

# 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 2013

### Investment Objective

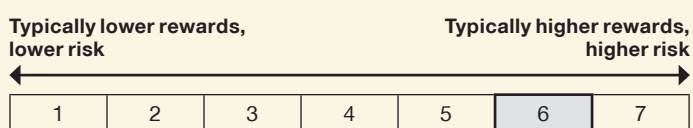
The Fund aims to maximise total returns, mainly through capital growth.

### Investment Policy

To invest in any economic sector, either directly or indirectly, of the United States of America. From time to time investment may also be made in any economic sector in Canada, either directly or indirectly. Investment will be mainly in shares of companies.

### 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 involve a risk of loss if the custodian becomes insolvent or breaches duties of care. The Fund's concentrated portfolio and long-term approach to investment may result in large movements in the share price. The Fund's exposure to a single market and currency may increase share price movements. 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.<sup>1</sup>

### Investment Report

For the six months to 31st October 2013 the return on A Net Accumulation Shares was 6.7%<sup>2</sup>, compared to the return on the S&P500 Composite Index of 7.3%<sup>3</sup>, 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.

The US economic recovery has been tepid in the period under review with moderate employment gains and anaemic wage growth. The private sector has been doing better than the public sector, which has been impacted by government spending cuts, but a rise in mortgage rates has slowed the previously strong housing market. The political dysfunction in Washington may well be having a detrimental effect on consumer and business confidence. However, monetary policy in the form of Quantitative Easing remains very supportive, and this has helped the stock market to rise.

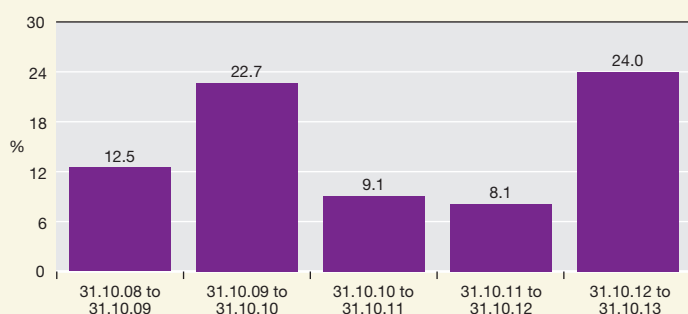
We are optimistic about America's long-term prospects based on the successful enterprise culture, world leading technological innovation, an efficient manufacturing base, and the growing energy resource. While our stockpicking focuses primarily on the attributes of individual companies, many of the Fund's investments reflect these aspects of US business. For instance, shale oil production is growing rapidly, and in June we added to the Fund's holding in EOG Resources, a pioneer in horizontal drilling and hydraulic fracturing techniques. The fast expanding online economy and increasing prevalence of the mobile internet are providing meaningful growth opportunities, and during the period we built a larger holding in Google, whose relentless innovation continues. In the healthcare sector, exciting scientific developments are leading to success in new drug research, and we added to Johnson & Johnson and Bristol Myers Squibb. We also increased the size of the Fund's holding in Danaher, a highly efficient manufacturer.

Towards the end of the period we bought a new holding in WellPoint, a large health insurer with an impressive new management team, that is well placed to benefit from the greater healthcare needs of the aging baby boomers. Complete sales included Omnicom (merging with Publicis) and Life Technologies Corp (being acquired by Thermo Fisher Scientific).

In a low growth global economy the companies that should fare best are those with exceptional management, durable competitive advantages, strong cash generation and idiosyncratic earnings growth drivers. Investing in these types of companies is our focus.

Mick Brewis, Ian Tabberer and team, 8th November 2013

### Past Performance<sup>4</sup>



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 31.10.13	Net Asset Value per Share 30.04.13
A Net Accumulation	258.3p	242.0p
B Net Income	266.2p	248.3p
B Net Accumulation	285.1p	265.9p
C Net Accumulation	311.6p	289.7p

### Distributions (for the Calendar Year)

Share Class	Net Income per Share Period to 31.10.13	Net Income per Share Year to 31.12.12
A Net Accumulation	0.23p	0.00p
B Net Income	2.11p	0.84p
B Net Accumulation	2.25p	0.91p
C Net Accumulation	4.10p	2.45p

### Ongoing Charges Figures (for the Financial Period)<sup>5</sup>

Share Class	Ongoing Charges Figure 31.10.13	Ongoing Charges Figure 30.04.13
A Net Accumulation	1.53%	1.50%
B Net Income	0.67%	0.67%
B Net Accumulation	0.67%	0.67%
C Net Accumulation	0.04%	0.04%

### 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	268.0p	211.4p	218.9p	196.4p
B Net Income	275.6p	218.2p	225.3p	201.9p
B Net Accumulation	295.2p	231.7p	239.0p	213.6p
C Net Accumulation	322.1p	251.9p	259.4p	230.7p

<sup>1</sup>Further 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.

<sup>2</sup>Source: Baillie Gifford & Co Ltd, closing net asset value, net income accumulated. <sup>3</sup>Source: FE, net income. <sup>4</sup>Source: FE, 10am dealing prices, net income accumulated.

<sup>5</sup>The ongoing charges figure is based on 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

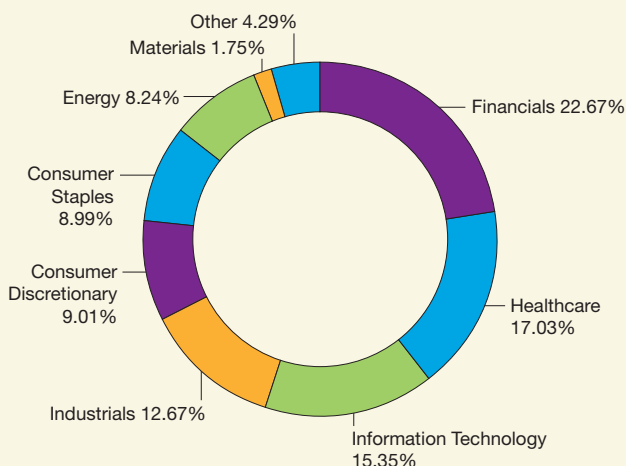
The Fund's 10 largest holdings at the end of this period and the previous year end are shown below.

Holdings	% of Fund Value as at 31.10.13
1 Johnson & Johnson	5.48
2 First Republic Bank	5.27
3 Google	5.15
4 Berkshire Hathaway B	4.08
5 Harley-Davidson	3.80
6 Watsco Inc	3.76
7 Progressive	3.75
8 Pfizer	3.67
9 Danaher	3.60
10 US Bancorp	3.45

Holdings	% of Fund Value as at 30.04.13
1 Johnson & Johnson	4.42
2 Progressive	4.40
3 Pfizer	4.19
4 Monsanto Company	4.13
5 Colgate-Palmolive	3.88
6 Berkshire Hathaway B	3.84
7 First Republic Bank	3.81
8 eBay	3.79
9 US Bancorp	3.79
10 Brown-Forman B	3.44

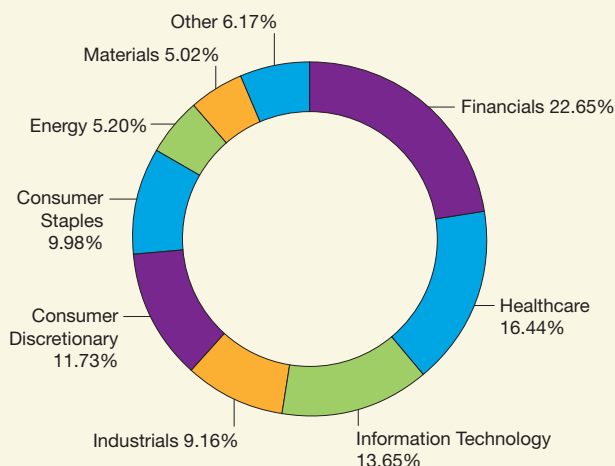
## Classification of Investments

31st October 2013



Net assets: £402,432,000

30th April 2013



Net assets: £343,903,000

## 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.

## Protected Cell Regime

With effect from 12th December 2013, the ACD has moved the ICVC to the 'protected cell regime'. The new rules limit the recourse of creditors to just the assets of the relevant sub-fund and not all the sub-funds of the umbrella company.

## Fund Charges and Costs

We are obliged to quote performance based on the Class A Shares, which have the highest management fee. Holders of the Class A Shares are offered the chance to convert their current holdings (irrespective of size), at no cost, into the equivalent Class B Shares. Our Class B Shares carry a lower annual management fee as well as a lower initial charge, than the equivalent Class A Shares, and associated distributions may be higher than the equivalent Class A Shares. If you have any questions on the merits of a conversion to the Class B Shares we would suggest that you contact a financial adviser. Performance numbers for Class B Shares are available by contacting the Client Relations Team on 0800 917 2113.

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](http://www.bailliegifford.com).

## Fund Facts

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

## 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.

## 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](http://www.bailliegifford.com) or email us at [trusenquiries@bailliegifford.com](mailto:trusenquiries@bailliegifford.com). Any comments expressed in this report should not be taken as a recommendation or advice.

### 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 and regulated 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