

Baillie Gifford International Fund

a sub-fund of Baillie Gifford UK & Balanced Funds ICVC



Authorised Corporate Director's Annual Short Report for the year ended 31st January 2014

Investment Objective

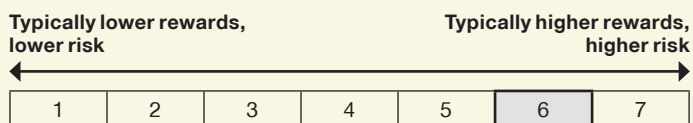
The Fund aims to achieve capital growth.

Investment Policy

To invest mainly in shares of companies worldwide excluding the UK.

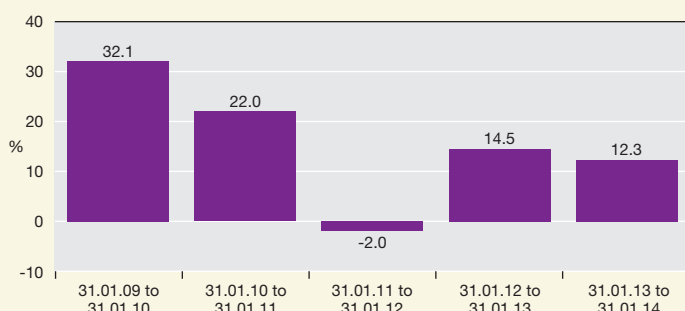
Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.



Please note that even the lowest risk class can lose you money and that extreme adverse market circumstances can mean you suffer severe losses in all cases. The Fund is classified in the category above because it invests in company shares which generally provide higher rewards and higher risks than other investments such as bonds or cash. The indicator does not take into account the following material risks of investing in this Fund: Investment markets can go down as well as up and market conditions can change rapidly. The value of an investment in the Fund, and any income from it, can fall as well as rise and you may not get back the amount invested. Custody of assets may, particularly in emerging markets, involve a risk of loss if the custodian becomes insolvent or breaches duties of care. The Fund invests in emerging markets where difficulties in trading could arise, resulting in a negative impact on the value of your investment. Where possible, all charges are taken from the Fund's revenue. Where there is insufficient revenue, the remainder will be taken from capital. This will reduce the capital value of the Fund.¹

Past Performance⁴



The performance figures shown in this graph are for Class A Net Accumulation Shares. Performance figures reflect the ACD's annual fee of 1.5%, but exclude any initial charge paid. Please note these returns differ from the return quoted in the Investment Report, which is based on the closing net asset value at the year end. Performance figures for the other share classes in issue can be obtained by calling Client Relations. Your call may be recorded for training or monitoring purposes. You should be aware that past performance is not a guide to future performance.

Net Asset Values (as at the Year End)

Share Class	Net Asset Value per Share 31.01.14	Net Asset Value per Share 31.01.13
A Net Accumulation	2835p	2529p
B Net Income	2701p	2406p
B Net Accumulation	3148p	2785p
C Net Income	2703p	2407p
C Net Accumulation	3370p	2963p

Investment Report

For the year to 31st January 2014 the return on A Net Accumulation Shares was 12.1%² compared to the return on the MSCI All Country World ex-UK Index of 8.9%³, in sterling terms. We believe that shorter-term performance measurements are of limited relevance in assessing investment ability and would suggest five years is a more sensible time frame over which to judge performance.

The period under review has been a strong one for equity markets. The biggest contribution came from developed markets, with the US leading the way. The US also dominated the economic headlines with various announcements about the gradual withdrawal of quantitative easing. While this is likely to drive further volatility, the positive background is that the US domestic economy has continued to show steady progress.

By contrast, emerging markets, particularly those countries with substantial current account deficits, have struggled. We remain optimistic that the longer-term investment case in many of these markets remains intact – factors such as demographics, productivity differentials and fiscal sustainability do not change in the short term. Indeed, the current market weakness may offer us some good opportunities.

One area of focus has been technology stocks. For example, in November we purchased a small holding in Twitter. We have also been considering the portfolio's other internet holdings following strong share price performance of a number of holdings. We have taken advantage of this good run of performance and trimmed the positions in Amazon and TripAdvisor. Our belief in the long-term fundamentals of these businesses remains strong.

Another area of activity involved some of your US financial holdings where we made two new purchases: TD Ameritrade (an online brokerage that provides securities brokerage and other financial services) and M&T Bank (a traditional lending and deposit taking regional bank operating primarily in the north east of the US).

We maintain our long-term, stock-driven approach. Our investment process continues to identify a wide range of exciting growth stocks; we are confident that the Fund's holdings in these should underpin attractive future returns.

Baillie Gifford & Co, 11th February 2014

Distributions (for the Calendar Year)

Share Class	Net Income per Share Period to 31.01.14	Net Income per Share Year to 31.12.13
A Net Accumulation	0.00p	7.66p
B Net Income	9.00p	25.26p
B Net Accumulation	11.14p	29.13p
C Net Income	21.03p	39.39p
C Net Accumulation	27.26p	47.77p

Ongoing Charges Figures (for the Financial Year)⁵

Share Class	Ongoing Charges Figure 31.01.14	Ongoing Charges Figure 31.01.13
A Net Accumulation	1.54%	1.53%
B Net Income	0.70%	0.70%
B Net Accumulation	0.69%	0.69%
C Net Income	0.05%	0.05%
C Net Accumulation	0.05%	0.05%

Highest and Lowest Prices (for the Calendar Year)

Share Class	Highest Price per Share 2014	Lowest Price per Share 2014	Highest Price per Share 2013	Lowest Price per Share 2013
A Net Accumulation	2957p	2824p	2922p	2355p
B Net Income	2826p	2700p	2786p	2254p
B Net Accumulation	3283p	3136p	3235p	2592p
C Net Income	2839p	2713p	2797p	2262p
C Net Accumulation	3514p	3357p	3462p	2756p

¹Further details of the risks associated with investing in the Fund can be found in the Prospectus which is available by calling Client Relations on 0800 917 2113.

²Source: Baillie Gifford & Co Ltd, closing net asset value, net income accumulated. ³Source: FE, net income. ⁴Source: FE, 10am dealing prices, net income accumulated.

⁵The ongoing charges figure is based on the expenses for the financial year and may vary from year to year. It excludes the cost of buying and selling assets for the Fund. You should be aware that past performance is not a guide to future performance.

Major Holdings

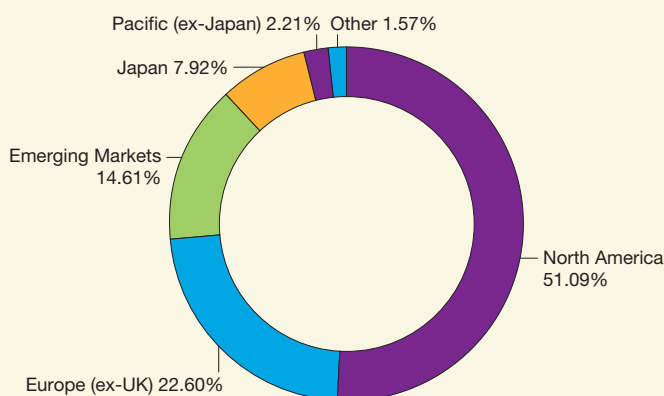
The Fund's 10 largest holdings at the end of this year and the previous year end are shown below.

Holdings	% of Fund Value as at 31.01.14
1 Naspers Ltd	2.83
2 Royal Caribbean Cruises	2.59
3 Roche Holding	2.28
4 Svenska Handelsbanken	2.26
5 MasterCard Inc	2.26
6 Google	2.24
7 eBay	1.99
8 Amazon	1.98
9 TD Ameritrade Holding Corp	1.96
10 Samsung Electronics Common GDR	1.87

Holdings	% of Fund Value as at 31.01.13
1 Svenska Handelsbanken	3.20
2 eBay	2.65
3 Richemont	2.56
4 Amazon	2.52
5 Roche Holding	2.34
6 Nestlé	2.28
7 Naspers Ltd	2.24
8 Omnicom	2.23
9 MasterCard Inc	1.97
10 Samsung Electronics Common GDR	1.86

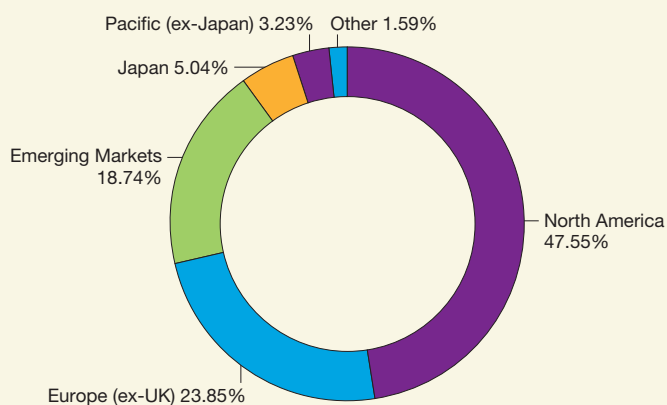
Classification of Investments

31st January 2014



Net assets: £369,113,000

31st January 2013



Net assets: £354,359,000

Report and Accounts

Copies of the annual and interim Long Report and Financial Statements of the Fund are available free of charge on request by calling Client Relations.

Protected Cell Regime

With effect from 12th December 2013, the ACD moved the ICVC to the 'protected cell regime'. The new rules limit the recourse of creditors to just the assets of the relevant sub-fund and not all the sub-funds of the umbrella company.

Fund Charges and Costs

We are obliged to quote performance based on the Class A Shares, which have the highest management fee. Our Class B Shares carry a lower annual management fee as well as a lower initial charge, than the equivalent Class A Shares, and associated distributions may be higher than the equivalent Class A Shares. If you have any questions on the merits of a conversion to the Class B Shares we would suggest that you contact a financial adviser. Performance numbers for Class B Shares are available by contacting the Client Relations Team on 0800 917 2113.

A further explanation of charges and costs relating to the Fund can be found in the Enhanced Disclosure of Fund Charges and Costs document on our website at www.bailliegifford.com.

Fund Facts

XD Dates: 31st January, 31st July.
Distribution Payment Dates: 31st March, 30th September.

Minimum Investment Levels

The minimum initial investment is £1,000 for Class A Shares (£50 per month for the Monthly Savings Plan) and £10,000 for Class B Shares (£500 per month for the Monthly Savings Plan). Class C Shares are only available to persons to whom an associate of the ACD provides services under an investment management agreement. Details of the minimum holding and redemption levels can be found in the Supplementary Information Document and Prospectus.

Amendment to the Depositary's Fee

With effect from 1st February 2014, the fee charged by the Depositary was reduced from a rate of 0.045% plus VAT per annum of the first £50,000,000 and a sliding scale thereafter, to a flat rate of 0.01% plus VAT per annum.

Other Information

The Fund is a UCITS retail scheme under the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL'). Shareholders are not liable for the debts of the Fund beyond the amount subscribed. The information in this report is designed to enable shareholders to make an informed judgement on the activities of the Fund during the year it covers and the result of those activities at the end of the year. For more information about the activities and performance of the Fund during this and previous years, please call Client Relations: 0800 917 2113 (fax 0131 275 3955) or visit our website at www.bailliegifford.com or email us at trutenquiries@bailliegifford.com. Any comments expressed in this report should not be taken as a recommendation or advice.

Authorised Corporate Director

Baillie Gifford & Co Limited
(Authorised and regulated by the Financial Conduct Authority, Financial Services Register No. 119179)
Calton Square,
1 Greenside Row,
Edinburgh EH1 3AN

Depositary

National Westminster Bank Plc
(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, Financial Services Register No. 121878)
Trustee & Depositary Services,
The Younger Building,
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Investment Manager

Baillie Gifford & Co
(Authorised and regulated by the Financial Conduct Authority, Financial Services Register No. 142597)
Calton Square,
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Auditor

KPMG Audit Plc
Saltire Court,
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Edinburgh EH1 2EG

Registrar

Baillie Gifford Savings Management Limited
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1 Greenside Row,
Edinburgh EH1 3AN