	**2**	**2**	**1**
Carolan Dobson*	6	1	2	1
Scott Cochrane†	2	1	1	1
Bob Cowdell#	3	1	–	–
Andrew Hutton	6	2	2	1
Ruary Neill†	2	1	1	1
Andrew Westenberger	6	2	2	1

* Carolan Dobson stepped down from the Audit Committee on 11 December 2018.

† Scott Cochrane and Ruary Neill were appointed to the Board on 15 November 2018.

Bob Cowdell retired on 25 September 2018.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of all the Directors and Andrew Hutton is the Chairman of the Committee. 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.

Following the decision by Bob Cowdell to retire from the Board on 25 September 2018, Sapphire Partners was engaged to help identify potential new Directors. The Committee identified the skills and experience that would be required, having due regard for the benefits of diversity on the Board, and candidates were interviewed from a shortlist of names provided by Sapphire Partners. Scott Cochrane and Ruary Neill were identified as the preferred candidates and were appointed to the Board on 15 November 2018. The Committee believe their considerable knowledge and experience will be a great benefit to the Company.

The Nomination and Remuneration Committee also reviews and makes recommendations to the Board in respect of the level of remuneration paid to Directors.

The Committee's terms of reference are available on request from the Company and on the Company's page of the Managers' website: **www.bgukgrowthfund.com**. With effect from 1 May 2019, the Nomination and Remuneration Committee has been split into a Nomination Committee chaired by Carolan Dobson and a Remuneration Committee chaired by Andrew Hutton. Scott Cochrane will become Chairman of the Remuneration Committee following Andrew Hutton's retirement at the conclusion of the Annual General Meeting.

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. Each Director and the Chairman responded to an evaluation questionnaire. The Chairman's appraisal was led by Andrew Hutton, 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 there was a diverse range of skills within the Board, and the performance of each Director, the Chairman, the Board and its Committees continues to be effective and that each Director and the Chairman remain committed to the Company.

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 believes that maintaining a diversity of thought and experience on the Board and at an operational level within Baillie Gifford represents the best way of discharging its responsibilities to shareholders.

In furtherance of this belief, the Board will look for the best ways to increase the diversity of gender, ideas, professional experiences and cultural backgrounds to which the Company is exposed.

The Board will continue to monitor diversity on an ongoing basis, having regard to developments in Corporate Governance Code and wider market practice, and seek to ensure that the Company retains the benefits of a diversity of thought and experience going forward. As circumstances allow, the Company will continue to look for opportunities to broaden the diversity to which the Company is exposed, in furtherance of this commitment.

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

Induction and Training

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

Remuneration

Directors' fees are considered by the Nomination and Remuneration Committee within the limits approved by shareholders. The Company's policy on remuneration is set out in the Directors' Remuneration Report on pages 26 and 27.

Management Engagement Committee

The role of the Management Engagement Committee is to ensure that the Manager remains suitable to manage the portfolio, that the management contract is competitive and reasonable for the shareholders, and that the Company maintains appropriate administrative and company secretarial support. All Directors are members of the Management Engagement Committee which is chaired by the Chairman of the Board. The Board considers each member of the Committee to be independent.

To discharge its duties, the Committee met on one occasion during the year to consider: the performance and suitability of the Manager; the terms and conditions of the AIFM Agreement, including fees and the Committee's Terms of Reference.

Audit Committee

The report of the Audit Committee is set out on pages 24 and 25.

Internal Controls and Risk Management

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

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

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

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

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

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

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

To comply with the Alternative Investment Fund Managers Directive, The Bank of New York Mellon (International) Limited acts as the Company's Depositary and Baillie Gifford & Co Limited as its AIFM.

The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. The Depositary is liable for the loss of financial instruments held in custody. The 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 Committee and any concerns are investigated.

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

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

The risk limits, which are set by the AIFM and approved by the Board, take into account the objectives, strategy and risk profile of the portfolio. These limits, including leverage (see page 53), 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.

The Company's principal risks are market related and include market risk, liquidity risk and credit risk. An explanation of these risks and how they are managed is contained in note 17 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 borrowing facilities require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) Regulations 2011.

In accordance with the Company's Articles of Association, shareholders have the right to vote on the continuation of the Company every five years, the next vote being at the Annual General Meeting to be held on 1 August 2019. The Directors have no reason to believe that the continuation vote will not be passed this year. 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 7, 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. The Chairman also meets shareholders independently of the Managers and reports shareholders' views to the Board. Shareholders wishing to communicate with any members of the Board may do so by writing to them at the Company's registered office or through the Company's broker, Winterflood Investment Trusts (see contact details on back cover). All correspondence addressed to the Chairman is dealt with directly by the Chairman.

The Company's Annual General Meeting provides a further forum for communication with all shareholders. The level of proxies lodged for each resolution is announced at the Meeting and is published at **www.bgukgrowthfund.com** 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 from the Managers' website at **www.bgukgrowthfund.com**.

Corporate Governance and Stewardship

The Company believes that it is in the shareholders' interests to consider environmental, social and governance ('ESG') factors when selecting and retaining investments and has asked the Managers to take these issues into account.

The Managers do not exclude companies from their investment universe purely on the grounds of ESG factors but adopt a positive engagement approach whereby matters are discussed with management with the aim of improving the relevant policies and management systems and enabling the Managers to consider how ESG factors could impact long term investment returns. The Managers' Statement of Compliance with the UK Stewardship Code can be found on the Managers' website: **www.bailliegifford.com**.

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

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

On behalf of the Board
Carolan Dobson
Chairman
19 June 2019

Audit Committee Report

The Audit Committee consists of all independent Directors except for the Chairman of the Board, Carolan Dobson, who stepped down from the Audit Committee on 11 December 2018 in line with the recommendation of the UK Corporate Governance Code published in July 2018. The members of the Committee consider that they have the requisite financial skills and experience to fulfil the responsibilities of the Committee. Andrew Westenberger, Chairman of the Committee, is a Chartered Accountant. 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.bgukgrowthfund.com**. The terms of reference are reviewed annually.

The Committee's effectiveness is reviewed on an annual basis as part of the Board's performance evaluation process (see page 21).

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

Main Activities of the Committee

The Committee met twice during the year to 30 April 2019 and PricewaterhouseCoopers LLP, the external Auditors, attended both meetings. Following its appointment on 29 June 2018, Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provided reports on their monitoring programmes.

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

- the Annual and Interim reports;
- the Company's accounting policies and practices;
- the regulatory changes impacting the Company;
- the fairness, balance and understandability of the Annual Report and Financial Statements and whether it provided the information necessary for shareholders to assess the Company's performance, business model and strategy;
- the effectiveness of the Company's internal control environment;
- the appointment/reappointment, remuneration and terms of engagement of the external Auditors;
- whether the audit services contract should be put out to tender;
- the policy on the engagement of the external Auditors to supply non-audit services;
- the independence and objectivity of the external Auditors and the effectiveness of the audit process;
- the need for the Company to have its own internal audit function;
- internal controls reports received from the Managers and other service providers; and
- the arrangements in place within Baillie Gifford & Co whereby its staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

Internal Audit

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

Financial Reporting

The Committee considers that the most significant issues likely to affect the Financial Statements are the existence and valuation of investments, as they represent 98.2% of total assets, and the accuracy and completeness of income from investments.

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

The value of all the investments at 30 April 2019 were agreed to external price sources and the portfolio holdings agreed to confirmations from the Company's Custodian.

The Managers and Auditors 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 21 and 22. No significant weaknesses were identified in the year under review.

External Auditors

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

- the audit plan for the current year;
- a report from the Auditors describing their arrangements to manage auditor independence and received confirmation of its independence; and
- the extent of non-audit services provided by the external Auditors. There were no non-audit fees for the year to 30 April 2019.

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

- the Auditors' fulfilment of the agreed audit plan;
- feedback from the Secretaries on the performance of the audit team;
- the Audit Quality Inspection Report from the FRC; and
- detailed discussion with audit personnel to challenge audit processes and deliverables.

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

— the Auditors' engagement letter;

— the Auditors' proposed audit strategy;

— the audit fee; and

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

PricewaterhouseCoopers LLP, or its predecessor firms, have been engaged as the Company's Auditors for 25 years. The audit partners/directors responsible for the audit are rotated at least every five years in accordance with professional and regulatory standards in order to protect independence and objectivity and to provide fresh challenge to the business.

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

Having carried out the review described above, the Committee is satisfied that the Auditors remain independent and effective and as such, has not considered it necessary to conduct a tender process for the appointment of its Auditors at this stage.

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

Audit Tender

The Committee is aware that EU regulations in relation to the statutory audits of EU listed companies will require the Company to change audit firm prior to the commencement of the audit for the year to 30 April 2021. The Committee will conduct a tender process during the year to 30 April 2020. PricewaterhouseCoopers is prevented from taking part in the process under the Regulations.

Accountability and Audit

The respective responsibilities of the Directors and the Auditors in connection with the Financial Statements are set out on pages 28 to 33.

On behalf of the Board
Andrew Westenberger
Audit Committee Chairman
19 June 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 approved at the Annual General Meeting in August 2017 and no changes are proposed to the policy at this year's Annual General Meeting.

The Nomination and Remuneration Committee reviewed the level of fees during the year and the Board agreed the Committee's recommendation that, with effect from 1 May 2019, Directors' fees should be increased by 2.0%, being the increase in the Consumer Price Index during the year to 30 April 2019. The fees were last increased on 1 May 2018.

Directors' Remuneration Policy

The determination of the Directors' fees is a matter considered by the Nomination and Remuneration Committee and recommended to the Board for adoption.

It is the Board's policy to determine the level of Directors' remuneration having regard to amounts payable to non-executive Directors in the industry generally, the role that individual directors fulfil in respect of Board and Committee responsibilities, and time committed to the Company's affairs, taking into account the aggregate limit of fees set out in the Company's Articles of Association. This aggregate limit of Directors' fees is currently set at £200,000 per annum and any increase in this level requires approval by the Board and the Company's shareholders. The Chairman of the Board, the Chairman of the Audit Committee and the Senior Independent Director each receive fees at a higher rate than the other Directors to reflect their additional responsibilities. Directors' fees are set at a level to recruit and retain individuals of sufficient calibre, with the level of knowledge, experience and expertise necessary to promote the success of the Company in reaching its short and long-term strategic objectives.

The Board and its Committees exclusively comprise non-executive Directors. No Director past or present has an entitlement to a Company pension, and the Company has not, and does not intend to operate a share scheme for Directors or to award any share options or long-term performance incentives to any Director. No Director has a service contract with the Company. However, Directors have a letter of appointment. Directors do not receive exit payments and are not provided with any compensation for loss of office. No other payments are made to Directors other than the reimbursement of reasonable out-of-pocket expenses incurred in attending to the Company's business.

The terms of Directors' letters of appointment are available for inspection at the Company's registered office address during normal business hours and during the Annual General Meeting at the location of such meeting.

The Board did not seek the views of shareholders in setting this Remuneration Policy. Any comments on the Policy received from shareholders would be considered on a case-by-case basis.

As the Company does not have any employees, no employee pay and employment conditions were taken into account when setting this Remuneration Policy and no employees were consulted in its construction.

Directors' fees are reviewed annually and take into account research from third parties on the fee levels of directors of peer group companies, as well as industry norms and factors affecting the time commitment expected of the Directors. New Directors are subject to the provisions set out in this Remuneration Policy.

Directors' Remuneration

The fees for the non-executive Directors are payable quarterly in arrears and the fees paid in respect of the year ended 30 April 2019 together with the expected fees payable in respect of the year ending 30 April 2020 are set out in the table below. The fees payable to the Directors in the subsequent financial years will be determined following an annual review of the Directors' fees.

	Expected fees for year ending 30 April 2020 £	Fees paid for the year to 30 April 2019 £
Carolan Dobson	37,500	36,807
Scott Cochrane*	28,300	12,168
Andrew Hutton†	7,400	28,394
Ruary Neill*	26,800	12,168
Andrew Westenberger	30,000	29,446
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

* Scott Cochrane and Ruary Neill were appointed to the Board on 15 November 2018.

† Andrew Hutton will retire from the Board at the conclusion of the Annual General Meeting on 1 August 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 Auditors to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in the Independent Auditors' Report on pages 29 to 33.

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 £
Carolan Dobson	36,807	3,227	**40,034**	36,015	–	**36,015**
Scott Cochrane (appointed 15 November 2018)	12,168	–	**12,168**	–	–	**–**
Andrew Hutton	28,394	586	**28,980**	27,783	–	**27,783**
Ruary Neill (appointed 15 November 2018)	12,168	585	**12,753**	–	–	**–**
Andrew Westenberger	29,446	2,009	**31,455**	28,311	–	**28,311**
Bob Cowdell (retired 26 September 2018)	10,483	356	**10,839**	25,725	–	**25,725**
Stella Pirie (retired 2 August 2017)	–	–	**–**	7,203	–	**7,203**
	129,466	**6,763**	**136,229**	**125,037**	**–**	**125,037**

* Comprises expenses incurred by Directors in the course of travel to attend Board and Committee meetings held at the normal place of business.

† No taxable benefits were disclosed during the year to 30 April 2018.

Directors' Interests (audited)

The Directors at the end of the year under review, and their interests in the Company, are shown in the following table. There have been no changes intimated in the Directors' interests up to 18 June 2019.

Name	Nature of interest	Ordinary 25p shares held at 30 April 2019	Ordinary 25p shares held at 30 April 2018
Carolan Dobson	Beneficial	26,949	26,949
Scott Cochrane	Beneficial	–	–
Andrew Hutton	Beneficial	50,000	50,000
Ruary Neill	Beneficial	20,000	–
Andrew Westenberger	Beneficial	20,000	20,000

Statement of Voting at Annual General Meeting

At the last Annual General Meeting, of the proxy votes received in respect of the Directors' Remuneration Report, 99.8% were in favour, 0.1% were against and votes withheld were 0.1%. At the last Annual General Meeting at which the Directors' Remuneration Policy was considered (August 2017), 95.02% of the proxy votes received were in favour, 4.98% were against and 87,243 votes were withheld.

Relative Importance of Spend on Pay

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

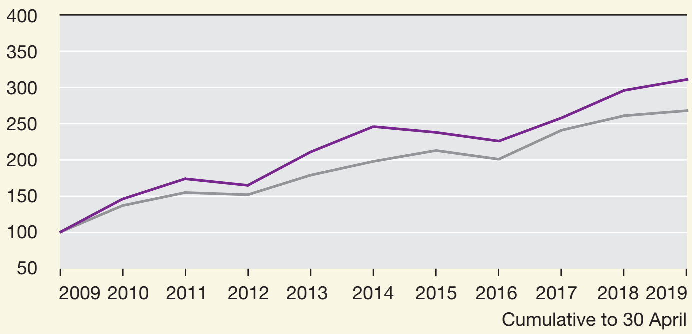
	2019 £'000	2018 £'000	Change %
Directors' remuneration	136	125	8.8
Dividends	6,774	8,771	(22.8)
Share buy-backs	–	8,803	(100.0)

Company Performance

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

Performance Graph

(figures rebased to 100 at 30 April 2009)



Source: Refinitiv and relevant underlying index providers. See disclaimer on page 53.

Baillie Gifford UK Growth's share price

FTSE All-Share Index

All figures are total returns (assuming net dividends are reinvested). See Glossary of Terms and Alternative Performance Measures on pages 54 and 55.

Past performance is not a guide to future performance.

Approval

The Directors' Remuneration Report on pages 26 and 27 was approved by the Board of Directors and signed on its behalf on 19 June 2019.

Carolan Dobson
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, comprising Financial Reporting Standard 102 the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that year. In preparing these Financial Statements, the Directors are required to:

— select suitable accounting policies and then apply them consistently;

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general authority for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

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

We confirm that, to the best of our knowledge:

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

— the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties they face; and

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

On behalf of the Board
Carolan Dobson
19 June 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 maintenance and integrity of the Baillie Gifford & Co website is the responsibility of Baillie Gifford & Co; the work carried out by the auditor does not involve 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.

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

Independent Auditors' Report

to the members of Baillie Gifford UK Growth Fund plc

Report on the audit of the financial statements

Opinion

In our opinion, Baillie Gifford UK Growth Fund plc's financial statements:

— give a true and fair view of the state of the Company's affairs as at 30 April 2019 and of its return and cash flows for the year then ended;

— have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law); and

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

We have audited the financial statements, included within the Annual Report and Financial Statements (the 'Annual Report'), which comprise: the Balance Sheet as at 30 April 2019; the Income Statement, the Cash Flow Statement, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for Opinion

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

Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company.

We have provided no non-audit services to the Company in the year from 1 May 2018 to 30 April 2019.

Our Audit Approach

Overview

— Overall materiality: £3.0 million (2018 – £3.1 million), based on 1% of net assets.

— The Company is a standalone Investment Trust Company and engages Baillie Gifford & Co Limited (the Manager) to manage its assets.

— We conducted our audit of the financial statements using information from the Manager to whom the Directors have delegated the provision of the Company's administrative functions.

— We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.

— We obtained an understanding of the control environment in place at the Manager and adopted a fully substantive testing approach using reports obtained from the Manager.

— Income from investments.

— Valuation and existence of investments.

— Ability to continue as a going concern.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010 and the UK and European regulatory principles, such as those governed by the Financial Conduct Authority (see page 7 of the Annual Report), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and Chapter 15 of the UK Listing Rules applicable to Closed-Ended Investment Funds. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue. Audit procedures performed by the engagement team included:

— Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and review of the reports made by management;

— Reviewing relevant meeting minutes, including those of the Audit Committee;

— Assessment of the Trust's compliance with the requirements of section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions; and

— Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing of expenses.

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

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Income from investments Refer to page 24 (Audit Committee Report), page 38 (Accounting Policies) and page 39 (Notes to the Accounts). ISAs (UK) presume there is a risk of fraud in income recognition. We considered this risk to specifically relate to the risk of overstating investment gains and the misclassification of dividend income as capital rather than revenue due to the pressure management may feel to achieve capital growth in line with the objective of the Company. We focused on the valuation of investments with respect to gains on investments and the accuracy and completeness of dividend income recognition and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies' Statement of Recommended Practice (the 'AIC SORP').	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. We understood and assessed the design and implementation of key controls surrounding income recognition. The gains/losses on investments held at fair value comprise realised and unrealised gains/losses. For unrealised gains and losses, we tested the valuation of the portfolio at the year-end (see below), together with testing the reconciliation of opening and closing investments. For realised gains/losses, we tested a sample of disposal proceeds by agreeing the proceeds to bank statements and we re-performed the calculation of a sample of realised gains/losses. No misstatements were identified by our testing which required reporting to those charged with governance. In addition, we tested dividend receipts by agreeing the dividend rates from all investments to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for all dividends during the year. Our testing did not identify any unrecorded dividends.
Valuation and existence of investments Refer to page 24 (Audit Committee Report), page 38 (Accounting Policies) and pages 41 and 42 (Notes to the Accounts). The investment portfolio at 30 April 2019 comprised of listed equity investments of £300.2 million. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the Balance Sheet in the financial statements.	We tested the valuation of the listed investments by agreeing the prices used in the valuation to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance. We agreed the existence of investments to independent third party sources by agreeing the holdings of investments to an independent confirmation from the Depository, BNY Mellon (International) Limited as at 30 April 2019. No differences were identified.

Key audit matter	How our audit addressed the key audit matter
Ability to continue as a going concern Refer to the Viability Statement in the Strategic Report on page 7, the Going Concern section in the Corporate Governance Report on page 22 and the Basis of Accounting in the Notes to the Financial Statements on page 38. A continuation vote is due to take place at the next Annual General Meeting on 1 August 2019 which, if passed, will allow the Company to continue as an investment trust for a further five years. As such the Directors have considered and assessed the potential impact on the ability of the Company to continue as a going concern.	We have reviewed the Directors' assessment of going concern subject to the passing of the continuation vote. We have challenged the Directors on their assessment and have reviewed the reasonableness of their assumptions. Our findings in respect of going concern are set out in the 'Going Concern' section below.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

The Company's accounting is carried out by the Manager, who maintains the Company's accounting records and who has implemented controls over those accounting records.

We obtained our audit evidence from substantive tests. However, as part of our risk assessment, we understood and assessed the internal controls in place at the Manager to the extent relevant to our audit. This assessment of the operating and accounting structure in place at the Manager involved obtaining and analysing the relevant control report issued by the independent service auditor of the Manager in accordance with generally accepted assurance standards for such work. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£3.0 million (2018 – £3.1 million).
How we determined it	1% of net assets.
Rationale for benchmark applied	We applied this benchmark, which is a generally accepted auditing practice for investment trust audits.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £150,000 (2018 – £154,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's business and the wider economy.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 April 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

The directors' assessment of the prospects of the Company and of the principal risks that would threaten the solvency or liquidity of the Company

We have nothing material to add or draw attention to regarding:

— The directors' confirmation on page 6 of the Annual Report that they 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.

— The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.

— The directors' explanation on page 7 of the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Company and statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Company and its environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

— The statement given by the directors, on page 28, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company obtained in the course of performing our audit.

— The section of the Annual Report on page 24 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

— The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Annual Report and Financial Statements set out on page 28, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

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

— certain disclosures of directors' remuneration specified by law are not made; 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.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members in 1994 to audit the financial statements for the year ended 30 April 1995 and subsequent financial years. The period of total uninterrupted engagement is 25 years, covering the years ended 30 April 1995 to 30 April 2019.

Jennifer March (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 June 2019

Income Statement

For the year ended 30 April

	Notes	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Net (losses)/gains on investments	9	–	(6,850)	**(6,850)**	–	16,445	**16,445**
Income	2	8,658	–	**8,658**	10,980	–	**10,980**
Investment management fee	3	(239)	(556)	**(795)**	(460)	(1,072)	**(1,532)**
Other administrative expenses	4	(689)	–	**(689)**	(399)	–	**(399)**
Net return before finance costs and taxation		7,730	(7,406)	**324**	10,121	15,373	**25,494**
Finance costs of borrowings	5	(20)	(47)	**(67)**	(8)	(18)	**(26)**
Net return on ordinary activities before taxation		7,710	(7,453)	**257**	10,113	15,355	**25,468**
Tax on ordinary activities	6	–	–	**–**	(14)	–	**(14)**
Net return on ordinary activities after taxation		**7,710**	**(7,453)**	**257**	**10,099**	**15,355**	**25,454**
Net return per ordinary share	7	**5.12p**	**(4.95p)**	**0.17p**	**6.58p**	**10.00p**	**16.58p**

Dividends declared in respect of the financial year ended 30 April 2019 amount to 4.45p (2018 – 6.00p). Further information on dividend distributions can be found in note 8 on page 41.

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

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

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

The accompanying notes on pages 38 to 46 are an integral part of the Financial Statements.

Balance Sheet

As at 30 April

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Investments held at fair value through profit or loss	9		300,207		318,885
Current assets					
Debtors	10	1,487		2,219	
Cash and cash equivalents	17	4,488		3,642	
		5,975		5,861	
Creditors					
Amounts falling due within one year	11	(447)		(12,494)	
Net current assets/(liabilities)			5,528		(6,633)
			305,735		**312,252**
Capital and reserves					
Share capital	12		40,229		40,229
Share premium account	13		9,875		9,875
Capital redemption reserve	13		19,759		19,759
Warrant exercise reserve	13		417		417
Share purchase reserve	13		60,433		60,433
Capital reserve	13		164,005		171,458
Revenue reserve	13		11,017		10,081
Shareholders' funds	13		**305,735**		**312,252**
Net asset value per ordinary share*	14		**203.1p**		**207.5p**

The Financial Statements of Baillie Gifford UK Growth Fund plc (Company registration number 2894077) were approved and authorised for issue by the Board and were signed on 19 June 2019.

Carolan Dobson
Chairman

The accompanying notes on pages 38 to 46 are an integral part of the Financial Statements.

*See Glossary of Terms and Alternative Performance Measures on pages 54 and 55.

Statement of Changes in Equity

For the year ended 30 April 2019

	Notes	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Warrant exercise reserve £'000	Share purchase reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 May 2018		40,229	9,875	19,759	417	60,433	171,458	10,081	**312,252**
Dividends paid during the year	8	–	–	–	–	–	_	(6,774)	**(6,774)**
Net return on ordinary activities after taxation	7	–	–	–	–	–	(7,453)	7,710	**257**
Shareholders' funds at 30 April 2019		**40,229**	**9,875**	**19,759**	**417**	**60,433**	**164,005**	**11,017**	**305,735**

For the year ended 30 April 2018

	Notes	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Warrant exercise reserve £'000	Share purchase reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 May 2017		40,229	9,875	19,759	417	69,236	156,103	8,753	**304,372**
Ordinary shares bought back into treasury	12	–	–	–	–	(8,803)	–	–	**(8,803)**
Dividends paid during the year	8	–	–	–	–	–	–	(8,771)	**(8,771)**
Net return on ordinary activities after taxation		–	–	–	–	–	15,355	10,099	**25,454**
Shareholders' funds at 30 April 2018		**40,229**	**9,875**	**19,759**	**417**	**60,433**	**171,458**	**10,081**	**312,252**

The accompanying notes on pages 38 to 46 are an integral part of the Financial Statements.

Cash Flow Statement

For the year ended 30 April

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Cash flows from operating activities					
Net return on ordinary activities before taxation		257		25,468	
Net losses/(gains) on investments		6,850		(16,445)	
Finance costs of borrowings		67		26	
Changes in debtors and creditors		258		801	
Cash from operations			7,432		9,850
Interest paid			(72)		(19)
Net cash inflow from operating activities			7,360		9,831
Cash flows from investing activities					
Acquisitions of investments		(313,132)		(111,331)	
Disposals of investments		325,392		109,004	
Net cash inflow/(outflow) from investing activities			12,260		(2,327)
Cash flows from financing activities					
Ordinary shares bought back into treasury	12	–		(8,803)	
Bank loan drawn down		–		12,000	
Bank loan repaid		(12,000)		–	
Equity dividends paid	8	(6,774)		(8,771)	
Net cash outflow from financing activities			(18,774)		(5,574)
Increase in cash and cash equivalents			846		1,930
Cash and cash equivalents at start of year			3,642		1,712
Cash and cash equivalents at end of year*			**4,488**		**3,642**

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

The accompanying notes on pages 38 to 46 are an integral part of the Financial Statements.

Notes to the Financial Statements

1 Principal Accounting Policies

The Financial Statements for the year to 30 April 2019 have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' on the basis of the accounting policies set out below which are consistent with those applied for the year ended 30 April 2018.

(a) Basis of Accounting

All of the Company's operations are of a continuing nature and the Financial Statements are prepared on a going concern basis under the historical cost convention, modified to include the revaluation of fixed asset investments and on the assumption that approval as an investment trust under section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011 will be retained.

The Financial Statements have been prepared in accordance with the Companies Act 2006, applicable UK Accounting Standards and with the AIC's Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in November 2014 and updated in February 2018 with consequential amendments. In order to better reflect the activities of the Company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented.

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

The Directors consider the Company's functional currency to be sterling as the Company's shareholders are predominantly based in the UK and the Company and its investment manager, who are subject to the UK's regulatory environment, are also UK based.

(b) Investments

The Company's investments are classified as held at fair value through profit and loss in accordance with sections 11 and 12 of FRS 102. They are managed and evaluated on a fair value basis in accordance with the Company's investment strategy and information about the investments are provided to the Board on that basis.

Purchases and sales of investments are recognised on a trade date basis.

Upon initial recognition investment in securities are held at fair value through profit or loss. Subsequently, investments are included at fair value which are quoted bid prices for investments traded in active markets. Changes in the fair value of investments and gains and losses on disposal are recognised as capital items in the Income Statement.

(c) 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.

(d) Income

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

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

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

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

(e) Expenses

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

(i) Where they relate directly to the acquisition or disposal of an investment, in which case they are added to the cost of the investment or deducted from the sale proceeds. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty.

(ii) The management fee is allocated 30% to revenue and 70% to capital in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.

(f) Borrowings and Finance Costs

Finance costs are accounted for on an accruals bases. Finance costs are allocated 30% to revenue and 70% to capital in line with the Board's expected long-term split of revenue and capital return form the Company's investment portfolio.

(g) Deferred Taxation

In accordance with FRS102, deferred taxation is provided on all timing differences which have originated but not reversed by the Balance Sheet date, calculated on a non-discounted basis at the tax rates expected to apply when the timing differences reverse, based on what has been enacted or substantially enacted, relevant to the benefit or liability. Deferred tax assets are recognised only to the extent that it is more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

(h) Value Added Tax (VAT)

Expenses are disclosed inclusive of the related irrecoverable VAT.

(i) Dividend Distributions

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

(j) Reserves

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

(k) Significant Estimates and Judgements

The Directors do not believe that any accounting judgements or estimates have been applied to these accounting statements that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year.

2 Income

	2019 £'000	2018 £'000
Income from investments		
UK dividends	8,648	10,977
Other income		
Deposit interest	10	1
Underwriting commission	–	2
Total income	**8,658**	**10,980**

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	**239**	**556**	**795**	**460**	**1,072**	**1,532**

Details of the Investment Management Agreement are disclosed on page 17. Baillie Gifford & Co Limited's annual management fee is 0.5% of net asset value, calculated on a quarterly basis. Baillie Gifford and Co Limited was appointed on 29 June 2018 and agreed to waive its management fee for the year to the extent of £732,000 (approximately equal to six months management fee payable to Baillie Gifford based on the Company's net asset value on 29 June 2018).

4 Other Administrative Expenses – all charged to revenue

	2019 £'000	2018 £'000
General administrative expenses	533	249
Directors' fees (see Directors' Remuneration Report on page 27)	129	125
Auditors' remuneration – statutory audit of Company's annual Financial Statements*	27	25
	689	**399**

* Includes irrecoverable VAT of £4,600 (2018 – £4,000).

5 Finance Costs of Borrowings

	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Interest on bank loans	**20**	**47**	**67**	**8**	**18**	**26**

6 Tax on Ordinary Activities

	2019 £'000	2018 £'000
Analysis of charge in year		
Overseas taxation	–	3
Income tax	–	11
	–	**14**
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% (2018 – 19%)		
The differences are explained below:		
Net return on ordinary activities before taxation	257	25,468
Net return on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018 – 19%)	49	4,838
Effects of:		
Capital returns not taxable	1,302	(3,107)
Income not taxable	(1,643)	(2,010)
Overseas withholding tax	–	3
Income tax	–	11
Taxable losses in year not utilised	292	279
Tax charge for the year	**–**	**14**

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

Factors that may affect future tax charges

At 30 April 2019 the Company had a potential deferred tax asset of £7,692,000 (2018 – £7,350,000) on taxable losses which is available to be carried forward and offset against future taxable profits. A deferred tax asset has not been recognised on these losses as it is considered unlikely that the Company will make taxable revenue profits in the future and it is not liable to tax on its capital gains. The potential deferred tax asset has been calculated using a corporation tax rate of 17% (2018 – 17%).

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

7 Net Return per Ordinary Share

	2019 Revenue	2019 Capital	**2019 Total**	2018 Revenue	2018 Capital	**2018 Total**
Net return per ordinary share	**5.12p**	**(4.95p)**	**0.17p**	**6.58p**	**10.00p**	**16.58p**

Revenue return per ordinary share is based on the net revenue return on ordinary activities after taxation of £7,710,000 (2018 – £10,099,000), and on 150,520,484 (2018 – 153,594,108) ordinary shares, being the weighted average number of ordinary shares in issue during each year.

Capital return per ordinary share is based on the net capital loss for the financial year of £7,453,000 (2018 – net capital gain of £15,355,000), and on 150,520,484 (2018 – 153,594,108) ordinary shares, being the weighted average number of ordinary shares in issue during each year.

There are no dilutive or potentially dilutive shares in issue.

8 Ordinary Dividends

	2019	2018	2019 £'000	2018 £'000
Amounts recognised as distributions in the year:				
Second interim dividend (paid 31 July 2018)	3.00p	2.70p	4,516	4,198
First interim dividend (paid 31 January 2019)	1.50p	3.00p	2,258	4,573
	4.50p	**5.70p**	**6,774**	**8,771**

Also set out below are the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of section 1158 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £7,710,000 (2018 – £10,099,000).

	2019	2018	2019 £'000	2018 £'000
Dividends paid and payable in respect of the year:				
Interim dividend (paid 31 January 2019)	1.50p	3.00p	2,258	4,573
Proposed final dividend (payable 6 August 2019)	2.95p	3.00p	4,440	4,516
	4.45p	**6.00p**	**6,698**	**9,089**

9 Fixed Assets – Investments

	2019 £'000	2018 £'000
Financial assets at fair value through profit or loss		
Listed equity investments	300,207	318,885
Total investments in financial assets at fair value through profit or loss	**300,207**	**318,885**

	Listed equities £'000
Cost of investments held at 1 May 2018	301,121
Investment holding gains at 1 May 2018	17,764
Fair value of investments held at 1 May 2018	**318,885**
Movements in year:	
Purchases at cost	313,132
Sales – proceeds	(324,960)
– gains on sales	16,446
Changes in investment holding gains/(losses)	(23,296)
Fair value of investments held at 30 April 2019	**300,207**
Cost of investments held at 30 April 2019	305,739
Investment holding gains/(losses) at 30 April 2019	(5,532)
Fair value of investments held at 30 April 2019	**300,207**

The purchases and sales proceeds figures above include transaction costs of £1,476,000 (2018 – £451,000) and £90,000 (2018 – £61,000) respectively.

9 Fixed Assets – Investments (continued)

	2019 £'000	2018 £'000
Net gains on investments designated at fair value through profit or loss on initial recognition		
Gains on sales	16,446	7,436
Changes in investment holding (losses)/gains	(23,296)	9,009
	(6,850)	**16,445**

Of the gains on sales during the year of £16,446,000 (2018 – £7,436,000), a net loss of £351,000 (2018 – net loss of £4,367,000) was included in the investment holding gains at the previous year end.

10 Debtors

	2019 £'000	2018 £'000
Accrued income and prepaid expenses	1,484	1,773
Sales for subsequent settlement	–	432
Other debtors	3	14
	1,487	**2,219**

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

11 Creditors – amounts falling due within one year

	2019 £'000	2018 £'000
Bank loans	–	12,000
Other creditors and accruals	447	494
	447	**12,494**

None of the above creditors are financial liabilities held at fair value through profit or loss. Included in other creditors is £382,000 (2018 – £381,000) in respect of the investment management fee.

At 30 April 2019, the Company had a 1 year £35m unsecured floating rate loan facility with Scotiabank Europe plc which expires on 8 July 2019. There were no drawings under this facility at 30 April 2019.

The main covenant relating to the above loan is that total borrowings shall not exceed 28% of adjusted total net asset value. There were no breaches of loan covenants during the year.

12 Share Capital

	2019 Number	2019 £'000	2018 Number	2018 £'000
Allotted, called up and fully paid ordinary shares of 25p each	150,520,484	37,630	150,520,484	37,630
Treasury shares of 25p each	10,396,700	2,599	10,396,700	2,599
Total	**160,917,184**	**40,229**	**160,917,184**	**40,229**

The Company's shareholder authority permits it to hold shares bought back 'in treasury'. Under such authority, treasury shares may be subsequently either sold for cash (at, or at a premium to, net asset value per ordinary share) or cancelled. At 30 April 2019 the Company had authority to buy back 22,563,020 ordinary shares. During the year to 30 April 2019, no ordinary shares where bought back (2018 – 5,068,700 ordinary shares with a nominal value of £1,267,175 were bought back at a total cost £8,803,000 and held in treasury). Under the provisions of the Company's Articles of Association share buy-backs are funded from the capital reserve.

13 Capital and Reserves

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Warrant exercise reserve £'000	Share purchase reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
At 1 May 2018	40,229	9,875	19,759	417	60,433	171,458	10,081	**312,252**
Losses on investments	–	–	–	–	–	(6,850)	–	**(6,850)**
Investment management fee charged to capital	–	–	–	–	–	(556)	–	**(556)**
Finance costs of borrowings charged to capital	–	–	–	–	–	(47)	–	**(47)**
Dividends paid in year	–	–	–	–	–	–	(6,774)	**(6,774)**
Revenue return on ordinary activities after taxation	–	–	–	–	–	–	7,710	**7,710**
At 30 April 2019	**40,229**	**9,875**	**19,759**	**417**	**60,433**	**164,005**	**11,017**	**305,735**

The capital reserve includes investment holding losses of £5,532,000 (2018 – gains of £17,764,000) as disclosed in note 9. The revenue reserve and the capital reserve (to the extent it constitutes realised profits) are distributable.

14 Net Asset Value per Ordinary Share

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

	2019	2018	2019 £'000	2018 £'000
Ordinary shares of 25p	**203.1p**	**207.5p**	**305,735**	**312,252**

Net asset value per ordinary share is based on the net assets as shown above and 150,520,484 (2018 – 150,520,484) ordinary shares, being the number of ordinary shares in issue at the year end, excluding shares held in treasury.

15 Contingent Liabilities, Guarantees and Financial Commitments

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

16 Related Party Transactions

The Directors' fees for the year and interests in the Company's shares at the end of the year are detailed in the Directors' Remuneration Report on page 27. No Director has a contract of service with the Company. During the years reported, no Director was interested in any contract or other matter requiring disclosure under section 412 of the Companies Act 2006.

The Management fee due to Baillie Gifford & Co Limited is set out in note 3 on page 39 and the amount accrued at 30 April 2019 is set out in note 11 on page 42. Details of the Investment Management Agreement are set out on page 17.

17 Financial Instruments

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

These risks are categorised here as market risk (comprising 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 year.

17 Financial Instruments (continued)

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 two elements – interest rate risk and market price risk. The Board of Directors reviews and agrees policies for managing these risks and the Company's Investment Manager assesses the exposure to market risk when making individual investment decisions as well as monitoring the overall level of market risk across the investment portfolio on an ongoing basis. Details of the Company's investment portfolio are shown on pages 12 and 13.

(i) Interest Rate Risk

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

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

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

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

The interest rate risk profile of the Company's interest bearing financial assets and liabilities at 30 April 2019 is shown below.

Financial Assets

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

Financial Liabilities

The interest rate risk profile of the Company's floating interest rates at 30 April was:

	2019 £'000	2019 Weighted average interest rate	2018 Book value £'000	2018 Weighted average interest rate
Bank loan	–	–	**12,000**	**1.18%**

Interest Rate Risk Sensitivity

An increase of 50 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 30 April 2019 by Nil (2018 – £42,000). A decrease of 50 basis points would have had an equal but opposite effect.

(ii) Market Price Risk

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

The Board manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Investment Manager. The Board meets regularly and at each meeting reviews investment performance, the investment portfolio and the rationale for the current investment positioning to ensure consistency with the Company's objectives and investment policies.

Other Price Risk Sensitivity

A full list of the Company's investments is shown on pages 12 and 13. This shows that the portfolio comprises entirely UK listed investments. Accordingly, there is a concentration of exposure to the UK, though it should be noted that the Company's investment may not be entirely exposed to economic conditions in the UK, as many UK listed companies do much of their business overseas.

100% (2018 – 100%) of the Company's net assets are invested in quoted equities. A 10% increase in quoted equity valuations at 30 April 2019 would have increased total net assets and net return on ordinary activities after taxation by £30,021,000 (2018 – £31,889,000). A decrease of 10% would have had an equal but opposite effect.

17 Financial Instruments (continued)

Liquidity Risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is not significant as the majority of the Company's assets are in investments that are readily realisable.

The Company has the power to take out borrowings, which give it access to additional funding when required. The Company's borrowing facilities are detailed in note 11.

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

	2019 £'000	2018 £'000
Bank loan – including interest	–	12,012
Other creditors and accruals	447	494
	447	**12,506**

Credit Risk

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

- where the Investment Manager makes an investment in a bond or other security with credit risk, that credit risk is assessed and then compared to the prospective investment return of the security in question;
- the Depositary is liable for the loss of financial instruments held in custody. The Depositary will ensure that any delegate segregates the assets of the Company. The Depositary has delegated the custody function to The Bank of New York Mellon (International) Limited. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Investment Manager monitors the Company's risk by reviewing the custodian's internal control reports and reporting its findings to the Board;
- investment transactions are carried out with a large number of brokers whose creditworthiness is reviewed by the Investment Manager. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian 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;
- the creditworthiness of the counterparty to transactions involving derivatives, structured notes and other arrangements, wherein the creditworthiness of the entity acting as broker or counterparty to the transaction is likely to be of sustained interest, are subject to rigorous assessment by the Investment Manager; and
- cash is only held at banks that are regularly reviewed by the Investment Manager.

Credit Risk Exposure

The exposure to credit risk at 30 April was:

	2019 £'000	2018 £'000
Cash and cash equivalents	4,488	3,642
Debtors	1,487	2,219
	5,975	**5,861**

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

Fair Value of Financial Assets and Financial Liabilities

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

17 Financial Instruments (continued)

Capital Management

The objectives of the Company are to ensure that it will continue as a going concern and to maximise the capital return to its equity shareholders through an appropriate level of gearing. Its borrowings are set out on note 11 on page 42. The Company does not have any externally imposed capital requirements. The capital of the Company is the ordinary share capital as detailed in note 12. It is managed in accordance with its investment policy in pursuit of its investment objective, both of which are detailed on page 6, and shares may be repurchased or issued as explained on pages 18 and 19.

Fair Value of Financial Instruments

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

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

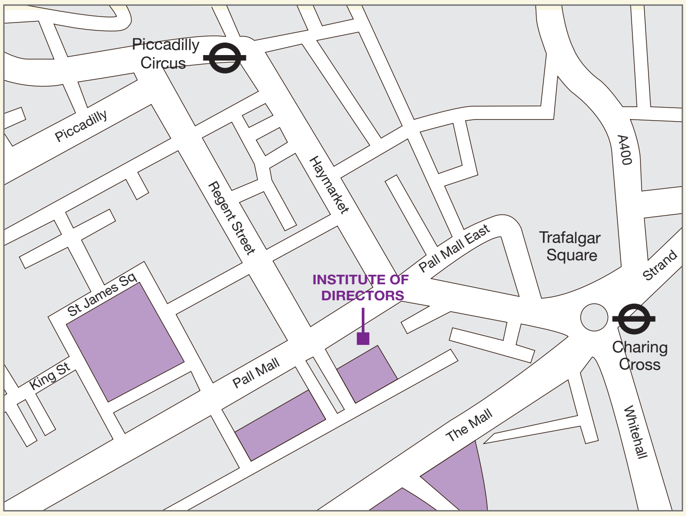
Level 2 – using inputs, other than quoted prices included within Level 1, that are directly or indirectly observable (based on market data); and

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

The valuation techniques used by the Company are explained in the accounting policies on page 38.

The financial assets designated as valued at fair value through profit or loss are all categorised as Level 1 in the above hierarchy. None of the financial liabilities are designated at fair value through profit or loss in the Financial Statements.

Notice of Annual General Meeting



The Annual General Meeting of the Company will be held at The Institute of Directors, 116 Pall Mall, London SW1Y 5ED on Thursday, 1 August 2019, at 12 noon.

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.

Notice is hereby given that an Annual General Meeting of Baillie Gifford UK Growth Fund plc will be held at The Institute of Directors, 116 Pall Mall, London SW1Y 5ED, on Thursday, 1 August 2019 at 12 noon for the following purposes.

Ordinary Business

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

1. To receive and adopt the Financial Statements of the Company for the year to 30 April 2019 with the Reports of the Directors and of the Independent Auditors thereon.
2. To approve the Directors' Annual Report on Remuneration for the year to 30 April 2019.
3. To declare a final dividend of 2.95p per ordinary share.
4. To re-elect Carolan Dobson as a Director.
5. To re-elect Andrew Westenberger as a Director.
6. To elect Scott Cochrane as a Director.
7. To elect Ruary Neill as a Director.
8. To re-appoint PricewaterhouseCoopers LLP as Independent Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at which the Financial Statements are laid before the Company.
9. To authorise the Directors to determine the remuneration of the Independent Auditors of the Company.

Special Business

To consider and, if thought fit, to pass Resolutions 10 and 13 as Ordinary Resolutions and Resolutions 11 and 12 as Special Resolutions.

10. That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ('Securities') provided that such authority shall be limited to the allotment of shares and the grant of rights in respect of shares with an aggregate nominal value of up to £3,763,012, 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.
11. That, subject to the passing of Resolution 10 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 10 above, and to sell treasury shares for cash, as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power:

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

    (b) shall be limited to the allotment of equity securities or the sale of treasury shares up to an aggregate nominal value of £3,763,012, being approximately 10% of the nominal value of the issued share capital of the Company, as at 18 June 2019.

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

    (a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 22,563,020, 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 is 25 pence;

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

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

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

    (d) unless previously varied, revoked or renewed by the Company in a general meeting, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in respect of the year ending 30 April 2020, 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.

13 That, for the purposes of, and in accordance with Article 178 of the Company's Articles of Association, approval is sought for the continuance of the Company until the Annual General Meeting of the Company to be held in respect of the year to 30 April 2024.

By order of the Board
Baillie Gifford & Co Limited
Managers and Secretaries
28 June 2019

Notes

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

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

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

4. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrar (ID 3RA50) no later than 2 days (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

5. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
6. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
7. The return of a completed proxy form or other instrument of proxy will not prevent you attending the AGM and voting in person if you wish.
8. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and section 311 of the Companies Act 2006 the Company specifies that to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company no later than 2 days (excluding non-working days) prior to the commencement of the AGM or any adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
9. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
10. The statement of the rights of shareholders in relation to the appointment of proxies in Notes 1 and 2 above does not apply to Nominated Persons. The rights described in those Notes can only be exercised by shareholders of the Company.
11. The members of the Company may require the Company to publish, on its website, (without payment) a statement (which is also passed to the Auditors) setting out any matter relating to the audit of the Company's Financial Statements, including the Auditors' report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5% of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address and be sent to the Company at Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN.
12. Information regarding the Annual General Meeting, including information required by section 311A of the Companies Act 2006, is available from the Company's page of the Managers' website at **www.bgukgrowthfund.com**.
13. Members have the right to ask questions at the meeting in accordance with section 319A of the Companies Act 2006.
14. As at 18 June 2019 (being the last practicable day prior to the publication of this notice) the Company's issued share capital consisted of 150,520,484 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 18 June 2019 were 150,520,484 votes.
15. Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the meeting as his/her proxy will need to ensure that both he/she and his/her proxy complies with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
16. No Director has a contract of service with the Company.

Further Shareholder Information

Baillie Gifford UK Growth Fund is an investment trust. Investment trusts offer investors the following:

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

How to Invest

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

Sources of Further Information on the Company

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

Baillie Gifford UK Growth Fund Identifiers

ISIN	GB00 07913485
Sedol	0791348
Ticker	BGUK
Legal Entity Identifier	549300XX3865YWX8XW22

The ordinary shares of the Company are listed on the London Stock Exchange and their price is shown in the Financial Times.

Key Dates

Ordinary shareholders normally receive two dividends in respect of each financial year paid in January and August. The Annual Report and Financial Statements are normally issued in June and the AGM is normally held in August.

Capital Gains Tax

The cost for capital gains taxation purposes to shareholders.

Share Register Enquiries

Computershare Investor Services PLC maintains the share register on behalf of the Company. In the event of queries regarding shares registered in your own name, please contact the Registrars on 0370 703 0025.

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

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

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

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

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

Electronic Proxy Voting

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

If you have any questions about this service please contact Computershare on 0370 703 0025.

CREST Proxy Voting

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

Analysis of Shareholders at 30 April

	2019 Number of shares held	2019 %	2018 Number of shares held	2018 %
Institutions	61,856,994	41.1	57,899,139	38.5
Intermediaries/ Retail Savings Platforms	79,927,374	53.1	81,480,871	54.1
Individuals	8,108,943	5.4	8,290,499	5.5
Marketmakers	627,173	0.4	2,849,975	1.9
	150,520,484	**100.0**	**150,520,484**	**100.0**

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

Cost-effective Ways to Buy and Hold Shares in Baillie Gifford UK Growth Fund

Information on how to invest in Baillie Gifford UK Growth Fund can be found at **www.bgukgrowthfund.com**.

Risks

— Past performance is not a guide to future performance.

— Baillie Gifford UK Growth Fund is a listed UK Company. As a result, the value of the shares and, any income from those shares, can fall as well as rise and investors may not get back the amount invested.

— Baillie Gifford UK Growth Fund 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 borrowings will increase the amount of this loss.

— Baillie Gifford UK Growth Fund can buy back its own shares. The risks from borrowing, referred to above, are increased when the Company buys back its own shares.

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

— Baillie Gifford UK Growth Fund's exposure to a single market may increase risk.

— Baillie Gifford UK Growth Fund can make use of derivatives which may impact on its performance. Currently the Company does not make use of derivatives.

— Baillie Gifford UK Growth Fund charges 70% of it's investment management fee and borrowing costs to capital, which reduces the capital value. Also, where income is low, the remaining expenses may be greater than the total income received, meaning the Company may not pay a dividend and the capital value would be further reduced.

— The aim of Baillie Gifford UK Growth Fund is to achieve capital growth and it is unlikely that the Company will provide a steady, or indeed any, income.

— Shareholders in Baillie Gifford UK Growth Fund have the right to vote every five years on whether to continue the Company, or wind it up. If the shareholders decide to wind the Company up, the assets will be sold and you will receive a cash sum in relation to your shareholding. The next vote will be held at the Annual General Meeting on 1 August 2019.

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

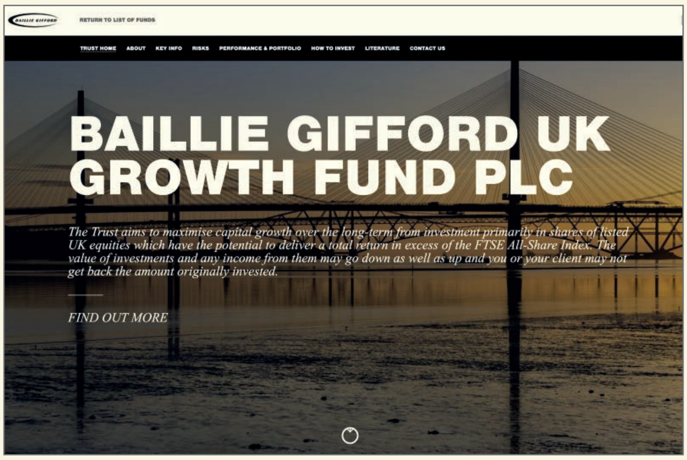
Investment Trusts are UK public listed companies and as such comply with the requirements of the UK Listing Authority. They are not authorised or regulated by the Financial Conduct Authority.

Further details of the risks associated with investing in the Company can be found at **www.bgukgrowthfund.com** or by calling Baillie Gifford on 0800 917 2112.

The information and opinions expressed in this document are subject to change without notice. This information has been issued and approved by Baillie Gifford & Co and does not in any way constitute investment advice.

Communicating with Shareholders

Trust Magazine



A Baillie Gifford UK Growth Fund web page at **www.bgukgrowthfund.com**

Trust Magazine

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

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

Baillie Gifford UK Growth Fund on the Web

Up-to-date information about Baillie Gifford UK Growth Fund, is on the UK Growth Fund pages of the Managers' website at **www.bgukgrowthfund.com**. You will find full details of UK Growth Fund, including recent portfolio information and performance figures.

Suggestions and Questions

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

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, e-mail, fax or post:

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

E-mail: trustenquiries@bailliegifford.com
Website: www.bailliegifford.com
Fax: 0131 275 3955

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

Alternative Investment Fund Managers (AIFM) Directive

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

AIFM Remuneration

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

Leverage

The Company's maximum and actual leverage (see Glossary of Terms and Alternative Performance Measures on pages 54 and 55) levels at 30 April 2019 are shown below:

	Gross method	Commitment method
Maximum limit	2.00:1	2.00:1
Actual	0.98:1	1.00:1

Automatic Exchange of Information

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

The legislation will require investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. As an affected company, Baillie Gifford UK Growth 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.

FTSE Index Data

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Glossary of Terms and Alternative Performance Measures (APM)

Total Assets

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

Net Asset Value

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

Net Liquid Assets

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

Discount/Premium (APM)

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

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.

		2019 NAV	2019 Share price	2018 NAV	2018 Share price
Closing NAV per share/share price	(a)	203.1p	192.0p	207.5p	187.5p
Dividend adjustment factor*	(b)	1.0236	1.0255	1.0284	1.0336
Adjusted closing NAV per share/share price	(c = a x b)	207.9p	196.9p	213.4p	193.8p
Opening NAV per share/share price	(d)	207.5p	187.5p	195.6p	168.5p
Total return	(c ÷ d)-1	**0.2%**	**5.0%**	**9.1%**	**15.0%**

* The dividend adjustment factor is calculated on the assumption that the dividends of 4.50p (2018 – 5.70p) paid by the Company during the year were reinvested into shares of the Company at the cum income NAV per share/share price, as appropriate, at the ex-dividend date.

Ongoing Charges (APM)

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

A reconciliation from the expenses detailed in the Income Statement on page 34 is provided below.

		2019	2018
Investment management fee		£795,000	£1,532,000
Other administrative expenses		£689,000	£399,000
Total expenses	(a)	£1,484,000	£1,931,000
Average net asset value	(b)	£293,237,000	£308,312,000
Ongoing charges ((a) ÷ (b) expressed as a percentage)		**0.51%**	**0.63%**

Baillie Gifford & Co Limited was appointed on 29 June 2018 and agreed to waive its management fee for the year to the extent of £732,000 (approximately equal to six months' management fee payable to Baillie Gifford based on the Company's net asset value on 29 June 2018). The calculation above is therefore not representative of future management fees. The reconciliation below shows the ongoing charges figure if the waived management fee is included in the ongoing charges calculation.

		2019	2018
Investment management fee		£795,000	£1,532,000
Investment management fee waived during the year		£732,000	-
Other administrative expenses		£689,000	£399,000
Total expenses	(a)	£2,216,000	£1,931,000
Average net asset value	(b)	£293,237,000	£308,312,000
Ongoing charges ((a) ÷ (b) expressed as a percentage)		**0.76%**	**0.63%**

Gearing (APM)

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

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

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

The Company currently has no borrowings drawn down.

Leverage (APM)

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

Active Share (APM)

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

Directors

Chairman:
Carolan Dobson

Scott Cochrane
Andrew Hutton
Ruary Neill
Andrew Westenberger

Alternative Investment Fund Managers, Secretaries and Registered Office

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Depositary

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Company Details

www.bgukgrowthfund.com
Company Registration
No. 2894077
ISIN GB0007913485
Sedol 0791348
Ticker BGUK

Legal Entity Identifier:
549300XX386SYWX8XW22

Further Information

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