

Baillie Gifford Global Income 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 a higher level of income than is generally available from shares worldwide; and both income and capital growth over the longer term.

Investment Policy

To invest mainly in shares of companies worldwide. Investment may also be in bonds issued by governments, government agencies, companies and certain supranational organisations; and convertibles.

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.

Typically lower rewards, lower risk ← **Typically higher rewards, higher risk** →

1	2	3	4	5	6	7
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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 and bonds which generally provide higher rewards and higher risks than other investments such as investment solely in bonds or cash. As the Fund changed its objective and policy on 1st March 2010, the returns of the Fund's sector are used in its place prior to this date to calculate the Risk and Reward Indicator. 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. 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. Part or all of the Authorised Corporate Director's annual fee will be taken from the Fund's capital. This will reduce the capital value of the Fund.¹

Fees Charged to Capital

To assist in achieving the Fund's investment objective 85% of the ACD's annual fee was charged to capital in the year to 31st January 2013. The figure for the current financial period has not yet been determined.

Investment Report

For the six months to 31st July 2013 the return on A Net Income Shares was 8.1%² compared to the return on the FTSE All World Index of 11.4%³, in sterling terms. On income, for the six months to 31st July 2013, A Net Income Shares declared total distributions of 9.07p. While this represents 6.7% growth over the distributions for the six months to July 31st 2012, this growth should not be seen as a guide to full year growth as it reflects a change in distribution policy to provide lower volatility of quarterly distributions. The trailing 12 month yield on A Net Income Shares at 31st July 2013 was 4.14%. 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.

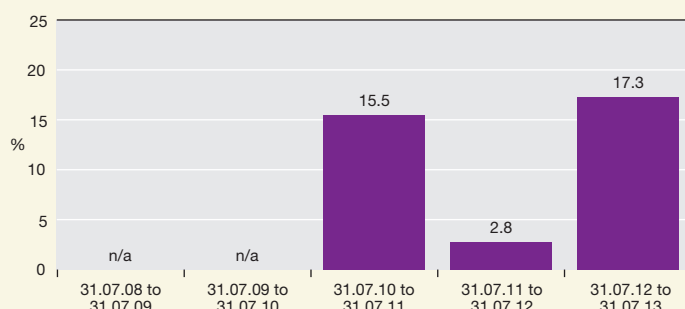
The most significant change to the portfolio over the period was the complete sale of the fixed income holdings. At launch in 2010 we saw many attractive value and income opportunities across corporate debt markets, however after strong performance we now believe that equities offer better risk/reward characteristics.

With six new holdings and 17 complete sales over the period the number of holdings has fallen to 83. We made some changes to the portfolio's resources exposure, with a new investment in Norsk Hydro, the Norwegian low-cost aluminium producer, funded from the sales of our small holdings in Impala Platinum, Vale and Grupo Mexico. In the consumer sector we initiated positions in Kraft Foods Group, the US branded foods manufacturer, and Nintendo, the Japanese gaming console manufacturer, funded from the sale of L'Oréal and Massmart on valuation grounds. In utilities we subscribed to the IPO of Greencoat UK Wind, the owner of UK wind farms, funded from the sale of National Grid.

While challenges remain for the global economy, encouraging data from the US and early signs of stabilisation in Europe mean that downside risk to the markets has fallen. We continue to believe that our philosophy of investing in high-quality companies with a sustainable growth opportunity will help to drive real growth in income and attractive total returns for the portfolio over the long term.

Dominic Neary, 9th August 2013

Past Performance⁴



The performance figures shown in this graph are for Class A Net Income Shares. Performance figures reflect the ACD's annual fee of 1.5%, but exclude any initial charge paid. There are not five years of performance as the Fund's investment objective was amended on 1st March 2010. 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	442.5p	417.6p
A Net Accumulation	793.7p	734.1p
B Net Income	489.0p	459.6p
B Net Accumulation	816.7p	751.7p
C Net Income	524.5p	491.7p
C Net Accumulation	832.2p	764.3p

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	14.33p	17.75p
A Net Accumulation	34.85p	29.02p
B Net Income	17.62p	20.02p
B Net Accumulation	36.66p	30.32p
C Net Income	20.05p	21.79p
C Net Accumulation	37.36p	31.11p

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	1.54%	1.58%
A Net Accumulation	1.58%	1.60%
B Net Income	0.71%	0.74%
B Net Accumulation	0.62% ⁶	0.75%
C Net Income	0.07%	0.10%
C Net Accumulation	0.07%	0.10%

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	457.2p	403.9p	412.1p	373.1p
A Net Accumulation	812.0p	701.1p	706.8p	633.2p
B Net Income	504.5p	446.0p	453.3p	408.8p
B Net Accumulation	833.9p	717.1p	721.7p	643.4p
C Net Income	540.8p	478.1p	484.9p	435.7p
C Net Accumulation	849.3p	729.1p	733.0p	650.3p

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 prices, net income reinvested. ³Source: FE, net income. ⁴Source: FE, 10am dealing prices, net income reinvested. 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. ⁶The ACD's annual fee is calculated on a monthly basis. This can lead to distortions in the calculated ongoing charges figure when a share class is expanding or contracting. The ACD considers 0.72% to be a more indicative rate for the ongoing charges figure for Class B Net Accumulation Shares. You should be aware that past performance is not a guide to future performance.

Major Holdings

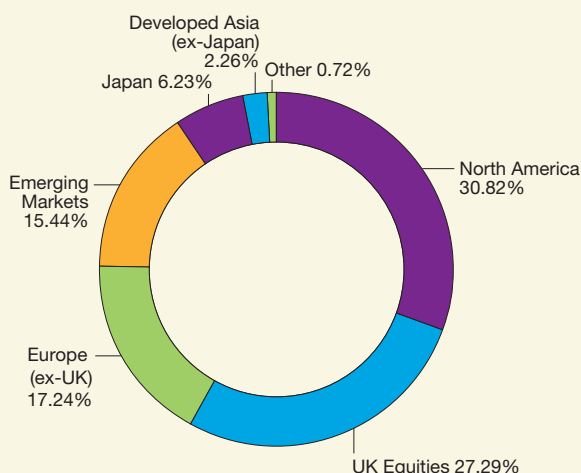
The Fund's 10 largest holdings at the end of this period and the previous year end are shown below.

Holdings	% of Fund Value as at 31.07.13
1 Scottish & Southern Energy	3.28
2 Rio Tinto	2.55
3 Imperial Tobacco	2.46
4 Metropole TV	2.46
5 Penn West Petroleum	2.34
6 Total	2.23
7 Hiscox plc	2.14
8 Tortoise Energy Infrastructure	1.98
9 New York Community Bancorp	1.94
10 Analog Devices	1.91

Holdings	% of Fund Value as at 31.01.13
1 Lowell Group 10.75% 2019	2.69
2 Central European Media 11.625% 2016	2.49
3 Tortoise Energy Infrastructure	2.32
4 Progressive	2.23
5 Scottish & Southern Energy	2.11
6 Philip Morris International	2.02
7 Penn West Petroleum	1.89
8 Total	1.89
9 Reynolds American	1.71
10 Seadrill	1.68

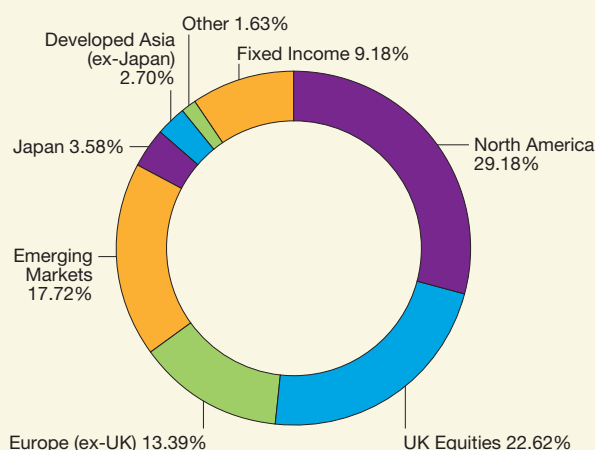
Classification of Investments

31st July 2013



Net assets: £243,178,000

31st January 2013



Net assets: £148,343,000

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 trustinquiries@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: 30th April, 31st July, 31st October and 31st January.
Distribution Payment Dates: 30th June, 30th September, 31st December and 31st March.

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.

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,
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Depository

National Westminster Bank Plc
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Investment Manager

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Registrar

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