

# Baillie Gifford American Fund

a sub-fund of Baillie Gifford Overseas Growth Funds ICVC



## Authorised Corporate Director's Interim Short Report for the period ended 31st October 2011

### Investment Objective

To maximise the total return.

### Investment Policy

To invest principally in equities in any economic sector in the United States of America. The Fund may also invest in Canada from time to time. Up to (but no more than) 10% in value of the Fund may be invested in each of the following: collective investment schemes and deposits.

### Risk Profile

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 investors may not get back the amount invested. The Fund's exposure to a single market and currency may increase share price movements. The Fund's concentrated portfolio and long-term approach to investment may result in large movements in the share price. The Fund invests in overseas assets, priced in foreign currencies. Changes in the rates of exchange may cause the value of your shares to go down. Further details of the risks associated with investing in the Fund can be found in the Simplified Prospectus, copies of which are available at [www.baillieghifford.com](http://www.baillieghifford.com), or the full Prospectus which is available by calling the Authorised Corporate Director ('ACD').

### Investment Report

In the six months to 31st October 2011 the return on A Net Accumulation Shares was 0.3%<sup>1</sup> compared to the return on the S&P 500 Composite Index of -4.3%<sup>1</sup>, in sterling terms. During a time when concerns about the trajectory of the global economy were

rising, the Fund's bias towards growth stocks with strong competitive positions was helpful.

While the US economic recovery has continued, political wrangling and the European debt crisis have affected consumer and business confidence enough to mean the rate of recovery has been somewhat disappointing. However, there are reasons to be optimistic about the domestic economy: companies are generally in good financial health and are hiring again, consumers are benefiting from lower petrol prices, and low inflation means the Federal Reserve can keep interest rates very low. High affordability, along with various policy measures, should help revive the housing market, which has been bumping along the bottom.

Both our new purchases in the period under review are domestically orientated stocks with attractive growth prospects. US Bancorp is a regional bank with an impressive service culture, a conservative lending mindset, a low cost base and a strong capital position, and IDEXX Laboratories is a veterinary diagnostics business with a clear lead over the competition.

We added to existing holdings Home Depot, the DIY retailer, Bristol Myers Squibb, a biopharmaceutical company with an attractive pipeline of new drugs, and Colgate-Palmolive, which has the dominant global toothpaste consumer franchise. Sales were mainly from the industrial sector and included Deere, the agriculture and construction equipment manufacturer, which has benefitted in recent years from high commodity prices and whose shares have become fully valued.

Negative global news headlines need to be balanced against the growth prospects for individual companies. The Fund is invested in a focussed selection of American stocks, and we are pleased with the operational performance of a wide range of portfolio holdings, many of which have stock specific growth drivers. From Apple through O'Reilly Automotive to Intuitive Surgical we see well financed companies with particular competitive advantages and the prospect of sustainable earnings growth.

Mick Brewis, 7th November 2011

### Net Asset Values

Share Class	Net Asset Value per Share 31.10.11	Net Asset Value per Share 30.04.11
A Net Accumulation	187.6p	193.9p
B Net Income	192.5p	198.2p
B Net Accumulation	203.6p	209.6p
C Net Accumulation	219.7p	225.4p

### Standardised Past Performance Record<sup>1</sup>

Share Class	31.10.10 to 31.10.11	31.10.09 to 31.10.10	31.10.08 to 31.10.09	31.10.07 to 31.10.08	31.10.06 to 31.10.07
A Net Accumulation	9.1%	22.7%	12.5%	-16.6%	4.1%

The performance figures shown in this table are for Class A Net Accumulation Shares. Performance figures reflect the annual charge of 1.5%, but exclude any initial charge paid. More recent performance for Class A Net Accumulation Shares and the other share classes in issue can be obtained by calling the ACD. Calls may be recorded. Please note past performance is not a guide to future performance.

### Distributions (for the Financial Period)

Share Class	Net Income per Share 31.10.11	Net Income per Share 30.04.11	Net Income per Share 30.04.10	Net Income per Share 30.04.09	Net Income per Share 30.04.08	Net Income per Share 30.04.07
A Net Accumulation	n/a	0.00p	0.00p	0.00p	0.00p	0.00p
B Net Income	n/a	1.34p	1.18p	1.11p	0.66p	0.62p
B Net Accumulation	n/a	1.41p	1.23p	1.16p	0.67p	0.66p
C Net Accumulation	n/a	2.84p	2.39p	2.25p	1.81p	1.73p

### Total Expense Ratios

Share Class	Total Expense Ratio 31.10.11	Total Expense Ratio 30.04.11
A Net Accumulation	1.57%	1.51%
B Net Income	0.70%	0.68%
B Net Accumulation	0.70%	0.68%
C Net Accumulation	0.05%	0.05%

### Fund Facts

XD Date: 30th April  
Distribution Payment Date: 30th June

<sup>1</sup>Source: FE, bid to bid (10am prices), net income reinvested. Please note past performance is not a guide to future performance.

## Major Holdings

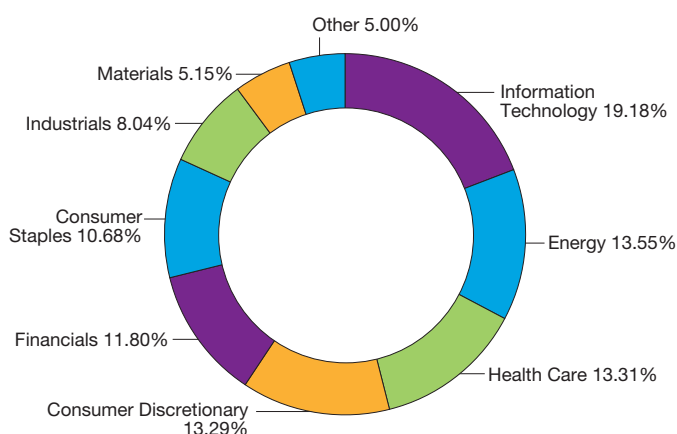
The Fund's 10 largest holdings at the end of this period and the previous financial year end are shown below.

Holdings	% of Fund Value as at 31.10.11
1 Apple	7.09
2 Bristol Myers Squibb	4.94
3 Oracle Corp	4.31
4 Monsanto Company	4.23
5 Home Depot	3.74
6 Progressive	3.67
7 Colgate-Palmolive	3.53
8 Apache Corp	3.44
9 Walgreen	3.41
10 O'Reilly Automotive	3.40

Holdings	% of Fund Value as at 30.04.11
1 Apple	5.85
2 Oracle Corp	5.51
3 Schlumberger	4.84
4 Apache Corp	4.68
5 Danaher	4.37
6 Progressive	4.30
7 Exxon Mobil	3.88
8 Walgreen	3.63
9 Monsanto Company	3.55
10 Linear Technology	2.69

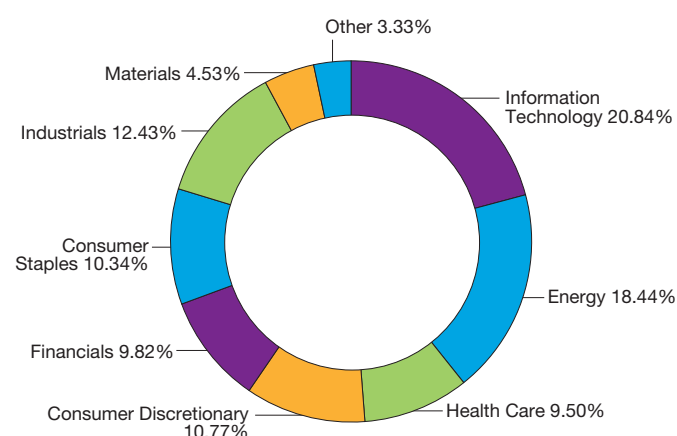
## Classification of Investments

31st October 2011



Net assets: £177,455,000

30th April 2011



Net assets: £ 169,081,000

## 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 the ACD.

## Other Information

The Fund is a UCITS retail scheme under the Financial Services 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 contact the ACD. Any comments expressed in this report should not be taken as a recommendation or advice.

## Minimum Investment Levels

The minimum initial investment is £1,000 for Class A Shares (£50 per month for the Monthly Savings Plan) and £250,000 for Class B Shares. 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 Simplified Prospectus and full Prospectus.

## Change of Depositary

As part of an internal re-structuring in 2011 The Royal Bank of Scotland Group Plc transferred its Trustee and Depositary Services business from The Royal Bank of Scotland Plc to National Westminster Bank Plc and consequently National Westminster Bank Plc was appointed as Depositary of the Fund on 23rd September 2011.

As Depositary, National Westminster Bank Plc will have the same duties and responsibilities as The Royal Bank of Scotland Plc and the change of Depositary will have no impact on the way the Fund is operated.

### Authorised Corporate Director

Baillie Gifford & Co Limited  
(Authorised and regulated by the  
Financial Services Authority,  
FSA Register No. 119179)  
Calton Square,  
1 Greenside Row,  
Edinburgh EH1 3AN  
Telephone: 0800 917 2113  
Fax: 0131 275 3955

### Depositary

National Westminster Bank Plc  
(Authorised and regulated by the  
Financial Services Authority,  
FSA Register No. 121878)  
Trustee & Depositary Services  
The Broadstone,  
50 South Gyle Crescent,  
Edinburgh EH12 9UZ

### Investment Manager

Baillie Gifford & Co  
(Authorised and regulated by the  
Financial Services Authority,  
FSA Register No. 142597)  
Calton Square,  
1 Greenside Row,  
Edinburgh EH1 3AN

### Auditor

KPMG Audit Plc  
Saltire Court,  
20 Castle Terrace,  
Edinburgh EH1 2EG

### Registrar

Baillie Gifford Savings  
Management Limited  
(Authorised and regulated  
by the Financial Services  
Authority, FSA Register  
No. 150233)  
Calton Square,  
1 Greenside Row,  
Edinburgh EH1 3AN