

Baillie Gifford International 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

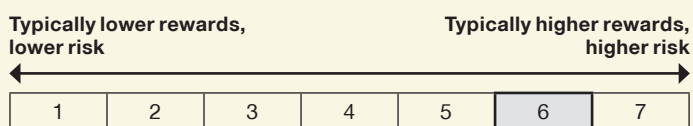
The Fund aims to achieve capital growth.

Investment Policy

To invest mainly in shares of companies worldwide excluding the UK.

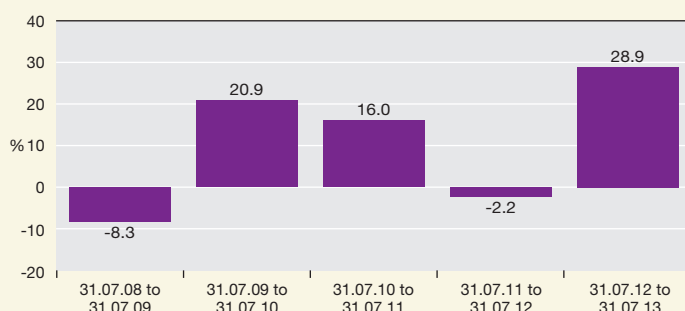
Risk and Reward Profile

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 in company shares which generally provide higher rewards and higher risks than other investments such as 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, 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. 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

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 Accumulation	2871p	2529p
B Net Income	2733p	2406p
B Net Accumulation	3174p	2785p
C Net Income	2738p	2407p
C Net Accumulation	3388p	2963p

Investment Report

For the six months to 31st July 2013 the return on A Net Accumulation Shares was 13.5%² compared to the return on the MSCI All Country World ex-UK Index of 11.4%³, in sterling terms. 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.

Our low turnover approach means that changes from one year to the next tend not to be dramatic. In the twelve months to end of July, the average stock holding period was circa five years.

During the period we have sold a small number of companies where we think the outlook has deteriorated – these include America Movil (Mexican telecoms), Vistaprint (business cards and printing), and Odontoprev (Brazilian dental plans).

We have tended to re-invest the proceeds in companies that demonstrate disruptive innovation and that are often led by charismatic founders who run the business for the long term. A new holding in this vein during the period was Tesla Motors (electric vehicles).

In Japan where inflation, reform and a weaker yen may dramatically improve the prospects for some high quality manufacturers, we have bought THK (linear motion guides) and SMC (pneumatic equipment). Both companies sell equipment that helps other manufacturers streamline their production processes.

Ongoing work by our investment managers and analysts has been focusing on a number of areas – companies that will benefit from a 'normalisation' of interest rates and a potential resurgence of US manufacturing. Purchases that fall into these categories include TD Ameritrade and M&T Bank (interest rates) and Lincoln Electric (manufacturing).

Our base case scenario for the global economy envisages the recovery continuing whilst recognising that less favourable scenarios may play out. We remain vigilant in analysing the reaction of our companies to changes in the wider macro-economic environment.

We believe that our bottom-up research process produces a portfolio of robust companies that have strong growth prospects based on their competitive positions – this is our best defence against variable stock market conditions.

Baillie Gifford & Co, 9th August 2013

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 Accumulation	7.66p	9.78p
B Net Income	25.26p	28.17p
B Net Accumulation	29.13p	32.86p
C Net Income	39.39p	43.39p
C Net Accumulation	47.77p	52.59p

Ongoing Charges Figures (for the Financial Period)⁵

Share Class	Ongoing Charges Figure 31.07.13	Ongoing Charges Figure 31.01.13
A Net Accumulation	1.54%	1.53%
B Net Income	0.69%	0.70%
B Net Accumulation	0.69%	0.69%
C Net Income	0.05%	0.05%
C Net Accumulation	0.05%	0.05%

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 Accumulation	2911p	2355p	2353p	2104p
B Net Income	2777p	2254p	2252p	2012p
B Net Accumulation	3214p	2592p	2589p	2303p
C Net Income	2783p	2262p	2259p	2016p
C Net Accumulation	3426p	2756p	2752p	2439p

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

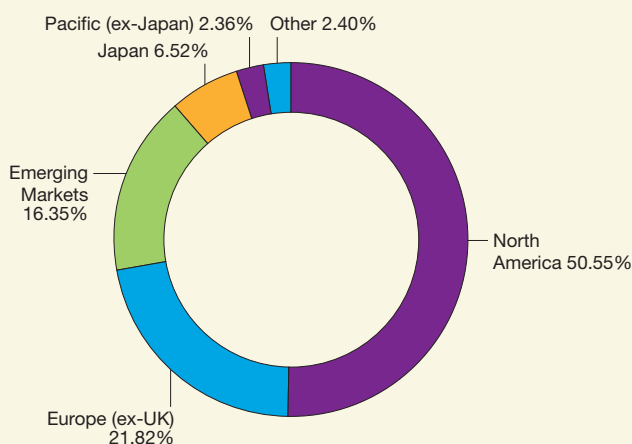
The Fund's 10 largest holdings at the end of this period and the previous year end are shown below.

Holdings	% of Fund Value as at 31.07.13
1 Svenska Handelsbanken	3.25
2 Naspers Ltd	2.63
3 Amazon	2.62
4 Omnicom	2.42
5 Roche Holding	2.29
6 eBay	2.17
7 Ryanair Holdings	2.07
8 MasterCard Inc	2.06
9 Google	1.96
10 Nestlé	1.94

Holdings	% of Fund Value as at 31.01.13
1 Svenska Handelsbanken	3.20
2 eBay	2.65
3 Richemont	2.56
4 Amazon	2.52
5 Roche Holding	2.34
6 Nestlé	2.28
7 Naspers Ltd	2.24
8 Omnicom	2.23
9 MasterCard Inc	1.97
10 Samsung Electronics Common GDR	1.86

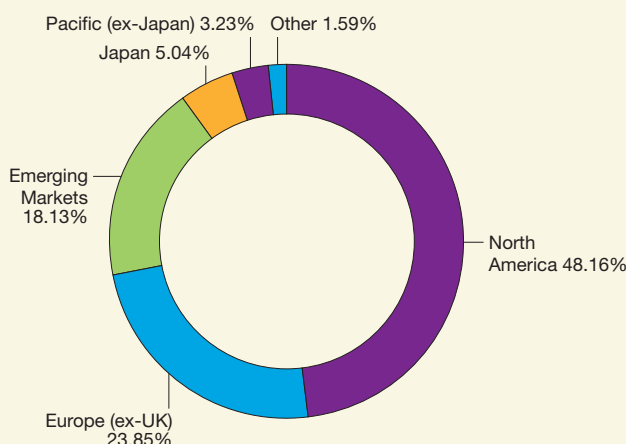
Classification of Investments

31st July 2013



Net assets: £405,351,000

31st January 2013



Net assets: £354,359,000

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.baillieghifford.com or email us at trustenquiries@baillieghifford.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.baillieghifford.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) 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,
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,
3 Redheughs Avenue,
Edinburgh EH12 9RH

Investment Manager

Baillie Gifford & Co
(Authorised and regulated by the Financial Conduct Authority, Financial Services 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 Conduct Authority, Financial Services Register No. 150233)
Calton Square,
1 Greenside Row,
Edinburgh EH1 3AN