

# Baillie Gifford Emerging Markets Growth 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, primarily in emerging markets worldwide and in any economic sectors of these markets. 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 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.bailliegifford.com](http://www.bailliegifford.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 -10.9%<sup>1</sup> compared to the return on the MSCI Emerging Markets Index of -13.1%<sup>1</sup>, in sterling terms.

Risk aversion and volatility have characterised emerging stock markets. Recently concerns over inflation, global growth, and events in Europe have weighed heavily on investors' minds.

Nevertheless, as the market swings week by week from despair to exuberance, we must remind ourselves that the fundamentals underpinning emerging market companies do not. Emerging market company balance sheets continue to be strong, banks are generally well capitalised, economic growth healthy, and companies in aggregate continue to perform well operationally. Recent third quarter results support this, with businesses supposedly very sensitive to global growth, such as Samsung Electronics and Hyundai Mobis, once again showing strong numbers.

One should not forget that these results have been achieved during a 12 to 18 month tightening cycle in emerging markets. Not only does this give a number of economies significant stimulus options, but there are already tantalising signs that we are at the end of the rate tightening cycle in a number of regions, with Indonesia the latest country to join Turkey and Brazil in lowering rates this year. Will China follow suit soon?

We made a number of new purchases to capitalise on the lowly valuations of a variety of attractive, long-term growth stocks, including China National Building Material (China's largest cement maker) and Sberbank (Russia's leading bank). We have also continued to increase our exposure to exciting oil and gas exploration and production companies where the transformational potential of a number of these businesses appears to be undervalued by the market. Overall the portfolio maintains a strong growth bias.

In conclusion, despite the volatility of the markets, the fundamentals have not changed and valuations both on a price-to-book and cyclically adjusted earnings multiple basis are currently at the lower end of their long-term norms. Companies continue to perform well, the emerging market fundamentals remain intact, and we are finding exciting investment opportunities. We remain very optimistic about the long-term outlook for your portfolio.

Richard Sneller, 22nd 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	388.7p	443.8p
B Net Income	374.0p	425.2p
B Net Accumulation	416.0p	472.9p
C Net Income	378.2p	428.2p
C Net Accumulation	448.2p	507.5p

### 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	-10.7%	25.0%	77.3%	-45.4%	53.7%

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	0.33p	1.51p	0.40p	0.94p
B Net Income	n/a	2.70p	2.38p	2.96p	2.23p	2.32p
B Net Accumulation	n/a	3.19p	2.73p	3.23p	2.37p	2.48p
C Net Income	n/a	5.90p	4.82p	4.45p	4.12p	3.73p
C Net Accumulation	n/a	6.90p	5.57p	5.06p	4.61p	4.13p

### Total Expense Ratios

Share Class	Total Expense Ratio 31.10.11	Total Expense Ratio 30.04.11
A Net Accumulation	1.56%	1.54%
B Net Income	0.86%	0.82%
B Net Accumulation	0.85%	0.79%
C Net Income	0.06%	0.07%
C Net Accumulation	0.06%	0.07%

### 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

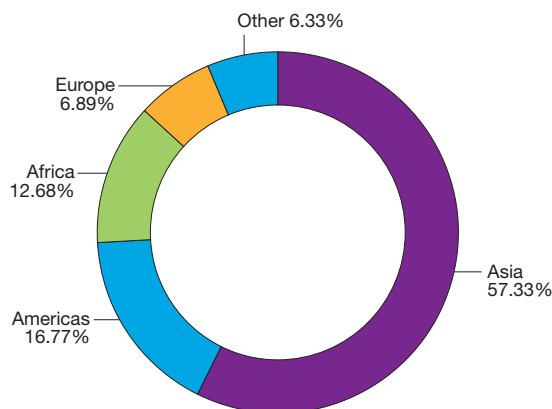
The Fund's 10 largest holdings at the end of this period and the previous financial year end are shown below.

Holdings	% of Fund Value as at 31.10.11
1 Samsung Electronics	5.35
2 Dragon Oil	3.71
3 Vale Common ADR	3.45
4 Tullow Oil	3.26
5 Petrobras	3.16
6 China Shenhua Energy H	2.72
7 China Life Insurance (Taiwan)	2.49
8 TSMC	2.40
9 Hon Hai Precision	2.01
10 Hyundai Mobis	2.00

Holdings	% of Fund Value as at 30.04.11
1 Samsung Electronics	4.54
2 Petrobras Common ADR	3.75
3 Dragon Oil	3.19
4 Baidu ADR	3.09
5 Vale Common ADR	2.92
6 China Shenhua Energy H	2.25
7 Hon Hai Precision	2.19
8 TSMC	2.12
9 Gold Fields	2.01
10 Hyundai Mobis	1.97

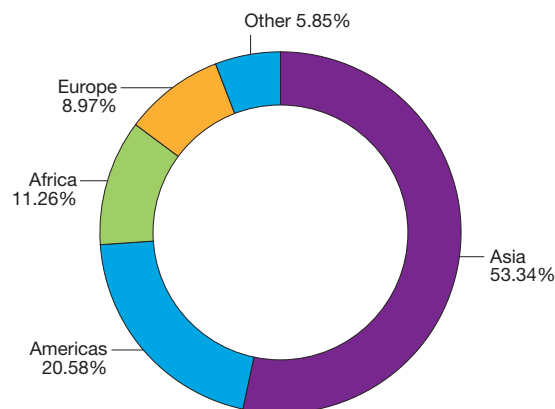
## Classification of Investments

31st October 2011



Net assets: £685,448,000

30th April 2011



Net assets: £874,612,000

## 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