

Baillie Gifford Managed Fund

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



Authorised Corporate Director's Interim Short Report for the period ended 31st July 2013

Investment Objective

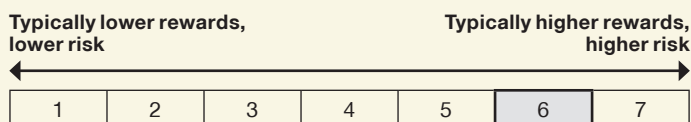
The Fund aims to achieve above average returns, mainly through capital growth, over the long term.

Investment Policy

To invest in large, medium and smaller sized companies in any economic sector worldwide, either directly or indirectly. Investment will mainly be in shares of companies, bonds and other funds. Investment may also be in other transferable securities (for example bonds, debentures, loan stock) and money market instruments. Derivatives, which are a type of financial contract, may be used to protect or increase the value of the shares.

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 mainly in company shares, bonds and other funds which generally provide higher rewards and higher risks than other investments such as investment solely in 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 involve a risk of loss if the custodian becomes insolvent or breaches duties of care. The issuers of bonds

in which the Fund invests may not meet their obligations which could mean that the bonds lose some or all of their value. The Fund's use of financial contracts may impact on its performance. 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

Investment Report

For the six months to 31st July 2013 the return on A Net Accumulation Shares was 8.7%² compared to the return on the median fund in the comparative IMA Sector of 6.5%³. We believe that shorter-term performance measurements are of limited relevance in assessing investment ability and would suggest that five years is a more sensible time frame over which to judge performance. We are obliged to quote performance based on the A Share Class, that carries the highest management fee. During the period shareholders were offered the opportunity to convert their A Shares into B Shares, that carry a lower management fee than the equivalent A Share. B Share Class performance numbers are available by contacting the Client Relations Team on 0800 917 2113.

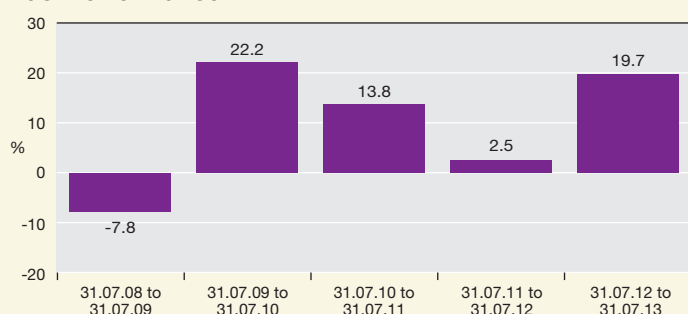
The past six months have been good for equities. All developed markets delivered positive returns, with North America the strongest. Investors seemed to have taken confidence from healthy corporate results and the lack of serious short-term economic problems. The only equity region to fall over the period was emerging markets, as economic growth has slowed from its previous high levels. UK Government bonds were also down, as the market began to anticipate a future rise in interest rates.

Changes to the portfolio during the six months have included new buys of Carl Zeiss Meditec, a manufacturer of high end equipment for ophthalmologists, and of internet search giant Google. Meanwhile, the holding in construction supplies retailer Fastenal was sold after a rise in the share price over the past few years, as was Australian conglomerate Wesfarmers. Additions have been made to the holding in emerging markets bonds, as we believe these offer attractive yields for lending to countries which, on the whole, benefit from improving financial characteristics.

Turning to the outlook, markets could be weak in the short term if, for example, central banks decided to slow down or stop altogether their 'Quantitative Easing' stimulus programmes faster than investors anticipate. However, with a longer-term investment perspective we are encouraged that we continue to find a range of companies to invest in that we believe offer the potential for growth in earnings and, ultimately, share prices.

Baillie Gifford & Co, 5th August 2013

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. 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 Period End)

Share Class	Net Asset Value per Share 31.07.13	Net Asset Value per Share 31.01.13
A Net Income	477.7p	441.0p
A Net Accumulation	590.3p	543.2p
B Net Income	477.5p	440.9p
B Net Accumulation	661.4p	605.3p
C Net Income	478.2p	441.3p
K Net Accumulation	591.0p	543.7p

Distributions (for the Calendar Year)

Share Class	Net Income per Share Period to 31.07.13	Net Income per Share Year to 31.12.12
A Net Income	3.93p	6.79p
A Net Accumulation	5.36p	8.58p
B Net Income	9.23p	10.77p
B Net Accumulation	12.46p	15.24p
C Net Income	10.86p	12.58p
K Net Accumulation	5.56p	8.81p

Ongoing Charges Figures (for the Financial Period)⁵

Share Class	Ongoing Charges Figure 31.07.13	Ongoing Charges Figure 31.01.13
A Net Income	1.56%	1.54%
A Net Accumulation	1.55%	1.55%
B Net Income	0.46%	0.46%
B Net Accumulation	0.46%	0.46%
C Net Income	0.07%	0.07%
K Net Accumulation	1.50%	1.50%

Highest and Lowest Prices (for the Calendar Year)

Share Class	Highest Price per Share 2013	Lowest Price per Share 2013	Highest Price per Share 2012	Lowest Price per Share 2012
A Net Income	494.8p	425.2p	425.0p	380.5p
A Net Accumulation	609.5p	520.9p	520.6p	462.9p
B Net Income	496.1p	426.6p	426.6p	381.3p
B Net Accumulation	681.1p	579.1p	579.1p	510.0p
C Net Income	497.0p	427.4p	427.4p	381.6p
K Net Accumulation	610.2p	521.4p	521.1p	463.1p

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 period 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

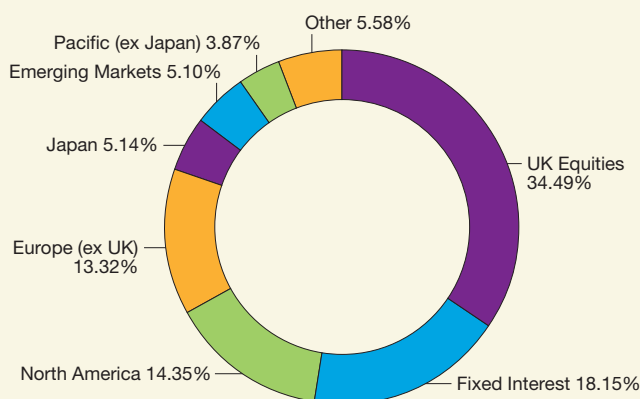
The Fund's 10 largest holdings at the end of this period and the previous year end are shown below.

Holdings	% of Fund Value as at 31.07.13
1 Baillie Gifford Emerging Markets Bond Fund C Gross Acc	7.11
2 Baillie Gifford Worldwide Global Credit Fund C Gross Acc GBP	6.01
3 Baillie Gifford Worldwide Active Cash Plus Fund C Gross Acc GBP	3.09
4 Baillie Gifford Emerging Markets Growth Fund C Net Acc	2.65
5 Baillie Gifford Emerging Markets Leading Cos Fund C Net Acc	2.45
6 Baillie Gifford Global Bond Fund C Gross Acc	1.94
7 Aberforth Smaller Companies IT	1.42
8 Ashtead Group	1.35
9 Svenska Handelsbanken	1.21
10 Prudential	1.20

Holdings	% of Fund Value as at 31.01.13
1 Baillie Gifford Emerging Markets Bond Fund C Gross Acc	6.79
2 Baillie Gifford Worldwide Global Credit Fund C Gross Acc GBP	6.61
3 Baillie Gifford Worldwide Active Cash Plus Fund C Gross Acc GBP	3.47
4 Baillie Gifford Emerging Markets Growth Fund C Net Acc	3.04
5 Baillie Gifford Emerging Markets Leading Cos Fund C Net Acc	2.78
6 Baillie Gifford Global Bond Fund C Gross Acc	2.15
7 BHP Billiton	1.42
8 Aberforth Smaller Companies IT	1.33
9 British American Tobacco	1.24
10 BG Group	1.23

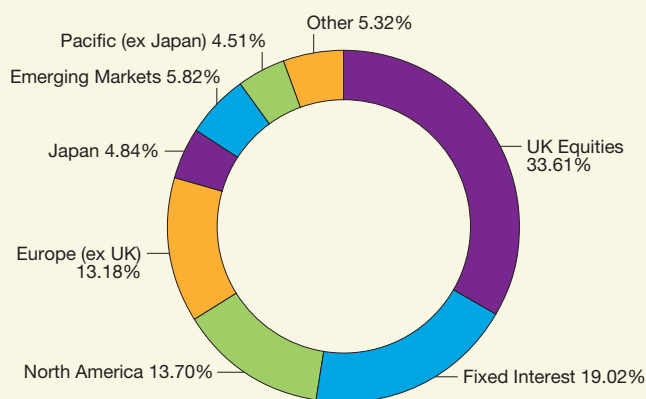
Classification of Investments

31st July 2013



Net assets: £760,770,000

31st January 2013



Net assets: £685,310,000

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.

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 ICVC 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 period it covers and the result of those activities at the end of the period. For more information about the activities and performance of the Fund during this and previous periods, please call Client Relations: 0800 917 2113 (fax 0131 275 3955) or visit our website at www.bailliegifford.com or email us at trusenquiries@bailliegifford.com. Any comments expressed in this report should not be taken as a recommendation or advice.

Fund Charges and Costs

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), £10,000 for Class B Shares (£500 per month for the Monthly Savings Plan) and £250,000 for Class K Shares. Class K Shares are only available to persons investing in Shares via a stakeholder Child Trust Fund. 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.

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

Depository

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 & Depository Services,
The Younger Building,
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Edinburgh EH12 9RH

Investment Manager

Baillie Gifford & Co
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Calton Square,
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Auditor

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Saltire Court,
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Edinburgh EH1 2EG

Registrar

Baillie Gifford Savings Management Limited
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Calton Square,
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