BAILLIE GIFFORD UK GROWTH TRUST PLC

Annual Report and Financial Statements
30 April 2021

Contents

Investor Disclosure Document

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

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you 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 Trust 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.

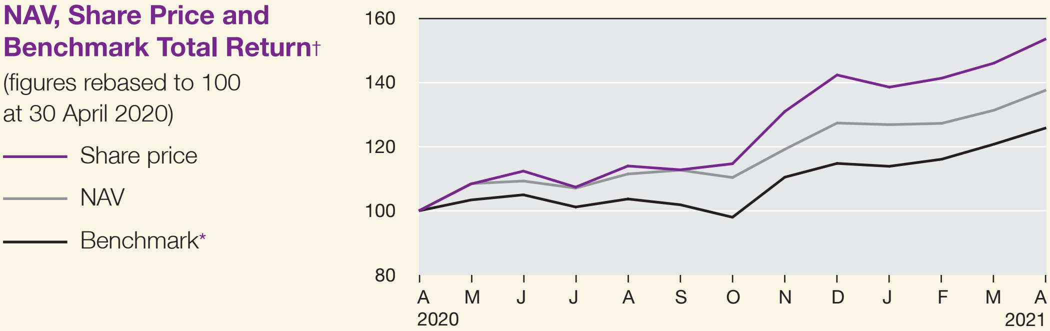
Financial Highlights – Year to 30 April 2021

Share Price +53.7%	NAV +37.7%	Benchmark* +25.9%

Source: Refinitiv/Baillie Gifford. All figures are stated on a total return basis. Total return is an Alternative Performance Measure – see Glossary of Terms and Alternative Performance Measures on pages 56 and 57. Comparatives for 2020 can be found on page 4.

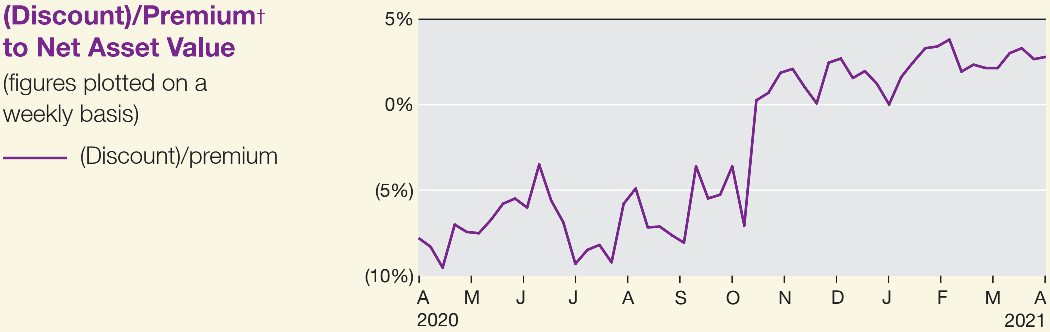
NAV, Share Price and Benchmark Total Return†

(figures rebased to 100 at 30 April 2020)



(Discount)/Premium† to Net Asset Value

(figures plotted on a weekly basis)



* The benchmark is the FTSE All-Share Index.
† Alternative performance measure – see Glossary of Terms and Alternative Performance Measures on pages 56 and 57.
Source: Refinitiv/Baillie Gifford and relevant underlying index providers. See disclaimer on page 55.

Past performance is not a guide to future performance.

Strategic Report

The Strategic Report, which includes pages 2 to 15 and incorporates the Chairman's Statement has been prepared in accordance with the Companies Act 2006.

Chairman's Statement

Carolan Dobson, Chairman

My fellow Directors and I would like to take this opportunity to again extend our thoughts to everyone affected by Covid-19, and our gratitude to those working tirelessly for the benefit of all. There is still uncertainty but it does appear that progress is being made in controlling infections and the spread of the virus in the UK, albeit in many places elsewhere the news is a lot less positive.

Performance

For the year to 30 April 2021, the Company's net asset value ('NAV') total return (capital and income) was 37.7% compared to 25.9% for the FTSE All-Share Index total return. The Company's share price total return over the same period was 53.7%, resulting in the shares standing at a 2.8% premium to the Company's NAV at the year end.

Performance was driven by a number of names, including Farfetch, Ashtead, Volution Group and Just Group and the portfolio managers continue to be enthused by their long term prospects as well as for the portfolio in aggregate. The Managers' Report on pages 11 and 12 highlights some of the interesting developments in the portfolio as well as some of the issues faced.

Change to the Company's Name

You will have noticed that the name of the Company has been amended, replacing 'Fund' with 'Trust'. This has been done to clarify that the Company is an investment trust and therefore has a different corporate structure and opportunity set when compared to an open-ended fund. The Company's web address has therefore also been amended to bgukgrowthtrust.com.

Gearing

The Company has a one-year £20 million revolving credit facility with National Australia Bank. This facility contains the option to increase the amount borrowed to £35 million. A small amount of borrowing was utilised at points in the year and gearing stood at 1% of shareholders' funds as at the year end.

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.

Earnings and Dividends

The net revenue return per share for the year was 2.88p, versus 3.75p in 2020. A final dividend of 2.42p per share, payable on 11 August 2021 to shareholders on the register as at 16 July 2021, is being recommended. As highlighted last year, shareholders should not rely on receiving a regular or growing level of income from the Company as its priority is capital growth. Any dividend paid is by way of a single final payment and the Board expects that such dividends would represent approximately the minimum permissible to maintain investment trust status.

Share Buy-backs and Issuance

No shares were bought back during the year to 30 April 2021. 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.

As a consequence of good performance and investor demand, over the financial year to 30 April 2021, the Company raised £5.7 million by re-issuing 2.5 million shares out of treasury when the Company's shares were trading at a premium to the NAV per share. The Company benefits from the flexibility of being able to issue new shares or to re-issue any shares that might be held in treasury when there is sufficient demand at a premium to NAV as this helps to improve trading liquidity and reduces ongoing costs by being asset accretive.

The Company is seeking to renew the annual issuance authority at the AGM. As at 30 April 2021, there are 7,896,700 shares, 5.2% of the Company's issued share capital, held in treasury. To avoid any dilution to existing investors, these and any new shares would only be re-issued/issued at a premium to NAV and after associated costs.

Private Companies and Objective & Policy

Following a review of the opportunity set and the processes and personnel in place at Baillie Gifford for evaluating and monitoring private company investments, the Board is of the view that the Company would benefit from having the authority to invest in private companies. Over the past couple of years Baillie Gifford has assessed over a thousand private companies, approximately 180 of which were UK businesses. Of these 180, clients of Baillie Gifford invested in eight names across a number of different sectors, two of these have subsequently listed and one has been subject to a takeover.

The Board and Managers are of the view that the assessment of private companies alongside listed counterparts is a natural fit with and extension of both the Managers' investment philosophy as well as process, and increases the opportunity set for generating positive returns for shareholders. As with listed companies, any private investment would need to have a market valuation in the region of £500m or more and would need to offer something that cannot be accessed in the listed space at that time.

The Board and Managers are cognisant that by their nature such investments are less liquid than listed equity investments, and therefore believe that at this point it is prudent to ask shareholders to approve a ceiling for private company investment of 10% of total assets, as measured at the time of initial investment. Further details on the Managers' approach to investing in private companies and why the opportunity set is of interest can be found in the Managers' Report on pages 11 and 12.

Seeking shareholder authority for investing in private companies necessitates changes to the wording of the Company's Objective & Policy, changes to which were last approved by shareholders in 2013. Since then, a number of small incremental changes have been made so the Board has resolved to formally codify these in a new form of words which shareholders are being asked to approve as part of this year's AGM business. A comparison of the proposed and current wording can be found on page 6 within the Business Review.

Board Composition

As a consequence of other commitments, Scott Cochrane will be standing down from the Board at the end of June 2021. The process for finding his replacement has begun but will not be completed in time for any new appointment to be ratified by shareholders at this year's AGM. All other Directors are submitting themselves for annual re-election as part of the AGM business. I would like to take this opportunity to thank Scott, on behalf of the Board, for his contributions to Board discussions during his relatively short tenure and to wish him well in future endeavours.

Annual General Meeting

It is intended that the Company's AGM will be held on Thursday 5 August 2021 at 12.00 noon at the office of Baillie Gifford & Co, 1 Greenside Row, Edinburgh, EH1 3AN. Whilst recent strides appear to have been made in the UK to curb the spread and impact of Covid-19, it still does not seem sensible to invite shareholders to attend in person when it is not possible to concretely prove that individuals have been adequately vaccinated or can demonstrate a recent negative Covid-19 test result. Evolving Government guidance and potential new variants of the virus might also curtail 'group' events. Shareholders are therefore encouraged to submit their votes by proxy rather than attempt to do so in person. The meeting itself will involve the minimum number of people necessary for it to be quorate so anyone not authorised to attend will be declined entry for health reasons. Should the situation change, further information will be made available through the Company's website at bgukgrowthtrust.com and the London Stock Exchange regulatory news service. The Board hopes that it will be possible to meet shareholders again in person at the AGM in 2022.

Outlook

Most UK companies appear to have reacted well to the immediate challenges created as a result of Covid-19, the long term ramifications of which are unknown. Brexit too appears to have had little discernible economic impact albeit the matter is clouded by the impact of the pandemic. However, companies face the ongoing challenge of adapting to what is a very difficult and different trading landscape compared to that faced in early 2020.

Despite this, the Board and Managers continue to believe that exceptional UK growth companies are able to exploit their competitive strengths over the long term and take advantage of the opportunities that follow severe economic dislocation. As selective stock pickers, the Managers are likely well placed to invest in growth companies that will reward the patient long term investor in due course.

Carolan Dobson
Chairman
8 June 2021

For a definition of terms, see Glossary of Terms and Alternative Performance Measures on pages 56 and 57.
Past performance is not a guide to future performance.

One Year Summary

	30 April 2021	30 April 2020	% change
Shareholders' funds	£363.1m	£263.7m	
Net asset value per share	237.3p	175.2p	35.4
Share price	244.0p	161.5p	51.1
FTSE All-Share Index			22.1
Revenue earnings per ordinary share	2.88p	3.75p	(23.2)
Dividends paid and payable in respect of the year	2.42p	3.10p	(21.9)
Ongoing charges*	0.65%	0.66%	
Premium/(discount)*	2.8%	(7.8%)	
Active share*	85%	86%	

Year to 30 April	2021	2020
Total returns (%)*		
Net asset value	37.7	(12.5)
Share price	53.7	(14.6)
FTSE All-Share Index	25.9	(16.7)

Year to 30 April	2021	2021	2020	2020
Year's high and low	**High**	**Low**	**High**	**Low**
Net asset value per share	239.4p	172.4p	217.7p	137.3p
Share price	248.0p	156.0p	206.0p	116.0p
Premium/(discount)*	4.3%	(9.7%)	(1.1%)	(16.3%)

	30 April 2021	30 April 2020
Net return per ordinary share		
Revenue	2.88p	3.75p
Capital	62.18p	(28.75p)
Total	**65.06p**	**(25.00p)**

* Alternative performance measure – see Glossary of Terms and Alternative Performance Measures on pages 56 and 57.

Source: Refinitiv/Baillie Gifford and relevant underlying index providers. See disclaimer on page 55.

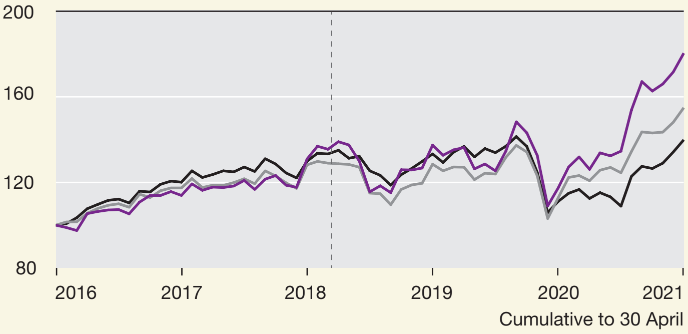
Past performance is not a guide to future performance.

Five Year Summary

The following charts indicate how an investment in Baillie Gifford UK Growth Trust has performed relative to its benchmark and its underlying net asset value over the five year period to 30 April 2021.

Five Year Total Return* Performance

(figures rebased to 100 at 30 April 2016)



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

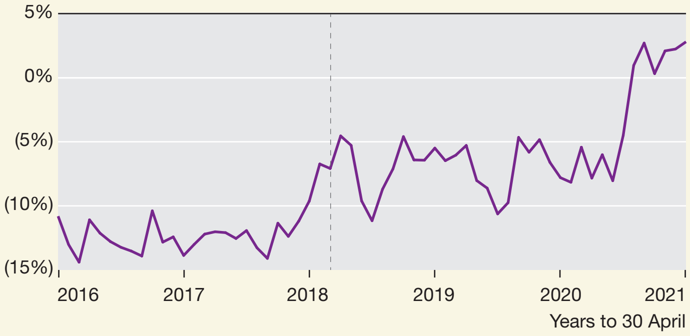
Share price

NAV

Benchmark#

(Discount)/Premium* to Net Asset Value

(figures plotted on a monthly basis)

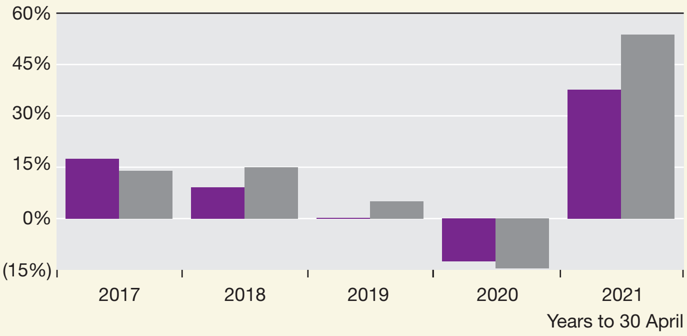


Source: Refinitiv/Baillie Gifford and relevant underlying index providers†.

(Discount)/premium

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

Annual Net Asset Value and Share Price Total Returns*



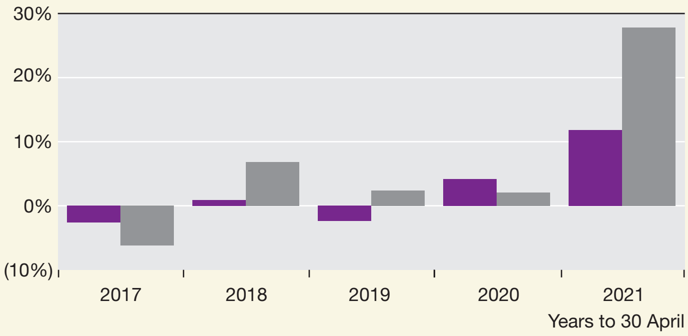
Source: Refinitiv/Baillie Gifford and relevant underlying index providers†.

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 56 and 57.

† See disclaimer on page 55.

The benchmark is the FTSE All-Share Index.

The vertical dotted 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.

Business Review

Business Model

Business and Status

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

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

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.

Current 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.

Proposed Investment Policy

As detailed in the Chairman's Statement on pages 2 and 3, the Board is proposing to change the Company's Investment Policy. If Resolution 12 is approved at the AGM, the investment policy will be as follows:

The Company invests in a portfolio of between 35 and 65 companies selected for their potential to provide, in aggregate, attractive returns relative to the total return of the FTSE All-Share Index.

The portfolio is invested primarily in listed equities but may also invest in unlisted investments, including private companies, convertible securities, and equity-related derivatives.

On acquisition of any unlisted investment, the Company's aggregate holding in unlisted investments shall not exceed 10% of the total asset value of the Company.

The Company may also use derivatives for efficient portfolio management purposes.

The majority of investments are constituents of the FTSE 350 Index although constituents of other UK FTSE indices may be held.

The Company is also permitted to make investments outside of the UK where these investments have a meaningful connection with the UK.

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

The Company may not invest more than 15% of its total assets in any one single company measured at the time of investment.

The maximum permitted investment in other listed investment companies (including investment trusts) is 10% of total assets at the time of purchase unless such companies have a stated investment policy not to invest more than 15% of their total assets in other listed investment companies, in which case the limit is 15%.

The level of gearing within the portfolio is agreed by the Board and the absolute amount of any gearing should not exceed 20% of the net asset value of the Company at the time of drawdown.

The Company can also hold up to 20% of total assets in cash or cash equivalents.

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 56 and 57.

The one, five and ten year records of the KPIs can be found on pages 4, 5 and 15.

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

Borrowings

The Company has a one year £20 million unsecured revolving credit loan facility with National Australia Bank which is due to expire on 8 July 2021 and negotiations are underway to replace this facility. At 30 April 2021, £2,450,000 had been drawn down (2020 – nil). Further details of the Company's borrowings are set out in note 11 on page 44.

Principal and Emerging Risks

As explained on pages 22 and 23 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 and emerging risks facing the Company, including those that would threaten its business model, future performance, regulatory compliance, solvency or liquidity. There have been no significant changes to the principal risks during the year. A description of these risks and how they are being managed or mitigated is set out below.

The Board considers the coronavirus (Covid-19) pandemic and the aftermath of Brexit to be factors which exacerbate existing areas of risk as categorised and further explained below.

Financial Risk – the Company's assets consist of listed securities and its principal and emerging risks are therefore market related and include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. An explanation of those risks and how they are managed is contained in note 18 to the Financial Statements on pages 46 to 48. The Board has, in particular, considered the impact of heightened market volatility since the Covid-19 outbreak. 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 FCA Listing Rules and the Companies Act could lead to suspension of the Company's Stock Exchange listing, financial penalties, a qualified audit report or the Company being subject to tax on capital gains. To mitigate this 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 Business Risk Department and a summary of the key points is reported to the Audit Committee and any concerns investigated. In addition, the existence of assets is subject to annual external audit.

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

Cyber Security Risk – a cyber attack on Baillie Gifford's network or that of a third party service provider could impact the confidentiality, integrity or availability of data and systems. To mitigate this risk, the Audit Committee reviews Reports on Internal Controls published by Baillie Gifford and other third party service providers. Baillie Gifford's Business Risk Department report to the Audit Committee on the effectiveness of information security controls in place at Baillie Gifford and its business continuity framework. Cyber security due diligence is performed by Baillie Gifford on third party service providers which includes a review of crisis management and business continuity frameworks.

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 impact of this loss. If borrowing facilities are not renewed, the Company may have to sell investments to repay borrowings. To mitigate this risk, all borrowing facilities 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 55 and in the Glossary of Terms and Alternative Performance Measures on pages 56 and 57.

Political Risk – political developments are monitored and considered by the Board. Following the departure of the UK from the European Union, the Board continues to assess the potential consequences for the Company's future activities including those that may arise from further constitutional change.

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 2024, the Directors have, in accordance with provision 31 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 7 and 8 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 revolving credit loan facility of £20 million expiring in July 2021, which had £2,450,000 drawn down at 30 April 2021 and £2,450,000 drawn down as at 7 June 2021. Specific leverage and liquidity stress testing was conducted during the year, including consideration of the risk of further market deterioration resulting from the Covid-19 outbreak. The stress testing did not indicate any matters of concern. In addition, all of the key operations required by the Company are outsourced to third party service providers and it is reasonably considered that alternative providers could be engaged at relatively short notice where necessary. The Board has specifically considered the UK's departure from the European Union on 31 December 2020 and can see no scenario that it believes would affect the going concern status or viability of the Company.

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

Section 172 Statement

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

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

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

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

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

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

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

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

Great importance is placed by the Board on communication with shareholders and the Annual General Meeting provides the key forum for the Board and Managers to present to shareholders on the performance of the Company and on the future plans/prospects for the Company (see Notice of Meeting on page 49). It also allows shareholders the opportunity to meet with the Board and Managers and to raise questions and concerns. This year, regrettably it is looking likely that this will not be possible in person, nevertheless strong emphasis is placed on ensuring that shareholders still have the opportunity to ask questions of the Board and Managers (see page 49). The Chairman is available to meet with shareholders as appropriate and the Managers meet regularly with shareholders and their respective representatives, reporting back on views to the Board. Shareholders may also communicate with the Board at any time by writing to them at the Company's registered office or to the Company's broker. These communication opportunities help inform the Board when considering how best to promote the success of the Company for the benefit of all shareholders over the long-term.

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

Whilst the Company's operations are limited (with all substantive operations being conducted by the Company's third party service providers), the Board is keenly aware of the need to consider the impact of the Company's investment strategy and policy on wider society and the environment. The Board considers that its oversight of environmental, social and governance (ESG) matters is an important part of its responsibility to all stakeholders and that proper consideration of ESG factors sits naturally with the Company's long-term approach to investment. The Board's approach to matters of diversity is set out on page 22.

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

— the raising of over £5.6 million from shares issued from treasury at a premium to net asset value prevailing from time to time, in order to satisfy investor demand over the year and which serves the interests of current shareholders by reducing costs per share and helping to further improve liquidity; and

— in July 2020, the Company renewed its £20 million revolving one year credit facility with National Australia Bank.

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 24.

Gender Representation

The Board comprises four Directors, one female and three male. The Company has no employees. The Board's policy on diversity is set out on page 22.

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 24.

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 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 11 and 12.

The Strategic Report, which includes pages 2 to 15 was approved by the Board of Directors and signed on its behalf on 8 June 2021.

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*, at 3.0%, 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.

The Managers' Stewardship Principles

We have a responsibility to behave as supportive and constructively engaged long-term investors. Our approach favours a small number of simple principles which help shape our interactions with companies:

Prioritisation of long-term value creation

We encourage company management and their boards to be ambitious and focus their investments on long-term value creation.

Sustainable business practices

We look for companies to act as responsible corporate citizens, working within the spirit and not just the letter of the laws and regulations that govern them.

Fair treatment of stakeholders

We believe it is in the long-term interests of companies to maintain strong relationships with all stakeholders, treating employees, customers, suppliers, governments and regulators in a fair and transparent manner.

A constructive and purposeful board

We believe that boards play a key role in supporting corporate success and representing the interests of minority shareholders.

Long-term focused remuneration with stretching targets

We look for remuneration policies that are simple, transparent and reward superior strategic and operational endeavour.

* Alternative Performance Measure – see Glossary of Terms and Alternative Performance Measures on pages 56 and 57.

Managers' Report

Undoubtedly the saddest part of writing the report this year is that although there are hopeful signs that the Covid-19 Pandemic may be abating, we must express our condolences to those who suffered bereavement caused by the shocking loss of life since last year. Although we have seen great dedication and fortitude shown by many in the public, private and voluntary sectors, there is little doubt that all societies will bear the scars of this tragedy for years to come.

Our report last year described the twelve months to 30 April 2020 as being hard to match for escalating drama. We stand by that, but we can't help thinking that the last 12 months were certainly one of the oddest for both the writers and, we suspect, most readers too. Being under lockdown of varying degrees for most of the period and facing the worst recession on record would have on the face of it suggested a gloomy outcome for investors, so how do we reconcile the rather healthy market returns recorded?

In our view there were a couple of factors that go to the heart of answering that. One was the UK Government (amongst others) funding a generous furlough scheme and other measures of support and consequently borrowed hugely to pay for this extra spending, despite a fall in tax receipts. Policy mistakes were made and there will have to be some reckoning to right size the rather ugly financial position of the UK, but the alternative of doing nothing was far worse. The second factor was that key elements of our sometimes much maligned capitalist system essentially did their job. A decade ago, Hollywood released a big budget film '*Contagion*' which depicted some medical aspects of a pandemic which now appear eerily prescient. In other aspects though the film was considerably off the mark portraying society as having partially collapsed and the military stepping in to feed a starving population. What we have seen in reality is something more remarkable and inspiring. Businesses and dedicated employees across the globe adapted to this unprecedented situation so that sophisticated supply chains for the most part held together and kept the global economy ticking over far better than most doomsters had feared. That the system didn't fall over, many businesses looked after their stakeholders and most people in these trying times have behaved sensibly, is easily glossed over yet points to a key conclusion. Most economies are battered and bruised, but our belief is that stockmarkets were cheered by the relative resilience of both consumers and businesses in aggregate. Despite everything, businesses now have a decent opportunity to rebuild in the years ahead.

This unusually long discourse (for us) is relevant because it lends credence to our confidence in the type of businesses we own in the portfolio which have strong market positions and healthy financials. This is illustrated by the fact that we sold only two holdings in the portfolio over the 12 months (Rolls-Royce and Mitchells & Butlers). Naturally this lack of activity (we only bought two new holdings as well) might be misconstrued. In fact we spent a lot of time thinking and speaking to management teams and we came to the view that despite the undoubted short term uncertainty that tempered our enthusiasm for deploying gearing, the long term investment cases for most of our businesses remained intact. So yes, we sat on our hands, but consciously so.

Performance and Portfolio Comments

In terms of performance, we think a five year investment horizon is a sensible period over which to judge whether we are doing a good job for shareholders. While it is pleasing to have outperformed over the year, it should be noted that the strong relative performance for the year came solely in the first half. While our high quality portfolio rose markedly in absolute terms, as the market soared (rather indiscriminately) in the second half of the period on the back of positive news on vaccines, it did lag the market. We are not concerned by short term underperformance as we remain focussed on the long term, however we did not want to mask that fact to our fellow shareholders.

Our portfolio is driven from individual 'bottom up' ideas and the strong relative performance in the year came not from one particular area but helpfully from a diverse number of businesses. These ranged from the online fashion business Farfetch which generated strong growth and also partnered up with some important businesses in Asia, to the predominately US based plant hire business Ashtead which surprised the market by being far less impacted by the pandemic, while the specialist annuity provider Just Group started to repay our patience with a new management team starting to deliver on their refreshed strategy. Notable detractors were few and far between although worries about competitive pressures and acquiring a business in the US led to a sluggish Just Eat Takeaway share price (we reduced during the year) and the marine services provider James Fisher was heavily impacted by poor trading in some of its businesses.

We noted in the interim report the long term attractiveness of longstanding positions in Renishaw. Unhappily, the founders of Renishaw subsequently decided to put the business up for sale and it is unlikely to remain a quoted business in the UK. As much as we admire the achievements of the founders and respect their decision, we cannot help feeling that it is a tragedy for the UK stockmarket that we may be losing one of our most successful and innovative engineering businesses. Despite this, we must not lose sight of the terrific innovation that is being carried out by many of our businesses with particularly pleasing progress, holdings such as Genus (animal genetics), Abcam (antibodies), Draper Esprit (technology venture capital) and Volution (clean air products). We also continue to identify new positions in interesting businesses such as the specialist insurer Lancashire and the credit data provider Experian. In both cases we subsequently added to our positions following short term share price underperformance which we believe was unmerited given the growth potential of each.

Stewardship

As long term providers of capital, we are very interested in the stewardship of the businesses we invest in and in the interim report we highlighted a couple of ongoing engagements with our holdings in Rio Tinto and Boohoo.com and promised to update you. We are pleased to report that constructive engagement has proven worthwhile as we think that both companies are now in better places following their high profile challenges.

In the case of Rio Tinto, although the anger and reputational damage following the destruction of the sacred caves in Western Australia last year remain, we have been encouraged that there has been significant executive management changes at the business. Moreover, the new CEO has made encouraging statements about how he recognises the challenges ahead and how he intends Rio Tinto to do things differently and better from now on. At the board level there has been recognition that new leadership is required to properly 'turn the page' and the current chairman has announced that he is intending to step down, allowing for an orderly transition of power which we think is also a good outcome for the company. We said previously that trust is only built by keeping discussions with companies confidential. We intend to keep to that but to give shareholders some context of the extent of our engagement with Rio Tinto, we can say that Baillie Gifford had thirteen separate meetings with either company directors or industry experts since the disaster occurred whereas with a typical company one might engage with them once or twice a year. Be assured that despite these positive signs of progress, we will continue to monitor events at Rio Tinto closely.

We are also encouraged with the progress Boohoo is making in tackling its own governance and supply chain issues. Following allegations of malpractice and poor working conditions by many garment manufacturers in Leicester, Boohoo commissioned an independent review into its supply chain, led by Alison Levitt QC. Upon the completion of the review, the company published the findings in full and committed to implementing all recommendations set out in the report. Boohoo has set up a comprehensive and ambitious 'Agenda for Change' programme which aims to significantly improve oversight and provide greater transparency of its supply chain. The implementation of the programme is being overseen by an independent team led by Sir Brian Levenson. So far Boohoo has met all of the milestones set and is on track to complete all outstanding items by September this year.

Private Companies

As noted in the Chairman's Statement, we are keen for shareholders to give us permission to have the ability to invest in private companies, subject to prudent limits. We see the private company space as potentially an interesting area to find exciting growth companies to invest in that we believe can help us in our objective of generating total returns in excess of the FTSE All-Share index. As backdrop, there is a trend for growth private businesses in the UK, and more globally, to stay private for longer than in the past. With the permanent capital structure of an Investment Trust, we are the ideal vehicle to own such businesses. The Board and portfolio managers have been assessing this area for some time and in doing so have been able to tap into the expertise and experience in Baillie Gifford, not least the Private Companies team. To be clear, we see this proposal as simply widening the universe and are under no obligation, nor do we have a strong desire, to use these powers unless a compelling individual opportunity presents itself. We also have no intention to alter the type of business we currently seek to invest in if shareholders approve this proposal i.e. we would not be investing in small, early stage venture capital style businesses.

And Finally

As we turn to the future, beyond what is hopefully a rapid mass inoculation roll-out, to economic and business recovery in a post pandemic world, all companies will have to change and adapt to a very different but still highly uncertain corporate landscape. The only thing we can note with near certainty after recent events is the folly of precise predictions. Some aspects of consumer and business behaviour may well – hopefully – go back to 'normal'. But as we've mentioned in previous reports, we also recognise that many patterns in the way we all work, travel, shop, consume and interact have probably shifted irreversibly. So too have attitudes towards the state, to the role of governments and our tolerance of enormous deficits, with all complex societal and generational dilemmas that involves. To any investor who sees their task as considering the future, it has been a most humbling reminder of the power of nature, its unpredictability and ability to disrupt all things we assume as normal.

Finally, but quite separately, it once again feels remiss not to at least mention Brexit to this specialist UK audience. In the scheme of a global pandemic it still feels rather parochial. And as a reminder, this and other macroeconomic or political events do not feature prominently in our company led, 'bottom up' investment process either. Nevertheless, leaving the European Union is still a big deal in the modern political, economic and cultural history of the UK. Having had the initial 'political' Brexit a year ago, we finally had the real thing – an 'economic' Brexit – at the end of 2020. Four months on, it remains close to impossible to disentangle any discernible economic impact to the companies in our portfolio: the huge distortions to everything from the pandemic make that a rather futile exercise for now. There have inevitably been a few signs of teething problems around the new, post-deal, trade arrangements, and much is still to be decided on swathes of the important service sector of the economy. It also seems fair to say that our post-separation relations with the EU have been rather, erm, 'tricky'. Overall, however, and whilst it is far too early to say anything definitively, there have not been obvious signs of immediate economic distress.

All of this might sound daunting or even depressing. That is the wrong conclusion to draw. As growth investors we think about opportunities as well as risk and businesses with the finances, the long term vision and strong culture have a better than average fighting chance of successfully exploiting the undoubted opportunities out there at present. We think your portfolio is positioned accordingly and we look forward to updating you further in the future about our progress.

Iain McCombie and Milena Mileva
Baillie Gifford & Co
8 June 2021

For a definition of terms, see Glossary of Terms and Alternative Performance Measures on pages 56 and 57.
Past performance is not a guide to future performance.

List of Investments at 30 April 2021

Name	Business	Fair value £'000	% of total assets
Basic Materials			
Rio Tinto	**Metals and mining company**	**9,182**	**2.5**
Victrex	Speciality high-performance chemicals manufacturer	5,450	1.5
Bodycote	Heat treatment and materials testing	5,221	1.4
		19,853	**5.4**
Consumer Discretionary			
Games Workshop	**Toy manufacturer and retailer**	**11,726**	**3.2**
Howden Joinery	**Manufacturer and distributor of kitchens to trade customers**	**11,619**	**3.2**
Boohoo.com	**Online fashion retailer**	**10,222**	**2.8**
RELX	**Professional publications and information provider**	**8,967**	**2.5**
HomeServe	**Domestic insurance**	**8,834**	**2.4**
Burberry	Luxury goods retailer	8,231	2.3
Farfetch	Technology platform for the global fashion industry	6,900	1.9
4imprint	Direct marketer of promotional merchandise	4,107	1.1
		70,606	**19.4**
Consumer Staples			
Diageo	**International drinks company**	**9,248**	**2.5**
		9,248	**2.5**
Financials			
St. James's Place	**UK wealth manager**	**14,598**	**4.0**
Prudential	**International life insurer**	**11,689**	**3.2**
Hargreaves Lansdown	**UK retail investment platform**	**10,682**	**2.9**
Draper Esprit	**Technology focused venture capital firm**	**8,997**	**2.5**
Legal & General	**Insurance and investment management company**	**8,839**	**2.4**
Lancashire Holdings	**General insurance**	**8,618**	**2.4**
Just Group	Provider of retirement income products and services	8,544	2.3
IntegraFin	Provides platform services to financial clients	7,150	1.9
IG Group	Spread betting website	3,938	1.1
Hiscox	Property and casualty insurance	3,930	1.1
AJ Bell	Investment platform	3,147	0.9
		90,132	**24.7**
Healthcare			
Genus	**World leading animal genetics company**	**16,227**	**4.4**
Abcam	**Online platform selling antibodies to life science researchers**	**13,039**	**3.6**
Creo Medical	Designer and manufacturer of medical equipment	885	0.2
		30,151	**8.2**

Name	Business	Fair value £'000	% of total assets
Industrials			
Renishaw	**World leading metrology company**	**16,286**	**4.5**
Volution Group	**Supplier of ventilation products**	**13,353**	**3.7**
Ashtead	**Construction equipment rental company**	**12,588**	**3.4**
Bunzl	Distributor of consumable products	8,441	2.3
Halma	Specialist engineer	8,298	2.3
FDM Group	Provider of professional services focusing on information technology	8,000	2.2
Ultra Electronics	Aerospace and defence company	7,761	2.1
Inchcape	Car wholesaler and retailer	7,651	2.1
PageGroup	Recruitment consultancy	6,119	1.7
Experian	Global provider of credit data and analytics	5,616	1.5
Euromoney Institutional Investor	Specialist publisher	3,137	0.8
James Fisher & Sons	Specialist service provider to the global marine and energy industries	1,746	0.5
		98,996	**27.1**
Real Estate			
Rightmove	**UK's leading online property portal**	**9,980**	**2.7**
Helical	Property developer	7,694	2.1
		17,674	**4.8**
Technology			
Auto Trader Group	**Advertising portal for second hand cars in the UK**	**12,300**	**3.4**
First Derivatives	IT consultant and software developer	7,403	2.0
Just Eat Takeaway.com	Operator of online and mobile market place for takeaway food	6,404	1.8
		26,107	**7.2**
Total Equities		**362,767**	**99.3**
Net Liquid Assets		2,736	0.7
Total Assets		**365,503**	**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	Premium/ (discount) † %
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)
2020	263,659	–	263,659	175.2	161.5	(7.8)
2021	**365,503**	**2,450**	**363,053**	**237.3**	**244.0**	**2.8**

Source: Baillie Gifford/Refinitiv. See disclaimer on page 55.

* Net asset value per ordinary share has been calculated after deducting borrowings. See Glossary of Terms and Alternative Performance Measures on pages 56 and 57.

† Premium/(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 56 and 57.

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 # %
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 **
2020	6,562	5,644	3.75	3.10	0.66
2021	**5,297**	**4,351**	**2.88**	**2.42**	**0.65**

Gearing Ratios

Year to 30 April	Equity gearing ‡ %	Potential gearing ¶ %
2011	9	11
2012	8	11
2013	5	9
2014	9	10
2015	(4)	–
2016	(2)	–
2017	(1)	–
2018	3	4
2019	(1)	–
2020	(1)	–
2021	**–**	**1**

Source: Baillie Gifford.

Total operating costs divided by average net asset value. See Glossary of Terms and Alternative Performance Measures on pages 56 and 57.

‡ 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 56 and 57.

¶ Total assets (including all debt used for investment purposes) divided by shareholders' funds. See Glossary of Terms and Alternative Performance Measures on pages 56 and 57.

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

** Baillie Gifford & Co Limited was appointed Manager in 2018 and agreed to waive the management fee for the year ended 30 April 2019 to the extent of £732,000. Without the management fee waiver, the ongoing charges for the year to 30 April 2019 would have been 0.76%.

Cumulative Performance (taking 2011 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
2011	100	100	100	100	100	100	100	100
2012	95	98	92	95	95	98	126	117
2013	119	125	114	121	107	115	150	133
2014	131	141	130	141	115	128	222	183
2015	129	143	122	137	119	137	213	200
2016	119	137	111	130	108	129	209	173
2017	136	161	123	148	126	155	211	180
2018	144	175	137	170	131	168	238	200
2019	141	176	140	178	129	173	186	148
2020	121	154	118	152	103	144	136	103
2021	**165**	**212**	**178**	**234**	**126**	**181**	**104**	**81**
Compound annual returns								
5 year	6.7%	9.1%	9.8%	12.5%	3.1%	7.0%	(13.0%)	(14.1%)
10 year	5.1%	7.8%	5.9%	8.9%	2.3%	6.1%	0.4%	(2.1%)

Source: Baillie Gifford/Refinitiv and relevant underlying providers. See disclaimer on page 55.

* See Glossary of Terms and Alternative Performance Measures on pages 56 and 57.

^ 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 Nomination Committee and Management Engagement Committee. She is chairman of Brunner Investment Trust plc and Blackrock Latin American Investment 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 2017 and became Chairman of the Audit Committee in 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 in 2018 and became Senior Independent Director in 2019.
He was a senior partner at international law firm Herbert Smith Freehills before retiring in 2021. Until December 2019 he was the Global Head of Corporate. He was also a member of the firm's Global Executive Management Committee, responsible for leading the strategic direction of the firm across a global network of offices. He has over 25 years' experience advising boards and asset managers on a broad range of corporate matters.

Ruary Neill was appointed a Director in 2018. He is currently a director of JP Morgan Emerging Markets Investment Trust plc 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.

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

Managers and Secretaries

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

Baillie Gifford is one of the largest investment trust managers in the UK and currently manage twelve 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 £326 billion. Based in Edinburgh, it is one of the leading privately owned investment management firms in the UK, with 47 partners and a staff of around 1,500.

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 2021.

Corporate Governance

The Corporate Governance Report is set out on pages 16 to 29 and forms part of this Report.

Managers and Company Secretaries

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

The 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.

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 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; the relationship with the Managers; and, comparative peer group charges and fees.

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 Regulations, The Bank of New York Mellon (International) Limited has been appointed as Depositary to the Company. The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. The custody function is also undertaken by The Bank of New York Mellon (International) Limited ('the Custodian').

Directors

Information about the Directors, including their relevant experience, can be found on page 16.

All the Directors will retire at the Annual General Meeting and offer themselves for re-election, with the exception of Scott Cochrane, who will stand down from the Board on 30 June 2021. 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 2021 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 2.42p per ordinary share. No interim dividend was declared (2020 – 3.10p). This makes a total of 2.42p for the year (2020 – 3.10p). Dividends are paid by way of a single final payment and will be the minimum permissible to maintain investment trust status, reflecting our priority, which is capital growth.

If approved by shareholders at the Annual General Meeting, the recommended final divided per ordinary share will be paid on 11 August 2021 to shareholders on the register at the close of business on 16 July 2021. The ex-dividend date is 15 July 2021.

Share Capital

Capital Structure

The Company's capital structure at 30 April 2021 consists of 160,917,184 ordinary shares of 25p each (2020 – 160,917,184) of which 153,020,484 (2020 – 150,520,484) are allotted and fully paid and 7,896,700 (2020 – 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 50 and 51.

Major Interests in the Company's Shares

The Company has received notifications in accordance with the Financial Conduct Authority's Disclosure and Transparency Rules of the following interests in the voting rights attached to the Company's issued share capital.

Name	No of ordinary 25p shares held at 30 April 2021	% of issue *
Rathbone Investment Management Ltd & Rathbone Investment Management International Ltd (combined, indirect)	15,054,196	9.8%

Subsequent to the year end, Rathbone Investment Management Ltd & Rathbone Investment Management International Ltd (combined, indirect) advised they held 15,305,757 shares (10.0% of shares issued). EFG Private Bank Limited (indirect) also advised it held 7,627,405 shares (5.0% of shares issued). There have been no other changes to the major interests in the Company's shares intimated up to 7 June 2021.

* Ordinary shares in issue excluding treasury shares.

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 9 in the Notice of Annual General Meeting seeks a general authority for the Directors to allot shares up to an aggregate nominal amount of £3,837,387. This amount represents 10% of the Company's total ordinary share capital in issue at 7 June 2021 and meets institutional guidelines. This authority will continue until the conclusion of the Annual General Meeting to be held in 2022 or on the expiry of 15 months from the passing of the resolutions, if earlier.

Resolution 10, 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 £3,837,387 (representing 10% of the issued ordinary share capital of the Company as at 7 June 2021). 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 2022 or on the expiry of 15 months from the passing of the resolutions, if earlier.

During the year to 30 April 2021, the Company issued at a premium to net asset value on 17 separate occasions a total amount of 2,500,000 shares at an average price of 228.00p per share, raising proceeds of £5,695,000. Between 1 May and 7 June 2021, the Company issued a further 475,000 shares at a premium to net asset value raising proceeds of £1,141,000. 7,421,700 shares were held in treasury as at 7 June 2021.

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 2021 Annual General Meeting. The Directors are seeking shareholders' approval at the Annual General Meeting to renew the authority to make market purchases up to 23,008,973 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 2022.

No shares (2020 – no shares) were bought back during the year under review and 7,896,700 (2020 – 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 11 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 18 to the Financial Statements.

Articles of Association

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

Disclosure of Information to Auditors

The Directors confirm that, so far as each of the Directors is aware, there is no relevant audit information of which the Company's Auditor is 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 Auditor is aware of that information.

Independent Auditor

Following the conclusion of a formal tender process led by the Company's Audit Committee, during the financial year ended 30 April 2020, the appointment of Ernst & Young LLP was approved by shareholders at the Annual General Meeting held on 5 August 2020. The Auditor, Ernst & Young LLP, is willing to continue in office and in accordance with section 489 and section 491(1) of the Companies Act 2006, resolutions concerning their re-appointment and remuneration will be submitted to the Annual General Meeting.

Post Balance Sheet Events

The Directors confirm that there have been no significant post Balance Sheet events up to 8 June 2021 that require disclosure in the Financial Statements.

Stakeholder Engagement

Although the Company has no employees, trade suppliers or customers, the Directors give regular consideration to the need to foster the Company's business relationships with its stakeholders, in particular with shareholders, its externally appointed Managers, other professional service providers and lenders. The effect of this consideration upon the key decisions taken by the Company during the financial year is set out in further detail in the Strategic Report on pages 8 and 9.

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

All of the Company's activities are outsourced to third parties. The Company therefore has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. For the same reasons as set out above, the Company considers itself to be a low energy user under the SECR regulations and therefore is not required to disclose energy and carbon information.

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
8 June 2021

Corporate Governance Report

The Board is committed to achieving and demonstrating high standards of Corporate Governance. This statement outlines how the principles of the 2018 UK Corporate Governance Code (the 'Code') which can be found at 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 theaic.co.uk.

Compliance

The Board confirms that the Company has complied throughout the year under review with the relevant provisions of the Code and the recommendation 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 25.

The FRC has confirmed that AIC member companies who report against the AIC Code will be meeting their obligations in relation to the UK Code (the AIC Code can be found at theaic.co.uk).

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 seeks to contribute to the delivery of the Company's strategy by engaging with the Managers in a collaborative and collegiate manner with open and respectful discussion and debate being encouraged, whilst also ensuring that appropriate and regular challenge is brought and evaluation is conducted. The Board also reviews the Financial Statements, investment transactions, revenue budgets and performance of the Company. Full and timely information is provided to the Board to enable it to function effectively and to allow Directors to discharge their responsibilities.

The Board comprises four Directors, all of whom are non-executive. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The executive responsibility for investment management has been delegated to the Company's Alternative Investment Fund Manager ('AIFM'), Baillie Gifford & Co Limited, and, in the context of a Board comprising only non-executive Directors, there is no chief executive officer. The Senior Independent Director is Scott Cochrane. Ruary Neill will become the Senior Independent Director following Scott Cochrane's retirement from the Board on 30 June 2021.

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 16.

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.

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

Meetings

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

Directors' Attendance at Meetings

	Board	Audit Committee	Nomination Committee	Remuneration Committee	Management Engagement Committee
Number of meetings	**5**	**2**	**1**	**1**	**1**
Carolan Dobson*	5	–	1	1	1
Scott Cochrane	5	2	1	1	1
Ruary Neill	5	2	1	1	1
Andrew Westenberger	5	2	1	1	1

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

Nomination Committee

The Nomination Committee consists of all the Directors and Carolan Dobson 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 Scott Cochrane to retire from the Board on 30 June 2021, Nurole has been engaged to help identify a potential new Director. The Committee has identified the skills and experience required, having due regard for the benefits of diversity and will interview candidates identified by Nurole to select the preferred candidate.

The Committee's Terms of Reference are available on request from the Company and on the Company's page of the Managers' website: bgukgrowthtrust.com.

Policy on Chairman's Tenure

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

Performance Evaluation

An appraisal of the Chairman, each Director and a performance evaluation and review of the Board as a whole and its Committees was carried out during the year. Each Director and the Chairman responded to an evaluation questionnaire and each Director had an interview with the Chairman. The Chairman's appraisal was led by Scott Cochrane, 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 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. Regular briefings were provided during the year on industry and regulatory matters. Directors receive other relevant training as necessary.

Remuneration Committee

The Remuneration Committee consists of all Directors and Scott Cochrane is the Chairman of the Committee. The Remuneration Committee reviews and makes recommendations to the Board in respect of the level of remuneration paid to Directors within the limits approved by shareholders. The Company's policy on remuneration is set out in the Directors' Remuneration Report on pages 27 and 28.

The Committee's Terms of Reference are available on request from the Company and on the Company's page of the Managers' website: bgukgrowthtrust.com.

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 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.

The Committee's Terms of Reference are available on request from the Company and on the Company's page of the Managers' website: bgukgrowthtrust.com.

Audit Committee

The report of the Audit Committee is set out on pages 25 and 26.

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 Regulations (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 Regulations, 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 55), are monitored and the sensitivity of the portfolio to key risks is undertaken periodically as appropriate to ascertain the impact of changes in key variables in the portfolio. Exceptions from limits monitoring and stress testing undertaken by Baillie Gifford's Business Risk Department are escalated to the AIFM and reported to the Board along with any remedial measures being taken.

Going Concern

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

The Company's principal and emerging 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 and in note 18 to the Financial Statements. The Board has, in particular, considered the impact of heightened market volatility since the Covid-19 outbreak and specific leverage and liquidity stress testing but does not believe the Company's going concern status is affected. The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. Details of the Company's one year loan facility with National Australia Bank which is due to be repaid on 8 July 2021 are shown in note 11 on page 44. The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) Regulations 2011. The Company's primary third party suppliers, including its Managers and Secretaries, Custodian, Depositary, Registrar, Auditor and Corporate Broker, have not experienced significant operational difficulties affecting their respective services to the Company as a result of the Covid-19 pandemic.

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 in 2024.

Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal risks and other matters, including the impact of the Covid-19 outbreak, as set out in the Viability Statement on page 8 and revenue estimates prepared to the end of April 2023, 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 bgukgrowthtrust.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 bgukgrowthtrust.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: 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.

Climate Change

The Board recognises that climate change poses a serious threat to our environment, our society and to economies and companies around the globe. Addressing the underlying causes is likely to result in companies that are high emitters of carbon facing greater societal and regulatory scrutiny and higher costs to account for the true environmental impact of their activities. The Managers' pursuit of long term growth opportunities typically involves investment in entrepreneurial and disruptive businesses that are often capital-light with a low carbon footprint.

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
8 June 2021

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 in December 2018 in line with the recommendation of the UK Corporate Governance Code. 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 and on the Company's page of the Managers' website: bgukgrowthtrust.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 22).

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

Main Activities of the Committee

The Committee met twice during the year to 30 April 2021 and the external Auditor attended both meetings. Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provided reports on their monitoring programmes for these meetings.

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

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

Internal Audit

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

Financial Reporting

The Committee considers that the most significant issues likely to affect the Financial Statements are the existence and valuation of investments, as they represent 99.3% 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 accounting treatment of each special dividend received or receivable during the year was reviewed by the Managers.

The value of all the investments at 30 April 2021 were agreed to external price sources and the portfolio holdings agreed to confirmations from the Company's Custodian.

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

Audit Tender

Following a competitive tender process during the year to 30 April 2020, the Board unanimously agreed to appoint Ernst & Young LLP as the Company's Auditor with effect from the audit of the Financial Statements for the year to 30 April 2021. A resolution proposing Ernst & Young LLP's appointment as Auditor was passed by shareholders at the Annual General Meeting held on 5 August 2020.

In recognition of underlying audit rotation requirements, the Committee currently intends that a further tender process should be undertaken not later than 30 April 2030 to cover the financial years ending 30 April 2031 onwards.

Internal Controls and Risk Management

The Committee reviewed the effectiveness of the Company's risk management and internal controls systems as described on pages 22 and 23. No significant weaknesses were identified in the year under review.

External Auditor

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

— the audit plan for the current year;

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

— the extent of non-audit services provided by the external Auditor. There were no non-audit fees for the year to 30 April 2021.

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

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

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

— the Audit Quality Inspection Report from the FRC; and

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

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

— the Auditor's engagement letter;

— the Auditor's proposed audit strategy;

— the audit fee; and

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

The audit partner responsible for the audit will be rotated at least every five years in accordance with professional and regulatory standards in order to protect independence and objectivity and to provide fresh challenge to the business. Ms Mercer, the current partner, will continue as audit partner until the conclusion of the 2025 audit.

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

Having carried out the review process described above, the Committee is satisfied that the Auditor has remained independent and effective for the purposes of this year's audit.

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

Accountability and Audit

The respective responsibilities of the Directors and the Auditor in connection with the Financial Statements are set out on pages 29 to 34.

On behalf of the Board
Andrew Westenberger
Audit Committee Chairman
8 June 2021

Directors' Remuneration Report

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

Statement by the Chairman

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

The Remuneration Committee reviewed the level of fees during the year and the Board agreed the Committee's recommendation that, with effect from 1 May 2021 Directors' fees should be increased by 1.5%, being the increase in the Consumer Price Index during the year to 30 April 2021. The fees were last increased on 1 May 2020.

Directors' Remuneration Policy

The determination of the Directors' fees is a matter considered by the 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.

Limits on 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 2021 together with the expected fees payable in respect of the year ending 30 April 2022 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 2022 £	Fees paid for the year to 30 April 2021 £
Carolan Dobson	38,400	37,800
Scott Cochrane	4,800	28,500
Ruary Neill	28,800	27,000
Andrew Westenberger	30,700	30,200
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

Annual Report on Remuneration

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

The law requires the Company's Auditor to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in the Independent Auditor's Report on pages 30 to 34.

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	2021 Fees £	2021 Taxable benefits * £	2021 Total £	% change in year	2020 Fees £	2020 Taxable benefits * £	2020 Total £
Carolan Dobson	37,800	–	**37,800**	(2.6)	37,500	1,299	**38,799**
Scott Cochrane	28,500	–	**28,500**	(1.5)	27,925	1,004	**28,929**
Ruary Neill	27,000	–	**27,000**	(6.1)	26,800	1,957	**28,757**
Andrew Westenberger	30,200	–	**30,200**	(10.2)	30,000	3,616	**33,616**
Andrew Hutton (retired 1 August 2019)	–	–	**–**	(100.0)	7,362	1,121	**8,483**
	123,500	**–**	**123,500**	**(10.9)**	**129,587**	**8,997**	**138,584**

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

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 7 June 2021.

Name	Nature of interest	Ordinary 25p shares held at 30 April 2021	Ordinary 25p shares held at 30 April 2020
Carolan Dobson	Beneficial	26,949	26,949
Scott Cochrane	Beneficial	28,078	27,903
Ruary Neill	Beneficial	20,000	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, 99.82% were in favour, 0.10% were against and votes withheld were 0.08%. At the last Annual General Meeting at which the Directors' Remuneration Policy was considered (August 2020), 99.81% of the proxy votes received were in favour, 0.10% were against and 0.09% 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.

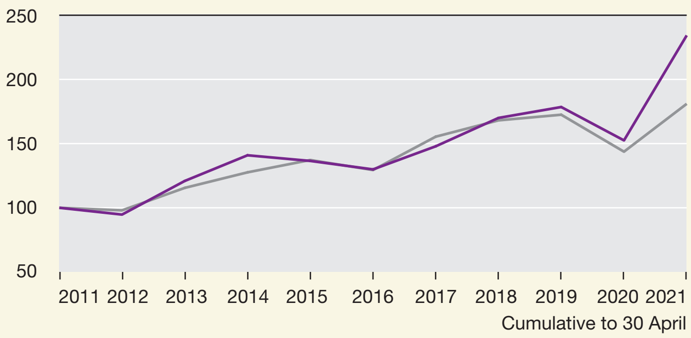
	2021 £'000	2020 £'000	Change %
Directors' remuneration	124	139	(10.9)
Dividends	4,666	4,440	5.1

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 2011)



Source: Refinitiv and relevant underlying index providers. See disclaimer on page 55.

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 56 and 57.

Past performance is not a guide to future performance.

Approval

The Directors' Remuneration Report on pages 27 and 28 was approved by the Board of Directors and signed on its behalf on 8 June 2021.

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
8 June 2021

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 Auditor's Report

to the members of Baillie Gifford UK Growth Trust plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Baillie Gifford UK Growth Trust plc (the 'Company') (formerly Baillie Gifford UK Growth Fund plc) for the year ended 30 April 2021 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 30 April 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC) Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We confirmed our understanding of the Company's going concern assessment process by engaging with the Directors and the Company Secretary to determine if all key factors were considered in their assessment.
- We inspected the Directors' assessment of going concern, including the revenue forecast, for the period to 30 April 2023 which is at least 12 months from the date the financial statements were authorised for issue. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.
- We have reviewed the factors and assumptions, including the impact of the COVID-19 pandemic, as applied to the revenue forecast and the liquidity assessment of the investments. We considered the appropriateness of the methods used to calculate the forecast and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment for the Company.
- In relation to the Company's borrowing arrangements, we inspected the Directors' assessment of the risk of breaching the debt covenants as a result of a reduction in the value of the Company's portfolio. We recalculated the Company's compliance with debt covenants which have been assessed by the Directors and performed reverse stress testing in order to identify what factors would lead to the Company breaching the financial covenants.
- We considered the mitigating factors included in the revenue forecasts and covenant calculations that are within control of the Company. This included a review of the Company's assessment of the liquidity of the investments held and evaluating the Company's ability to sell investments in order to repay borrowings or cover the working capital requirements of the Company should revenue decline significantly.

We reviewed the Company's going concern disclosures included in the Annual Report in order to assess whether the disclosures were appropriate and in conformity with the reporting standards. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period to 30 April 2023 which is at least 12 months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

Overview of Our Audit Approach

Key audit matters	Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital in the Income Statement. Risk of incorrect valuation or ownership of the investment portfolio.
Materiality	Overall materiality of £3.63m which represents 1% of shareholders' funds.

An Overview of the Scope of Our Audit

Tailoring the scope

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

Key audit matters

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

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital in the Income Statement (as described in the Report of the Audit Committee on page 25 and per accounting policy set out on page 39). The total revenue for the year to 30 April 2021 was £5.29m, consisting primarily of dividend income from quoted equity investments. There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment. The Company received special dividends during the year and the directors may be required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Income Statement.	**We have performed the following procedures:** We obtained an understanding of Baillie Gifford's processes and controls surrounding revenue recognition including the classification of special dividends by performing walkthrough procedures. For 100% of dividends, we recalculated the income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share, which was agreed to an independent data vendor. We agreed 100% to bank statements. To test completeness of recorded income, we tested that all expected dividends for each investee company had been recorded as income with reference to investee company announcements obtained from an independent data vendor. For all dividends accrued at the year end, we reviewed investee company announcements to assess whether the dividend obligation arose prior to 30 April 2021. We agreed the dividend rate to corresponding announcements made by the investee company, recalculated the dividend amount receivable and for a sample of dividends confirmed this was consistent with cash received as shown on post year end bank statements. We performed a review of the income and acquisition and disposal reports produced by Baillie Gifford to identify all dividends received and accrued during the period above our testing threshold. We identified that the Company recognised two special dividends. We have confirmed that the classification of the two dividends, one as revenue and one as split between capital and revenue, were consistent with the underlying motives and circumstances.	The results of our procedures identified no material misstatement in relation to incomplete or inaccurate revenue recognition, including incorrect classification of special dividends as revenue or capital in the Income Statement.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incorrect valuation or ownership of the investment portfolio (as described on page 25 in the Report of the Audit Committee and as per the accounting policy set out on page 39). The valuation of the investment portfolio at 30 April 2021 was £362.77m consisting entirely of listed investments. The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title of the assets held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of listed investments is determined using quoted market bid prices at close of business on the reporting date.	**We performed the following procedures:** We obtained an understanding of Baillie Gifford's processes and controls surrounding investment valuation and ownership by performing our walkthrough procedures. For all investments in the portfolio, we compared the market values and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the year end. We inspected the stale pricing reports produced by Baillie Gifford to identify prices that have not changed and verified whether the quoted price is a valid fair value. We compared the Company's investment holdings at 30 April 2021 to independent confirmations received directly from the Company's Custodian/Depositary.	The results of our procedures identified no material misstatement in relation to incorrect valuation or ownership of the investment portfolio.

In the prior year, the predecessor auditor's report included a key audit matter in relation to the risk of COVID-19. COVID-19 continued to be relevant to our audit of the Company and we considered this as part of our overall work on going concern which is set out under 'Considerations relating to going concern'. The other elements of the predecessor's prior year key audit matter have not been included as a separate key audit matter as it was determined that they did not have a significant impact on our audit strategy for this year's audit.

Our Application of Materiality

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

Materiality

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

We determined materiality for the Company to be £3.63m which is 1% of shareholders' funds. We believe that shareholders' funds provides us with materiality aligned to the key measurement of the Company's performance.

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% of our planning materiality, namely £2.7m. We have set performance materiality at this level due to our previous experience of working with Baillie Gifford, which has allowed us to assess that there will be a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for the Company, we have also applied a separate testing threshold for the revenue column of the Income Statement of £0.22m being 5% of revenue profit before tax.

Reporting threshold

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

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.18m which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

Other Information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006

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

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

— the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

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

Matters on Which we are Required to Report by Exception

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

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

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

— the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

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

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

Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

— Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 23;

— Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 8;

— Directors' statement on fair, balanced and understandable set out on page 29;

— Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 7 and 8;

— The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on pages 22 and 23; and

— The section describing the work of the Audit Committee set out on page 25.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 29, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Explanation as to What Extent the Audit was Considered Capable of Detecting Irregularities, Including Fraud

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

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are FRS 102, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code, the Association of Investment Companies Code of Corporate Governance, the Association of Investment Companies' Statement of Recommended Practice, Section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of Board minutes and the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to incomplete or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital. Further discussion of our approach is set out in the key audit matter above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

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

Other Matters we are Required to Address

- Following the recommendation from the Audit Committee, we were appointed by the Company on 5 August 2020 to audit the financial statements for the year ending 30 April 2021 and subsequent financial periods.
- The period of total uninterrupted engagement is one year, covering the year from our appointment through to the period ending 30 April 2021.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of Our Report

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

Caroline Mercer (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
8 June 2021

Income Statement

For the year ended 30 April

	Notes	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Net gains/(losses) on investments	9	–	95,201	**95,201**	–	(42,210)	**(42,210)**
Currency losses		–	–	**–**	–	(9)	**(9)**
Income	2	5,297	–	**5,297**	6,562	–	**6,562**
Investment management fee	3	(473)	(1,104)	**(1,577)**	(438)	(1,021)	**(1,459)**
Other administrative expenses	4	(437)	–	**(437)**	(463)	–	**(463)**
Net return before finance costs and taxation		4,387	94,097	**98,484**	5,661	(43,240)	**(37,579)**
Finance costs of borrowings	5	(36)	(83)	**(119)**	(17)	(40)	**(57)**
Net return on ordinary activities before taxation		4,351	94,014	**98,365**	5,644	(43,280)	**(37,636)**
Tax on ordinary activities	6	–	–	**–**	–	–	**–**
Net return on ordinary activities after taxation		**4,351**	**94,014**	**98,365**	**5,644**	**(43,280)**	**(37,636)**
Net return per ordinary share	7	**2.88p**	**62.18p**	**65.06p**	**3.75p**	**(28.75p)**	**(25.00p)**

Dividends declared in respect of the financial year ended 30 April 2021 amount to 2.42p (2020 – 3.10p). Further information on dividend distributions can be found in note 8 on page 42.

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 39 to 48 are an integral part of the Financial Statements.

Balance Sheet

As at 30 April

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Investments held at fair value through profit or loss	9		362,767		259,793
Current assets					
Debtors	10	1,452		746	
Cash and cash equivalents	18	1,872		3,512	
		3,324		4,258	
Creditors					
Amounts falling due within one year	11	(3,038)		(392)	
Net current assets			286		3,866
Net assets			**363,053**		**263,659**
Capital and reserves					
Share capital	12		40,229		40,229
Share premium account	13		11,328		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		218,981		120,725
Revenue reserve	13		11,906		12,221
Shareholders' funds	13		**363,053**		**263,659**
Net asset value per ordinary share*	14		**237.3p**		**175.2p**

The Financial Statements of Baillie Gifford UK Growth Trust plc (Company registration number 2894077) were approved and authorised for issue by the Board and were signed on 8 June 2021.

Carolan Dobson
Chairman

The accompanying notes on pages 39 to 48 are an integral part of the Financial Statements.

*See Glossary of Terms and Alternative Performance Measures on pages 56 and 57.

Statement of Changes in Equity

For the year ended 30 April 2021

	Notes	Share capital £'000	Share premium account £'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 2020		40,229	9,875	19,759	417	60,433	120,725	12,221	**263,659**
Ordinary shares sold from treasury	12	–	1,453	–	–	–	4,242	–	**5,695**
Dividends paid during the year	8	–	–	–	–	–	–	(4,666)	**(4,666)**
Net return on ordinary activities after taxation	7	–	–	–	–	–	94,014	4,351	**98,365**
Shareholders' funds at 30 April 2021		**40,229**	**11,328**	**19,759**	**417**	**60,433**	**218,981**	**11,906**	**363,053**

For the year ended 30 April 2020

	Notes	Share capital £'000	Share premium account £'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 2019		40,229	9,875	19,759	417	60,433	164,005	11,017	**305,735**
Dividends paid during the year	8	–	–	–	–	–	–	(4,440)	**(4,440)**
Net return on ordinary activities after taxation	7	–	–	–	–	–	(43,280)	5,644	**(37,636)**
Shareholders' funds at 30 April 2020		**40,229**	**9,875**	**19,759**	**417**	**60,433**	**120,725**	**12,221**	**263,659**

The accompanying notes on pages 39 to 48 are an integral part of the Financial Statements.

Cash Flow Statement

For the year ended 30 April

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Cash flows from operating activities					
Net return on ordinary activities before taxation		98,365		(37,636)	
Net (gains)/losses on investments		(95,201)		42,210	
Currency losses		–		9	
Finance costs of borrowings		119		57	
Changes in debtors and creditors		(520)		686	
Cash from operations†			2,763		5,326
Interest paid			(109)		(57)
Net cash inflow from operating activities			2,654		5,269
Cash flows from investing activities					
Acquisitions of investments		(17,144)		(16,917)	
Disposals of investments		9,371		15,121	
Net cash outflow from investing activities			(7,773)		(1,796)
Cash flows from financing activities					
Bank loan drawn down		2,450		–	
Equity dividends paid	8	(4,666)		(4,440)	
Ordinary shares sold from treasury	12	5,695		–	
Net cash inflow/(outflow) from financing activities			3,479		(4,440)
Decrease in cash and cash equivalents			(1,640)		(967)
Exchange movements			–		(9)
Cash and cash equivalents at start of year	15		3,512		4,488
Cash and cash equivalents at end of year*	15		**1,872**		**3,512**

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

†Cash from operations includes dividends received of £4,595,000 (2020 – £7,293,000) and deposit interest of £1,000 (2020 – £18,000).

The accompanying notes on pages 39 to 48 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 2021 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 2020.

(a) Basis of Accounting

All of the Company's operations are of a continuing nature and the Financial Statements are prepared on a going concern basis under the historical cost convention, modified to include the revaluation of fixed asset investments at fair value through profit or loss and on the assumption that approval as an investment trust under section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011 will be retained. The Board has, in particular, considered the impact of heightened market volatility since the Covid-19 outbreak and reviewed the results of specific leverage and liquidity stress testing, but does not believe the Company's going concern status is affected. The Company's assets, which are primarily investments in quoted securities and are readily realisable (Level 1) exceed its liabilities significantly and could be sold to repay borrowings if required.

All borrowings require the prior approval of the Board. Gearing levels and compliance with loan covenants are reviewed by the Board on a regular basis. The National Australia Bank one year revolving credit facility which was due for repayment on 8 July 2020 was rolled over for a further year to 8 July 2021 as shown in note 11 on page 44.

The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) Regulations 2011. The Company's primary third party suppliers, including its Managers and Secretaries, Custodian and Depositary, Registrar, Auditor and Broker, have not experienced significant operational difficulties affecting their respective services to the Company as a result of the Covid-19 pandemic.

Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal and emerging risks and other matters, including the impact of the Covid-19 outbreak, as set out in the Viability Statement on page 8, 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.

The Financial Statements have been prepared in accordance with the Companies Act 2006, applicable United Kingdom 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 April 2021 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 profit and loss account between items of a revenue and capital nature has been presented in the Income Statement.

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.

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

Upon initial recognition investment in securities are recognised at fair value. 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 basis. 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 FRS 102, 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) Share Premium Account
The balance classified as share premium represents:

- the proceeds of sales of shares held in treasury in excess of the weighted average purchase price paid by the Company to repurchase the shares; and
- the excess of the proceeds of issuance of new shares over the nominal value.

(k) Capital Redemption Reserve
The nominal value of ordinary share capital repurchased and cancelled is transferred out of the called-up share capital and into the capital redemption reserve.

(l) Warrant Exercise Reserve
The premium arising on issue of shares where there were warrants attached was apportioned between shares and warrants as part of shareholders' funds on the basis of the market values of the shares and warrants on the first day of dealing. The warrant element was referred to as the warrant reserve. On exercise of these warrants, the premium relating to the warrants exercised is transferred from the warrant reserve to a warrant exercise reserve.

(m) Share Purchase Reserve
The cost of repurchasing ordinary shares including related stamp duty and transaction costs are taken directly to share purchase reserve. Share purchase transactions are accounted for on a trade date basis.

(n) Capital Reserve
Gains and losses on disposal of investments, changes in the fair value of investments held, exchange differences of a capital nature and the amount by which other assets and liabilities valued at fair value differ from their book cost are dealt with in the capital reserve. The sales proceeds of treasury shares reissued are treated as a realised profit up to the amount of the weighted average purchase price of those shares and is transferred to capital reserves.

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

(p) Significant Estimates and Judgements
The Directors do not believe that any accounting judgements or estimates have been applied to these Financial 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

	2021 £'000	2020 £'000
Income from investments		
UK dividends	5,296	6,544
Other income		
Deposit interest	1	18
Total income	**5,297**	**6,562**

3 Investment Management Fee

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Investment management fee	**473**	**1,104**	**1,577**	**438**	**1,021**	**1,459**

Details of the Investment Management Agreement are disclosed on page 18. Baillie Gifford & Co Limited's annual management fee is 0.5% of net asset value, calculated on a quarterly basis.

4 Other Administrative Expenses – all charged to revenue

	2021 £'000	2020 £'000
General administrative expenses	276	298
Directors' fees (see Directors' Remuneration Report on page 28)	124	130
Auditor's remuneration – statutory audit of Company's Annual Financial Statements*	37	35
	437	**463**

* Includes irrecoverable VAT of £6,200 (2020 – £5,800).

5 Finance Costs of Borrowings

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Interest on bank loans	**36**	**83**	**119**	**17**	**40**	**57**

6 Tax on Ordinary Activities

	2021 £'000	2020 £'000
Analysis of charge in year		
Overseas taxation	–	–
	–	**–**
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% (2020 – 19%)		
The differences are explained below:		
Net return on ordinary activities before taxation	98,365	(37,636)
Net return on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020 – 19%)	18,689	(7,151)
Effects of:		
Capital returns not taxable	(18,088)	8,022
Income not taxable	(1,006)	(1,243)
Taxable losses in year not utilised	405	372
Tax charge for the year	**–**	**–**

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

Factors that may affect future tax charges

At 30 April 2021 the Company had a potential deferred tax asset of £9,375,000 (2020 – £8,969,000) on taxable losses which is available to be carried forward and offset against future taxable profits. A deferred tax asset has not been recognised on these losses as it is considered unlikely that the Company will make taxable revenue profits in the future and it is not liable to tax on its capital gains. The potential deferred tax asset has been calculated using a corporation tax rate of 19% (2020 – 19%). The UK Government announced on 3 March 2021 its intention to increase the UK rate of corporation tax to 25% from 19% from 1 April 2023. As this rate was not substantively enacted at the year end, the unrecognised deferred tax has been calculated based on the prevailing rate of 19%.

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

	2021 Revenue	2021 Capital	2021 Total	2020 Revenue	2020 Capital	2020 Total
Net return per ordinary share	**2.88p**	**62.18p**	**65.06p**	**3.75p**	**(28.75p)**	**(25.00p)**

Revenue return per ordinary share is based on the net revenue return on ordinary activities after taxation of £4,351,000 (2020 – £5,644,000), and on 151,197,389 (2020 – 150,520,484) ordinary shares, being the weighted average number of ordinary shares in issue during each year.

Capital return per ordinary share is based on the net capital gain for the financial year of £94,014,000 (2020 – net capital loss of £43,280,000), and on 151,197,389 (2020 – 150,520,484) 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

	2021	2020	2021 £'000	2020 £'000
Amounts recognised as distributions in the year:				
Previous year's final dividend (paid 12 August 2020)	3.10p	2.95p	4,666	4,440
	3.10p	**2.95p**	**4,666**	**4,440**

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 £4,351,000 (2020 – £5,644,000).

	2021	2020	2021 £'000	2020 £'000
Dividends paid and payable in respect of the year:				
Proposed final dividend (payable 11 August 2021)	2.42p	3.10p	3,703	4,666
	2.42p	**3.10p**	**3,703**	**4,666**

9 Fixed Assets – Investments

	2021 £'000	2020 £'000
Financial assets at fair value through profit or loss		
Listed equity investments	362,767	259,793
Total investments in financial assets at fair value through profit or loss	**362,767**	**259,793**

	2021 £'000	2020 £'000
Cost of investments held at start of year	297,017	305,739
Investment holding losses at start of year	(37,224)	(5,532)
Value of investments held at start of year	**259,793**	**300,207**
Analysis of transactions during the year:		
Purchases at cost	17,144	16,917
Sales – proceeds received	(9,371)	(15,121)
Gains/(losses) on investments	95,201	(42,210)
Value of investments held at end of year	**362,767**	**259,793**
Cost of investments held at end of year	299,842	297,017
Investment holding gains/(losses) at end of year	62,925	(37,224)
Fair value of investments held at end of year	**362,767**	**259,793**

The Company received proceeds of £9,371,000 (2020 – £15,121,000) from investments sold in the year. The book cost of these investments when they were purchased was £14,319,000 (2020 – £25,639,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

The purchases and sales proceeds figures above include transaction costs of £16,000 (2020 – £51,000) and £5,000 (2020 – £8,000) respectively.

	2021 £'000	2020 £'000
Net gains/(losses) on investments designated at fair value through profit or loss on initial recognition		
Losses on sales	(4,948)	(10,518)
Changes in investment holding gains/(losses)	100,149	(31,692)
	95,201	**(42,210)**

Of the losses on sales during the year of £4,948,000 (2020 – losses on sales of £10,518,000), a net loss of £4,545,000 (2020 – net loss of £2,570,000) was included in the investment holding losses at the previous year end.

10 Debtors

	2021 £'000	2020 £'000
Accrued income and prepaid expenses	1,452	743
Other debtors	–	3
	1,452	**746**

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

	2021 £'000	2020 £'000
Bank loans	2,450	–
Other creditors and accruals	588	392
	3,038	**392**

None of the above creditors are financial liabilities held at fair value through profit or loss. Included in other creditors is £454,000 (2020 – £330,000) in respect of the investment management fee.

At 30 April 2021, the Company had a 1 year £20 million unsecured revolving credit loan facility with National Australia Bank which expires on 8 July 2021. At 30 April 2021, £2,450,000 was drawn down under this facility. There were no drawings under the facility at 30 April 2020.

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

12 Share Capital

	2021 Number	2021 £'000	2020 Number	2020 £'000
Allotted, called up and fully paid ordinary shares of 25p each	153,020,484	38,255	150,520,484	37,630
Treasury shares of 25p each	7,896,700	1,974	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 a premium to net asset value per ordinary share) or cancelled. At 30 April 2021 the Company had authority to buy back 22,563,020 ordinary shares. During the year to 30 April 2021, no ordinary shares were bought back (2020 – no ordinary shares were bought back).

In the year to 30 April 2021, the Company sold from treasury 2,500,000 ordinary shares at a premium to net asset value, with a nominal value of £625,000 raising net proceeds of £5,695,000 (2020 – no ordinary shares were issued). At 30 April 2021 the Company had authority to issue or sell from treasury a further 12,552,048 ordinary shares.

13 Capital and Reserves

	Share capital £'000	Share premium account £'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 2020	40,229	9,875	19,759	417	60,433	120,725	12,221	**263,659**
Gains on investments	–	–	–	–	–	95,201	–	**95,201**
Ordinary shares sold from treasury	–	1,453	–	–	–	4,242	–	**5,695**
Investment management fee charged to capital	–	–	–	–	–	(1,104)	–	**(1,104)**
Finance costs of borrowings charged to capital	–	–	–	–	–	(83)	–	**(83)**
Dividends paid in year	–	–	–	–	–	–	(4,666)	**(4,666)**
Revenue return on ordinary activities after taxation	–	–	–	–	–	–	4,351	**4,351**
At 30 April 2021	**40,229**	**11,328**	**19,759**	**417**	**60,433**	**218,981**	**11,906**	**363,053**

The capital reserve includes investment holding gains of £62,925,000 (2020 – losses of £37,224,000) 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:

	2021	2020	2021 £'000	2020 £'000
Ordinary shares of 25p	**237.3p**	**175.2p**	**363,053**	**263,659**

Net asset value per ordinary share is based on the net assets as shown above and 153,020,484 (2020 – 150,520,484) ordinary shares, being the number of ordinary shares in issue at the year end, excluding shares held in treasury.

15 Analysis of Change in Net Debt

	1 May 2020 £'000	Cash flows £'000	30 April 2021 £'000
Cash and cash equivalents	3,512	(1,640)	1,872
Loans due within one year	–	(2,450)	(2,450)
Total	**3,512**	**(4,090)**	**(578)**

16 Contingent Liabilities, Guarantees and Financial Commitments

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

17 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 28. 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 40 and the amount accrued at 30 April 2021 is set out in note 11 on page 44. Details of the Investment Management Agreement are set out on page 18.

18 Financial Instruments

The Company invests in equities for the long-term so as to achieve its investment objective of long-term capital growth with the aim of providing a total return in excess of the FTSE 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.

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 13 and 14.

(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.

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 risk profile of the Company's financial liabilities and the maturity profile of the undiscounted future cash flows in respect of the Company's contractual financial liabilities at 30 April are shown below:

Interest Rate Risk Profile

The interest rate risk profile of the Company's financial liabilities at 30 April was:

	2021 £'000	2020 £'000
The interest rate risk profile of the Company's financial liabilities at 30 April was:		
Floating rate – sterling denominated	2,450	–
	2,450	**–**

All short term floating rate borrowings are stated at book cost which is considered to be equal to their fair value given the facilities are revolving credit facilities.

Maturity Profile

	2021 £'000	2020 £'000
The maturity profile of the Company's financial liabilities at 30 April was:		
In less than one year		
– repayment of loans	2,450	–
– accumulated interest	27	–
	2,477	**–**

18 Financial Instruments (continued)

Interest Rate Risk Sensitivity

An increase of 100 basis points in interest rates, with all other variables held constant, would have decreased the Company's total net assets and total return on ordinary activities for the year ended 30 April 2021 by £17,000 (2020 – nil). A decrease of 100 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.

Currency Risk

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

Other Price Risk Sensitivity

A full list of the Company's investments is shown on pages 13 and 14. 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% (2020 – 100%) of the Company's net assets are invested in quoted equities. A 10% increase in quoted equity valuations at 30 April 2021 would have increased total net assets and net return on ordinary activities after taxation by £36,277,000 (2020 – £25,979,000). A decrease of 10% would have had an equal but opposite effect.

Liquidity Risk

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

The Company 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:

	2021 £'000	2020 £'000
Bank loans	2,450	–
Other creditors and accruals	588	392
	3,038	**392**

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.

18 Financial Instruments (continued)

Credit Risk Exposure

The exposure to credit risk at 30 April was:

	2021 £'000	2020 £'000
Cash and cash equivalents	1,872	3,512
Debtors	1,452	746
	3,324	**4,258**

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

Fair Value of Financial Assets and Financial Liabilities

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

Capital Management

The 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 44. 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 19 and 20.

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 39.

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

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

The Board of Baillie Gifford UK Growth Trust plc (UK Growth) recognises the public health risk associated with the Covid-19 outbreak arising from public gatherings and notes the Government's measures restricting such gatherings, travel and attendances at workplaces. At the same time, the Board is conscious of the legal requirement for UK Growth to hold its AGM before the end of October. Given the current uncertainty around when public health concerns will have abated, the Board has for the time being decided to aim to follow the Company's customary corporate timetable and, accordingly, the Company's AGM is being convened to take place as scheduled at 12.00 noon on Thursday 5 August 2021 at the offices of Baillie Gifford & Co, Calton Square, 1 Greenside Row, Edinburgh EH1 3AN without access for shareholders. The Board will, however, continue to monitor developments and any changes will be advised to shareholders by post and details will be updated on the Company's website. In the meantime, the Board encourages all shareholders to submit proxy voting forms as soon as possible and, in any event, by no later than 12.00 noon on 3 August 2021. We would encourage shareholders to monitor the Company's website at bgukgrowthtrust.com. Should shareholders have questions for the Board or the Managers or any queries as to how to vote, they are welcome as always to submit them by email to trustenquiries@bailliegifford.com or call 0800 917 2112. Baillie Gifford may record your call.

Notice is hereby given that an Annual General Meeting of Baillie Gifford UK Growth Trust plc will be held at the offices of Baillie Gifford & Co, Calton Square, 1 Greenside Row, Edinburgh EH1 3AN, on Thursday, 5 August 2021 at 12.00 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 2021 with the Reports of the Directors and of the Independent Auditor thereon.
2. To approve the Directors' Annual Report on Remuneration for the year to 30 April 2021.
3. To declare a final dividend of 2.42p per ordinary share.
4. To re-elect Carolan Dobson as a Director.
5. To re-elect Andrew Westenberger as a Director.
6. To re-elect Ruary Neill as a Director.
7. To re-appoint Ernst & Young LLP as Independent Auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at which the Financial Statements are laid before the Company.
8. To authorise the Directors to determine the remuneration of the Independent Auditor of the Company.

Special Business

To consider and, if thought fit, to pass Resolutions 9 and 12 as Ordinary Resolutions and Resolutions 10 and 11 as Special Resolutions.

9. 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 £3,837,387, 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.
10. That, subject to the passing of Resolution 9 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 9 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 £3,837,387, being approximately 10% of the nominal value of the issued share capital of the Company, as at 7 June 2021.

11. 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 23,008,973, 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 2022, 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.
12. That the revised investment policy set out on page 6 of the Annual Report and Financial Statements of the Company for the year ended 30 April 2021, a copy of which has been produced to the meeting and signed by the Chairman for the purpose of identification, be and is hereby adopted as the investment policy of the Company, to the exclusion of all previous investment policies of the Company.

By order of the Board
Baillie Gifford & Co Limited
Managers and Secretaries
2 July 2021

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

5. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
6. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
7. The return of a completed proxy form or other instrument of proxy will not prevent you attending the AGM and voting in person if you wish.
8. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and section 311 of the Companies Act 2006 the Company specifies that to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company no later than 2 days (excluding non-working days) prior to the commencement of the AGM or any adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
9. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
10. The statement of the rights of shareholders in relation to the appointment of proxies in Notes 1 and 2 above does not apply to Nominated Persons. The rights described in those Notes can only be exercised by shareholders of the Company.
11. The members of the Company may require the Company to publish, on its website, (without payment) a statement (which is also passed to the Auditor) setting out any matter relating to the audit of the Company's Financial Statements, including the Auditor's report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5% of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address and be sent to the Company at Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN.
12. Information regarding the Annual General Meeting, including information required by section 311A of the Companies Act 2006, is available from the Company's page of the Managers' website at bgukgrowthtrust.com.
13. Given the risks posed by the spread of Covid-19 and following the related guidance received from the Government, shareholders are not expected to attend the AGM and the Company currently intends to impose entry restrictions on certain persons wishing to attend the AGM in order to ensure the safety of those having to attend the AGM to ensure it will be quorate. All shareholders are strongly encouraged to exercise their votes in respect of the AGM in advance. This should ensure that votes are registered and count at the AGM. Furthermore, the Board always welcomes questions from the Company's shareholders at the AGM and this year shareholders are invited to submit their questions to the Board in advance. The answers to these questions will be posted on the Company's page of the Managers' website after the AGM. Shareholders should submit any questions they may have to trustenquiries@bailliegifford.com before 29 July 2021.
14. As at 7 June 2021 (being the last practicable day prior to the publication of this notice) the Company's issued share capital consisted of 153,495,484 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 7 June 2021 were 153,495,484 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 Trust is an investment trust. Investment trusts offer investors the following:

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

How to Invest

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

ISIN	GB0007913485
Sedol	0791348
Ticker	BGUK
Legal Entity Identifier	549300XX386SYWX8XW22

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 one dividend in respect of each financial year paid in August. The Annual Report and Financial Statements are normally issued in July 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 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 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 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

	2021 Number of shares held	2021 %	2020 Number of shares held	2020 %
Institutions	24,393,935	15.9	51,921,386	34.5
Intermediaries/ Retail Savings Platforms	119,482,589	78.1	88,907,363	59.1
Individuals	8,117,013	5.3	8,563,735	5.7
Marketmakers	1,026,947	0.7	1,128,000	0.7
	153,020,484	**100.0**	**150,520,484**	**100.0**

These Financial Statements have been approved by the Directors of Baillie Gifford UK Growth Trust plc. Baillie Gifford only provides information about its products and does not provide investment advice. The staff of Baillie Gifford and Baillie Gifford 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 Trust

Information on how to invest in Baillie Gifford UK Growth Trust can be found at bgukgrowthtrust.com.

Risks

— Past performance is not a guide to future performance.

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

— Baillie Gifford UK Growth Trust can borrow money to make further investments (sometimes known as 'gearing' or 'leverage'). The risk is that when this money is repaid by the Company, the value of the investments may not be enough to cover the borrowing and interest costs, 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 Trust can buy back its own shares. The risks from borrowing, referred to above, are increased when the Company buys back its own shares.

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

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

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

— Share prices may either be below (at a discount) or above (at a premium) the net asset value (NAV). The Company may issue new shares when the price is at a premium which will reduce the share price. Shares bought at a premium can therefore quickly lose value.

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

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

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

— Shareholders in Baillie Gifford UK Growth Trust 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 in 2024.

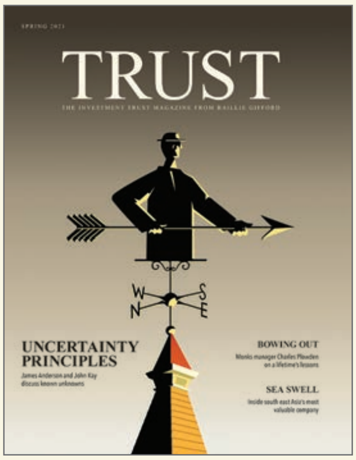
You should note that tax rates and reliefs may change at any time and their value depends on your circumstances. The favourable tax treatment of ISAs may change.

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.

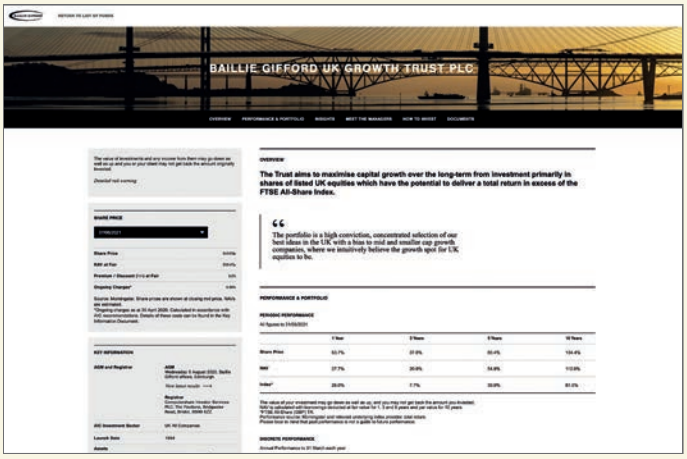
Further details of the risks associated with investing in the Company can be found at bgukgrowthtrust.com or by calling Baillie Gifford on 0800 917 2112.

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 Trust web page at bgukgrowthtrust.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 Trust. *Trust* plays an important role in helping to explain our products so that readers can really understand them. For a copy of *Trust*, please contact the Baillie Gifford Client Relations Team (see contact details opposite).

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

Baillie Gifford UK Growth Trust on the Web

Up-to-date information about Baillie Gifford UK Growth Trust, is on the Baillie Gifford UK Growth Trust pages of the Managers' website at bgukgrowthtrust.com. You will find full details of UK Growth Trust, 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 Trust.

Client Relations Team Contact Details

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

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

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

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

Alternative Investment Fund Managers (AIFM) Regulations

In accordance with the AIFM Regulations, 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 Regulations, the AIFM remuneration policy is available at 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 bailliegifford.com.

Leverage

The Company's maximum and actual leverage (see Glossary of Terms and Alternative Performance Measures on pages 56 and 57) levels at 30 April 2021 are shown below:

	Gross method	Commitment method
Maximum limit	2.00:1	2.00:1
Actual	1.00:1	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 Trust plc will have to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

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

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders 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, judgements, 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.

	2021	2020
Closing NAV per share	237.3p	175.2p
Closing share price	244.0p	161.5p
Premium/(discount)	**2.8%**	**(7.8%)**

Total Return (APM)

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

		2021 NAV	2021 Share price	2020 NAV	2020 Share price
Closing NAV per share/share price	(a)	237.3p	244.0p	175.2p	161.5p
Dividend adjustment factor*	(b)	1.0169	1.0172	1.0143	1.0155
Adjusted closing NAV per share/share price	(c = a x b)	241.3p	248.2p	177.7p	164.0p
Opening NAV per share/share price	(d)	175.2p	161.5p	203.1p	192.0p
Total return	(c ÷ d)-1	**37.7%**	**53.7%**	**(12.5%)**	**(14.6%)**

* The dividend adjustment factor is calculated on the assumption that the dividend of 3.10p (2020 – 2.95p) 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 35 is provided below.

		2021	2020
Investment management fee		£1,577,000	£1,459,000
Other administrative expenses		£437,000	£463,000
Total expenses	(a)	£2,014,000	£1,922,000
Average net asset value	(b)	£312,077,000	£292,419,000
Ongoing charges ((a) ÷ (b) expressed as a percentage)		**0.65%**	**0.66%**

Turnover (APM)

Turnover is calculated by dividing sales by the average of opening and closing assets, on an annualised basis.

Gearing (APM)

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

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

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

Leverage (APM)

For the purposes of the Alternative Investment Fund Managers (AIFM) Regulations, 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.

MIX
Paper from responsible sources
FSC® C023105
www.fsc.org

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