BAILLIE GIFFORD
US GROWTH TRUST plc

In search of
exceptional growth

Annual Report and Financial Statements
31 May 2020

BAILLIE GIFFORD

Baillie Gifford US Growth Trust plc seeks to invest predominantly in listed and unlisted US companies which the Company believes have the potential to grow substantially faster than the average company, and to hold onto them for long periods of time, in order to produce long term capital growth.

Contents

Investor Disclosure Document

The EU Alternative Investment Fund Managers Directive requires certain information to be made available to investors prior to their making an investment in the Company. The Company's Investor Disclosure Document is available for viewing at www.bgusgrowthtrust.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 Financial Conduct Authority. They are not authorised or regulated by the Financial Conduct Authority.

Baillie Gifford US 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 in relation to non-mainstream investment products.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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

Strategic Report

This Strategic Report, which includes pages 1 to 21 and incorporates the Chairman's Statement, has been prepared in accordance with the Companies Act 2006.

Summary of Results*

The following information illustrates how Baillie Gifford US Growth Trust plc performed over the year to 31 May 2020 and over the period from 23 March 2018, its launch date and first trade date, to 31 May 2020.

	31 May 2020	31 May 2019	% change
Total assets (before deduction of borrowings)	£490.8m	£301.8m	
Borrowings	£14.6m	£11.9m	
Shareholders' funds	£476.2m	£289.9m	
Net asset value per ordinary share	181.92p	126.17p	44.2
Share price	189.00p	129.00p	46.5
Comparative index (in sterling terms)†#			15.0
Ongoing charges‡	0.75%	0.77%	
Premium‡	3.9%	2.2%	
Active share (relative to S&P 500 Index)‡	91%	91%	
Number of shares in issue	261,765,000	229,800,000	
Market capitalisation	£494.7m	£296.4m	

	For the year ended 31 May 2020	For the period from 7 February 2018¶ to 31 May 2019
Revenue earnings per share	(1.05p)	(1.09p)

	Year to 31 May 2020		For the period from 23 March 2018§ to 31 May 2019	
Period's high and low	**High**	**Low**	**High**	**Low**
Net asset value per ordinary share	183.04p	117.42p	132.84p	94.12p
Share price	192.00p	115.00p	135.60p	100.50p
Premium/(discount)‡	13.3%	(8.4%)	10.3%	(1.5%)

	31 May 2020	23 March 2018§	% change
Performance since inception			
Net asset value per ordinary share	181.92p	97.96p	85.7
Share price	189.00p	100.50p	88.1
Comparative index (in sterling terms)†#			40.6

* For a definition of terms see Glossary of Terms and Alternative Performance Measures on page 65.
†S&P 500 Index total return (in sterling terms). See disclaimer on page 64.
#Source: Refinitiv and relevant underlying index providers. See disclaimer on page 64.
‡Alternative performance measure, see Glossary of Terms and Alternative Performance Measures on page 65.
¶Date of incorporation of the Company.
§Close of business on 23 March 2018.

Past performance is not a guide to future performance.

Chairman's Statement

Tom Burnet, Chairman

It is with pleasure that I present the Annual Report for Baillie Gifford US Growth Trust plc ('the Company') for the year to 31 May 2020. During the period, we witnessed the spread of the Covid-19 pandemic, with equity markets experiencing their most significant falls for a decade in March 2020, before recovering in the following months.

The Board is pleased to be able to report that our Managers have moved seamlessly to working remotely and that both portfolio management and all regulatory and administrative tasks have continued uninterrupted. The Managers continue to stick to their long-term investment approach and are focused on identifying the exceptional growth companies in America.

During the financial year to 31 May 2020, the Company's share price and net asset value returned 46.5% and 44.2% respectively. This compares with a total return of 15.0% for the S&P 500 Index* (in sterling terms). Over the period from 23 March 2018 (launch date and first trade date), the Company's share price and net asset value returned 88.1% and 85.7% respectively compared to a total return of 40.6% for the S&P 500 Index* (in sterling terms).

The Board is encouraged by the net asset value total return that the Managers have been able to deliver over the period since launch. However, we would ask shareholders to judge performance over periods of five years or more. Further information about the Company's portfolio performance is covered by our portfolio managers, Gary Robinson and Helen Xiong, in their Managers' Review.

Share Issuance and Buy-backs

The Company's shares have continued to consistently trade at a premium to their net asset value and the Company has issued a further 31,965,000 shares in the year to 31 May 2020 at an average premium to net asset value of approximately 3%, raising further proceeds of £48.1 million.

At 31 May 2020 we had authority, which was granted at the initial launch, to issue a further 738.2 million shares. This authority expires in March 2023.

The Company also has authority to buy-back shares. The buy-back facility was sought to allow the Company to buy-back its own shares when the discount is substantial in absolute terms and relative to its peers. The Company will be seeking to renew the buy-back authority at the forthcoming Annual General Meeting.

Gearing

On 1 August 2018, the Company entered into a five year US$25 million revolving credit facility with ING Bank N.V., London Branch. The facility is available to be used to fund purchases of securities as and when suitable opportunities arise. As at 31 May 2020 US$18 million (31 May 2019 – US$15 million) had been drawn down under the facility.

Earnings and Dividend

The Company's priority is to generate capital growth over the long term. The Company therefore has no dividend target and will not seek to provide shareholders with a level of dividend. The net revenue return per share for the year to 31 May 2020 was a negative 1.05p (period to 31 May 2019, a negative 1.09p). As the revenue account is again running at a deficit, the Board is recommending that no final dividend be paid. Should the level of underlying income increase in future years, the Board will seek to distribute the minimum permissible to maintain investment trust status by way of a final dividend.

Unlisted Investments

As at the Company's year end, the portfolio weighting in unlisted investments stood at 12.2% of total assets, invested in seventeen holdings (2019 – 10.8% invested in eleven holdings). There were eight new purchases in the year and two stocks, Peloton Interactive and Slack Technologies, listed. There is commentary on the new holdings in the Managers' Review and Review of Investments on pages 9 to 18.

Since the year end further investment has been made in Away (JRSK), Ginkgo Bioworks, Indigo Agriculture, Space Exploration Technologies and Tanium, and a new holding acquired, Epic Games.

Your portfolio managers remain alert to further special and high potential opportunities not widely accessible through public markets.

Annual General Meeting

The Annual General Meeting of the Company has been scheduled to be held at Baillie Gifford's offices in Edinburgh at 9.30am on Friday, 9 October 2020 but, given the ongoing uncertainty around when public health concerns will abate, the Board will continue to monitor developments and may decide to prohibit shareholders from attending in person. Accordingly, the Board encourages all shareholders to exercise their votes at the AGM by completing and submitting a form of proxy. We would encourage shareholders to monitor the Company's website at www.bgusgrowthtrust.com where any updates will be posted and market announcements will also be made, as appropriate. 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.

Information on the resolutions can be found on page 58. The Directors consider that all resolutions to be put to shareholders are in their and the Company's best interests as a whole and recommend that shareholders vote in their favour.

* Source: Refinitiv and relevant underlying index providers. See disclaimer on page 64.

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

Past performance is not a guide to future performance.

Brexit

This year the Company is once again required to comment on the potential material impact of Brexit on its future prospects. Notwithstanding the UK's departure from the European Union on 31 January 2020, little has changed over the year. The Board has reconsidered the uncertainties surrounding Brexit and can see no scenario that it believes would affect the going concern status or viability of the Company. As the vast majority of the Company's assets are denominated in US dollars, the Company's greatest exposure to any potential impact from Brexit is through fluctuations in the exchange rate at which the value of its assets are converted into sterling (the Company's functional currency and that in which it reports its results).

Outlook

The last twelve months have been extraordinary for investors in the US stock market and it seems probable that the next twelve could be equally turbulent. At the time of writing, it seems likely that we are at the dawn of a significant global recession and ongoing market volatility is to be expected. In that context, it is comforting to note that, as long-term investors in exceptional growth companies, many of the organisations in which we are invested have thrived during the period. As the digital transformation that has been accelerated by the Covid-19 pandemic continues, the portfolio should be well positioned to benefit in the long term. All that being the case, the Board and the Managers remain confident in our outlook.

Tom Burnet
Chairman
2 September 2020

Business Review

Business Model

Business and Status

Baillie Gifford US Growth Trust plc ('the Company') is a public company limited by shares and incorporated in England and Wales. 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, it may purchase its own shares or issue shares. The authority to purchase shares expires at the end of the Company's Annual General Meeting and the Directors are seeking to renew this authority at the Annual General Meeting on 9 October 2020. The authority to issue shares has been granted for a period of five years by way of a special resolution passed on 5 March 2018. The price of the Company's shares is determined, like other listed shares, by supply and demand.

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

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

Investment Objective

The Company's investment objective is to produce long term capital growth.

Investment Policy

The Company invests predominantly in equities of companies which are incorporated or domiciled, or which conduct a significant portion of their business, in the United States and which the Company believes have the potential to grow substantially faster than the average company over the long term. Such investment is typically direct, but may be indirect, including through investment in funds.

The maximum direct investment in any one holding or fund is limited to 10% of the Company's total assets measured at the time of investment.

The portfolio consists of holdings in listed securities and unlisted securities in up to a combined maximum of 90 holdings, typically with 30 to 50 listed security holdings. The maximum amount which may be invested in unlisted securities shall not exceed 50% of the total assets of the Company, measured at the time of investment.

The Company will at all times be invested in several sectors. While there are no specific limits placed on exposure to any one sector, the Company will at all times invest and manage the portfolio in a manner consistent with spreading investment risk.

With prior approval of the Board, the Company may use derivatives for the purposes of efficient portfolio management (in order to reduce, transfer or eliminate investment risk in the Company's portfolio). Derivative instruments in which the Company may invest may include foreign exchange forwards, exchange-listed and over-the-counter options, futures, options on futures, swaps and similar instruments. The Board, however, currently does not expect to enter into derivative or hedging transactions to mitigate against currency or interest rate risk.

The Board intends to employ gearing in the normal course of events. The Company may in aggregate borrow amounts equalling up to 30% of the net asset value of the listed securities held by the Company, calculated at the time of drawdown, although the Board expects that borrowings will typically represent an amount in the range of 10% to 20% of the net asset value of the listed securities held by the Company.

While it is intended that the Company will be fully invested in normal market conditions, the Company may hold cash on deposit or invest on a temporary basis in a range of cash equivalent instruments. The Board does not expect that the Company will hold cash or cash equivalent instruments, but there is no restriction on the amount of cash or cash equivalent instruments that the Company may hold.

Dividend Policy

The Company's priority is to produce capital growth over the long term. The Company therefore has no dividend target and will not seek to provide shareholders with a particular level of distribution. However, the Company intends to comply with the requirements for maintaining investment trust status for the purposes of section 1158 of the UK Corporation Tax Act 2010 (as amended) regarding distributable income. The Company will therefore distribute amounts such that it does not retain, in respect of an accounting period, an amount greater than 15% of its income (as calculated for UK tax purposes) for that period.

Liquidity Policy

The Board recognises the need to address any sustained and significant imbalance of buyers and sellers which might otherwise lead to shares trading at a material discount or premium to net asset value per share. While it has not adopted any formal discount or premium targets which would dictate the point at which the Company would seek to purchase shares or issue further shares, the Board is committed to utilising its share purchase and share issuance authorities where appropriate in such a way as to mitigate the effects of any such imbalance. In considering whether buy-back or issuance might be appropriate in any particular set of circumstances, the Board will take into account, inter alia: the prevailing market conditions; whether the discount is substantial relative to the Company's peers; the degree of net asset value accretion that will result from the buy-back or issuance; the cash resources readily available to the Company; the immediate pipeline of investment opportunities open to the Company; the level of the Company's existing borrowings; and the working capital requirements of the Company. The Board will keep shareholders appraised, on a regular and ongoing basis, of the approach which it has adopted to implementing this liquidity policy, principally through commentary in its Annual and Interim Reports.

Share Buy-backs – At the Annual General Meeting held on 27 August 2019 the Company was granted a general authority to make purchases of up to 34,941,690 shares, being approximately 14.99% of the issued ordinary share capital as at 1 August 2019. This authority expires at the forthcoming Annual General Meeting.

In exercising the Company's power to buy back shares, the Board has complete discretion as to the timing, price and volume of shares so purchased. If the Company does purchase its own shares it may hold them in treasury rather than purchase them for cancellation. Shares may only be reissued from treasury at a price which, after issue costs, is not less than the net asset value per share at the relevant time.

All share repurchases will be conducted in accordance with the Companies Act 2006 and the Listing Rules applicable to closed-ended investment funds from time to time and will be announced to the market via a Regulatory Information System on the same or the following day.

No shares were bought back during the year under review and no shares are held in treasury.

The Directors are seeking shareholders' approval at the Annual General Meeting to renew the authority to purchase up to 14.99% of the ordinary shares in issue as at 1 September 2020, being the latest practicable date prior to the publication of this document or, if less, up to 14.99% of the ordinary shares in issue (excluding treasury shares) on the date on which the authority is granted, such authority to expire at the date of the Annual General Meeting in 2021. Such purchases will only be made at a discount to the prevailing net asset value. Any such shares which are bought back may be held in treasury and may subsequently then either be sold for cash or cancelled.

Share Issuance – By way of a special resolution dated 5 March 2018, the Directors have a general authority to allot ordinary shares and C shares, of up to an aggregate nominal amount equal to the difference between the nominal amount of shares issued at the Company's IPO and £10 million (i.e. up to 827,000,000 (in aggregate) ordinary shares or C shares of a nominal value of 1p each). The authority lasts until the end of the period of five years from the date of the passing of that resolution. To the extent that the authority is used in full before the end of such period, the Company may convene a general meeting to refresh the authority, or it may refresh the authority at an Annual General Meeting. Further, a special resolution was passed at the same time to disapply shareholders' pre-emption rights over this unissued share capital so that the Directors will not be obliged to offer new shares to shareholders pro-rata to their existing holdings.

Since launch, 23 March 2018, up to 31 May 2020, 88,765,000 shares in aggregate had been issued under the authority, leaving the ability to issue up to a further 738,235,000 shares.

As mentioned above, the Company has the authority to raise further funds through the issue of C shares rather than ordinary shares. C shares are designed to overcome the potential disadvantages that may arise out of a fixed price issue of further shares for cash. These disadvantages relate primarily to the effect that an injection of uninvested cash may have on the net asset value per ordinary share performance of an otherwise fully invested portfolio (commonly referred to as 'cash drag').

No new shares will be issued at a price which (after costs and expenses) is less than the net asset value per existing share at the time of the issue of the new shares, unless the new shares are first offered pro-rata to shareholders on a pre-emptive basis.

Between 1 June 2020 and 1 September 2020, a further 7,300,000 ordinary shares were issued at premium to net asset value.

Performance

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

Key Performance Indicators

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

— the movement in net asset value per ordinary share;

— the movement in the share price;

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

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

— the ongoing charges ratio.

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

The KPIs for the period from 7 February 2018 to 31 May 2020 are shown on page 1.

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

Borrowings

The Company has a five year US$25 million revolving credit facility with ING Bank N.V., London Branch which expires on 1 August 2023. At 31 May 2020 the drawings were US$18 million (31 May 2019 – US$15 million) (see note 11 on page 50 for the sterling equivalent at each period end).

Principal Risks

As explained on pages 27 and 28, 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, solvency or liquidity. 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 Brexit to be factors which exacerbate existing risks, rather than new emerging risks. Their impact is considered within the relevant risks.

Financial Risk – the Company's assets consist mainly of listed securities and its principal and emerging financial risks are therefore market related and include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. An explanation of those risks and how they are managed is contained in note 17 to the Financial Statements on pages 52 to 57. The Board has, in particular, considered the impact of heightened market volatility since the coronavirus outbreak. As oversight of this risk, the Board considers at each meeting various metrics including industrial sector weightings, top and bottom stock contributors to performance and sales and purchases of investments. Individual investments are discussed with the portfolio managers together with their general views on the investment market and sectors. A strategy meeting is held annually. The Board has considered the potential impact on sterling from the remaining Brexit related uncertainties. The value of the Company's investment portfolio would be affected by any impact, positively or negatively, on sterling but would be partially offset by the effect of exchange movements on the Company's US$ denominated borrowings.

Unlisted Investments – the Company's risk could be increased by its investment in unlisted securities. These assets may be more difficult to buy or sell, so changes in their prices may be greater than for listed investments. To mitigate this risk, the Board considers the unlisted securities in the context of the overall investment strategy and provides guidance to the Managers on the maximum exposure to unlisted securities. The investment policy limits the amount which may be invested in unlisted securities to 50% of the total assets of the Company, measured at the time of investment.

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, and raises any matters of concern with the Managers.

Discount Risk – the discount/premium at which the Company's shares trade relative to its net asset value can change. The risk of a widening discount is that it may undermine investor confidence in the Company. The Board monitors the level of discount/premium at which the shares trade and the Company has authority to buy back its existing shares, when deemed by the Board to be in the best interests of the Company and its shareholders. The Liquidity Policy is set out on pages 4 and 5.

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 Report and Annual Report and Financial Statements, are subject to stringent review processes and procedures are in place to ensure adherence to the Transparency Directive and the Market Abuse Directive with reference to inside information.

Custody and Depositary Risk – safe custody of the Company's assets may be compromised through control failures by the Depositary, including breaches of cyber security. To monitor potential risk, the Audit 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.

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 coronavirus 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 very largely as normal. The Audit Committee reviews Baillie Gifford's Report on Internal Controls and the reports by other key third party providers are reviewed by Baillie Gifford on behalf of the Board and a summary of the key points is reported to the Audit Committee and any concerns investigated. The other key third party service providers have not experienced significant operational difficulties affecting their respective services to the Company.

Leverage Risk – the Company may borrow money for investment purposes (sometimes known as 'gearing' or 'leverage'). If the investments fall in value, any borrowings will magnify the extent of this loss. If borrowing facilities are not renewed, the Company may have to sell investments to repay borrowings. The Company can also make use of derivative contracts. All borrowings require the prior approval of the Board and leverage levels are discussed by the Board and Managers at every meeting. Covenant levels are monitored regularly. The majority of the Company's investments are in quoted securities that are readily realisable. Further information on leverage can be found on page 64 and the Glossary of Terms and Alternative Performance Measures on page 65.

Political and Associated Economic Risk – the Board is of the view that political change in areas in which the Company invests or may invest may have practical consequences for the Company. Political developments are closely monitored and considered by the Board. Following the departure of the UK from the European Union on 31 January 2020, the Board continues to assess the potential consequences for the Company's future activities. Whilst there remains considerable uncertainty, the Board believes that the Company's portfolio, which predominantly comprises companies which are incorporated or domiciled in the United States, positions the Company to be suitably insulated from Brexit-related risk.

Viability Statement

In accordance with provision 31 of the UK Corporate Governance Code, that the Directors assess the prospects of the Company over a defined period, the Directors have elected to do so over a period of five years. The Directors continue to believe this period to be appropriate as it is reflective of the longer term investment strategy of the Company, and to be a period during which, in the absence of any adverse change to the regulatory environment and to the favourable tax treatment afforded to UK investment trusts, they do not expect there to be any significant change to the current principal risks facing the Company nor to the adequacy of the mitigating controls in place. Furthermore, the Directors do not reasonably envisage any change in strategy or objectives or any events that would prevent the Company from continuing to operate over that period.

In considering the viability of the Company, the Directors have conducted a robust assessment of each of the Company's principal and emerging risks and uncertainties as detailed on pages 5 and 6 and in particular the impact of market risk where a significant fall in American equity markets would adversely impact the value of the Company's investment portfolio. The Directors have also considered the Company's leverage and liquidity in the context of the unsecured floating rate loan facility which is due to expire in August 2023, the income and expenditure projections and the fact that the Company's investments comprise mainly readily realisable quoted equity securities which can be sold to meet funding requirements if necessary. Specific leverage and liquidity stress testing was conducted during the year, including consideration of the risk of further market deterioration resulting from the coronavirus outbreak. The stress testing did not indicate any matters of concern. The Company's primary third party suppliers, including its Managers and Secretaries, Custodian and Depositary, Registrar, Auditor and Broker, are not experiencing significant operational difficulties affecting their respective services to the Company. In addition, as substantially all of the essential services required by the Company are outsourced to third party service providers, this allows key service providers to be replaced at relatively short notice where necessary.

The Board has specifically considered the UK's departure from the European Union on 31 January 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 operating costs, share price discount/premium, the Managers' compliance with the investment objective, asset allocation, the portfolio risk profile, leverage, counterparty exposure, liquidity risk and financial controls, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years as a minimum.

Promoting the Success of the Company (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, having regard to Baillie Gifford US Growth being an externally managed investment company with no employees, the Board considers the Company's key stakeholders to be: its existing and potential new shareholders; its externally-appointed Managers (Baillie Gifford); other professional service providers (corporate broker, registrar, auditor and depositary); lenders; wider society and the environment.

The Board considers that the interests of the Company's key stakeholders are aligned, in terms of wishing to see the Company deliver sustainable long-term growth, in line with the Company's stated objective and strategy, and meet the highest standards of legal, regulatory, and commercial conduct, with the differences between stakeholders being merely a matter of emphasis on those elements. The Board's methods for assessing the Company's progress in the context of its stakeholders' interests are set out below.

The Board places great importance on communication with shareholders. The Annual General Meeting provides the key forum for the Board and Managers to present to shareholders on the Company's performance, future plans and prospects. It also allows shareholders the opportunity to meet with the Board and Managers and raise questions and concerns. The Chairman is available to meet with shareholders as appropriate. The Managers meet regularly with shareholders and their representatives, reporting their views back to the Board. Directors are available to attend certain shareholder presentations, in order to gauge shareholder sentiment first hand. Shareholders may also communicate with members of 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, encouraging open and constructive discussion and debate, whilst also ensuring that appropriate and regular challenge is brought and evaluation conducted. This approach aims 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, and by maintaining the highest standards of business conduct.

Whilst the Company's operations are limited, as third party service providers conduct all substantive operations, the Board is aware of the need to consider the impact of the Company's investment strategy and policy on wider society and the environment. The Board considers that its oversight of environmental, social and governance ('ESG') matters is an important part of its responsibility to all stakeholders and that proper consideration of ESG factors sits naturally with Baillie Gifford US Growth's longstanding aim of providing a sustainable basis for adding value for shareholders. The Board's review of the Managers includes an assessment of their ESG approach and its application in making investment decisions. The Board supports the Managers' Long-term Perspective as set out in their Investment Principles on page 13 and regularly reviews Governance Engagement reports, which document the Managers' interactions with investee companies on ESG matters.

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. 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 required the Directors to have regard to applicable section 172 factors included the raising of over £48 million from new share issuance, at a premium to net asset value, in order to satisfy investor demand over the year, which also serves the interests of current shareholders by reducing costs per share and helping to further improve liquidity.

Employees, Human Rights and Community Issues

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

Gender Representation

The Board comprises three Directors, two male and one female. The Company has no employees. The Board's policy on diversity is set out on page 27.

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 28.

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

Future Developments of the Company

The outlook for the Company for the next 12 months is set out in the Chairman's Statement on pages 2 and 3 and the Managers' Review on pages 9 to 11.

Managers' Review

Overview

A lot has changed in the six months since we wrote the Interim Management Report. A pandemic has swept across the world causing immense suffering and loss. Lockdowns, closures and distancing measures have been introduced to slow its spread. These in turn have caused great social and economic strain. We are still in the middle of all of this. Some countries appear to have the virus under control. In others, it is still spreading largely unchecked. It is not clear what trajectory it will take from here. Pandemics have been a regular occurrence throughout human history. However, no two viruses are the same and the economy is more interconnected than ever before. We ought to be humble when thinking through the long-term implications of such a complex situation. What we can say with conviction is that we will come through this and, when we do, the world will have changed.

The lockdowns have disrupted regular patterns of demand. Consumers have turned to online services for their shopping and entertainment needs. Workers have embraced digital collaboration tools, for example video-conferencing, to stay connected with colleagues. Patients have increasingly been meeting with their doctors via telemedicine services. On the other hand, demand for real world services, for example travel and entertainment, has been negatively impacted. Most of our holdings have been beneficiaries of these shifts, although some have been on the wrong side of them. It has been encouraging to see so many of them supporting the economy, but the crucial question for us as long-term investors is whether the current period will lead to any enduring changes.

Prior to the pandemic, e-commerce comprised just 16% of retail sales in the US. Globally the figure is even lower. The low penetration is surprising given the advantages of e-commerce relative to bricks-and-mortar retail. Online offers access to lower prices and greater selection, and it is often more convenient. It is not better in every situation, but its advantages argue for greater adoption than what we see today. So why is it that, in the US (one of the most mature internet markets in the world), over 80% of shopping is still done offline? Habits and inertia are major factors. Consumers mainly shop offline because that is the way they have always shopped. Behaviours are slow to change. Hence why the rise of e-commerce has been slow and steady rather than explosive up until this point.

However, the lockdowns have forced consumers to change their habits and shift their purchases online. E-commerce penetration rose as much in the first half of 2020 as it did in the prior five years combined. Amazon had to hire an additional 175,000 workers just to keep up with demand. Wayfair's revenue growth rate accelerated from around 20% year-on-year in the first quarter to 90% year-on-year in April. Given the advantages of online shopping, some consumers may continue with it even as the offline world re-opens. The old habits have been broken. Rather than a demand spike, what we may be seeing right now is pull-forward of the future.

Amazon has been investing heavily as demand for e-commerce has surged.

Habit-breaking forces are also underway in the world of work. Why is it that most workers still come together in the same place at the same time, five days per week? This structure made sense when jobs were primarily concerned with making physical things. However, in today's knowledge economy, there are many jobs which do not require colleagues to be together in space and time to collaborate. Remote working is not optimal in every circumstance, but the flexibility that it affords is better for some. Many companies have learned this first hand as they have moved to home-working in response to the pandemic. Portfolio holding Shopify is one example. Founder Tobi Lütke recently tweeted that the company was going 'digital by default' and declared that 'office centricity is over'. If workforces do become more distributed, this will make communication and collaboration more challenging, creating opportunities for enterprise software companies like Zoom and Slack.

Some of our healthcare holdings have made direct contributions to the Covid-19 response. Moderna Therapeutics is attempting to develop a vaccine. It is moving swiftly. It took just 25 days for the company to produce its first clinical batch, which is testament to the strength of its novel drug development platform. There is still much work to do but early read-outs from its clinical trials have been encouraging. Elsewhere, unlisted holding Butterfly Network's handheld ultrasound machines have been used on the front lines to assess and monitor patients with Covid-19 both inside and outside of hospitals. Teladoc, the leading telemedicine provider which we bought in December last year, has been helping patients to connect safely to their doctors via remote services. Usage almost doubled in the first quarter of the year. In all three cases these companies have displayed impressive agility in the face of rapidly changing market circumstances.

The backdrop has been challenging for all, but the companies in the portfolio which interface with the real world have been particularly affected. For example, Lyft, the ridesharing company, saw demand fall by 75% in April. Medical device company Glaukos' revenues have been impacted by the postponement of elective procedures such as cataract surgeries. As previously mentioned, we have little insight in to the exact timing and trajectory of the recovery. However, we are confident in the resilience and adaptability of the holdings in the portfolio and remain enthused about their long-term growth opportunities.

Portfolio Changes

Portfolio turnover remains low. The top ten holdings are virtually unchanged from a year ago. The one exception is Tesla, which temporarily dropped out of the top ten this time last year because of share price weakness. In terms of the listed holdings, towards the end of last year, we initiated positions in video-conferencing company Zoom and telemedicine company Teladoc. We had no idea that, six months later, they would be playing such a central role in supporting the economy through the pandemic. More recently we added three new enterprise software companies to the portfolio: cloud-HR and finance software company Workday, cloud-communications provider Twilio, and web security company Cloudflare. The digitisation of the enterprise and shift to cloud is gathering pace, which is creating opportunities for cloud-native businesses such as these.

These purchases were funded by various complete sales. There was no notable pattern to them. We sold Agios Pharmaceuticals on cultural concerns following the departure of both its de-facto founder-CEO and its Chief Scientific Officer. We sold out of online-education provider 2U due to weakening conviction in the company's competitive edge and business model. We used the Uber bid news as an opportunity to sell Grubhub following a period where the company lost its position of leadership in the US take-out delivery market.

We made eight additional unlisted investments over the last twelve months: Ginkgo Bioworks, Thumbtack, Stripe, RigUp, Warby Parker, Convoy, Airbnb and Snowflake. We have included a description of each of these on pages 17 and 18. Two of our existing unlisted holdings, Slack Technologies and Peloton Interactive, went public in the period. The net result was that, at the end of May, we held positions in 17 unlisted securities which collectively comprised 12% of the total assets. Taking into account companies which were previously unlisted, but which are now public, this figure rises to 15%.

Cloud Infrastructure Platforms

Payments platform Stripe is the largest of our unlisted holdings. At the end of the reporting period it was 2.2% of total assets, placing it just outside the top ten. Stripe was created to solve challenges associated with starting and scaling businesses. The payments world is messy. There is complexity within and between regions. Each geography has its own unique banks, credit card rails, mobile wallets, cultural norms, regulators and regulations. It is an extraordinarily challenging landscape for any company to navigate, never mind a start-up. Stripe helps its customers overcome these complexities. Its platform sits above the financial system and interacts with it on their behalf. It aims to make sending and receiving money as simple as transferring information.

Stripe is a cloud-based infrastructure platform. Three other portfolio holdings – Shopify, AWS (a division of Amazon), and Twilio – also fall within this category. These companies perform a similar intermediating role to Stripe but within different domains: e-commerce, IT infrastructure, and communications respectively. Each of the platforms has a distinctive approach, but there are common threads that cut across all of them. They can all be thought of as operating systems which sit above complex networks of institutions or infrastructure. They use software to remove this complexity, making it easier for the underlying infrastructure services to be managed and consumed. Their business models transform capital costs into operating costs and enable their underlying customers to run more flexible and leaner operations. They deliver their services over the internet.

These businesses are helping to lower barriers to entrepreneurship. Instead of investing vast sums of money up-front in building data-centres and other types of infrastructure, companies can rent access via these scaled platforms. For example, through Shopify, online retailers can gain access to all the tools they need to run their business, from order management to fulfilment. Twilio enables its customers to build communications functionality into their applications without the need for relationships with telecoms companies or millions of dollars in capital investment. It has never been easier to start and scale an online business. All an aspiring entrepreneur needs to get going is a good idea and a smartphone.

The platforms themselves have the potential to be very valuable businesses. They each operate in large markets of US$1trillion or greater. Their business models generate flywheel effects causing them to get stronger as they grow. They are well aligned not only with their customers but also with the broader ecosystem of developers, suppliers, and partners which build on top of them. Each of them is founder-led, mission-driven, innovative, and run for the long-term. In lowering barriers to entrepreneurship, they are performing an important societal role and increasing the vitality of the global economy. This has become even more critical at a time when the world is shifting online faster than ever.

These companies form a prominent part of the portfolio. Shopify and Amazon are the two largest holdings. Both Twilio and Stripe are recent additions to the fund. Collectively they comprise almost one-fifth of the Company's assets.


SpaceX: makes history by becoming the first private enterprise to put humans into orbit.

Investment Principles

Last year, we introduced our investment principles for the first time. We have included them again this year, unaltered. We hope that by publishing our investment framework in this and future communications that we will provide shareholders with a useful reminder of our philosophy and a yardstick with which to measure us. The third of the principles concerns outliers:

'We believe, and academic work has shown, that long-term equity returns is dominated by a small handful of exceptional growth companies that deliver outsized return. Most stocks do not matter for long-term equity returns, and investors will be poorly served by owning them. In our search for exceptional growth companies, we will make mistakes. But the asymmetry inherent in equity markets, where we can make far more in a company if we are right than lose if we are wrong, tells us that the costliest of mistakes is excessive risk aversion.'

We have included a paper alongside this statement to further explain our thinking on outliers and the role that asymmetry plays in driving long-term returns.

Outlook

At the end of the Interim Management Report, we said that we believed technology would become ubiquitous over the course of a decade and extend into all parts of society. Whilst acknowledging the challenges and uncertainties with looking forward, our confidence in this is as high as ever. The world remains under great stress, but innovation continues at pace which bodes well for the long term. Indeed, it was remarkable to see, in the midst of the pandemic, SpaceX successfully transporting crew from the Kennedy Space Center to the International Space Station. This was a first for a private company. As we have said before, innovation is speeding up and spreading out to sectors which have hitherto been untouched by the digital transformation. This is creating a rich pipeline of ideas across a broad range of business models and industries. Baillie Gifford US Growth Trust, with its long-term and genuinely active approach which bridges across the listed and unquoted opportunity set, provides the ideal vehicle to navigate these shifting waters and to hopefully identify and own the exceptional companies which are at the nexus of these important societal shifts.

Outliers Everywhere

We are all familiar with the concept of wealth inequality – the idea that the top 1% of the population own approximately half of the world's wealth, and probably commands more than half of media attention. Outliers interest us because they are rare, but the distributions that produce them (i.e. long-tailed distribution) are far more common than the term implies. In the US, around 1.5 million separately titled books are published every year, but fewer than 500 of them go on to sell more than 100,000 copies. Most classical music played by orchestras are written by four classical composers. There are more than 170,000 words in the Oxford English Dictionary, yet 90% of communication is done with just around 500 words. Asymmetric distributions emerge across all domains, in almost any creative endeavour. The stock market is no different.

Why do outliers exist?

Long-tailed distributions exist because events are not independent of each other. Book sales and city populations, unlike trips to the grocery store, are not independent. When one person buys a book, he or she increases the chances that others will buy it. When a city grows in population, it adds more job opportunities, making it more attractive to others looking to move. In each case, there is some positive feedback loop where an action increases the probability that others will do the same. Over the past decade, our world has become more interconnected than ever with the internet, mobile and social networks. Markets that were once independent have become interconnected. When this phase shift happens, the seeds of long-tailed distributions are sown, and it becomes a matter of time and probabilities for outliers to emerge. As markets become more interconnected, we should expect to see more long-tailed distributions, and the long-tails that we see may become elongated. In plain English, we will see more winner-takes-most dynamics in markets.

How does this work in practice? For positive feedback loops to occur, two conditions must be satisfied:

i) People must know what to buy.

For generations our consumption decisions were driven by habit. Whether it is Colgate toothpaste, Kellogg's cereal, or Nestlé coffee – we purchase those products almost instinctively because those are the brands we consumed growing up. The traditional marketing model involved pushing consumers through a 'funnel' from awareness -> familiarity -> consideration -> purchase -> loyalty. Brands that had the most to spend on advertising and marketing are most successful at influencing decisions and building loyalty. That 'funnel' is largely dead. Today our purchasing decisions are driven far more by recommendations than by brands, and what was a one-way funnel is now a circular journey with two-way dialog. An Amazon 4.5-star rating with more than 1,000 reviews is more influential to the purchasing decision than a promoted product with few or poor reviews. Products that rely on social or word of mouth marketing are more successful than those that rely on marketing dollars alone.

More interestingly, empirical studies have shown that social effects create bigger winners. A study of college students music downloads shows that letting subjects know what songs other students have downloaded created more skewed distributions compared to the control group. That is, social influence magnifies the inequality between winners and losers.

Note that social influence is *not* the same as network effects. Network effects refer to situations where the value of the product increases with more users. Social influence does not explicitly change the value of the product or service to the user. Hence, social influence can be present in a broader set of businesses that we may *not* typically associate with network effects. Think Kylie Jenner, who created a US$1 billion cosmetics empire selling lip-enhancements on Instagram and Shopify, at 22 years young. The connectedness of our world amplifies the effects of social influence. The best-selling album in year 2000 sold around 10 million copies globally. The most popular song today has been streamed more than 2 billion times on Spotify.

Finally, social influence can work in reverse, and is not limited to companies. In fact, it is most visible in many social issues, from climate change to Black Lives Matter. It is perhaps not surprising that a 16-year old's lonely protest outside the Swedish parliament can escalate to a global school strike six months later, or that George Floyd's gofundme page has received the most donations in gofundme history.

ii) People must be able to buy the product.

Here again our world has changed radically from only a decade ago. Specifically, we are moving from the physical to the digital. In the physical world, there are production constraints that define the boundaries of growth. Tesla and Peloton Interacitve for example, are arguably constrained by the lack of supply, not lack of demand. However, over the past decade, more and more products and services have become digitised, being delivered through the internet. Think books, music, entertainment, software, mobile applications, etc. There is no marginal cost of production, no supply constraints, and no friction to distribution. This, combined with the positive feedback loops through social, allows for growth rates that have not been physically possible before.

Even in areas where products or services are not digital, new business models have emerged to reduce the traditional growth constraints. AWS turned capex into opex for any entrepreneur wishing to start a business, eliminating the need for upfront capex investments. Airbnb made use of existing spare capacity and distributed the cost of growth amongst the millions of home-owners. Ride-hailing apps took advantage of the low utilisation of cars and the abundance of unskilled labour. You may need to wait to own a Tesla, but you do not need to wait to commute from A to B. Software + internet + mobile has increased access to previously scarce resources and have formed the building blocks of new business models that are rearranging business paradigms.

Putting it all together

Our world has become more connected and digital, creating the conditions for more and bigger outliers than what was possible before. The outliers today are of a different magnitude than what we have seen before because the software + internet + mobile has transformed the addressable opportunities, probabilities of success, and long-term returns. Specifically, markets have become interconnected through the internet, creating winners of a global scale. The pace of exploitation is faster because distribution through the internet is instant and free. The interconnectedness of our world creates feedback loops that gets stronger with scale, reinforcing the competitive edge of the outliers as it grows. The digitisation of goods and services often implies zero marginal cost of production and/or distribution, leading to increasing returns to scale.

Very rarely do we find a company that has all these qualities. However, when we do, we have the happy quaternity of large and growing addressable market + higher terminal market share + rising probability of success + increasing returns. We all know how sensitive valuations are to any one of those metrics. Having all four metrics align mean that valuations can change dramatically over short spaces of time. This is not as unusual as it sounds as the positive feedback loops make it likely (inevitable?) that several variables will move in contagion. This is what we have seen with Amazon; what we are seeing with Shopify, Tesla, and Trade Desk; and what we believe we will see with Twilio and Wayfair. When this happens, the biggest risk is not that we get the timing wrong, but that we do not own enough of these companies.

Investment Principles

To our shareholders

Our core task is to invest in the exceptional growth businesses in America. Over the full course of time, these companies will develop deep competitive moats and generate abnormal profits and unusually high shareholder returns. We endeavour to generate returns for our clients by helping in the creation and improvement of such useful enterprise. To the extent that we are successful in identifying these companies, we believe that we can multiply the wealth of our clients over the long term.

Managing shareholders' money is a huge privilege, and not one we take lightly. It is a relationship, not a transaction. Relationships can only be built on a foundation of trust and understanding. It is with this that we seek to lay out the fundamental principles by which we will manage your money and the framework for how we make decisions so that you, our shareholders, can decide whether it aligns with your investment philosophy.

— We believe the fundamental measure of our success will be the value we create for our shareholders over the long term. It is only over periods of five years or more that the characteristics we look for in businesses become apparent. Our turnover has been in the teens, consistent with our time horizon. We ask that our shareholders measure our performance over similar periods.

— Short term volatility is an inevitable feature of the market, and we will not manage the portfolio to reduce volatility at the expense of long term gain. Many managers are risk-averse and fear loss more than they value gain. Therefore, they accept smaller, more predictable risks rather than the larger and less predictable ones. We believe that this is harmful to long term returns, and we will not shy away from making investments that are perceived to be risky if we believe that the potential payoffs are worthwhile. This means that our performance may be lumpy over the short term.

— We believe, and academic work has shown, that long-term equity returns are dominated by a small handful of exceptional growth companies that deliver outsized returns. Most stocks do not matter for long-term equity returns, and investors will be poorly served by owning them. In our search for exceptional growth companies, we will make mistakes. But the asymmetry inherent in equity markets, where we can make far more in a company if we are right than lose if we are wrong, tells us that the costliest of mistakes is excessive risk aversion.

— We do not believe that the index is the right starting point for portfolio construction. The index allocates capital based on size. We believe that capital should be allocated based on marginal return and the ability to grow at those rates of return. Big companies are not immune to disruption. We do not manage the portfolio to an active share target, but we expect the active share of this fund to be high.

— The role of capital markets has changed, and we have evolved with it. As companies are remaining private for longer, so too have we broadened our search for exceptional growth companies into private companies. We are largely indifferent to a company's private or public status. We will conduct diligent analysis and allocate capital to where the highest returns are likely to be.

— We may discuss long term trends and themes present in the portfolio, but we do not plan on discussing short term performance. We believe our duty is to maximise the long term wealth of our shareholders, and that creating narratives around short term performance serves our shareholders poorly.

— We will endeavour to operate in the most efficient, honest, and economical way possible. That means keeping our management fees and ongoing costs low. We recognise that even modest amounts, when allowed to compound over long periods of time, add up to staggering sums, and we do not wish to dilute the compounding of returns with the compounding of costs.

With this foundation, we hope to build Baillie Gifford US Growth into a world class savings vehicle. We are grateful that you have joined us on this journey, and we look forward to a long and hopefully prosperous relationship with you.

Baillie Gifford Statement on Stewardship
Reclaiming Activism for Long-Term Investors

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

Our Stewardship Principles

Prioritisation of long-term value creation

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

A constructive and purposeful board

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

Long-term focused remuneration with stretching targets

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

Fair treatment of stakeholders

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

Sustainable business practices

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

Review of Investments

A review of the Company's ten largest investments and additions to the unlisted securities as at 31 May 2020 is given below and on the following three pages.

Top Ten Holdings

Shopify

7.7% of total assets

Shopify provides software tools which allow merchants to easily set-up and manage their businesses across an increasingly complex and fragmented retail landscape. Shopify's software helps to make merchants more efficient by automating large swathes of their operations (e.g. marketing, inventory management, payments, order processing, shipping) thus allowing them to focus on product market fit. The company maintains a rapid pace of innovation and is run by an impressive founder who has built a distinctive merchant-focused culture.

Amazon

7.7% of total assets

Amazon addresses huge market opportunities in the form of global retail and global IT spending. In retail, it competes on price, selection and convenience and is improving all three as it gets bigger. Amazon's AWS (Amazon Web Services) division is less mature than its retail business, but it is no less exciting. Here, Amazon is in a clear position of leadership in what could turn out to be one of the largest and most important market shifts of our time. Both opportunities are outputs of what is perhaps most distinctive of all about Amazon – its culture. Amazon optimises for customer delight. The company is run with a uniquely long term perspective. It is willing to be bold and scale its experiments (and failures) as it grows. These cultural distinctions allow Amazon to possess the rare and attractive combination of scale and immaturity.

Tesla

7.1% of total assets

Tesla makes electric cars, battery storage and solar power systems. The company has proven that cars can be environmentally friendly without compromising on style, safety, or performance. We are in the early stages of a major shift in the transportation industry towards EVs, and Tesla is the best positioned globally to capitalise on this. It is an innovative and mission-driven company whose success is aligned with the interests of the planet.

Shopify: empowering and enabling entrepreneurs and enterprises alike as e-commerce evolves.

Wayfair

4.7% of total assets

Wayfair is an online furniture retailer but thinks of itself as a software company with an edge in logistics for large pieces of furniture. Furniture has historically been a difficult category for e-commerce due to the challenges of providing a good experience. Consumers want to visualise the product in their homes; they want to know exactly when the product will be delivered so they can be at home to receive it; and they want to know that they can easily return the product should it not meet their expectations. Suppliers are incredibly fragmented and do not have the scale to deliver these experiences to the consumer. Wayfair has managed to bring all the suppliers together under its brand and is applying its tech expertise to create a superior customer experience. On the front end, it has built a visual browsing platform, allowing customers to search by image, or to visualise a piece of furniture in their homes to scale. On the back end, it has built a sophisticated logistics and distribution network that ensures speedy and reliable delivery to consumers. The business is capital light and has a negative working capital, meaning that growth is largely self-funded. Online penetration of homeware is still in the low teens and we believe there is substantial opportunity for the company ahead.

Netflix

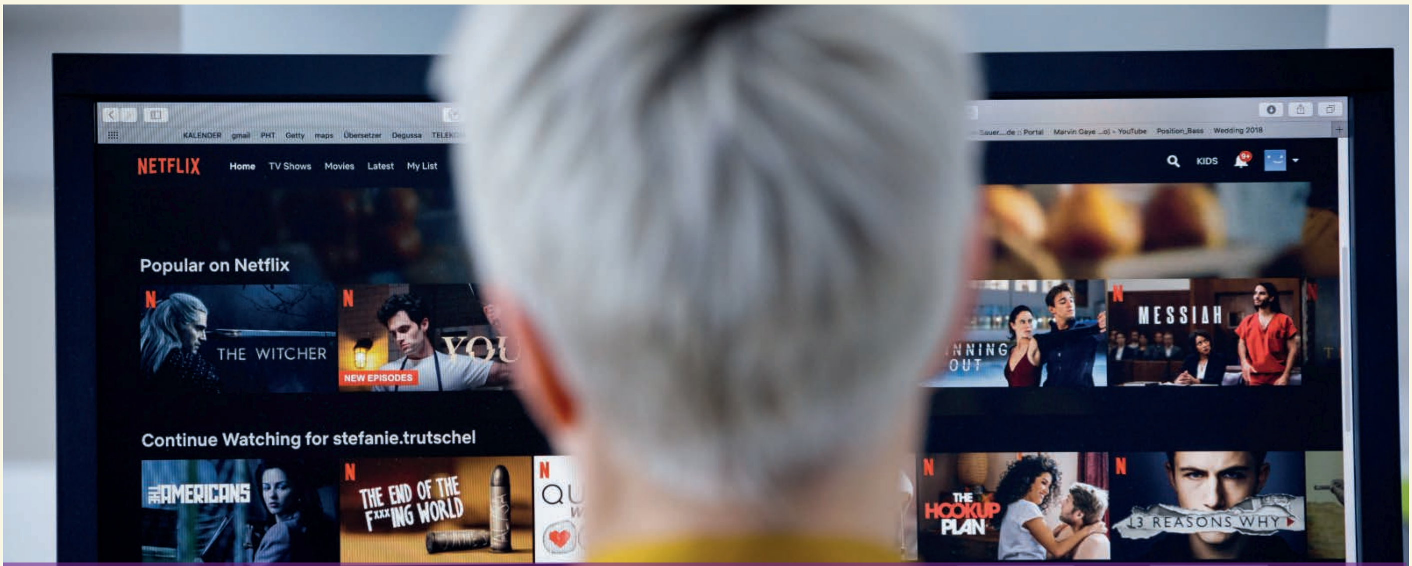
4.0% of total assets

Netflix has the potential to become the first truly global content and distribution media brand. Its base of more than 180 million subscribers allows it to invest in building a strong customer proposition through its library of exclusive and desirable content. This in turn attracts more subscribers, creating a powerful flywheel that distances itself from other likely competitors. The shift from linear TV to on-demand streaming is still in the early stages, and Netflix is a prime beneficiary.

MarketAxess Holdings

3.4% of total assets

Most corporate bonds are currently traded in a very old-fashioned manner via telephone. This is a time-consuming process for traders trying to source the bonds from/for willing sellers/buyers. MarketAxess operates an electronic trading platform for credit securities. The platform connects buy-side investors and the broker-dealer community, facilitating electronic transactions in a cost-effective and efficient manner. The company has established strong trading networks and is innovating on capabilities and products to create a more liquid, transparent and efficient way for clients to trade bonds. This is driving a secular shift towards electronic trading. Over time, the market opportunity should grow as the company leverages the opportunity to expand into other credit products. The business is inherently scalable and benefits from network effects, making the marginal returns very attractive.



Netflix: the global content streaming service crossed 190 million subscribers in the second quarter of 2020.

Alphabet

3.2% of total assets

Alphabet continues to see strong growth in its core Google search business, where the strength of the company's competitive position affords it a pivotal role in the migration of advertising dollars from traditional media to the internet. Whilst search has been around for some time, it continues to improve at an impressive rate and we believe there remains scope for significant innovation and continued strong growth. The company has a distinctive, long term focused culture which encourages bold thinking and innovation. We think there is a reasonable probability that one of the company's many new ventures outside of search could become a substantial revenue and profit generator in future.

The Trade Desk

3.2% of total assets

The advertising industry is undergoing a wholesale shift in the way that advertising is bought and sold. Whereas in the past advertising was bought and sold in bundles, in the digital world, advertising can be transacted on a one to one basis, targeting only the audiences that are relevant. The Trade Desk provides the technology that enables this targeted buying of advertising through real-time auctions. Its platform connects media buyers to a wide range of digital inventory and provides a set of tools to help buyers determine what price to pay for those ad opportunities. This is known as programmatic advertising – the buying of advertising using data. Programmatic advertising is still in its infancy and is growing rapidly, supported by higher efficacy and a tangible demonstration of return on investment. As the programmatic industry becomes mainstream, it will consolidate around a handful of buying platforms, and we believe that The Trade Desk will emerge as the leading buying platform for the independent internet.

Illumina

3.0% of total assets

Illumina is the global leader in next-generation sequencing equipment and consumables. The company's mission is 'to improve human health by unlocking the power of the genome'. Given the inefficiencies in the healthcare system, the opportunities to do so are vast. The availability of low-cost whole genome sequencing is helping to drive a better understanding of the molecular basis of disease, which in turn is leading to greater insights and better decision making. One example of this is the use of sequencing as a companion diagnostic tool in cancer. Most cancer drugs only work in a small subset of cancer patients. In the past, doctors relied on educated guesswork to make treatment decisions. With sequencing information, they are now able to do so based on underlying genetics, leading to better outcomes for patients and cost savings for the system.

Mastercard

2.8% of total assets

Mastercard is one of two dominant payment networks. It is a scalable, asset-light business that is benefiting from a structural shift away from paper-based payments to electronic forms. Mastercard is ideally placed to benefit from this trend given reliability, security and scale, all of which act as tremendous barriers to entry. Novel forms of payment technology are built on its network and are accelerating the pace of adoption. We think Mastercard can sustain its profitability while growing its revenue at above average rates for many years to come.

Unlisted Securities purchased in the year to 31 May 2020

Airbnb

0.2% of total assets

Airbnb is an online accommodation marketplace. It uses technology to facilitate the exchange of services between travellers seeking accommodation and homeowners who want to lease their spare bedroom or apartment. In many ways, Airbnb is the pioneer of a new type of marketplace that we now call the 'sharing economy', an economic system that allows asset owners to unlock earnings opportunities from their underutilised assets, in this case their homes. Airbnb has been able to build trust around the platform which enables strangers to host other strangers in their homes. This, combined with the global network effects in a two-sided marketplace, creates a durable advantage in what is a growing and dynamic market.

Convoy

0.8% of total assets

Convoy operates a digital freight network. Its platform helps to efficiently connect shippers and carriers. The market is fragmented on both sides, which makes it difficult for shippers and carriers to work together directly. The industry has historically been intermediated through a network of mostly offline brokers who have conducted business over the phone. Convoy is attempting to digitise and automate the role of the broker and, in doing so, improve the transparency and efficiency of the trucking industry. Convoy is using technology to offer a superior service to both shippers and carriers. Furthermore, its digital network benefits from a flywheel effect. As more shippers join its network, carriers have more options and can operate at higher capacity utilisation with fewer wasted hours. As more carriers join, shippers benefit from lower costs and higher service quality.

Ginkgo Bioworks

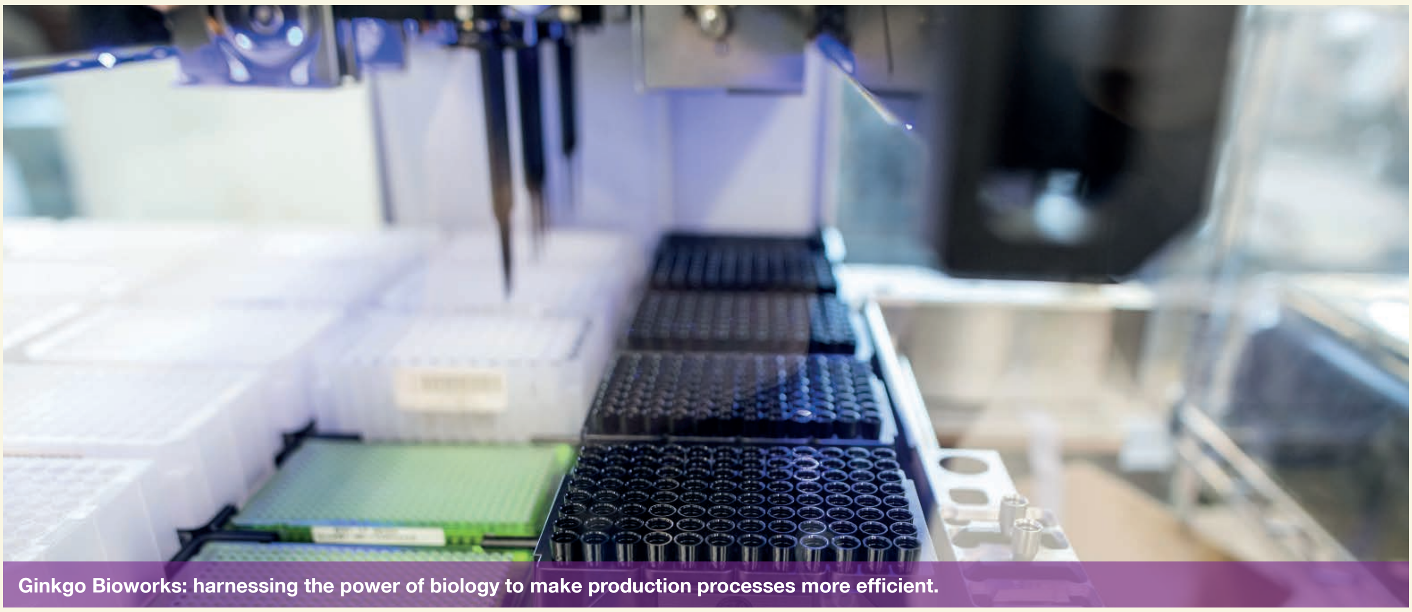
0.7% of total assets

Ginkgo is a prominent player in the emerging field of synthetic biology. We live in a chemical world, where everything from vitamins to face cream all use ingredients derived from petroleum. The age of chemicals was based on the assumption that everything nature can do, man can do better and cheaper. But technological advancements in our ability to read, write, and edit DNA is allowing biology to retake the lead in some areas. This is opening a new frontier for industrial biotechnology where chemical processes are being replaced by biological ones. Ginkgo is a cultured ingredients producer. It provides the organism engineering skill and can genetically modify yeast that can be fermented to produce almost anything the customer desires, such as rose oil or sweeteners. The long-term opportunity is to make biology predictable, opening the door to using biology to manufacture a multitude of different products, many of which we cannot even imagine yet.

RigUp

0.9% of total assets

RigUp brings a modern, tech-enabled solution to a market that has thus far seen little in the way of disruption and is inefficient for both contractors and operators. Traditionally, the energy industry has sourced employees through a fragmented network of 'mom and pop' staffing agencies, which have agreements with a relatively small number of operators and contractors. This limits their utility, yet they take a significant cut. It is a sub-optimal way for operators to get the right contractors in the right place at the right time. Given the costs of running a platform, and the growing shortage of labour in the energy industry, this is an increasingly pressing problem. RigUp's solution is a platform that matches contractors and operators. This makes life much easier for both parties, providing greater choice and a more efficient and more lucrative way of finding workers or jobs.



Ginkgo Bioworks: harnessing the power of biology to make production processes more efficient.

Cloud infrastructure platforms like Stripe and Shopify are lowering barriers to entrepreneurship.

Stripe

2.2% of total assets

Stripe is a payments technology company. Founded in 2010 by Irish brothers Patrick and John Collison, the company is in the process of developing a platform for sending money seamlessly and compliantly between any two internet-connected nodes in the world. The company processes massive volumes of payments from a broad customer base, ranging from US start-ups to global giants. Stripe's long-term ambition is to make entrepreneurship easier and thus significantly increase the amount of business conducted online.

Snowflake

0.2% of total assets

Snowflake is a cloud-based data warehouse company. It allows businesses to store and analyse their data using cloud-based tools, which make it less expensive and easier to manage than previous types of data warehouses. Growth will be driven by the universal desire for insight through data collection. Data warehouses are not new, but Snowflake's delivery model removes friction from the user experience. This should expand the addressable market. Snowflake's cloud-based architecture also brings to the table a substantial boost in performance relative to incumbent solutions. Over time, Snowflake has the potential to strengthen its first mover advantage via (a) network effects which will emerge as future solutions like its data exchange gain popularity and (b) cloud-agnosticism which will take advantage of customer aspirations to move toward the flexibility of a multi-cloud infrastructure.

Thumbtack

0.2% of total assets

Thumbtack provides an online marketplace for local service people such as plumbers, decorators, and home-movers. This is a vast market which has been slow to move online. The challenge is to simultaneously generate liquidity in thousands of individual markets by region and function. The company has just been through a business model shift which has significantly strengthened the product offering. It has moved from a slow and cumbersome desktop-based, request-for-quote model to a mobile-first, 'instant-connect' one where users instantly see a list of relevant service providers and their prices. This significantly improves the user experience and creates a liquid marketplace that few others can match. The long-term ambition is to become the go-to marketplace for a whole category of services, of which home repairs is a subset.

Warby Parker (JAND)

0.9% of total assets

Warby Parker sells its own brand corrective eyewear online and through its retail stores. It has a novel approach to retailing and branding and is one of the pioneers in the 'direct-to-consumer' market. By bypassing intermediaries and vertically integrating, Warby Parker is able to offer high-quality products at low prices. The company has built a strong brand known for its design and customer experience. Its business model gives it substantial cost advantages over traditional retailers. The company remains a very small part of the US eyewear market, and we believe there is a compelling opportunity to compound growth over a decade or more.

Warby Parker: selling designer glasses, direct-to-consumers, at affordable prices.

List of Investments as at 31 May 2020

Name	Business	2020 Value £'000	% of total assets *	2019 Value £'000
Shopify Class A	Cloud-based commerce platform provider	37,851	7.7	14,584
Amazon	Online retailer and cloud computing provider	37,620	7.7	26,278
Tesla	Electric cars, autonomous driving and solar energy	34,733	7.1	8,461
Wayfair	Online furniture and homeware retailer	23,141	4.7	14,381
Netflix	Subscription service for TV shows and movies	19,611	4.0	14,641
MarketAxess Holdings	Electronic bond trading platform	16,888	3.4	16,130
Alphabet Class A	Online search and other online services	15,646	3.2	11,469
The Trade Desk	Advertising technology company	15,609	3.2	9,444
Illumina	Gene sequencing equipment and consumables	14,757	3.0	11,827
Mastercard Class A	Global electronic payments network	13,629	2.8	10,837
Stripe Series G Preferredⓤ	Online payment platform	10,961	2.2	–
Chegg	Online education company	10,877	2.2	3,982
Workday	Enterprise information technology	9,938	2.0	–
First Republic Bank	Private banking	9,646	2.0	8,319
Facebook Class A	Social networking platform	9,310	1.9	10,784
Zoom Video Communications	Remote conferencing service provider	9,054	1.8	–
ABIOMED	Manufacturer of heart pumps	8,303	1.7	8,996
CoStar Group	Commercial property information provider	8,221	1.7	5,841
Roku	Online media player	7,916	1.6	6,212
Peloton Interactive	Connected fitness equipment	7,090	1.4	3,333
Slack Technologies	Collaboration software	7,052	1.4	3,697
Space Exploration Technologies Series J Preferredⓤ	Rocket and spacecraft company	5,740	1.2	5,221
Space Exploration Technologies Series K Preferredⓤ	Rocket and spacecraft company	1,308	0.2	1,190
		7,048	1.4	6,411
Novocure	Electric field based cancer therapies	6,870	1.4	6,049
Chewy	Online pet retailer	6,785	1.4	–
Teladoc	Telemedicine services provider	6,768	1.4	–
Watsco	Air conditioning, heating and refrigeration equipment distributor	6,722	1.4	–
Alnylam Pharmaceuticals	Therapeutic gene silencing	6,548	1.3	2,657
Redfin	Technology-based real estate brokerage firm	6,490	1.3	2,565
Moderna Therapeutics	Therapeutic messenger RNA	6,114	1.2	1,939
NVIDIA	Graphics chips	5,728	1.2	2,044
Penumbra	Medical tools to treat vascular diseases	5,508	1.1	4,157
Butterfly Network Series D Preferredⓤ	Portable ultrasound and diagnostics	2,807	0.6	2,359
Butterfly Network Promissory Noteⓤ	Portable ultrasound and diagnostics	2,022	0.4	–
		4,829	1.0	2,359
Warby Parker (JAND) Series A Preferredⓤ	Online and physical glasses retailer	2,446	0.5	–
Warby Parker (JAND) Series C Preferredⓤ	Online and physical glasses retailer	2,068	0.4	–
		4,514	0.9	–
RigUp Series D Preferredⓤ	Jobs marketplace for the energy sector	3,640	0.7	–
RigUp Series D-1 Preferredⓤ	Jobs marketplace for the energy sector	809	0.2	–
		4,449	0.9	–
Twilio	Cloud-based communications platform	4,293	0.9	–
Zillow Group Class A	US online real estate services	4,075	0.8	–
Denali Therapeutics	Clinical stage neurodegeneration company	3,963	0.8	2,314
Stitch Fix	Online clothing retailer	3,827	0.8	3,305
Convoy Series D Preferredⓤ	Marketplace for truckers and shippers	3,814	0.8	–
Appian	Enterprise software developer	3,811	0.8	–
Glaukos	Ophthalmic medical technology company	3,691	0.8	3,776
Ginkgo Bioworks Series E Preferredⓤ	Bio-engineering company developing micro organisms that produce various proteins	3,424	0.7	–

Name	Business	2020 Value £'000	% of total assets*	2019 Value £'000
Tanium Class Bⓤ	Online security management	3,413	0.7	3,174
Activision Blizzard	Videogame company	3,405	0.7	2,013
HEICO Class A	Aerospace parts	3,377	0.7	3,659
Interactive Brokers Group	Online broker	3,331	0.7	3,759
Yext	Digital knowledge management	3,008	0.6	2,715
Zipline International Series C Preferredⓤ	Drone-based medical delivery	2,986	0.6	3,521
Affirm Series F Preferredⓤ	Consumer finance	1,197	0.2	1,190
Affirm Promissory Noteⓤ	Consumer finance	809	0.2	–
Affirm Series A Preferredⓤ	Consumer finance	744	0.2	–
		2,750	0.6	1,190
Indigo Agriculture Series E Preferredⓤ	Agricultural technology company	1,959	0.4	2,290
Indigo Agriculture Sub Promissory Noteⓤ	Agricultural technology company	278	0.1	–
Indigo Agriculture Commonⓤ	Agricultural technology company	58	<0.1	–
		2,295	0.5	2,290
Niantic Series C Preferredⓤ	Augmented reality games	2,274	0.5	2,380
Aurora Innovation Series B Preferredⓤ	Self-driving technology	2,027	0.4	2,380
Away (JRSK) Series D Preferredⓤ	Travel and lifestyle brand	1,291	0.3	1,785
Away (JRSK) Series Seed Preferredⓤ	Travel and lifestyle brand	531	0.1	–
		1,822	0.4	1,785
Lyft	Ridesharing	1,599	0.3	2,896
Cloudflare	Cloud-based provider of network services	1,477	0.3	–
Thumbtack Class Aⓤ	Online directory service for local businesses	1,149	0.2	–
Airbnb Class Aⓤ	Online marketplace for travel accommodation	925	0.2	–
Airbnb Series D Preferredⓤ	Online marketplace for travel accommodation	68	<0.1	–
Airbnb Series E Preferredⓤ	Online marketplace for travel accommodation	40	<0.1	–
		1,033	0.2	–
Snowflake Class Bⓤ	Developer of a SaaS-based cloud data warehousing platform	862	0.2	–
New Relic	Cloud-based performance management software	204	<0.1	3,794
Total Investments		**474,136**	**96.6**	
Net Liquid Assets		16,626	3.4	
Total Assets		**490,762**	**100.0**	

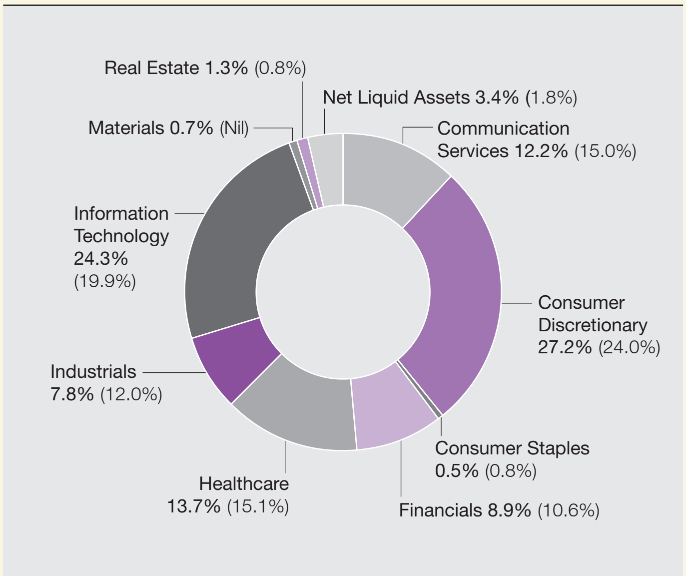
* Total assets less current liabilities, before deduction of borrowings.
ⓤ Denotes unlisted security.

	Listed equities %	Unlisted securities† %	Net liquid assets %	Total assets %
31 May 2020	**84.4**	**12.2**	**3.4**	**100.0**
31 May 2019	87.4	10.8	1.8	100.0

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

Distribution of Total Assets*

Sectoral as at 31 May 2020 (31 May 2019)



* Total assets less current liabilities before deduction of borrowings.

The Strategic Report which incorporates pages 1 to 21 was approved by the Board on 2 September 2020.

Tom Burnet
Chairman

Directors and Management

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

Directors

Tom Burnet was appointed a Director and Chairman on 5 March 2018 and is also Chairman of the Nomination Committee. He is chairman of Kainos Group plc, a London listed IT services business and a non-executive director of BMO Private Equity Trust PLC. Previously, Tom was managing director of Serco's Defence Services division. He started his career as an Army Officer serving in the Black Watch (R.H.R.), having graduated with an MBA from the University of Edinburgh.

Graham Paterson was appointed a Director on 5 March 2018 and is Chairman of the Audit Committee. He is an investment and financial services professional with over 20 years' experience in the private equity industry. A chartered accountant, Graham was one of the founding partners of SL Capital Partners LLP (formerly Standard Life Investments (Private Equity) Ltd), where he was a partner and board member until 2010. During his 13 years at SL Capital, he was one of the managers of Standard Life Private Equity Trust plc and was a member of the advisory boards to a number of leading private equity fund managers. In 2013, Graham co-founded TopQ Software Ltd, a technology company which develops software for the private equity industry. TopQ Software was acquired by eVestment Inc (now part of NASDAQ Inc) in 2015, where Graham was a director of the private markets data and analytics business until early 2018. Graham is a non-executive director of Mobeus Income & Growth 4 VCT plc and Invesco Perpetual UK Smaller Companies Investment Trust plc.

Sue Inglis was appointed a Director on 5 March 2018 and is the Senior Independent Director. She has a wealth of experience from more than 30 years advising listed investment companies and financial institutions. Before embarking on a non-executive career, her executive roles included managing director – Corporate Finance in the Investment Companies teams at Cantor Fitzgerald Europe (2012–2018) and Canaccord Genuity (2009–2012). Sue is a qualified lawyer, and was a partner and head of the funds and financial services group, at Shepherd & Wedderburn, a leading Scottish law firm. In 1999 she was a founding partner of Intelli Corporate Finance, an advisory boutique firm focusing on the asset management and investment company sectors, which was acquired by Canaccord Genuity in 2009. Sue is currently the chairman of The Bankers Investment Trust PLC, and a non-executive director of BMO Managed Portfolio Trust PLC, Seneca Global Income & Growth Trust plc and NextEnergy Solar Fund Limited.

All the Directors are members of the Audit Committee and the Nomination Committee.

Managers and Secretaries

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

Baillie Gifford is one of the largest investment trust managers in the UK and currently manages ten investment trusts. Baillie Gifford also manages a listed investment company and open ended investment companies, together with investment portfolios on behalf of pension funds, charities and other institutional clients, both in the UK and overseas. Funds under the management or advice of Baillie Gifford totalled around £280 billion at 1 September 2020. Based in Edinburgh, it is one of the leading privately owned investment management firms in the UK, with 46 partners and a staff of around 1,300.

Gary Robinson and Helen Xiong are the co-portfolio managers. They are both investment managers in Baillie Gifford's US Equities Team and named managers of the Baillie Gifford American Fund.

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

Directors' Report

The Directors present their Report together with the Financial Statements of the Company for the year to 31 May 2020.

Corporate Governance

The Corporate Governance Report is set out on pages 26 to 28 and forms part of this Report.

Managers and Company Secretaries

Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, has been appointed as the Company's Alternative Investment Fund Manager ('AIFM') and Company Secretaries. Baillie Gifford & Co Limited has delegated portfolio management services to Baillie Gifford & Co. Dealing activity and transaction reporting 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. Compensation fees would only be payable in respect of the notice period if termination by the Company were to occur within a shorter notice period.

The annual management fee is 0.70% on the first £100 million of net assets and 0.55% on the remaining net assets. Management fees are calculated and payable quarterly. The Board is of the view that calculating the fee with reference to performance would be unlikely to exert a positive influence on performance.

The Board as a whole fulfils the functions of the Management Engagement Committee. The Board considers the Company's investment management and secretarial arrangements on a continuing basis and a formal review is conducted at least annually.

The Board considers, 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;

— the administrative services provided by the Secretaries; and

— the marketing effort undertaken by the Managers.

Following the most recent review, it is the opinion of the Directors that the continuing appointment of Baillie Gifford & Co Limited as AIFM and the delegation of the investment management services to Baillie Gifford & Co, on the terms agreed, is in the interests of the Company and the shareholders as a whole due to the strength of the investment management team, the Managers' commitment to the investment trust sector, the quality of the secretarial and administrative functions and the marketing efforts undertaken by the Managers.

Depositary

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

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

The names and biographical details of the Board members who served on the Board as at the year end and up to the date the Financial Statements were signed can be found on page 22.

Each Director shall retire from office at each Annual General Meeting and offer themselves for re-election.

Following formal performance evaluation, the Board concluded that the performance of the Directors 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 31 May 2020 and up to the date of approval of this Report, cover any liabilities that may arise to a third party, other than the Company, for negligence, default or breach of trust or duty. The Directors are not indemnified in respect of liabilities to the Company, any regulatory or criminal fines, any costs incurred in connection with criminal proceedings in which the Director is convicted or civil proceedings brought by the Company in which judgement is given against him or her. In addition, the indemnity does not apply to any liability to the extent that it is recovered from another person.

The Company maintains Directors' and Officers' liability insurance.

Conflicts of Interest

Each Director submits a list of potential conflicts of interest to the Nomination Committee on an annual basis. The Committee considers these carefully, taking into account the circumstances surrounding them and makes a recommendation to the Board on whether or not the potential conflicts should be authorised. Board authorisation is for a period of one year.

Having considered the lists of potential conflicts there were no situations which gave rise to a direct or indirect interest of a Director which conflicted with the interests of the Company.

Share Capital

Capital Structure

The Company's capital structure as at 31 May 2020 consisted of 261,765,000 ordinary shares of 1p each, see note 12. 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.

Dividends

The ordinary shares carry a right to receive dividends. Interim dividends are determined by the Directors, whereas any proposed final dividend is subject to shareholder approval. The Company's objective is to produce capital growth and the policy is only to distribute, by way of a final dividend, the minimum permissible to maintain investment trust status.

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 59 and 60.

Major Interests Disclosed in the Company's Shares

Name	No. of ordinary 1p shares held at 31 May 2020	% of issue
Quilter plc (indirect)	31,137,538	11.9
Brewin Dolphin Limited (indirect)	27,700,367	10.6
BlackRock, Inc (indirect)	13,432,443	5.1

Since the period end the following notifications have been made to the Company. Quilter plc that their indirect holding is 34,591,007 ordinary shares (12.9% at the date of notification), Brewin Dolphin Limited that their indirect holding is 28,957,350 ordinary shares (10.9% at the date of notification) and BlackRock, Inc that their indirect holding has fallen below 5%.

There have been no other changes to the major interests in the Company's shares disclosed up to 1 September 2020.

Share Issuances and Share Buy-backs

At the General Meeting held on 5 March 2018 special resolutions were first passed granting the Directors power to buy-back shares and to allot equity securities or sell ordinary shares held in treasury for cash.

Under the allotment authority the Directors have a general authority to allot ordinary shares and C shares, of up to an aggregate nominal amount equal to the difference between the nominal amount of shares issued at the Company's IPO and £10 million (i.e. up to 827,000,000 (in aggregate) ordinary shares or C shares of a nominal value of 1p each). As at 31 May 2019, the Company had issued 56,800,000 ordinary shares representing 32.8% of the called up share capital at 23 March 2018, the launch date of the Company, at a premium to net asset value on 91 separate occasions at an average price of 122.7p per share raising net proceeds of £70 million. In the year to 31 May 2020, the Company issued a further 31,965,000 ordinary shares representing 18.5% of the called up share capital at 23 March 2018, the launch date of the Company, at a premium to net asset value on 42 separate occasions at an average price of 150.8p per share raising net proceeds of £48 million.

Between 1 June 2020 and 1 September 2020 the Company has issued a further 7,300,000 shares raising net proceeds of £14,623,000. This leaves the ability to issue a further 730,935,000 shares under the existing authority as at 1 September 2020. The authority lasts until the end of the period of five years from the date of the passing of the relevant resolution.

The buy-back authority expires at the end of each Annual General Meeting of the Company and the Directors will be seeking to renew the authority annually. During the year to 31 May 2020 the Company did not buy-back any ordinary shares. Details of the resolution are set out below.

Annual General Meeting

Market Purchases of Shares by the Company

At the last Annual General Meeting the Company was granted authority to purchase up to 34,941,690 ordinary shares (equivalent to approximately 14.99% of its issued share capital as at 1 August 2019). This authority expires at the forthcoming Annual General Meeting.

No shares were bought back during the year under review and no shares are held in treasury.

Share buy-backs may be made principally:

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

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

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

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

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

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

The Directors are seeking shareholders' approval at the Annual General Meeting to renew the authority to purchase up to 14.99% of the Company's ordinary shares in issue as at 1 September 2020, being the latest practicable date prior to publication of this document (or, if less, up to 14.99% of the ordinary shares in issue (excluding treasury shares) on the date on which the Resolution is passed), such authority to expire at the Annual General Meeting of the Company to be held in 2021.

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

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

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

The minimum price (exclusive of expenses) that may be paid will be the nominal value of an ordinary share. Purchases of shares will be made within guidelines established, from time to time, by the Board. Your attention is drawn to resolution 8 in the Notice of Annual General Meeting.

Recommendation

The Board considers each resolution being proposed at the Annual General Meeting to be in the best interests of the Company and its shareholders as a whole and it unanimously recommends that all shareholders vote in favour of them, as each Director intends to do where possible in respect of his or her own beneficial shareholdings.

Financial Instruments

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

Articles of Association

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

Disclosure of Information to Auditor

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

Independent Auditor

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

Post Balance Sheet Events

The Directors confirm that there have been no post Balance Sheet events up to 1 September 2020 other than those noted in note 18 on page 57.

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.

On behalf of the Board
Tom Burnet
Chairman
2 September 2020

Corporate Governance Report

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

Compliance

The Board confirms that the Company has complied throughout the year under review with the relevant provisions of the Code and the recommendations of the AIC Code. The Code includes provisions relating to the role of the chief executive, executive directors' remuneration and the need for an internal audit function. Given that the Company is an externally managed investment trust, the Board considers these provisions are not relevant to the Company (the need for an internal audit function specific to the Company has been addressed on page 29).

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 Board

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

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

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

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

The Directors believe that the Board has a balance of skills and experience which enable it to provide effective strategic leadership and proper governance of the Company. Information about the Directors, including their relevant experience, can be found on page 22.

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 period is required to retire and seek election by shareholders at the next Annual General Meeting. In accordance with the Code, all Directors will retire from office at each Annual General Meeting and, if appropriate, offer themselves for re-election.

The reasons why the Board supports the re-election are set out on page 23.

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

Chairman and Directors' Tenure

The Nomination Committee has considered the question of tenure for Directors and has concluded that there should not be a set maximum time limit for a Director or Chairman to serve on the Board. The Nomination Committee keeps under review the balance of skills, knowledge, experience, performance and length of service of the Directors ensuring the Board has the right combination of skills and preservation of knowledge and experience balanced with the appointment of new Directors bringing in fresh ideas and perspective.

Independence of Directors

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

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

Following formal performance evaluation the Board considers that each Director continues to be independent in character and judgement and his/her skills and experience were a significant benefit to the Board.

Meetings

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

Directors' Attendance at Meetings

	Board	Audit Committee	Nomination Committee
Number of meetings	**4**	**2**	**1**
TJW Burnet	4	2	1
SP Inglis	4	2	1
GD Paterson	4	2	1

Nomination Committee

The Nomination Committee consists of the whole Board and the Chairman of the Board is 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, Board independence, succession planning and training. The Committee also considers whether Directors should be recommended for re-election by shareholders. The Committee is responsible for considering Directors' potential conflicts of interest and for making recommendations to the Board on whether or not the potential conflicts should be authorised.

The Committee's terms of reference are available on request from the Company and on the Company's page on the Managers' website: www.bgusgrowthtrust.com.

Board Diversity Policy

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

Performance Evaluation

An appraisal of the Chairman, each Director and a performance evaluation and review of the Board as a whole and its Committees was carried out during the year. After considering an evaluation questionnaire each Director had an interview with the Chairman. The appraisal of the Chairman was led by Ms SP Inglis, 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. It was noted that the Board structure would remain as it is currently, but the Board would reassess its structure earlier if the Company became a constituent of the FTSE 350. Following this process it was concluded that the performance of each Director, the Chairman, the Board and its Committees continues to be effective and each Director and the Chairman remains committed to the Company.

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

Induction and Training

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

Remuneration

As all the Directors are non-executive, there is no requirement for a separate Remuneration Committee. Directors' fees are considered by the Board as a whole within the limits approved by shareholders. The Company's policy on remuneration is set out in the Directors' Remuneration Report on pages 31 and 32.

Audit Committee

The report of the Audit Committee is set out on pages 29 and 30.

Internal Controls and Risk Management

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

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

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

The Board oversees the functions delegated to the Managers and Secretaries and the controls managed by the AIFM in accordance with the Alternative Investment Fund Managers Directive (as detailed below). Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provide the Audit 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 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' and they have procedures in place to review their effectiveness on a regular basis. No significant weaknesses were identified in the year under review and up to the date of this Report.

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

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

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

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

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

The risk limits, which are set by the AIFM and approved by the Board, take into account the objectives, strategy and risk profile of the portfolio. These limits, including leverage (see page 64), 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 coronavirus pandemic.

The Company's principal risks are market related and include market risk, liquidity risk and credit risk. An explanation of these risks and how they are managed is set out on pages 5 and 6 and contained in note 17 to the Financial Statements.

The Board has, in particular, considered the impact of heightened market volatility since the coronavirus (Covid-19) outbreak 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. 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) (Tax) Regulations 2011. The Company's primary third party suppliers, including its Managers and Secretaries, Depositary and Custodian, Registrar, Auditor and Broker, are not experiencing significant operational difficulties affecting their respective services to the Company.

Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal and emerging risks and other matters including the impact of the coronavirus outbreak set out in the Viability Statement on page 7 which assesses the prospects of the Company over a period of five years, that the Company will continue in operational existence for a period of at least twelve months from the date of approval of these Financial Statements.

Relations with Shareholders

The Board places great importance on communication with shareholders. The Company's Managers meet regularly with shareholders and their representatives and report shareholders' views to the Board. The Chairman is available to meet with shareholders as appropriate. Shareholders wishing to communicate with any member of the Board may do so by writing to them at the Company's registered office or through the Company's broker, Investec Bank plc (see contact details on the back cover).

The Company's Annual General Meeting provides a forum for communication with all shareholders. The level of proxies lodged for each resolution will be announced at the Meeting and will be published on the Company's page of the Managers' website www.bgusgrowthtrust.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 at www.bgusgrowthtrust.com.

Corporate Governance and Stewardship

The Company has given discretionary voting powers to Baillie Gifford & Co. The Managers vote against resolutions they consider may damage shareholders' rights or economic interests.

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

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

On behalf of the Board
Tom Burnet
Chairman
2 September 2020

Audit Committee Report

The Audit Committee consists of all the independent Directors. As the Board comprises three Directors it was considered appropriate that Mr Burnet be a member of the Audit Committee. The 2019 AIC Code of Corporate Governance permits the Chairman of the Board to be a member of the Audit Committee. The members of the Committee consider that they have the requisite financial skills and experience to fulfil the responsibilities of the Committee. Mr Paterson, Chairman of the Committee, is a Chartered Accountant.

The Committee's authority and duties are clearly defined within its written terms of reference which are available on request from the Company Secretaries and at www.bgusgrowthtrust.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.

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

Main Activities of the Committee

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

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

— the results announcement and the Annual and Interim Reports;

— the Company's accounting policies and practices and the implementation of the Managers' valuation policy for investments in unquoted companies;

— 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;

— re-appointment, remuneration and terms of engagement of the external Auditor;

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

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

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

— internal controls reports received from the Managers and Custodian; and

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

Internal Audit

The Committee continues to believe that the compliance and internal controls systems and the internal audit function in place within the Managers provide sufficient assurance that a sound system of internal control, which safeguards shareholders' interests 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 area of risk likely to impact the Financial Statements is the existence, ownership and valuation of investments as they represent 96.6% of total assets.

Unlisted Investments

The Committee reviewed the Managers' valuation approach for investments in unquoted companies (as described on page 45) and approved the valuations of the unlisted investments following a detailed review of the valuation of each investment and relevant challenge where appropriate.

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

Listed Investments

The majority of the investments are in quoted securities and market prices are readily available from independent external pricing sources. The Committee reviewed Baillie Gifford's Report on Internal Controls which details the controls in place regarding the recording and pricing of investments.

The Managers agreed the prices of all the listed investments at 31 May 2020 to external price sources and the holdings were agreed to confirmations from the Company's Custodian or Transfer Agent.

Other Matters

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

The Committee considered the factors, including the impact of Covid-19, that might affect the Company's viability over a period of five years and its ability to continue as a going concern for at least twelve months from the date of signing of the Financial Statements, together with reports from the Managers on the cash position and cash flow projections of the Company, the liquidity of its investment portfolio, compliance with debt covenants, availability of borrowing facilities, and the Company's ability to meet its obligations as they fall due. The Committee also reviewed the Viability Statement on page 7 and statement on Going Concern on page 28 including the potential impact of Covid-19. Following this assessment, the Committee recommended to the Board the appropriateness of the Going Concern basis in preparing the Financial Statements and confirmed the accuracy of the Viability Statement and statement on Going Concern.

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

Internal Controls and Risk Management

The Committee reviewed the effectiveness of the Company's risk management and internal controls systems as described on pages 27 and 28. No significant weaknesses were identified in the year under review.

External Auditor

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

— the Auditor's audit strategy for the year to 31 May 2020 which included a report from the Auditor describing their arrangements to manage auditor independence and received confirmation of their independence; and

— the extent of non-audit services provided by the external Auditor. There were no non-audit fees for the year to 31 May 2020. The non-audit fees in the period from 7 February 2018 to 31 May 2019 paid to KPMG LLP were for providing procedural services related to the initial listing of the Company and the SIR 2000 Accountant's Report for the six months to 7 August 2018. The fees charged for these services were £25,000 and £40,000 respectively (see note 4 on page 46). The Committee does not believe that this has impaired the Auditor's independence and has confirmed the services provided are permitted under the non-audit services policy of the Company.

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

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

— the Audit Quality Inspection Report on KPMG LLP issued by the FRC's Audit Quality Review team (AQRT); and

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

Non-audit service requests are considered on a case by case basis.

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.

KPMG LLP was appointed as the Company's Auditor, by the Directors, on 23 April 2018. The audit partner responsible for the audit is to be rotated at least every five years in accordance with professional and regulatory standards in order to protect independence and objectivity and to provide fresh challenge to the business. Mr John Waterson, the current audit partner has held this role for two years and will continue as audit partner until the conclusion of the 2023 audit. KPMG 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 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 33 to 39.

On behalf of the Board
Graham Paterson
Audit Committee Chairman
2 September 2020

Directors' Remuneration Report

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

Statement by the Chairman

The Directors' Remuneration Policy is subject to shareholder approval every three years or sooner if an alteration to the policy is proposed. The Remuneration Policy which is set out below was last approved at the Annual General Meeting in August 2019 and no changes to the policy are proposed.

The Board reviewed the level of fees during the year and it was agreed that there would be no change to the fees. The fees were last increased on 1 June 2019 when the Chairman's fee was increased to £34,500 per annum, the Directors' fees to £24,500 per annum with the Audit Committee's Chairman's additional fee remaining at £4,500 per annum.

Directors' Remuneration Policy

The Board is composed wholly of non-executive Directors, none of whom has a service contract with the Company. There is no separate remuneration committee and the Board as a whole considers changes to Directors' fees from time to time.

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

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

Limits on Directors' Remuneration

The fees for the non-executive Directors are payable quarterly in arrears and are determined within the limit set out in the Company's Articles of Association which is currently £300,000 per annum in aggregate. Any change to this limit requires shareholder approval.

The basic and additional fees payable to Directors in respect of the year ended 31 May 2020 and the fees payable in respect of the year ending 31 May 2021 are set out in the table below. The fees payable to the Directors in the subsequent financial periods will be determined following an annual review of the Directors' fees.

	Expected fees for the year ending 31 May 2021 £	Fees for the year ended 31 May 2020 £
Chairman's fee	34,500	34,500
Non-executive Director fee	24,500	24,500
Additional fee for Chairman of the Audit Committee	4,500	4,500
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	300,000	300,000

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 KPMG LLP's report on pages 34 to 39.

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.

	For the year ended 31 May 2020			For the period from 7 February 2018 to 31 May 2019		
Name	Fees £	Taxable benefits £	Total £	Fees £	Taxable benefits £	Total £
TJW Burnet (Chairman)*	34,500	–	34,500	40,417	–	40,417
GD Paterson (Audit Committee Chairman)*	29,000	–	29,000	33,577	–	33,577
SP Inglis*	24,500	–	24,500	27,981	–	27,981
AR Blake (resigned 5 March 2018)†	–	–	–	–	–	–
GG Walker (resigned 5 March 2018)†	–	–	–	–	–	–
	88,000	**–**	**88,000**	**101,975**	**–**	**101,975**

* Appointed 5 March 2018.

† Mr Blake and Mr Walker, employees of Baillie Gifford & Co, were Directors purely for the purpose of establishing the Company and did not receive any remuneration in this role.

Directors' Interests (audited)

The Directors at the financial year end, and their interests in the Company, were as shown below. There have been no changes intimated in the Directors' interests up to 1 September 2020.

Name	Nature of interest	Ordinary 1p shares held at 31 May 2020	Ordinary 1p shares held at 31 May 2019
TJW Burnet	Beneficial	111,500	111,500
SP Inglis	Beneficial	50,000	50,000
GD Paterson	Beneficial	65,000	50,000

Statement of Voting at Annual General Meeting

At the Annual General Meeting held on 27 August 2019, of the proxy votes received in respect of the Directors' Remuneration Policy, 99.96% were in favour, 0.03% were against and votes withheld were 0.01% and, of the proxy votes received in respect of the Directors' Remuneration Report, 99.96% were in favour, 0.03% were against and, votes withheld were 0.01%.

Relative Importance of Spend on Pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to employees with distributions to shareholders. The Directors' remuneration for the year is set out on the previous page. There were no distributions to shareholders by way of dividend or share repurchases during the period.

Directors' Service Details

Name	Date of appointment	Due date for election
TJW Burnet	5 March 2018	AGM in 2020
SP Inglis	5 March 2018	AGM in 2020
GD Paterson	5 March 2018	AGM in 2020

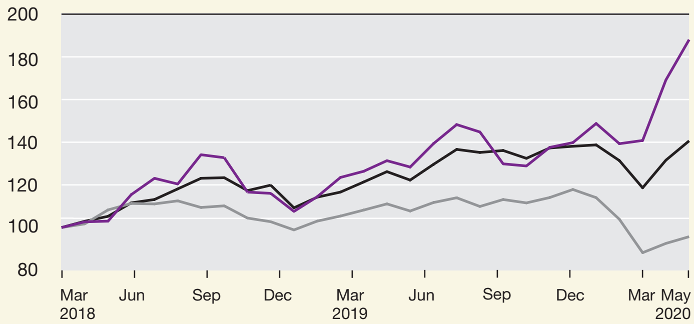
Company Performance

The following graph compares, for the period from 23 March 2018, launch date, and first trade date, to 31 May 2020, the share price total return (assuming all dividends are reinvested) to the Company's ordinary shareholders compared to the total shareholder return on a notional investment made up of shares in the component parts of the FTSE All-Share Index. This index was chosen for comparison purposes as it is a widely used measure of performance for UK listed companies. Comparative Index provided for information purposes only.

Performance Graph

The Company's Share Price, FTSE All-Share Index and Comparative Index*

(figures have been rebased to 100 at 23 March 2018)



Source: Refinitiv/Baillie Gifford and relevant underlying index providers. See disclaimer on page 64.

Baillie Gifford US Growth share price

FTSE All-Share Index

Comparative Index* (in sterling terms)

All figures are total return (assuming all dividends reinvested). (See Glossary of Terms and Alternative Performance Measures on page 65)

* S&P 500 Index total return (in sterling terms). See disclaimer on page 64.

Past performance is not a guide to future performance.

Approval

The Directors' Remuneration Report on pages 31 and 32 was approved by the Board of Directors and signed on its behalf on 2 September 2020.

Tom Burnet
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 the 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 including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

— select suitable accounting policies and then apply them consistently;

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

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

— assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

— use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 its Financial Statements 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 responsibility 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, a Directors' Remuneration Report and a Corporate Governance Statement that complies with that law and those regulations.

The Directors have delegated responsibility to the Managers for the maintenance and integrity of the corporate and financial information included on 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, which have been prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', give a true and fair view of the assets, liabilities, financial position and net return of the Company; and

— the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

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

On behalf of the Board
Tom Burnet
Chairman
2 September 2020

Notes

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

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

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

KPMG

Independent auditor's report

to the members of Baillie Gifford US Growth Trust plc

1. Our opinion is unmodified

We have audited the financial statements of Baillie Gifford US Growth Trust plc ('the Company') for the year ended 31 May 2020 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

— give a true and fair view of the state of the Company's affairs as at 31 May 2020 and of its return for the year then ended;

— have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were first appointed as auditor by the directors on 23 April 2018. The period of total uninterrupted engagement is for the two financial periods ended 31 May 2020. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: Financial statements as a whole	£4.43m (2019:£3.02m) 0.9% (2019: 1%) of Total Assets	
Key audit matters		**vs 2019**
Recurring risks	Valuation of unlisted investments (Increased risk due to impact of Covid-19)	▲
	Carrying value of quoted investments	◀▶

2. Key audit matters: including our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2019), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and our findings from those procedures in order that the Company's members as a body may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our findings are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Valuationof unlisted investments (£59.6million; 2019: £32.5 million) *Refer to page 29 (Audit Committee Report), page 45 (accounting policy) and note 9 on pages 48-49 and note 17 on pages 52-57 (financial disclosures).*	**Subjective valuation:** As at 31 May 2020, 12% (31 May 2019: 11%) of the company's total assets (by value) is held in investments where no quoted market price is available. Unlisted investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines, by using measurements of value such as prices of recent orderly transactions, earnings multiples, and net assets. Timing of the global Covid-19 pandemic brought elevated uncertainty and complexity to management's year end valuation process. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of unlisted investments has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 17) disclose the sensitivity estimated by the Company.	Our procedures included: — **Historical comparisons:** Assessment of investment listings in the period, comparing actual listing proceeds to prior valuations to understand the reasons for significant variances and determine whether they are indicative of bias or error in the Company's approach to valuations; — **Methodology choice:** In the context of observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines, we challenged the appropriateness of the valuation basis selected; — **Our valuation experience:** Challenging the investment manager on key judgements affecting investee company valuations, such as the choice of benchmark for earnings multiples. We compared key underlying financial data inputs to external sources, investee company audited accounts and management information as applicable. We challenged the assumptions around sustainability of earnings based on the plans of the investee companies and whether these are achievable. Our work included consideration of events which occurred subsequent to the period end until the date of this audit report; — **Comparing valuations:** Where a recent transaction has been used to value a holding, we obtained an understanding of the circumstances surrounding the transaction and whether it was considered to be on an arm's length basis and suitable as an input into a valuation; — **Our corporate finance expertise:** To incorporate the increased valuation uncertainty, arising from Covid-19, we have requested the expertise of KPMG Corporate Finance specialists to assist the audit team in qualitatively assessing the valuation method for a selection of unlisted investments and the appropriateness of the valuation approach in considering Covid-19 impact on unlisted investments; and — **Assessing transparency:** Consideration of the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of unlisted investments and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions. **Our findings:** — We found the Company's valuation of unlisted investments to be balanced (2019: balanced) and the related disclosures to be proportionate (2019: proportionate).

KPMG

2. Key audit matters: including our assessment of risks of material misstatement (continued)

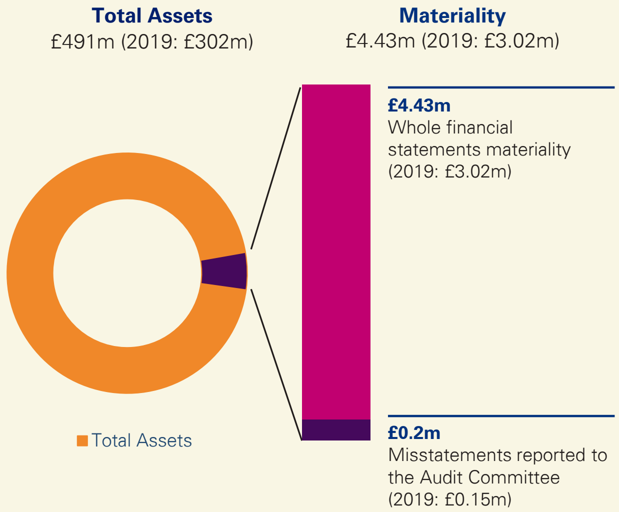
	The risk	Our response
Carrying valuation of quoted investments (£414 million; 2019: £264 million) *Refer to page 29 (Audit Committee Report), page 45 (accounting policy), note 9 on pages 48-49 and note 17 on pages 52-57 (financial disclosures).*	**Low risk, high value:** The Company's portfolio of quoted investments makes up 84% (2019: 87%) of the Company's total assets (by value) and is one of the key drivers of results. We do not consider the valuation of these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	Our procedures included: — **Test of detail:** Agreeing the valuation of 100% of listed investments in the portfolio to externally quoted prices; and — **Enquiry of custodians:** Agreeing 100% of listed investments held in the portfolio to independently received third party confirmations from the investment custodian, or other supporting information, if not included in the custodian confirmation. **Our findings:** — We found no differences between the third party custodian confirmation, or alternative support, or the externally quoted prices and the valuation of listed investments of a size to require reporting to the Audit Committee (2019: no differences of a size to require reporting to the Audit Committee).

3. Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £4.43m (2019: £3.02m), determined with reference to a benchmark of total assets of £491m (2019: £302m), of which it represents 0.9% (2019: 1%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.2m (2019: £0.15m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed by a single audit team.



4. We have nothing to report on going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if:

— we have anything material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or

— the related statement under the Listing Rules set out on page 28 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic Report and Directors' Report

Based solely on our work on the other information:

— we have not identified material misstatements in the Strategic report and the Directors' report;

— in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

— in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration Report

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

Disclosures of emerging and principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

— the directors' confirmation within the Viability Statement on page 7 that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;

— the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and

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

Under the Listing Rules we are required to review the Viability Statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

— we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that 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; or

— the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Report does not properly disclose a departure from the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

KPMG

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 33, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors, the manager and the administrator (as required by auditing standards), and discussed with the directors and the manager the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), and its qualification as an Investment Trust under UK tax legislation, any breach of which could lead to the Company losing various deductions and exemptions from UK corporation tax, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: the Listing Rules and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8. The purpose of our audit work and to whom we owe our responsibilities

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 and the terms of our engagement by the Company. 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 the further matters we are required to state to them in accordance with the terms agreed with the Company, 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.

John Waterson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street
Glasgow
G2 5AS

2 September 2020

Income Statement

	Notes	For the year ended 31 May 2020 Revenue £'000	Capital £'000	Total £'000	For the period from 7 February 2018 to 31 May 2019 Revenue £'000	Capital £'000	Total £'000
Gains on investments	9	–	140,652	**140,652**	–	50,864	**50,864**
Currency gains	13	–	88	**88**	–	1,040	**1,040**
Income	2	595	–	**595**	699	–	**699**
Investment management fee	3	(2,206)	–	**(2,206)**	(1,893)	–	**(1,893)**
Other administrative expenses	4	(380)	–	**(380)**	(359)	–	**(359)**
Net return before finance costs and taxation		(1,991)	140,740	**138,749**	(1,553)	51,904	**50,351**
Finance costs of borrowings	5	(485)	–	**(485)**	(401)	–	**(401)**
Net return before taxation		(2,476)	140,740	**138,264**	(1,954)	51,904	**49,950**
Tax	6	(79)	–	**(79)**	(100)	–	**(100)**
Net return after taxation		**(2,555)**	**140,740**	**138,185**	**(2,054)**	**51,904**	**49,850**
Net return per ordinary share	7	**(1.05p)**	**57.85p**	**56.80p**	**(1.09p)**	**27.54p**	**26.45p**

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

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

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

The accompanying notes on pages 44 to 57 are an integral part of the Financial Statements.

Balance Sheet

As at 31 May

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Investments held at fair value through profit or loss	9		474,136		296,434
Current assets					
Debtors	10	1,627		51	
Cash and cash equivalents	16	16,089		5,952	
		17,716		6,003	
Creditors					
Amounts falling due within one year	11	(15,650)		(12,508)	
Net current assets/(liabilities)			2,066		(6,505)
Net assets			**476,202**		**289,929**
Capital and reserves					
Share capital	12		2,618		2,298
Share premium account	13		116,607		68,839
Special distributable reserve	13		168,942		168,942
Capital reserve	13		192,644		51,904
Revenue reserve	13		(4,609)		(2,054)
Shareholders' funds			**476,202**		**289,929**
Net asset value per ordinary share	14		**181.92p**		**126.17p**

The Financial Statements of Baillie Gifford US Growth Trust plc (Company Registration number 11194060) were approved and authorised for issue by the Board and were signed on 2 September 2020.

Tom Burnet
Chairman

The accompanying notes on pages 44 to 57 are an integral part of the Financial Statements.

Statement of Changes in Equity

For the year to 31 May 2020

	Notes	Redeemable preference shares £'000	Share capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 June 2019		–	2,298	68,839	168,942	51,904	(2,054)	**289,929**
Ordinary shares issued	12	–	320	47,768	–	–	–	**48,088**
Net return after taxation		–	–	–	–	140,740	(2,555)	**138,185**
Shareholders' funds at 31 May 2020		**–**	**2,618**	**116,607**	**168,942**	**192,644**	**(4,609)**	**476,202**

For the period from 7 February 2018 to 31 May 2019

	Notes	Redeemable preference shares £'000	Share capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 7 February 2018		–	–	–	–	–	–	**–**
Redeemable preference shares issued	12	50	–	–	–	–	–	**50**
Ordinary shares issued	12	–	2,298	237,781	–	–	–	**240,079**
Redemption of redeemable preference shares	12	(50)	–	–	–	–	–	**(50)**
Cancellation of share premium	12	–	–	(168,942)	168,942	–	–	**–**
Net return after taxation		–	–	–	–	51,904	(2,054)	**49,850**
Shareholders' funds at 31 May 2019		**–**	**2,298**	**68,839**	**168,942**	**51,904**	**(2,054)**	**289,929**

The accompanying notes on pages 44 to 57 are an integral part of the Financial Statements.

Cash Flow Statement

	For the year ended 31 May 2020		For the period from 7 February 2018 to 31 May 2019	
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
Net return before taxation		138,264		49,950
Net gains on investments		(140,652)		(50,864)
Currency gains		(88)		(1,040)
Finance costs of borrowings		485		401
Overseas withholding tax		(80)		(98)
Changes in debtors and creditors		220		440
Cash from operations*		(1,851)		(1,211)
Finance costs paid		(521)		(287)
Net cash outflow from operating activities		(2,372)		(1,498)
Cash flows from investing activities				
Acquisitions of investments	(87,106)		(271,569)	
Disposals of investments	48,780		25,999	
Net cash outflow from investing activities		(38,326)		(245,570)
Cash flows from financing activities				
Ordinary shares issued	48,088		240,079	
Bank loans drawn down	53,878		28,778	
Bank loans repaid	(51,543)		(17,024)	
Net cash inflow from financing activities		50,423		251,833
Increase in cash and cash equivalents		9,725		4,765
Exchange movements		412		1,187
Cash and cash equivalents at start of the period		5,952		–
Cash and cash equivalents at 31 May		**16,089**		**5,952**

* Cash from operations includes dividends received in the period of £533,000 (2019 – £651,000) and interest received of £64,000 (2019 – £35,000).

The accompanying notes on pages 44 to 57 are an integral part of the Financial Statements.

Notes to the Financial Statements

Baillie Gifford US Growth Trust plc (the 'Company') was incorporated under the Companies Act 2006 in England and Wales as a public limited company with registered number 11194060. The Company is an investment company within the meaning of section 833 of the Companies Act 2006 and carries on business as an investment trust.

1 Principal Accounting Policies

The Financial Statements for the year to 31 May 2020 have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and on the basis of the accounting policies set out below.

(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 coronavirus (Covid-19) outbreak 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. 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) (Tax) Regulations 2011. The Company's primary third party suppliers, including its Managers and Secretaries, Depositary and Custodian, Registrar, Auditor and Broker, are not experiencing significant operational difficulties affecting their respective services to the Company. Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal and emerging risks and other matters including the impact of the coronavirus outbreak set out in the Viability Statement on page 7 which assesses the prospects of the Company over a period of five years, 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 UK Accounting Standards, the Association of Investment Companies ('AIC') Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in November 2014 and updated in October 2019 with consequential amendments. In order to reflect better the activities of the Company and in accordance with guidance issued by the AIC, supplementary information which analyses the profit and loss account between items of a revenue and capital nature has been presented in the Income Statement.

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

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.

(b) Accounting Estimates, Assumptions and Judgements

The preparation of the Financial Statements requires the use of estimates, assumptions and judgements. These estimates, assumptions and judgements affect the reported amounts of assets and liabilities at the reporting date. While estimates are based on best judgement using information and financial data available, the actual outcome may differ from these estimates. The key sources of estimation and uncertainty relate to the fair valuation of the unlisted investments.

Judgements

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

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

(ii) the fair valuation of the unlisted investments.

The key judgements in the fair valuation process are:

(i) the Managers' determination of the appropriate application of the International Private Equity and Venture Capital Valuation ('IPEV') Guidelines 2018 along with the Special Guidelines issued in March 2020 to each unlisted investment; and

(ii) the Directors' consideration of whether each fair value is appropriate following detailed review and challenge. The judgement applied in the selection of the methodology used (see 1(c) below) for determining the fair value of each unlisted investment can have a significant impact upon the valuation.

Estimates

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

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

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

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

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

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

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

Fair value estimates are cross-checked to alternative estimation methods where possible to improve the robustness of the estimates. As the valuation outcomes may differ from the fair value estimates a price sensitivity analysis is provided in Other Price Risk Sensitivity in note 17 on pages 54 and 55 to illustrate the effect on the Financial Statements of an over or under estimation of fair values. The risk of an over or under estimation of fair values is greater when methodologies are applied using more subjective inputs.

Assumptions

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

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

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

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

(iii) that the application of milestone analysis and industry benchmark indices are a reasonable basis for applying appropriate adjustments to the valuations.

Valuations are cross-checked for reasonableness to alternative Multiples-based approaches or benchmark index movements as appropriate.

(c) Investments

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

Recognition and Initial Investment

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

Measurement and Valuation

Listed Investments

The fair value of listed security investments is the last traded price on recognised overseas exchanges.

Unlisted Investments

Unlisted investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by the Managers. The Managers' unlisted investment valuation policy applies techniques consistent with the IPEV Guidelines.

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

— Multiples;

— Industry Valuation Benchmarks; and

— Available Market Prices.

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

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

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

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

Gains and Losses

Gains and losses on investments, including those arising from foreign currency exchange differences, are recognised in the Income Statement as capital items.

The Managers monitor the investment portfolio on a fair value basis and uses the fair value basis for investments in making investment decisions and monitoring financial performance.

(d) Cash and Cash Equivalents

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

(e) Financial Liabilities

Bank loans and overdrafts are classified as loans and are measured at amortised cost. They are initially recorded at the proceeds received net of direct costs.

(f) Income

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

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

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

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

(v) Interest receivable on bank deposits and underwriting commission are recognised on an accruals basis.

(g) Expenses

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

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

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

(h) Finance Costs

Finance costs are accounted for on an accruals basis and on an effective interest rate basis and are charged through the revenue account.

(i) Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those enacted or substantively enacted at the reporting date.

Deferred taxation is provided on an undiscounted basis on all timing differences which have originated but not reversed by the Balance Sheet date, calculated 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.

(j) Foreign Currencies

Transactions involving foreign currencies are converted at the rate ruling at the time of the transaction. Assets and liabilities in foreign currencies are translated at the closing rates of exchange at the Balance Sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or revenue reserve as appropriate. Foreign exchange movements on investments are included in the Income Statement within gains or losses on investments.

(k) Special Distributable Reserve

The special distributable reserve can be used for the repurchase of shares and may be distributed by way of dividend.

(l) Capital Reserve

Gains and losses on disposal of investments, changes in the fair value of investments held and realised and unrealised foreign exchange differences of a capital nature are dealt with in this reserve after being recognised in the Income Statement. Purchases of the Company's own shares may be funded from this reserve.

(m) Single Segment Reporting

The Company is engaged in a single segment of business, being investment business, consequently no business segmental analysis is provided.

The Company was incorporated on 7 February 2018 and therefore the comparatives figures in notes headed up '2019', where applicable, are for the period from 7 February 2018 to 31 May 2019.

2 Income

	2020 £'000	2019 £'000
Income from financial assets designated at fair value through profit or loss		
Overseas dividends	528	664
Overseas interest	21	–
	549	664
Other income		
Deposit interest	46	35
Total income	**595**	**699**

3 Investment Management Fee

	2020 £'000	2019 £'000
Investment management fee	**2,206**	**1,893**

Details of the Investment Management Agreement are set out on page 23. The annual management fee is 0.70% on the first £100 million of net assets and 0.55% on the remaining net assets. Management fees are calculated and payable quarterly.

4 Other Administrative Expenses

	2020 £'000	2019 £'000
Director's fees (see Directors' Remuneration Report page 31)	88	102
Auditor's remuneration for audit services	50	22
General administrative expenses	242	235
	380	**359**

There were no non-audit fees paid to KPMG LLP in the year to 31 May 2020. In the period to 31 May 2019 non-audit fees paid to KPMG LLP amounted to £25,000 in respect of procedural services related to the initial listing of the Company and £40,000 in respect of the SIR 2000 Accountants' Report for the six months to 7 August 2018. As these costs related to the initial listing of the Company and the second prospectus for the placing of further shares, they are capital in nature and included within the costs of issuing shares (see note 12). There were no other non-audit fees in the period to 31 May 2019.

5 Finance Costs of Borrowings

	2020 £'000	2019 £'000
Bank loan (see note 11)	**485**	**401**

Finance costs include the initial arrangement fee and non-utilisation fees.

6 Tax

	2020 £'000	2019 £'000
Analysis of charge in the year		
Overseas withholding taxation	79	100
The tax charge for the year is lower than the standard rate of corporation tax in the UK (19.00%) The differences are explained below:		
Net return before taxation	138,264	49,950
Revenue return multiplied by the standard rate of corporation tax in the UK in the UK of 19.00% (2019 – 19.00%)	26,270	9,491
Capital returns not taxable	(26,741)	(9,862)
Overseas dividends not taxable	(100)	(126)
Taxable expenses in the period not utilised	571	497
Overseas withholding tax	79	100
Revenue tax charge for the year	**79**	**100**

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

Factors that may affect future tax charges

At 31 May 2020 the Company had a potential deferred tax asset of £1,068,000 (2019 – £445,000) in respect of taxable losses which are available to be carried forward and offset against future taxable profits. A deferred tax asset has not been provided on these losses as it is considered unlikely that the Company will make suitable taxable revenue profits in excess of deductible expenses in future periods. The potential deferred tax asset has been calculated using a corporation tax rate of 19% (2019 – 17%).

7 Net Return per Ordinary Share

	2020 Revenue	2020 Capital	2020 Total	2019 Revenue	2019 Capital	2019 Total
Net return after taxation	**(1.05p)**	**57.85p**	**56.80p**	**(1.09p)**	**27.54p**	**26.45p**

Revenue return per ordinary share is based on the net revenue loss after taxation of £2,555,000 (2019 – net revenue loss after taxation of £2,054,000) and on 243,286,434 (2019 – 188,466,423) ordinary shares, being the weighted average number of ordinary shares in issue during each period.

Capital return per ordinary share is based on the net capital gain for the financial period of £140,740,000 (2019 – net capital gain of £51,904,000) and on 243,286,434 (2019 – 188,466,423) ordinary shares, being the weighted average number of ordinary shares in issue during each period.

Total return per ordinary share is based on the total gain for the financial period of £138,185,000 (2019 – £49,850,000) and on 243,286,434 (2019 – 188,466,423) ordinary shares, being the weighted average number of ordinary shares in issue during each period.

There are no dilutive or potentially dilutive shares in issue.

8 Ordinary Dividends

There are no dividends paid or proposed in respect of the financial year. There is no investment income available for distribution by way of dividend for the year to 31 May 2020 due to the revenue loss of £2,555,000 in the year (period to 31 May 2019 – revenue loss of £2,054,000).

9 Fixed Assets – Investments Held at Fair Value through Profit and Loss

As at 31 May 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed securities	414,486	–	–	**414,486**
Unlisted ordinary shares	–	–	6,407	**6,407**
Unlisted preference shares*	–	–	50,134	**50,134**
Unlisted convertible promissory notes	–	–	3,109	**3,109**
Total financial asset investments	**414,486**	**–**	**59,650**	**474,136**

As at 31 May 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed securities	263,914	–	–	**263,914**
Unlisted ordinary shares	–	–	3,174	**3,174**
Unlisted preference shares*	–	–	29,346	**29,346**
Unlisted convertible promissory notes	–	–	–	**–**
Total financial asset investments	**263,914**	**–**	**32,520**	**296,434**

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

During the year to 31 May 2020 investments with a book cost of £4,666,000 (period to 31 May 2019 – 2,286,000) were transferred from Level 3 to Level 1 on becoming listed.

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

Fair Value Hierarchy

The fair value hierarchy used to analyse the fair values of financial assets is described below. The levels are determined by the lowest (that is the least reliable or least independently observable) level of input that is significant to the fair value measurement for the individual investment in its entirety as follows:

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

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

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

The valuation techniques used by the Company are explained in the accounting policies on page 45. A sensitivity analysis by valuation technique of the unlisted securities is on pages 54 and 55.

	Listed securities £'000	Unlisted securities* £'000	Total £'000
Cost of investments at 31 May 2019	221,229	27,344	**248,573**
Investment holding gains at 31 May 2019	42,685	5,176	**47,861**
Value of investments at 31 May 2019	263,914	32,520	**296,434**
Analysis of transactions in the year:			
Purchases at cost	53,009	34,338	**87,347**
Sales proceeds received	(50,297)	–	**(50,297)**
Gains and losses on investments	143,194	(2,542)	**140,652**
Changes in categorisation	4,666	(4,666)	**–**
Value of investments at 31 May 2020	**414,486**	**59,650**	**474,136**
Cost of investments at 31 May 2020	230,637	57,016	**287,653**
Investment holding gains and losses at 31 May 2020	183,849	2,634	**186,483**
Value of investments at 31 May 2020	**414,486**	**59,650**	**474,136**

* Includes holdings in ordinary shares, preference shares and convertible promissory notes.

The disclosure of gains on investments has been amended to comply with the requirements of the AIC Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (updated in October 2019).

9 Fixed Assets – Investments Held at Fair Value through Profit and Loss (continued)

The Company received £50,297,000 from investments sold in the year (period to 31 May 2019 – £25,999,000). The book cost of these investments when they were purchased was £48,267,000 (2019 – £22,996,000). 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 £20,000 (2019 – £55,000) and £18,000 (2019 – £12,000) respectively, being £38,000 (2019 - £67,000) in total.

Of the gains on sales during the year of £2,030,000, a net loss of £125,000 was included in the investment holding gains and losses at the previous period end.

	2020 £'000	2019 £'000
Net gains on investments designated at fair value through profit or loss on initial recognition		
Realised gains on sales	2,030	3,003
Changes in investment holding gains and losses	138,622	47,861
	140,652	**50,864**

Significant Holdings

Details of significant holdings are noted below in accordance with the disclosure requirements paragraph 82 of the AIC Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (updated in October 2019), in relation to unlisted investments included in the twenty largest holdings within the List of Investments disclosed on pages 19 and 20.

As at 31 May 2020 Name	Business	Latest Financial Statements	Proportion of capital owned %	Book cost £'000	Market value £'000	Income recognised from holding in the period	Turnover (US$'000)	Pre-tax profit/(loss) (US$'000)	Net assets attributable to shareholders (US$'000)
Stripe	Online payment platform	n/a	0.03	8,672	10,961	Nil	Information not publicly available		

As at 31 May 2019 Name	Business	Latest Financial Statements	Proportion of capital owned %	Book cost £'000	Market value £'000	Income recognised from holding in the period	Turnover (US$'000)	Pre-tax profit/(loss) (US$'000)	Net assets attributable to shareholders (US$'000)
Space Exploration Technologies	Rocket and spacecraft company	n/a	0.03	5,898	6,411	Nil	Information not publicly available		

10 Debtors

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Income accrued (net of withholding taxes)	10	11
Sales for subsequent settlement	1,517	–
Other debtors and prepayments	100	40
	1,627	**51**

None of the above debtors are financial assets designated at fair value through profit or loss. The carrying amount of debtors is a reasonable approximation of fair value. There were no debtors that were past due or impaired at 31 May 2020 or 31 May 2019.

11 Creditors – Amounts falling due within one year

	2020 £'000	2019 £'000
ING Bank N.V. floating rate loan	14,560	11,901
Purchases for subsequent settlement	241	–
Investment management fee	692	436
Other creditors and accruals	157	171
	15,650	**12,508**

None of the above creditors at 31 May 2020 or 31 May 2019 are financial liabilities designated at fair value through profit or loss.

Borrowing facilities

The Company entered into a US$25 million five year revolving credit facility with ING Bank N.V., London Branch on 1 August 2018.

At 31 May 2020 there were drawings of US$18 million at an interest rate of 2.26813% (2019 – US$15 million at an interest rate of 4.10063%).

The main covenants relating to the loan are that borrowings should not exceed 30% of the Company's adjusted net asset value and the Company's minimum adjusted net asset value shall be £70 million. The adjusted net asset value calculation includes the deduction of 100% of any unlisted securities. There were no breaches in the loan covenants during the year to 31 May 2020 (period to 31 May 2019 – none).

12 Share Capital

	2020 Number	2020 £'000	2019 Number	2019 £'000
Allotted, called up and fully paid ordinary shares of 1p each	**261,765,000**	**2,618**	**229,800,000**	**2,298**

On incorporation, the share capital of the Company was £50,000.01 represented by one ordinary share with a nominal value of 1p and 5,000,000 redeemable preference shares with a nominal value of 1p, which were held by Baillie Gifford & Co Limited to allow the Company to commence business and to exercise its borrowing powers. The redeemable preference shares were to be redeemed upon completion of the Company's initial public offering ('IPO') out of the proceeds of the IPO.

At its IPO on 23 March 2018, the Company issued 172,999,999 ordinary shares of 1p and raised gross proceeds of £173,000,000 which was used to finance the initial investments of the Company. The issue costs in respect of the IPO were £2,273,000, which were made up of set up costs of £453,000 and commission of £1,820,000.

On 26 June 2018 the Company, by special resolution, redeemed the redeemable preference shares as confirmed by an Order of the High Court of Justice, Chancery Division. At that date, as approved by a special resolution passed on 5 March 2018, the amount outstanding on the Company's share premium account immediately following the issue on 23 March 2018 was reduced by £168,942,000 in order to create distributable reserves which could be used for the repurchase of shares and to fund the payment of dividends.

The Company has authority to allot shares under section 551 of the Companies Act 2006. The Board has authorised use of this authority to issue new shares at a premium to net asset value in order to enhance the net asset value per share for existing shareholders and improve the liquidity of the Company's shares. In the year to 31 May 2020, the Company issued a total of 31,965,000 shares (nominal value £320,000, representing 13.9% of the issued share capital at 31 May 2019) on a non pre-emptive basis at a premium to net asset value (on the basis of debt valued at par value), raising net proceeds of £48,088,000 (in the period from the IPO, 23 March 2018 to 31 May 2019, the Company issued a total of 56,800,000 shares (nominal value £568,000, representing 32.8% of the issued share capital at 23 March 2018, raising net proceeds of £69,597,000), which has been invested in accordance with the Company's investment policy.

Over the period from 31 May 2020 to 1 September 2020 the Company has issued a further 7,300,000 shares at a premium to net asset value, raising net proceeds of £14,623,000.

The Company's authority to buy back shares up to a maximum of 14.99% of the Company's issued share capital was renewed at the Annual General Meeting held on 27 August 2019. No shares were bought back in the year to 31 May 2020. At 31 May 2020 the Company had authority to buy back a further 34,941,690 ordinary shares.

13 Capital and Reserves

	Share capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
At 31 May 2019	2,298	68,839	168,942	51,904	(2,054)	**289,929**
Net gains on sales of investments	–	–	–	2,030	–	**2,030**
Changes in investment holding gains and losses	–	–	–	138,622	–	**138,622**
Exchange differences on loan	–	–	–	(324)	–	**(324)**
Exchange differences	–	–	–	412	–	**412**
Ordinary shares issued	320	47,768	–	–	–	**48,088**
Revenue return after taxation	–	–	–	–	(2,555)	**(2,555)**
At 31 May 2020	**2,618**	**116,607**	**168,942**	**192,644**	**(4,609)**	**476,202**

The capital reserve includes investments holding gains of £186,483,000 (2019 – £47,861,000) as disclosed in note 9.

The revenue reserve, the capital reserve (to the extent it constitutes realised profits) and the special distributable reserve may be distributed by way of dividend.

The special distributable reserve can be used for the repurchase of shares.

14 Net Asset Value per Ordinary Share

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

	2020 Net asset value per share	2020 Net assets attributable £'000	2019 Net asset value per share	2019 Net assets attributable £'000
Ordinary shares	**181.92p**	**476,202**	126.17p	289,929

The movements during the period of the assets attributable to the ordinary shares are shown in note 13.

Net asset value per ordinary share is based on the net assets as shown above and on 261,765,000 (2019 – 229,800,000) ordinary shares, being the number of ordinary shares in issue at 31 May 2020 and 31 May 2019.

15 Analysis of Change in Net Debt

	At 31 May 2019 £'000	Cash flows £'000	Exchange movement £'000	At 31 May 2020 £'000
Cash and cash equivalents	5,952	9,725	412	16,089
Loans due within one year	(11,901)	(2,335)	(324)	(14,560)
	(5,949)	**7,390**	**88**	**1,529**

16 Transactions with Related Parties and the Managers and Secretaries

The Directors' fees and shareholdings are detailed in the Directors' Remuneration Report on pages 31 and 32. No Director has a contract of service with the Company. During the period no Director was interested in any contract or other matter requiring disclosure under section 412 of the Companies Act 2006.

Baillie Gifford & Co Limited has been appointed as the Company's Alternative Investment Fund Manager and Company Secretaries. Details of the terms of the Investment Management Agreement are set out on page 23 and details of the fees during the period and the balance outstanding at the period end are shown in notes 3 and 11 respectively.

17 Financial Instruments

As an investment trust, the Company invests in listed and unlisted securities and makes other investments so as to achieve its investment objective of maximising capital appreciation from a focussed and actively managed portfolio of investments predominantly in listed and unlisted US companies. The Company may borrow 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.

These risks are categorised as market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Board monitors closely the Company's exposures to these risks but does so in order to reduce the likelihood of a permanent loss of capital rather than to minimise short term volatility. Risk provides the potential for both losses and gains. In assessing risk, the Board encourages the Managers to exploit the opportunities that risk affords.

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

Market Risk

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

Details of the Company's investment portfolio are shown in note 9. The Company may, from time to time, enter into derivative transactions to hedge specific market, currency or interest rate risk. In the year to 31 May 2020 and the period to 31 May 2019 no such transactions were entered into. The Company's Managers may not enter into derivative transactions without the prior approval of the Board.

Currency Risk

The Company's assets, liabilities and income are principally denominated in US dollars. The Company's functional currency and that in which it reports its results is sterling. Consequently, movements in the US dollar/sterling exchange rate will affect the sterling value of those items.

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

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

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

At 31 May 2020	Investments £'000	Cash and deposits £'000	Loans £'000	Other debtors and creditors* £'000	Net exposure £'000
US dollar	474,136	12,638	(14,560)	1,209	**473,423**
Total exposure to currency risk	474,136	12,638	(14,560)	1,209	**473,423**
Sterling	–	3,451	–	(672)	**2,779**
	474,136	**16,089**	**(14,560)**	**537**	**476,202**

*Includes non-monetary assets of £22,000.

At 31 May 2019	Investments £'000	Cash and deposits £'000	Loans £'000	Other debtors and creditors* £'000	Net exposure £'000
US dollar	296,434	5,572	(11,901)	(103)	**290,002**
Total exposure to currency risk	296,434	5,572	(11,901)	(103)	**290,002**
Sterling	–	380	–	(453)	**(73)**
	296,434	**5,952**	**(11,901)**	**(556)**	**289,929**

* Includes non-monetary assets of £23,000.

17 Financial Instruments (continued)

Currency Risk Sensitivity

At 31 May 2020, if sterling had strengthened by 5% against the US dollar, with all other variables held constant, total net assets and total return would have decreased by £23,671,000 (2019 – £14,500,000). A 5% weakening of sterling against the US dollar, with all other variables held constant, would have had an equal but opposite effect on the Financial Statement amounts. The analysis is performed on the same basis as it was for 2019.

A change of 5% in foreign currency rates has been considered to be a reasonably plausible change.

Interest Rate Risk

Interest rate movements may affect directly the level of income receivable on cash deposits and the interest payable on any variable rate borrowings.

They may also impact upon the market value of 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 fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and when entering into borrowing agreements.

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

The Company finances part of its activities through borrowings within approved levels. The amount of any such borrowings and the approved levels are monitored and reviewed regularly by the Board.

The interest rate risk profile of the Company's financial assets and liabilities at 31 May 2020 and 31 May 2019 are shown below.

Financial Assets

	2020 Fair value £'000	2020 Weighted average interest rate	2020 Weighted average period until maturity *	2019 Fair value £'000	2019 Weighted average interest rate	2019 Weighted average period until maturity *
Cash:						
US dollar	12,638	<0.1%	n/a	5,572	0.8%	n/a
Sterling	3,451	<0.1%	n/a	380	0.1%	n/a
	16,089			**5,952**		

* Based on expected maturity date.

The 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

	2020 Book value £'000	2020 Weighted average interest rate	2020 Weighted average period until maturity	2019 Book value £'000	2019 Weighted average interest rate	2019 Weighted average period until maturity
Bank loans:						
US$ denominated – floating rate	**14,560**	**2.3%**	**11 days**	**11,901**	**4.1%**	**11 days**

Interest Rate Risk Sensitivity

An increase of 100 basis points in interest rates, with all other variables being held constant, would have decreased the Company's total net assets and total return for the year to 31 May 2020 by £68,000 (period to 31 May 2019 by £101,000). This is mainly due to the Company's exposure to interest rates on its floating rate bank loan and cash balances. A decrease of 100 basis points would have had an equal but opposite effect.

Other Price Risk

Changes in market prices other than those arising from interest rate risk or currency risk may also affect the value of the Company's net assets. The 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 Company's portfolio of unlisted Level 3 investments are not necessarily affected by market performance, however the valuations are affected by the performance of the underlying securities in line with the valuation criteria in note 1(c). The Board meets regularly and at each meeting reviews investment performance, the investment portfolio and the rationale for the current investment portfolio positioning to ensure consistency with the Company's objectives and investment policies. The portfolio does not seek to reproduce the comparative index. Investments are selected based upon the merit of individual companies and therefore performance may well diverge from the comparative index.

17 Financial Instruments (continued)

Other Price Risk Sensitivity

A full list of the Company's investments is given on pages 19 and 20. In addition, an analysis of the investment portfolio by broad industrial or commercial sector is shown on page 21.

87.0% (2019 – 91.0%) of the Company's net assets are invested in quoted equities. A 5% increase in quoted equity valuations at 31 May 2020 would have increased total assets and total return by £20,724,000 (2019 – £13,196,000). A decrease of 5% would have had an equal but opposite effect. In light of the heightened market volatility resulting from the coronavirus pandemic, specific stress testing was performed and no matters of concern were identified.

12.5% (2019 – 11.2%) of the Company's net assets are invested in unlisted investments. The fair valuation of the unlisted investments is influenced by the estimates, assumptions and judgements made in the fair valuation process (see 1(b) on pages 44 and 45).

The emergence of the Covid-19 pandemic has heightened the estimation uncertainty for each of the unquoted investments held as at 31 May 2020. Each portfolio company has been categorised as being subject to potentially higher or lower estimation uncertainty by considering a range of factors including the potential disruption to business activities caused by measures adopted to tackle the spread of Covid-19 and the availability and extent of cash resources. A greater sensitivity factor has been applied to those investments assessed as being susceptible to higher estimation uncertainty. Whilst the sensitivities applied illustrate the impact of varying the key inputs by the levels specified, it is possible that applying reasonable alternative assumptions to individual investments could lead to measurements of fair value which vary to a greater extent than that illustrated.

The % sensitivity applied to each risk category is progressive and based on experience of valuation impacts during the pandemic so far. For the higher risk companies the impact of Covid-19 is much more uncertain and challenging to predict therefore a higher sensitivity of 50% is applied to reflect that, scaling down to 25% and 10% for medium and low risk respectively given their greater insulation to the impacts of Covid-19. When determining whether an investment valuation was felt to be low, medium or high risk with respect to sensitivity to Covid-19, several factors were considered such the impact of Covid-19 on the relevant industry, liquidity concerns for the specific company, and operational impacts on the business. For example for a company operating in the travel sector would be deemed to be high risk, however a biotechnology company with a substantial cash runway would be low. The table below reflects both the potential negative and positive impacts of Covid-19, recognising there are investments in the total value that in our view bear increased valuation uncertainty in relation to positive impacts from Covid-19. The combined value of the holdings felt to be most likely to see positive impact is £17,509,000. An example of one of these holdings would include Stripe, an online payment provider, where growth in online retailing over the lockdown period is more likely to lead to an upside valuation.

To provide further indication of how much of the unlisted portfolio is felt to sit in each risk category, the table below has split out each risk category and applies sensitivities to each. The sensitivities give an indication of the effect of changing one or more of the inputs to these valuations and the impact of increased volatility depending on exposure to the impacts of Covid-19.

As at 31 May 2020 Valuation Technique	Fair value of investments £'000	Key variable input* encompassing possible fluctuations due to Covid-19	Variable input sensitivity (%)	Positive impact £'000 †	Positive impact % of net assets	Negative impact £'000 †	Negative impact % of net assets
Recent Transaction							
Medium Risk	9,772	Selection of appropriate benchmark	±25	2,443	0.5	(1,936)	(0.4)
Low Risk	13,356	Selection of comparable companies					
		Probability estimation of liquidation event#	±10	1,336	0.3	(1,154)	(0.2)
		Application of valuation basis					
Adjusted Recent Transaction							
Medium Risk	9,095	Selection of appropriate benchmark	±25	1,720	0.3	(1,512)	(0.3)
Low Risk	4,834	Selection of comparable companies					
		Probability estimation of liquidation event#	±10	362	0.1	(362)	(0.1)
		Application of valuation basis					
Multiples							
High Risk	4,004	Estimated sustainable earnings	±50	1,796	0.4	(1,825)	(0.4)
Medium Risk	1,941	Selection of comparable companies	±25	468	0.1	(352)	(0.1)
Low Risk	16,648	Application of illiquidity discount					
		Probability estimation of liquidation event#	±10	1,544	0.3	(1,544)	(0.3)
		Application of valuation basis					
Total	**59,650**			**9,669**	**2.0**	**(8,685)**	**(1.8)**

† Impact on net assets and net return after taxation.

A liquidation event is typically a company sale or an initial public offering ('IPO').

17 Financial Instruments (continued)

Other Price Risk Sensitivity (continued)

Due to the Covid-19 pandemic only emerging during the year ended 31 May 2020 the comparatives for Other Price Risk Sensitivity are presented considering known risks at the prior reporting date and exclude possible fluctuations due to Covid-19.

A sensitivity analysis is provided below which recognises that the valuation methodologies employed involve different levels of subjectivity in their inputs. The sensitivity analysis below applies a wider range of input variable sensitivity to the Multiples methodology as it involves more significant subjective estimation than the recent transaction method (the risk of over or under estimation is higher due to the greater subjectivity involved, for example, in selecting the most relevant measure of sustainable revenues and identifying appropriate comparable companies).

As at 31 May 2019 Valuation Technique	Fair value of investments £'000	Key variable input*	Variable input sensitivity (%)	Positive impact £'000 †	Positive impact % of net assets	Negative impact £'000 †	Negative impact % of net assets
Recent Transaction/ Adjusted Recent Transaction	28,823	Selection of appropriate benchmark Selection of comparable companies Probability estimation of liquidation event# Application of valuation basis	±10	2,750	0.9	(2,172)	(0.7)
Multiples	3,697	Estimated sustainable earnings Selection of comparable companies Application of illiquidity discount Probability estimation of liquidation event# Application of valuation basis	±20	739	0.3	(739)	(0.3)
Total	**32,520**			**3,489**	**1.2**	**(2,911)**	**(1.0)**

† Impact on net assets and net return after taxation.

A liquidation event is typically a company sale or an initial public offering ('IPO').

*** Key Variable Inputs**

The variable inputs applicable to each broad category of valuation basis will vary dependent on the particular circumstances of each unlisted company valuation. An explanation of each of the key variable inputs is provided below and includes an indication of the range in value for each input, where relevant. The assumptions made in the production of the inputs are described in note 1(b) on pages 44 and 45.

Selection of Appropriate Benchmarks

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

Selection of Comparable Companies

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

Probability Estimation of Liquidation Event

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

Application of Valuation Basis

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

17 Financial Instruments (continued)

Other Price Risk Sensitivity (continued)

*** Key Variable Inputs (continued)**

Estimated Sustainable Earnings

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

Application of Illiquidity Discount

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

Liquidity Risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is not significant as the majority of the Company's assets are investments in quoted securities (84.4% of total assets as at 31 May 2020) that are readily realisable. The Board provides guidance to the Managers as to the maximum exposure to any one holding and to the maximum aggregate exposure to substantial holdings.

The Company has the power to take out borrowings, which give it access to additional funding when required. The Company's current borrowing facility is detailed in note 11. Under the terms of the borrowing facility, borrowings are repayable on demand at their current carrying value.

Credit Risk

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

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

— the Depositary is liable for the loss of financial instruments held in custody. The Depositary will ensure that any delegate segregates the assets of the Company. The 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 Managers monitor the Company's risk by reviewing the Custodian's internal control reports and reporting its findings to the Board;

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

— 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 Managers; and

— cash is only held at banks that are regularly reviewed by the Managers. At 31 May 2020 and 31 May 2019 all cash deposits were held with the custodian bank.

The Company owns a number of unquoted preference share securities. Some of these may have been classified as debt by the issuer. There are no material amounts past due in relation to these securities. As these instruments (alongside the ordinary share securities) have been recognised at fair value through profit and loss, the fair value takes into account credit, market and other price risk.

Credit Risk Exposure

The exposure to credit risk at 31 May was:

	2020 £'000	2019 £'000
Fixed interest investments	3,109	–
Cash and short term deposits	16,089	5,952
Debtors and prepayments	1,627	51
	20,825	**6,003**

The maximum exposure in cash during the year to 31 May 2020 was £23,948,000 (period to 31 May 2019 was £171,396,000) and the minimum was £3,039,000 (period to 31 May 2019 was £nil). None of the Company's financial assets are past due or impaired.

17 Financial Instruments (continued)

Fair Value of Financial Assets and Financial Liabilities

The Directors are of the opinion that the carrying amount of financial assets and liabilities of the Company in the Balance Sheet approximate their fair value.

Capital Management

The capital of the Company is its share capital and reserves as set out in notes 12 and 13 together with its borrowings (see note 11). The objective of the Company is to invest predominantly in listed and unlisted US companies in order to achieve capital growth. The Company's investment policy is set out on page 4. In pursuit of the Company's objective, the Board has a responsibility for ensuring the Company's ability to continue as a going concern and details of the related risks and how they are managed are set out on pages 5 and 6. The Company has the authority to issue and buy back its shares and changes to the share capital during the period are set out in notes 12 and 13. The Company does not have any externally imposed capital requirements other than the covenants on its loan which are detailed in note 11.

18 Subsequent Events

Share Price and Net Asset Value Movements

Subsequent to the year end investment valuations have continued to increase through underlying investment performance since the year end valuation and this, together with the issuance of a further 7,300,000 shares at a premium to net asset value which raised net proceeds of £14,623,000, has resulted in an increase in investment valuation of 41.2% and a related movement in net asset value of 35.4% to 246.38p as at 1 September 2020.

As at 1 September 2020 the share price was 251.00p, 32.8% higher than as at 31 May 2020. As all movements relate to post year end activity these will be reported within the Annual Report for the year ended 31 May 2021.

Notice of Annual General Meeting

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

The Board of Baillie Gifford US Growth Trust plc (Baillie Gifford US Growth) recognises the public health risk associated with the Covid-19 outbreak arising from public gatherings and notes the continuing Government's measures restricting such gatherings, travel and attendances at workplaces.

At the same time, the Board is conscious of the legal requirement for Baillie Gifford US Growth to hold its AGM before the end of November 2020. 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 corporate timetable and, accordingly, the Company's AGM is being convened to take place at 9.30am on Friday, 9 October 2020 at the offices of Baillie Gifford & Co, Calton Square, 1 Greenside Row, Edinburgh EH1 3AN most likely without access for shareholders. The Board will, however, continue to monitor developments and any changes will be advised to shareholders 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 9.30am on 7 October 2020.

We would encourage shareholders to monitor the Company's website at www.bgusgrowthtrust.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 the second Annual General Meeting of Baillie Gifford US Growth Trust plc (the 'Company') will be held at the offices of Baillie Gifford & Co, Calton Square, 1 Greenside Row, Edinburgh EH1 3AN on Friday, 9 October 2020 at 9.30am for the purposes of considering and, if thought fit, passing the following resolutions, of which Resolutions 1 to 7 will be proposed as Ordinary Resolutions and Resolution 8 will be proposed as a Special Resolution:

1. To receive and adopt the Annual Report and Financial Statements of the Company for the financial year ended 31 May 2020 together with the Reports of the Directors and of the Independent Auditor thereon.
2. To approve the Directors' Annual Report on Remuneration for the financial year ended 31 May 2020.
3. To re-elect Mr TJW Burnet as a Director of the Company.
4. To re-elect Ms SP Inglis as a Director of the Company.
5. To re-elect Mr GD Paterson as a Director of the Company.
6. To reappoint KPMG LLP as Independent Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which the Financial Statements are laid before the Company.
7. To authorise the Directors to determine the remuneration of the Independent Auditor of the Company.
8. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be generally and unconditionally authorised, in accordance with section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of section 693(4) of the Act) of fully paid ordinary shares of 1p each in the capital of the Company ('ordinary shares') (either for retention as treasury shares for future reissue, resale or transfer or for cancellation) provided that:
   - (a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 40,332,843, or, if less, the number representing approximately 14.99% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution;
   - (b) the minimum price (excluding expenses) which may be paid for each ordinary share shall be the nominal value of that share;
   - (c) the maximum price (excluding expenses) which may be paid for any ordinary share purchased pursuant to this authority shall not be more than the higher of:
     - (i) 5% above the average closing price on the London Stock Exchange of an ordinary share over the five business days immediately preceding the day of purchase; and
     - (ii) the higher of the price of the last independent trade and the highest current independent bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy back programmes and stabilisation of financial instruments (No. 2273/2003); and
   - (d) unless previously varied, revoked or renewed by the Company in a general meeting, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting, save that the Company may, prior to such expiry, enter into a contract to purchase ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract or contracts.

By Order of the Board
Baillie Gifford & Co Limited
Managers and Secretaries
9 September 2020

Notes:

1. As a member you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the AGM. A proxy need not be a member of the Company but must attend the AGM to represent you. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You can only appoint a proxy using the procedure set out in these notes and the notes to the proxy form. You may not use any electronic address provided either in this notice or any related documents (including the Financial Statements and proxy form) to communicate with the Company for any purpose other than those expressly stated.
2. To be valid any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand at the Registrars of the Company at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or www.eproxyappointment.com no later than two days (excluding non-working days) before the time of the meeting or any adjourned meeting.
3. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and/or by logging on to the website www.euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
4. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrar (ID 3RA50) no later than 9.30am two 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 or 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 9.30am two days (excluding non-working days) prior to the commencement of the AGM or any adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
9. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
10. The statement of the rights of shareholders in relation to the appointment of proxies in Notes 1 and 2 above does not apply to Nominated Persons. The rights described in those Notes can only be exercised by shareholders of the Company.

11. The members of the Company may require the Company to publish, on its website, (without payment) a statement (which is also passed to the Auditor) setting out any matter relating to the audit of the Company's Financial Statements, including the Auditor's report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5% of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address and be sent to the Company at Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN.
12. Information regarding the Annual General Meeting, including information required by section 311A of the Companies Act 2006, is available from the Company's page of the Managers' website at **www.bgusgrowthtrust.com**.
13. Members have the right to ask questions at the meeting in accordance with section 319A of the Companies Act 2006.
14. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
15. As at 1 September 2020 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consisted of 269,065,000 ordinary shares of 1p each, carrying one vote each. Therefore, the total number of voting rights in the Company as at 1 September 2020 were 269,065,000 votes.
16. 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 or her proxy will need to ensure that both he/she and his/her proxy complies with their respective disclosure obligations under the UK Disclosure Guidance and Transparency Rules.
17. No Director has a contract of service with the Company.

Further Shareholder Information

Baillie Gifford US Growth Trust plc ('Baillie Gifford US Growth') 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 US Growth, you can do so online. There are a number of companies offering real time online dealing services. Find out more by visiting the investment trust pages at www.bailliegifford.com.

Sources of Further Information on the Company

The ordinary shares of the Company are listed on the London Stock Exchange and their price is shown in the Financial Times. The price of shares can also be found on the Company's page on Baillie Gifford's website at www.bgusgrowthtrust.com, Trustnet at **www.trustnet.co.uk** and on other financial websites. Company factsheets are also available on the Baillie Gifford website and are updated monthly. These are available from Baillie Gifford on request.

Baillie Gifford US Growth Share Identifiers

ISIN GB00BDFGHW41

Sedol BDFGHW4

Ticker USA

Legal Entity Identifier 213800UMIOUWXZPKE539

Key Dates

The Company pays the minimum permissible level of final dividend and no interim dividend. If a dividend was payable this would be due soon after the Annual General Meeting.

Share Register Enquiries

Computershare Investor Services PLC maintains the share register on behalf of the Company. In the event of queries regarding shares registered in your own name, please contact the Registrars on 0370 707 1711.

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 shareholding balance; and
- order Change of Address and Stock Transfer forms.

By quoting the reference number on your share certificate you can check your holding on the Registrar's website at www.investorcentre.co.uk.

They also offer a free, secure, share management website service which allows you to:

- view your share portfolio and see the latest market price of your shares;
- calculate the total market price of each shareholding;
- view price histories and trading graphs;
- register to receive communications from the Company, including the Annual Report and Financial Statements, in electronic format;
- change address details; and
- use online dealing services.

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

Electronic Proxy Voting

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

If you have any questions about this service, please contact Computershare on 0370 707 1711.

CREST Proxy Voting

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

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

Analysis of Shareholders at 31 May

	2020 Number of shares held	2020 %	2019 Number of shares held	2019 %
Institutions	55,498,402	21.2	48,772,005	21.2
Intermediaries	203,461,953	77.7	178,319,579	77.6
Individuals	2,295,273	0.9	2,059,495	0.9
Marketmakers	509,372	0.2	648,921	0.3
	261,765,000	**100.0**	**229,800,000**	**100.0**

Data Protection

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

Risk Warnings

Past performance is not a guide to future performance.

Baillie Gifford US Growth Trust plc ('Baillie Gifford US Growth') is a listed UK company. The value of its shares, and any income from them, can fall as well as rise and you may not get back the amount invested.

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

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

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

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

Baillie Gifford US Growth can make use of derivatives which may impact on its performance.

Investments in smaller companies is generally considered higher risk as changes in their share prices may be greater and the shares may be harder to sell. Smaller companies may do less well in periods of unfavourable economic conditions.

Baillie Gifford US Growth's exposure to a single market and currency may increase risk.

Baillie Gifford US Growth has a significant exposure to unlisted securities. The Company's risk could be increased as these assets may be more difficult to sell, so changes in their prices may be greater.

Charges are deducted from income. Where income is low, the expenses may be greater than the total income received and the capital value would be reduced.

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

Baillie Gifford US Growth is a UK public listed company and as such complies with the requirements of the Financial Conduct Authority but is not authorised or regulated by the Financial Conduct Authority.

The information and opinions expressed within the Annual Report and Financial Statements are subject to change without notice.

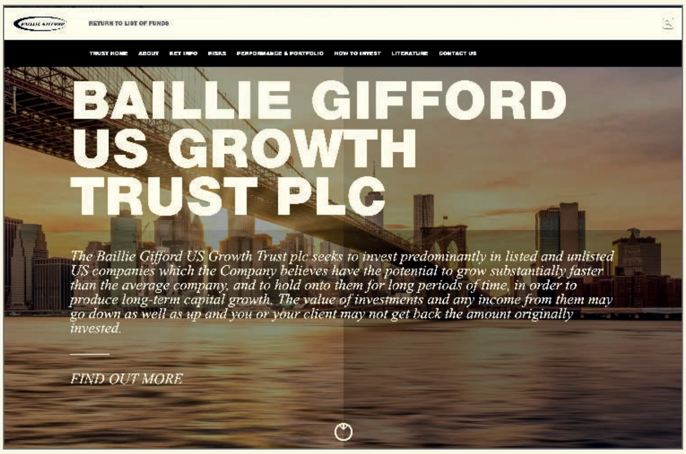
The staff of Baillie Gifford & Co and Baillie Gifford US Growth Directors may hold shares in Baillie Gifford US Growth and may buy and sell such shares from time to time.

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

This information has been issued and approved by Baillie Gifford & Co Limited, the Managers and Secretaries, and does not in any way constitute investment advice.

Communicating with Shareholders

[Trust Magazine](#)



Baillie Gifford US Growth Trust web page at www.bgusgrowthtrust.com

Trust Magazine

Trust is the Baillie Gifford investment trust magazine which is published twice a year. It provides an insight to Baillie Gifford's investment approach by including interviews with Baillie Gifford's fund managers, as well as containing investment trust news, investment features and articles about the trusts managed by Baillie Gifford, including Baillie Gifford US Growth. *Trust* plays an important role in helping to explain Baillie Gifford's products so that readers can really understand them.

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

Baillie Gifford US Growth on the Web

Up-to-date information about Baillie Gifford US Growth can be found on the Company's page of the Managers' website at www.bgusgrowthtrust.com. You will find full details on Baillie Gifford US Growth, including recent portfolio information and performance figures.

Suggestions and Questions

Any suggestions on how communications with shareholders can be improved are welcomed. Please contact the Baillie Gifford Client Relations Team (see contact details below) and give them your suggestions. They will also be very happy to answer questions that you may have about Baillie Gifford US Growth.

Client Relations Team Contact Details

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

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

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

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

Alternative Investment Fund Managers (AIFM) Directive

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

AIFM Remuneration

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

Leverage

The Company's maximum and actual leverage levels (see Glossary of Terms and Alternative Performance Measures on page 65) at 31 May 2020 are shown below:

	Gross method	Commitment method
Maximum limit	2.50:1	2.00:1
Actual	1.02:1	1.03:1

Automatic Exchange of Information

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

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

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

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

Third Party Data Provider Disclaimer

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

No Provider shall in any way be liable to any recipient of the data for any inaccuracies, errors or omissions in the index data included in this document, regardless of cause, or for any damages (whether direct or indirect) resulting therefrom. No Provider has any obligation to update, modify or amend the data or to otherwise notify a recipient thereof in the event that any matter stated herein changes or subsequently becomes inaccurate.

Without limiting the foregoing, no Provider shall have any liability whatsoever to you, whether in contract (including under an indemnity), in tort (including negligence), under a warranty, under statute or otherwise, in respect of any loss or damage suffered by you as a result of or in connection with any opinions, recommendations, forecasts, 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.

S&P Index Data

The S&P 500 Index ('Index') is a product of S&P Dow Jones Indices LLC, a division of S&P Global, or its affiliates ('SPDJI'). Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC, a division of S&P Global ('S&P'); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ('Dow Jones'). Neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors make any representation or warranty, express or implied, as to the ability of any index to accurately represent the asset class or market sector that it purports to represent and neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors shall have any liability for any errors, omissions, or interruptions of any index or the data included therein.

FTSE Index Data

FTSE International Limited ('FTSE') © FTSE 2020. 'FTSE®' is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data and no party may rely on any FTSE indices, ratings and/or data underlying data contained in this communication. No further distribution of FTSE Data is permitted without FTSE's express written consent. FTSE does not promote, sponsor or endorse the content of this communication.

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

An alternative performance measure ('APM') is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. The APMs noted below are commonly used measures within the investment trust industry and serve to improve comparability between investment trusts.

Total Assets

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

Shareholders' Funds and Net Asset Value

Shareholders' funds is the value of all assets held less all liabilities, with borrowings deducted at book cost. Net asset value (NAV) is the value of all assets held less all liabilities, with borrowings deducted at either fair value or par value as described below. Per share amounts are calculated by dividing the relevant figure by the number of ordinary shares in issue.

Borrowings at Par Value (APM)

Borrowings are valued at nominal par value.

Borrowings at Fair Value (APM)

Borrowings are valued at an estimate of their market worth.

Net Liquid Assets

Net liquid assets comprise current assets less current liabilities (excluding borrowings).

Discount/Premium (APM)

As stock markets and share prices vary, an investment trust's share price is rarely the same as its 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, this situation is called a premium.

Total Return (APM)

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

Ongoing Charges (APM)

The total recurring expenses (excluding the Company's cost of dealing in investments and borrowing costs) incurred by the Company as a percentage of the average net asset value (with debt at fair value).

Ongoing Charges Calculation

		31 May 2020 £'000	31 May 2019 £'000
Investment management fee		2,206	1,893
Other administrative expenses		380	359
Total expenses		**2,586**	**2,252**
Total expenses annualised	(a)	2,586	1,890*
Average daily cum-income net asset value	(b)	344,838	244,760
Ongoing charges	(a÷b)	**0.75%**	**0.77%**

* The total expenses above cover the period 23 March 2018 to 31 May 2019, a period of 435 days.

Gearing (APM)

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

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

Invested gearing is the Company's borrowings at par less cash and brokers' balances expressed as a percentage of shareholders' funds.

Leverage (APM)

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

Active Share (APM)

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

Directors

Chairman:
TJW Burnet

SP Inglis
GD Paterson

Registered Office

Baillie Gifford & Co Limited
Grimaldi House
28 St James's Square
London
SW1Y 4JH

Alternative Investment Fund Manager and Company Secretaries

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

Registrar

Computershare
Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Tel: 0370 707 1711

Depositary

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

Company Broker

Investec Bank plc
30 Gresham Street
London
EC2V 7QP

Independent Auditor

KPMG LLP
319 St Vincent Street
Glasgow
G2 5AS

Company Details

www.bgusgrowthtrust.com
Company Registration
No. 11194060

ISIN	GB00BDFGHW41
Sedol	BDFGHW4
Ticker	USA

Legal Entity Identifier:
213800UMIOUWXZPKE539

Further Information

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