

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 2012

Investment Objective

The Fund aims to achieve a higher level of income payment than is generally available from shares worldwide; and both income and capital growth over the longer term.

Investment Policy

To invest mainly in shares in 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

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. Some risks which can't be easily measured may not be fully captured by the Risk and Reward Indicator. The Fund is classified in the category above because it invests in company shares and bonds which on balance 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 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 ACD'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 81% of the ACD's annual fee was charged to capital in the year to 31st January 2012. The figure for the current financial period has not yet been determined.

Investment Report

For the six months to 31st July 2012 the return on A Net Income Shares was 3.5%² compared to the return on the comparative index of 2.2%², in sterling terms. We believe that shorter term performance measurements are of limited relevance in assessing investment ability and would suggest that three to five years is a more sensible time frame over which to judge performance.

On 31st May 2012 the comparative index was changed to the FTSE All World Index from the composite 25% FTSE All Share/75% FTSE All World ex-UK Index to reflect the Fund's global investment philosophy.

Despite high levels of volatility driven primarily by European sovereign credit concerns, global markets made modest progress over the period.

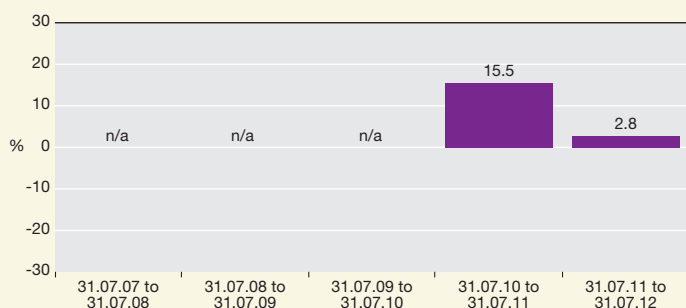
Over the period we initiated a number of new positions, including Harley-Davidson, the US manufacturer of iconic heavy motorcycles, Cochlear, the Australian hearing implant company, and Quanta Services, the US-listed utility and energy sectors service provider. Complete sales included Deere, the US agricultural and mining equipment manufacturer, Gazprom, the Russian energy company, and Fukuoka REIT, the Japanese real estate company.

We continue to see good value in selected corporate bonds which make up 10% of the portfolio. We believe that these bonds offer an attractive income stream and will generate a total return competitive with global equity markets.

Across many parts of the world we see evidence of an increasing commitment to dividends as a key component of total shareholder returns. This trend, combined with strong corporate balance sheets and profitability, offers a globally-invested, income-oriented portfolio the potential for attractive, long-term total returns.

Dominic Neary, 8th August 2012

Past Performance²



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 shown 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 31.07.12	Net Asset Value per Share 31.01.12
A Net Income	391.1p	386.0p
A Net Accumulation	671.3p	647.9p
B Net Income	429.8p	421.8p
B Net Accumulation	684.3p	658.4p
C Net Income	459.2p	448.6p
C Net Accumulation	694.1p	665.7p

Distributions (for the Calendar Year)

Share Class	Net Income per Share 2012	Net Income per Share 2011
A Net Income	13.50p	16.85p
A Net Accumulation	24.77p	26.27p
B Net Income	15.77p	18.34p
B Net Accumulation	26.07p	23.43p
C Net Income	17.54p	19.46p
C Net Accumulation	26.86p	23.15p

Ongoing Charges Figures (for the Financial Period)

Share Class	Ongoing Charges Figure 31.07.12	Ongoing Charges Figure 31.01.12
A Net Income	1.58%	1.64%
A Net Accumulation	1.58%	1.62%
B Net Income	0.76%	0.80%
B Net Accumulation	0.75%	0.78%
C Net Income	0.12%	0.14%
C Net Accumulation	0.11%	0.14%

Highest and Lowest Prices (for the Calendar Year)

Share Class	Highest Price per Share 2012	Lowest Price per Share 2012	Highest Price per Share 2011	Lowest Price per Share 2011
A Net Income	412.1p	373.1p	420.7p	350.7p
A Net Accumulation	691.7p	633.2p	682.4p	575.0p
B Net Income	450.4p	408.8p	458.6p	383.5p
B Net Accumulation	703.0p	643.4p	690.1p	582.6p
C Net Income	479.2p	435.7p	486.8p	407.9p
C Net Accumulation	711.0p	650.3p	695.3p	587.9p

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

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: FE, bid to bid, net income reinvested. You should be aware that past performance is not a guide to future performance.

Major Holdings

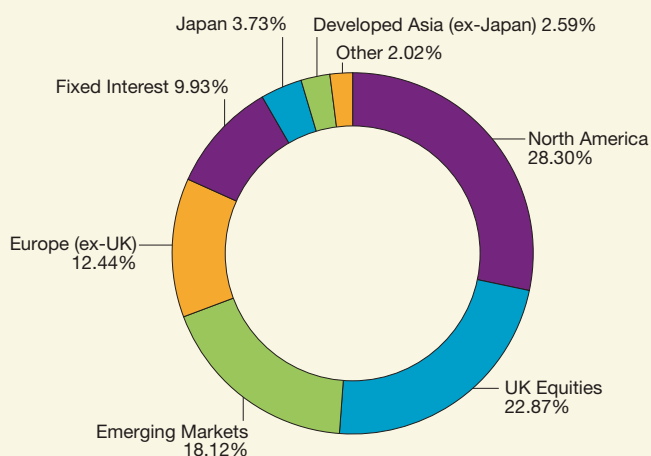
The Fund's 10 largest holdings at the end of this period and the previous financial year end are shown below.

Holdings	% of Fund Value as at 31.07.12
1 Philip Morris International	3.25
2 Reynolds American	2.79
3 Tortoise Energy Infrastructure	2.67
4 Industrial & Infrastructure Fund	2.25
5 Penn West Petroleum	2.22
6 AES Tietê Pref	2.18
7 Total	2.04
8 Barclays Bank 14 % 2019 Perp	1.97
9 Provident Financial	1.96
10 Seadrill	1.77

Holdings	% of Fund Value as at 31.01.12
1 Penn West Petroleum	2.99
2 Philip Morris International	2.90
3 Tortoise Energy Infrastructure	2.87
4 Reynolds American	2.59
5 Svenska Handelsbanken	2.47
6 Roche Holding	2.46
7 Fukuoka REIT Corp	2.13
8 Nestlé	2.07
9 Total	1.92
10 New York Community Bancorp	1.92

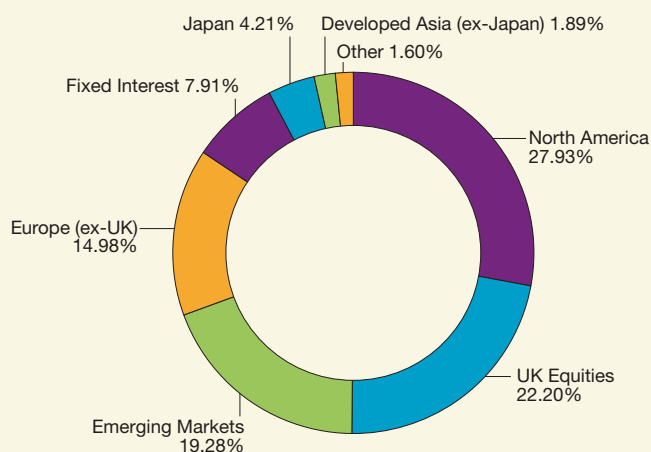
Classification of Investments

31st July 2012



Net assets: £44,866,000

31st January 2012



Net assets: £20,900,000

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 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 call Client Relations on 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.

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 Supplementary Information Document and Prospectus.

Replacement of Simplified Prospectus

As part of a European Directive³, the Simplified Prospectus ('SP') has been replaced by the Key Investor Information Document ('KIID') together with a Supplementary Information Document ('SID'). The KIID is designed to replace the SP and to provide investors with clearer information. The SID ought to be read in conjunction with the KIID. This document includes additional information which an investor needs to be aware of and which is not in the new KIID. We replaced the SP with the KIID with effect from 4th June 2012.

³Directive 2009/65/EC of the European Parliament and of the Council of 13th July 2009.

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

Depository

National Westminster Bank Plc
(Authorised and regulated by the
Financial Services Authority,
FSA Register No. 121878)
Trustee & Depository Services
The Younger Building,
3 Redheughs Avenue,
Edinburgh EH12 9RH

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