

EDINBURGH WORLDWIDE INVESTMENT TRUST plc



Annual Report and Financial Statements
31 October 2014





Edinburgh Worldwide's objective is the achievement of long term capital growth by investing primarily in listed companies throughout the world.

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Notes

None of the views expressed in this document should be construed as advice to buy or sell a particular investment. Investment trusts are UK public listed companies and as such comply with the requirements of the UK Listing Authority. They are not authorised or regulated by the Financial Conduct Authority.

Edinburgh Worldwide Investment Trust plc currently conducts its affairs, and intends to continue to conduct its affairs, so that the Company's Ordinary Shares can qualify to be considered as a mainstream investment product and can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the rules of the Financial Conduct Authority (FCA) in relation to non-mainstream investment products.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser.

If you have sold or otherwise transferred all of your ordinary shares in Edinburgh Worldwide Investment Trust plc, please forward this document, together with any accompanying documents, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was or is being effected for delivery to the purchaser or transferee.

Financial Highlights – Year to 31 October 2014

Share Price (4.9%)

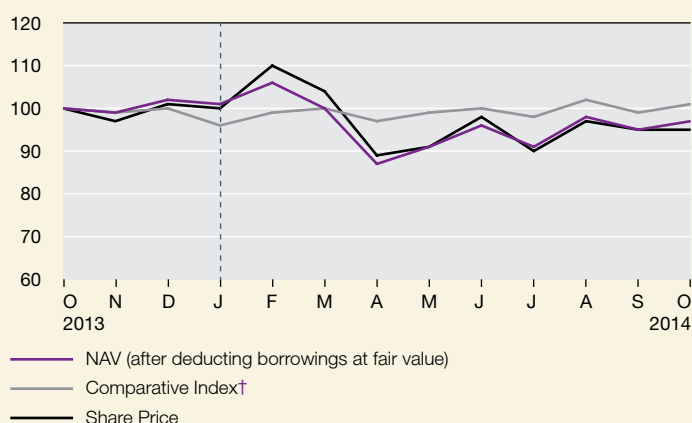
NAV* (2.7%)

Comparative Index† 1.1%

* After deducting borrowings at fair value.

NAV Share Price and Comparative Index

(rebased to 100 at 31 October 2013)

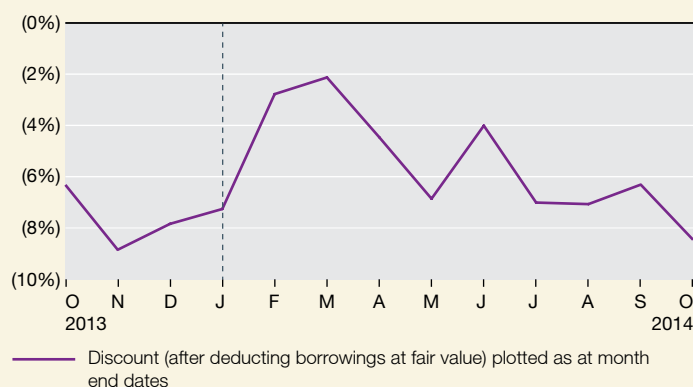


† MSCI All Countries World Index (in sterling terms) until 31 January 2014, thereafter: S&P Citigroup Global Small Cap Index (in sterling terms). The index data has been chain linked to form one comparative index figure.

----- Broadened investment policy implemented on 31 January 2014.

Source: Thomson Reuters Datastream/Baillie Gifford.

Discount



Company Summary

Investment Policy

Edinburgh Worldwide Investment Trust plc aims to achieve long term capital growth by investing primarily in listed companies throughout the world. Further details of the investment policy are given in the Business Review on page 7.

Comparative Index

The index against which performance is compared is the S&P Citigroup Global Small Cap Index (in sterling terms). Prior to 1 February 2014 the comparative index was the MSCI All Countries World Index (in sterling terms). For periods commencing prior to this date, the returns on these indices for their respective periods are linked together to form a single comparative index.

Management Details

The Company has appointed Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, as its Alternative Investment Fund Manager ('AIFM') and Company Secretaries. Baillie Gifford & Co Limited has delegated portfolio management services to Baillie Gifford & Co. The Management Agreement can be terminated on three months' notice.

The annual management fee payable is 0.95% on the first £50m of net assets and 0.65% on the balance. Management fees are calculated on a quarterly basis.

Investor Disclosure Document

The Alternative Investment Fund Managers Directive requires the Alternative Investment Fund Manager to make certain information available to investors prior to their investment in the Company. The Company's Investor Disclosure Document is available for viewing at www.edinburghworldwide.co.uk.

Capital Structure

At the year end the Company's share capital consisted of 49,004,319 fully paid ordinary shares of 5p each. The Company currently has powers to buy back shares at a discount to net asset value per share (NAV) for cancellation or retention as treasury shares as well as to issue shares/sell treasury shares at a premium to NAV.

Savings Vehicles

Edinburgh Worldwide shares can be held through a variety of savings vehicles (see page 52 for details).

AIC

The Company is a member of the Association of Investment Companies.

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Strategic Report

This Strategic Report, which includes pages 2 to 15 and incorporates the Chairman's Statement has been prepared in accordance with the Companies Act 2006.

Chairman's Statement



David Reid, Chairman

Investment Policy

Following shareholder approval at the Company's Annual General Meeting in January 2014, the Company's investment policy was broadened to that of investing principally in smaller, less mature companies at the time of initial investment (96.7% vote in favour). As of 1 February 2014 the portfolio had been largely reorganised to reflect this. This has resulted in a broader portfolio with 92 stocks held at the year end compared to 38 last year and the portfolio management responsibility being passed onto Douglas Brodie.

Investment Performance

In the year to 31 October 2014, the Company's net asset value per share decreased by 2.7% and the share price by 4.9%. The comparative index* increased by 1.1% in sterling terms during this period. At 31 October 2014 the discount was 8.5% compared to 6.3% at the previous year end, however over the year to 31 October 2014 the discount averaged 5.5% compared to 11.4% over the previous year.

Although the reorganised portfolio initially performed well, absolute and relative performance were impacted negatively during March and April due to a seemingly indiscriminate sell-off in technology and biotech stocks, an area of the market to which the portfolio is exposed. This resulted in the Company underperforming its comparative index in the first half of the financial year. Performance over the second half has been better, with the Company's net asset value increasing 11.6% and the comparative index 4.3%, although this has not been sufficient to result in positive relative and absolute returns for the year.

This is naturally a frustrating outcome, nonetheless, the Board and Managers are convinced of the long term merits of the investment approach employed. Research continues to be focussed on selecting growth companies and portfolio construction is driven by the merits of individual companies, rather than any sector or geographic asset allocation, in order to pursue long term capital appreciation. The strategy employed is an extension of that used previously and, although focusing on taking a stake in companies at an earlier stage in their growth cycle, the companies are expected to be held for the long term, and as their businesses develop and mature they should become much larger.

Past performance is not a guide to future performance.

Over the nine months since reorganisation of the portfolio, the Company's net asset value per share decreased by 3.7% and the share price by 4.9%. The comparative index increased by 4.8% in sterling terms during this period. Over the eleven years that Baillie Gifford has been managing the Company's assets, in total return terms, net asset value per share has increased by 185%, the share price by 230% and the comparative index by 140%.

Gearing

The Managers invest in companies that are believed to have long term attractions and the Company will therefore typically be geared to maximise potential returns. Gearing was maintained throughout the year and was 10% of shareholders' funds at the year end (2013: 8%).

The Company's three year fixed rate multi-currency loan from National Australia Bank Limited of £10.0 million, €11.4 million and US\$16.35 million matured in September 2014. It was replaced with a five year fixed rate multi-currency loan from National Australia Bank Limited of £7.5 million, €9.4 million and US\$25.6 million.

Earnings and Dividend

The Company's objective is that of generating capital growth. Any income received from the underlying holdings is a by-product of this. It was highlighted in the half-year report that, due to a lower yield on the underlying portfolio, earnings for the year were expected to be lower than in previous years.

The net revenue return per share for the year was 0.14p, notably lower than the 1.68p in 2013. An unchanged final dividend of 1.50p per share is being recommended, making a total of 2.00p for the year. The shortfall against the revenue return will be met from the revenue reserve which has been accumulated over the years. As the Company's objective is capital growth, it is not intended to draw on the revenue reserve in future years and any dividend will be paid as a final dividend.

Alternative Investment Fund Managers Directive ('AIFMD')

In order to comply with the AIFMD, the Company has appointed Baillie Gifford & Co Limited as its Alternative Investment Fund Manager ('AIFM') with effect from 1 July 2014. Baillie Gifford & Co Limited was also appointed Company Secretaries with effect from 1 July. The AIFM has delegated portfolio management to Baillie Gifford & Co; therefore the Company's portfolio continues to be managed by Baillie Gifford & Co. The management fee and notice period are unchanged under these new arrangements.

The Company appointed BNYM Mellon Trust & Depositary (UK) Limited as its Depositary as of 1 July 2014. The Depositary has delegated the provision of custody services to The Bank of New York Mellon SA/NV.

* MSCI All Countries World Index (in sterling terms) until 31 January 2014, thereafter the S&P Citigroup Global Small Cap Index (in sterling terms). The index data has been chain linked to form one comparative index figure.

Annual General Meeting

The Annual General Meeting of the Company will be held at Baillie Gifford's offices in Edinburgh at 12 noon on Thursday 29 January 2015. The Company will again seek to renew its share buyback, issuance and treasury share powers. Further information on these resolutions can be found on page 19.

Douglas Brodie and John MacDougall, the portfolio's manager and deputy manager, will give a presentation and answer any questions. The Board will also be available to respond to any questions that you may have. I hope that you will be able to attend.

Outlook

Successful smaller companies create their own long term opportunities and these are only very marginally influenced by the prevailing economic conditions over the investment cycle. Fundamentals will ultimately prevail. Nonetheless short term macro developments do influence investor sentiment and impact trading conditions for businesses. This in turn results in periods of notable market volatility. Your Company is not immune from this and will at times have volatile performance and perform differently to the comparative index.

Although the US Federal Reserve has concluded its bond purchasing programme, the Bank of Japan has announced an additional ¥10tr in monetary easing and the Japanese Government Pension Investment Fund has announced its intention to increase its holding in domestic equities from 12% to 25%. Elsewhere, Europe continues to be stubbornly unresponsive to stimulus measures, the UK is performing better than many predicted while China's economic growth remains somewhat subdued in comparison to recent years as it moves from an export to consumption led economy. All these factors have and will continue to fuel market volatility.

The current global business environment is unprecedented with regard to innovation and the ever increasing role played by technology in both building new businesses and disrupting incumbents. In this more dynamic world, it is the nimble, more innovative smaller businesses that are best positioned to prosper as they lack the bureaucracy of larger incumbents while the technology at their disposal has radically changed both the trajectory and magnitude of growth that a small business can achieve. Assessing what is proven and tangible alongside what has promise and long term potential is vital. Being able to identify the companies that value innovation, which have both a cultural acceptance of it and a means to develop commercial opportunities around it, is key to unearthing the market leaders of the future, and is a key focus for the Managers.

An overview is provided by the Managers on pages 9 and 10.

David HL Reid
Chairman
11 December 2014

One Year Summary

The following information illustrates how Edinburgh Worldwide has performed over the year to 31 October 2014.

	31 October 2014	31 October 2013	% change
Total assets (before deduction of loan)	£237.2m	£241.9m	
Loan	£30.8m	£29.8m	
Shareholders' funds	£206.4m	£212.1m	
Net asset value per ordinary share (after deducting borrowings at fair value)	420.58p	432.31p	(2.7)
Net asset value per ordinary share (after deducting borrowings at par)	421.11p	432.91p	(2.7)
Share price	385.00p	405.00p	(4.9)
Comparative Index* (in sterling terms)			1.1
Dividends paid and proposed per ordinary share	2.00p	2.00p	–
Revenue earnings per ordinary share	0.14p	1.68p	(91.7)
Ongoing charges	0.92%	0.99%	
Discount (borrowings at fair value)	(8.5%)	(6.3%)	
Discount (borrowings at par)	(8.6%)	(6.4%)	

Year to 31 October	2014	2013
Total returns (%)†		
Net asset value (after deducting borrowings at fair value)	(2.2)	36.3
Share price	(4.5)	45.3
Comparative Index* (in sterling terms)	3.1	24.3

Year to 31 October	2014	2014	2013	2013
Year's high and low	High	Low	High	Low
Share price	451.25p	340.63p	409.25p	274.25p
Net asset value (after deducting borrowings at fair value)	465.24p	367.84p	437.07p	310.64p
Net asset value (after deducting borrowings at par)	465.63p	368.12p	437.73p	311.87p
Premium/(discount) (borrowings at fair value)	3.5%	(11.8%)	(5.8%)	(15.7%)
Premium/(discount) (borrowings at par)	3.4%	(11.8%)	(6.0%)	(16.0%)

	31 October 2014	31 October 2013
Net return per ordinary share		
Revenue	0.14p	1.68p
Capital	(9.94p)	113.07p
Total	(9.80p)	114.75p

Performance since broadening of investment policy	31 October 2014	31 January 2014	% change
9 months from 31 January 2014			
Net asset value per ordinary share (after deducting borrowings at fair value)	420.58p	436.72p	(3.7)
Net asset value per ordinary share (after deducting borrowings at par)	421.11p	437.17p	(3.7)
Share price	385.00p	405.00p	(4.9)
Comparative Index* (in sterling terms)			4.8

* MSCI All Countries World Index (in sterling terms) until 31 January 2014, thereafter the S&P Citigroup Global Small Cap Index (in sterling terms). The index data has been chain linked to form one comparative index figure.

† Source: Thomson Reuters Datastream.

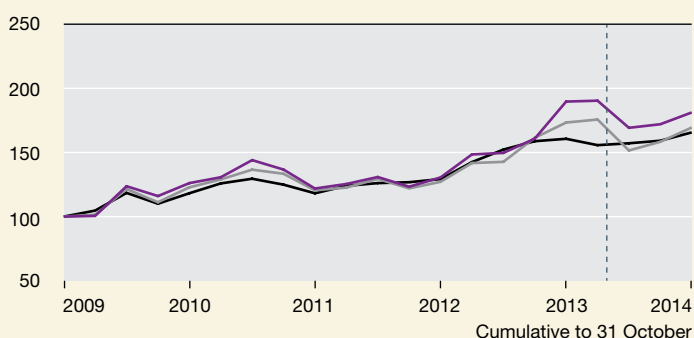
Past performance is not a guide to future performance.

Five Year Summary

The following charts indicate how Edinburgh Worldwide has performed relative to its comparative index* and the relationship between share price and net asset value over the five year period to 31 October 2014.

Five Year Total Return Performance

(figures rebased to 100 at 31 October 2009)

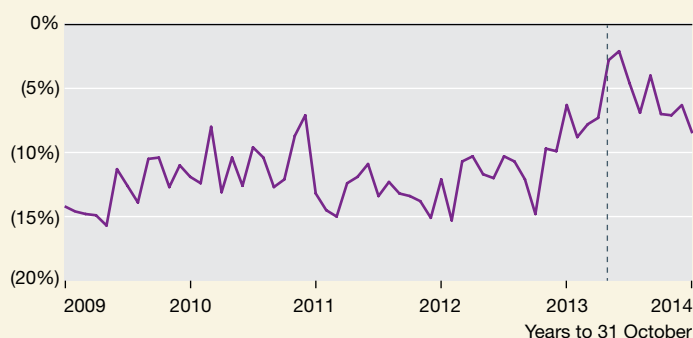


Source: Thomson Reuters Datastream.

— Share price total return
— NAV (fair) total return
— Comparative index* (in sterling terms) total return

Discount to Net Asset Value

(plotted on a monthly basis)

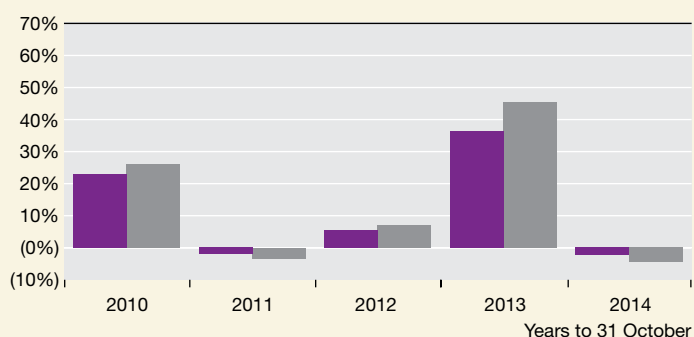


Source: Thomson Reuters Datastream/Baillie Gifford.

— Edinburgh Worldwide discount

The discount is the difference between Edinburgh Worldwide's quoted share price and its underlying net asset value (after deducting borrowings at fair).

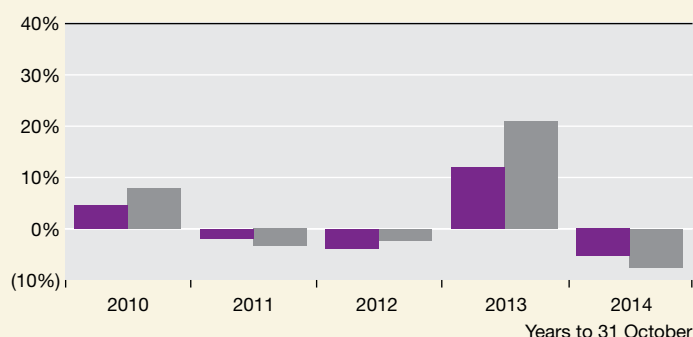
Annual Net Asset Value and Share Price Total Returns



Source: Thomson Reuters Datastream.

■ NAV (fair) total return
■ Share price total return

Relative Annual Net Asset Value and Share Price Total Returns (relative to the benchmark total return)



Source: Thomson Reuters Datastream.

■ NAV (fair) total return relative to the comparative index* (in sterling terms) total return
■ Share price total return relative to the comparative index* (in sterling terms) total return

* The comparative index is the S&P Citigroup Global Small Cap Index (in sterling terms). Prior to 1 February 2014 the comparative index was the MSCI All Countries World Index (in sterling terms). For periods commencing prior to this date, the returns on these indices for their respective periods are linked together to form a single comparative index.

----- Broadened investment policy implemented on 31 January 2014.

Past performance is not a guide to future performance.

Ten Year Record

Capital

At 31 October	Total assets* £'000	Borrowings £'000	Shareholders' funds £'000	Net asset value per share (par) p	Share price p	Discount (par) † %
2004	110,796	(27,604)	83,192	169.76	138.50	18.4
2005#	135,861	(27,825)	108,036	220.46	200.00	9.3
2006	150,098	(26,062)	124,036	253.11	234.00	7.6
2007	173,633	(24,326)	149,307	304.68	267.75	12.1
2008	105,856	(21,600)	84,256	171.94	141.00	18.0
2009	149,312	(23,501)	125,811	256.73	220.75	14.0
2010	177,716	(24,803)	152,913	312.04	275.00	11.9
2011	179,621	(29,981)	149,640	305.36	264.00	13.5
2012	186,209	(29,318)	156,891	320.16	280.50	12.4
2013	241,969	(29,823)	212,146	432.91	405.00	6.4
2014	237,224	(30,862)	206,362	421.11	385.00	8.6

* Total assets comprise total assets less current liabilities, before deduction of bank loans.

† Discount is the difference between Edinburgh Worldwide's quoted share price and its underlying net asset value (deducting borrowings at par) expressed as a percentage of net asset value.

The figures prior to 2005 have not been restated for changes in accounting policies implemented in 2006.

Revenue

Year to 31 October	Income £'000	Net return on ordinary activities after tax £'000	Revenue earnings per ordinary share p	Dividend paid and proposed per ordinary share (net) p	Ongoing charges ‡ %	Ongoing charges (incl. performance fee) ¶ %	Gearing § %	Potential gearing ^ %
2004	1,940	869	1.77	2.20	1.16	1.21	19	33
2005	2,379	1,105	2.26	2.00	1.17	2.11	15	25
2006	2,116	817	1.67	2.00	1.22	1.29	15	21
2007	2,827	1,287	2.63	2.00	1.04	1.57	12	16
2008	3,280	1,705	3.48	2.70**	1.10	1.10	22	26
2009	3,088	1,816	3.71	3.00**	1.08	1.08	13	19
2010	1,931	910	1.86	2.00	1.03	1.06	14	16
2011	2,412	1,231	2.51	2.00	1.02	1.02	14	20
2012	2,414	1,225	2.50	2.00	1.02	1.02	17	19
2013	1,987	823	1.68	2.00	0.99	0.99	8	14
2014	1,186	68	0.14	2.00	0.92	0.92	10	15

‡ Total operating costs divided by average net asset value (with debt at fair value). Figures prior to 2012 have not been recalculated as the change in methodology is not considered to result in a materially different figure.

¶ Ratio of total operating costs to average shareholders' funds including any performance fee charged. No performance fee is payable under the current management fee arrangements (see note 3 on page 35).

§ Total assets (including all debt used for investment purposes) less cash divided by shareholders' funds.

^ Total assets (including all debt used for investment purposes) divided by shareholders' funds.

** Includes special dividend.

Cumulative Performance (taking 2004 as 100)

At 31 October	Net asset value per share (at par)	Net asset value total return (at par) ††	Comparative index ^^	Comparative index total return ††	Share price	Share price total return ††	Revenue earnings per ordinary share	Dividend paid and proposed per ordinary share (net)	Retail price index
2004	100	100	100	100	100	100	100	100	100
2005	130	131	116	119	144	147	128	91	102
2006	149	151	129	135	169	173	94	91	106
2007	179	184	145	155	193	199	149	91	111
2008	101	104	103	113	102	106	197	123	115
2009	151	157	121	137	159	169	210	136	115
2010	184	194	139	162	199	213	105	91	120
2011	180	191	135	162	191	205	142	91	126
2012	189	202	144	177	203	220	141	91	130
2013	255	275	174	220	292	320	95	91	134
2014	248	270	176	227	278	305	8	91	137

Compound annual returns

5 year	10.4%	11.4%	7.8%	10.6%	11.8%	12.6%	(48.0%)	(7.8%)	3.6%
10 year	9.5%	10.4%	5.8%	8.5%	10.8%	11.8%	(22.5%)	(0.9%)	3.2%

†† Source: Thomson Reuters Datastream.

^^ MSCI All Countries World Index (in sterling terms) until 31 January 2014, thereafter the S&P Citigroup Global Small Cap Index (in sterling terms). The index data has been chain linked to form one comparative index figure.

The figures prior to 2005 have not been restated for the changes in accounting policies implemented in 2006.

Past performance is not a guide to future performance.

Business Review

Business Model

Business and Status

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006 and carries on business as an investment trust. Investment trusts are UK public listed companies and their shares are traded on the London Stock Exchange. They invest in a portfolio of assets in order to spread risk. The Company has a fixed share capital although subject to shareholder approval sought annually, it may purchase its own shares or issue shares. The price of shares is determined, like other listed shares, by supply and demand.

The Company has been approved as an investment trust by HM Revenue & Customs subject to the Company continuing to meet the eligibility conditions. The Directors are of the opinion that the Company has continued to conduct its affairs so as to enable it to comply with the ongoing requirements of Section 1158 of the Corporation Tax Act 2010.

Objective and Policy

The Company's investment policy which was approved by shareholders at the Annual General Meeting held on 27 January 2014 is set out below.

Edinburgh Worldwide's investment objective is the achievement of long term capital growth by investing primarily in listed companies throughout the world.

While the policy is global investment, the approach adopted is to construct a portfolio through the identification of individual companies which offer long term growth potential, normally over at least a five year horizon and which typically have a market capitalisation of less than US\$5bn at the time of initial investment. The portfolio is actively managed and does not seek to track the comparative index hence a degree of volatility against the index is inevitable.

In constructing the equity portfolio a spread of risk is achieved by diversifying the portfolio through investment in:

- 75 to 125 holdings
- a minimum of 6 countries
- a minimum of 15 industries

On acquisition, no holding shall exceed 5% of total assets and no more than 15% of the Company's total assets will be invested in other listed investment companies. No more than 10% of the Company's total assets will be invested in other pooled vehicles, such as open ended funds.

Unlisted equity investments may be held. On acquisition of any unlisted equity investments, the Company's aggregate holding in unlisted equity investments shall not exceed 5% of total assets. From time to time, fixed interest holdings or non equity investments, may be held on an opportunistic basis.

Derivative instruments are not normally used but, in certain circumstances and with the prior approval of the Board, their use may be considered either as a hedge or to exploit an investment opportunity.

The Company recognises the long term advantages of gearing and would seek to have a maximum gearing level of 30% of shareholders' funds in the absence of exceptional market conditions.

Borrowings are invested when it is considered that investment grounds merit the Company taking a geared position. Gearing levels, and the extent of gearing, are discussed by the Board and Managers at every Board Meeting.

Discount

The Board considers that a key driver of the discount is a good long term performance record. The Company has buyback powers which are to be used on occasions when the Board considers that there is a need to balance supply and demand factors in the interest of all shareholders. The discount is discussed at every Board meeting. Shares which are bought back may be held in treasury with a view to possible future re-issue at a premium should there be demand from appropriate potential long term holders. No shares were bought back during the year.

Performance

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives.

Key Performance Indicators

The key performance indicators (KPIs) used to measure the progress and performance of the Company over time are established industry measures and are as follows:

- the movement in net asset value per ordinary share compared to the comparative index;
- the movement in the share price;
- the discount; and
- the ongoing charges.

The one, five, and ten year records of the KPIs are shown on pages 4, 5 and 6.

Principal Risks

As explained on pages 21 and 22 there is an ongoing process for identifying, evaluating and managing the risks faced by the Company. The principal risks associated with the Company are as follows:

Market Risk – the Company's assets consist of listed securities and its principal risks are therefore market related and include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. An explanation of those risks and how they are managed is contained in note 19 to the accounts on pages 41 to 46.

Regulatory Risk – failure to comply with applicable legal and regulatory requirements such as the tax rules for investment companies, the UKLA Listing Rules and the Companies Act could lead to suspension of the Company's Stock Exchange listing, financial penalties, a qualified audit report or the Company being subject to tax on capital gains. Baillie Gifford's Business Risk, Internal Audit and Compliance Departments provide regular reports to the Audit and Management Engagement Committee on Baillie Gifford's monitoring programmes.

Major regulatory change could impose disproportionate compliance burdens on the Company. In such circumstances representation is made to ensure that the special circumstances of investment trusts are recognised.

Small Company Risk – the Company has investments in smaller, immature companies which are generally considered higher risk as changes in their share prices may be greater and the shares may be harder to sell. Smaller, immature companies may do less well in periods of unfavourable economic conditions.

Operational Risk – risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provide regular reports to the Audit and Management Engagement Committee. The Committee also reviews the Managers' Report on Internal Controls and the reports by other key service providers are reviewed by the Managers on behalf of the Board. In addition, the Managers have a comprehensive business continuity plan which facilitates continued operations of the business in the event of a service disruption or major disaster.

Discount/Premium Volatility – the discount/premium at which the Company's shares trade can widen. The Board monitors the level of discount/premium and the Company has authority to buy back its own shares when deemed to be in the best interest of the shareholders.

Gearing Risk – the Company may borrow money for investment purposes. If the investments fall in value, any borrowings will magnify the extent of this loss. If borrowing facilities are not renewed, the Company may have to sell investments to repay borrowings.

All borrowings require the prior approval of the Board and gearing levels are discussed by the Board and Managers at every meeting. Covenant levels are monitored regularly. The Company's investments are in listed securities that are readily realisable.

Employees, Human Rights and Community Issues

The Board recognises the requirement to provide information about employees, human rights and community issues. As the Company has no employees, all its Directors are non-executive and all its functions are outsourced, these requirements do not apply to the Company.

Gender Representation

The Board comprises five Directors, four male and one female. The Company has no employees. The Board's policy on diversity is set out on page 21.

Environmental, Social and Governance Policy

Details of the Company's policy on socially responsible investment can be found under Corporate Governance and Stewardship on page 22.

Future Developments of the Company

The outlook for the Company for the next 12 months is set out in the Chairman's Statement on page 3 and the Managers' Report on pages 9 and 10.

Managers' Review

In bringing Edinburgh Worldwide towards the opportunity in smaller, less mature companies, we believe that we are focusing on the part of the market where analytical focus and the pursuit of genuinely transformational growth can be better exploited. While the initial focus is now more explicitly on younger, more immature companies, we are looking to retain the strong growth philosophy that served Edinburgh Worldwide well over the past decade. By identifying attractive opportunities earlier we seek to benefit from growth at an earlier stage in a company's lifecycle and retain ownership of successful businesses as they grow and thrive, as such we ultimately see our role as investing in what are potentially the larger companies of the future.

We seek to understand the factors that differentiate a company and how it might evolve into the opportunity ahead of it; it is a fundamental approach that requires patience and an acceptance that success (or indeed failure) of a company is more often determined by the individual company's actions rather than what is happening with the economy at large. At times, such an approach is likely to be out of kilter with the myopic gyrations and sentiment-led exaggerations of stock markets. The near-term uncertainty arising from the ending of quantitative easing in the US and a tepid near term global economic outlook has painted an unhelpful backdrop for share prices of many smaller companies, especially those that are (in our opinion) sensibly investing at the expense of near-term profitability. Whilst frustrating, we believe such oscillations are part of modern investing and believe they should be viewed as creating opportunities for those with longer time horizons.

With the Company moving to its broadened remit on 1 February 2014, the year to end of October captures an initial 3 months of the historic portfolio. On account of the intra-period change in remit and move to a more diversified list of holdings we find it difficult to generalise with regard to the operating performance of the companies held, hence have limited commentary on specific stocks to where we think progress has been particularly noteworthy.



Tesla was amongst ten stocks that were retained in the portfolio over the full financial year. The company continues to make significant progress at scaling its production capabilities which, in combination with an expansion of the product range and a sizable investment in battery technology, gives us mounting confidence that it can further reinforce its position as an innovative disruptor in the global automotive industry.

During the past year the Company benefitted from encouraging developments at several of its healthcare companies. Newly listed 4D Pharma, a UK based biotechnology company developing natural bacteria-derived therapeutics, made good progress in bringing its products towards the clinic and we are excited about the numerous potential applications and comparative simplicity of the approach. Alnylam, a Boston-based biotechnology company developing therapeutic gene silencing technology, published encouraging trial data highlighting the clinical benefit of its innovative approach. With Alnylam's modular drug development platform now being used to address multiple areas of high or unmet medical need we believe the company can pioneer a new wave of highly efficient and targeted therapies. Illumina, the San Diego based manufacturer of DNA sequencing machines benefitted from ongoing robust adoption of sequencing in both the healthcare and research setting. This was stimulated in part by new products that further lower the cost of sequencing a human genome. We expect DNA sequencing to play an important role in healthcare over the coming decades but with the emergence of competing technologies, and arguably the bigger challenge being how best to make use of all the genetic information rather than sequencing per se, we elected to sell the holding in Illumina.

We have frequently observed that online aggregators can make for very attractive investment prospects given their scalability and network effects that they can build. In this regard we would highlight Bitauto and Zillow. Bitauto is a leading provider of internet content and marketing services for China's fast-growing automotive industry. The company is benefitting as more automotive advertising moves online and has significant potential in catering to the early stage second hand car market. Zillow, the leading online real estate portal in the US, announced the acquisition of its smaller peer Trulia. The combined entity will have a dominant position as the portal favoured by both house buyers and real estate agents and is well positioned to capture a significantly higher share of agent advertising spend in future years. Two holdings were taken over in the period; Opentable, an online restaurant booking network was acquired by Priceline and AutoNavi, a Chinese mapping company was acquired by Alibaba.

Disappointingly several of the Company's holdings suffered share price falls during the sell-off in growth and technology shares that occurred in March and April; this included online grocer Ocado and cloud-based accounting software company, Xero. In the case of two UK holdings, Xaar and ASOS, these falls were exacerbated by disappointing near-term trading, a clear reminder that young innovative businesses rarely grow in a smooth linear fashion. With regard to all four of these underperforming companies we have reassessed the investment case and have decided to retain the holdings.



Trading in the period was dominated by the reorganisation following the Annual General Meeting. Subsequent to this the Company acquired positions in a number of new holdings including Financial Engines, an investment advisor focused on providing highly scalable advice on US 401k retirement plans, and Foundation Medicine, a diagnostics company that is commercialising a comprehensive genetic test that maps the molecular changes that occur in cancer and uses this to guide patient specific treatments. The Company's holding in the US home services review network, Angie's List, was sold following disappointing results that raised questions as to how much value tradesmen derive from the network.

While cognisant of economic uncertainties, we continue to believe that there is a broader structural theme at work that is ultimately more relevant to long term bottom-up investors; that theme relates to innovation and the ever increasing role played by technology in building and growing businesses.

Investment Philosophy

Most small businesses are destined to stay small given their limited scope for both structural growth and meaningful differentiation. Such businesses constitute the bulk of the smaller companies' universe yet are of no appeal to us. However, what is intriguing about the smaller companies' universe is that it contains a subset of immature but potentially high growth companies. By identifying attractive growth companies earlier we seek to benefit from growth at an earlier stage in a company's lifecycle and retain ownership of successful companies as they grow and thrive; we see our role as investing in what are potentially the larger companies of the future as opposed to the smaller companies of today.

In refocusing the Company's remit towards the opportunity initially offered by smaller companies, we are looking to concentrate on the part of the market where we believe our analytical effort and the pursuit of genuinely transformational growth can be better exploited. Although the focus at time of initial investment has shifted towards younger, more immature companies, the emphasis on strong growth and the global philosophy that has served the Company well over recent years is retained; in this regard it is notable that 10 of the 38 holdings held at the start of the period were retained, which now make up about 20% of the portfolio.

It is important to remember that big successful ideas typically start out as small, tentative and unproven. Early iterations are easy to dismiss as unworkable but experimentation with, and evolution of, an initially raw concept can, over time, yield huge commercial relevance. Our philosophy involves weighing up what is proven and tangible alongside what has promise and long term potential. Integral to this approach is recognising the role of innovation in business development; it provides the fuel for business creation, growth and long term competitive differentiation. Consequently, identifying companies that value innovation, having both a cultural acceptance of it and a means to develop commercial opportunities around it, is fundamental to our investment approach.

Innovation is at its most powerful when it creates novel platforms with wide ranging relevance. While technology platforms can come in many forms they appeal because validation of the initial platform can create emerging winners with a very large and highly scalable opportunity. We would highlight the holding in the biotechnology company, Alnylam, as a case in point. Here is a company which is pioneering the development of highly specific gene suppression technology which, given the modular nature of its drug platform, can be customised to treat a wide range of genetically-linked disorders. Another example would be Ocado, which is at the forefront of using automation and digitisation to create a globally-relevant platform for online grocery. All too frequently we believe the market underestimates the long term relevance of platform-based companies as it tends to obsess about their immediate relevance and near-term financial characteristics.



Growth companies, especially those which are young and hard to model, are difficult businesses to value. The wide range of potential outcomes and profitability that is heavily skewed to future years is a combination of uncertainties that many investors struggle with. We do not have all the answers but by approaching the challenge with a genuine long term perspective, accepting a degree of uncertainty, backing robust innovation and entrepreneurial management, we believe we are well positioned to identify the smaller businesses most likely to shape the world in which we live. As technological advancements encroach into an increasing pool of opportunity, the rate and extent of growth that a small business can achieve, in a relatively short period of time, is almost unrecognisable to that of a few years ago. Innovative smaller business that are unburdened by the legacy of historic business practices, or those willing to adapt to change, are best positioned to harness this opportunity.

Portfolio Performance

Name	Business	Fair value 2014 £'000	% of total assets	Absolute † performance %	Relative † performance %	Fair value 2013 £'000
Alnylam Pharmaceuticals	Therapeutic gene silencing	10,121	4.3	13.2	5.8	–
IP Group	Intellectual property commercialisation	8,631	3.6	53.4 *	45.2 *	2,933
Stratasys	3D printer manufacturer	7,641	3.2	7.1 *	1.4 *	3,735
Tesla Motors	Electric cars	6,784	2.9	52.4 *	44.3 *	1,350
MarketAxess	Electronic bond trading platform	6,673	2.8	9.0	1.9	–
Zillow	US online real estate portal	6,172	2.6	37.0	28.1	–
TripAdvisor	Online travel review platform	6,123	2.6	7.6 *	1.9 *	5,689
LinkedIn	Professional networking site	5,190	2.2	2.8 *	(2.7) *	5,044
Dexcom	Real time blood glucose monitoring	4,887	2.1	26.9	18.6	–
IPG Photonics	Produces high-power fibre lasers and amplifiers	4,485	1.9	2.8	(3.9)	–
IMAX	Film and cinema equipment	4,392	1.8	12.2	4.9	–
Genomic Health	Genomic-based clinical diagnostic tests for cancer	4,207	1.8	20.9	13.0	–
Novadaq Technologies	Medical systems for intra-surgical imaging	3,978	1.7	(23.0)	(28.1)	–
Ocado	Online food retailer	3,965	1.7	(51.2)	(54.4)	–
4D Pharma	Bacteria derived novel therapeutics	3,900	1.6	285.8	261.4	–
iRobot	Domestic and military robots	3,810	1.6	5.9 *	0.3 *	2,955
Morphosys	Therapeutic antibodies	3,796	1.6	8.7	1.6	–
Dialog Semiconductor	Analogue chips for mobile phones	3,791	1.6	71.8	60.6	–
Seek	Online recruitment portal	3,642	1.5	39.2	29.9	–
Financial Engines	Investment advisory firm	3,612	1.5	(27.3)	(29.5)	–
Bitauto	Chinese automotive website	3,474	1.5	176.4	158.4	–
EPAM Systems	Outsourced software and services	3,420	1.4	19.2	11.4	–
Aerovironment	Small unmanned aircraft systems	3,292	1.4	10.0	2.9	–
Faro Technologies	Designs and develops measurement devices	3,252	1.4	10.6	3.4	–
Splunk	Data diagnostics	3,199	1.3	5.7 *	0.1 *	330
Seattle Genetics	Antibody conjugates based biotechnology	3,106	1.3	(4.7) *	(9.8) *	3,256
Nanoco	Quantum dot manufacturer	2,999	1.3	(1.9)	(7.7)	–
Imagination Technologies	Graphics semiconductor designer	2,888	1.2	1.6	(5.0)	–
M3	Online medical database	2,876	1.2	12.6	5.1	–
Temenos	Banking software	2,860	1.2	5.6	(1.3)	–
Genus	Animal breeding services	2,721	1.1	(16.3)	(21.8)	–
Wirecard	Internet payment and processing services	2,684	1.1	(14.5)	(20.1)	–
Renishaw	Measurement and calibration equipment	2,500	1.1	(2.1)	(8.5)	–
Cosmo Pharmaceuticals	Therapies for gastrointestinal diseases	2,498	1.1	57.1	50.4	–
Acacia Research	Patent licensor	2,498	1.1	38.0	29.0	–
Stamps.com	Website for postage services	2,474	1.0	(1.4)	(7.8)	–
Oxford Instruments	Produces advanced instrumentation equipment	2,408	1.0	(35.8)	(40.0)	–
MonotaRO	Online business supplies	2,370	1.0	23.9	15.7	–
MakeMyTrip	Online travel services	2,336	1.0	45.3	35.8	–
FEI	Electron microscopes	2,302	1.0	(4.0) *	(9.1) *	4,696
ASOS	Online fashion retailer	2,258	0.9	(55.8)	(58.7)	–
AKR Corporindo	Distributes chemical products	2,221	0.9	15.5	9.6	–
Digital Garage	Internet business incubator	2,177	0.9	(51.5)	(54.7)	–
Victrex	High-performance thermo-plastics	2,153	0.9	(3.0)	(9.4)	–
AAC Technologies	Miniature acoustic components	2,085	0.9	44.5	35.0	–
Xeros	Commercial laundry manufacturer	1,947	0.8	5.3	3.0	–
Rightmove	UK online property portal	1,899	0.8	(14.8)	(20.4)	–
SDL	Language translation services	1,882	0.8	12.0	4.7	–
Start Today	Internet fashion retailer	1,849	0.8	(2.3)	(8.8)	–
Xing	Professional networking	1,844	0.8	2.0	(4.6)	–
Xero	Cloud-based accounting software	1,843	0.8	(63.1)	(65.6)	–
Teradyne	Semiconductor testing equipment manufacturer	1,725	0.7	(0.3)	(6.8)	–

Name	Business	Fair value 2014 £'000	% of total assets	Absolute [†] performance %	Relative [†] performance %	Fair value 2013 £'000
Retroscreen Virology	Outsourced pre-clinical analytical services	1,710	0.7	2.2	(5.3)	–
Senomyx	Developer of additives to amplify certain flavours in foods	1,708	0.7	(0.5)	(3.0)	–
Perform	Commercialises online sports rights	1,666	0.7	11.1	3.9	–
CTS Eventim	Event ticketing and promotion	1,657	0.7	2.7	(4.0)	–
Foundation Medicine	Develops cancer diagnostic technology	1,618	0.7	21.8	17.0	–
Xaar	Ink jet printing technology	1,594	0.7	(74.2)	(75.9)	–
Basware	Software solutions for financial transactions	1,558	0.7	31.1	22.6	–
Abcam	Scientific reagent supplier	1,551	0.7	(23.2)	(28.2)	–
Barco	Designs and develops visualisation solutions	1,543	0.6	3.9	(3.0)	–
Next	Provides online property information	1,540	0.6	(42.8)	(46.6)	–
Galapagos	Developer of novel model of action therapeutics	1,459	0.6	(39.8)	(43.7)	–
Exa	Simulation software and services	1,333	0.6	(21.0)	(26.1)	–
Power Integrations	Analogue integrated circuits	1,318	0.5	(12.3)	(18.0)	–
Sarine Technologies	Systems for diamond grading and cutting	1,239	0.5	61.2	50.6	–
Intelligent Energy Holding	Developer of modular fuel cells	1,234	0.5	(38.2)	(38.7)	–
Genomma Lab	Distributes over-the-counter drugs and personal care products	1,228	0.5	(0.0)	(5.3)	–
Zumtobel	Commercial lighting	1,144	0.5	(8.5)	(14.6)	–
Horizon Discovery	Customised cell lines to aid drug discovery	1,140	0.5	(14.2)	(16.7)	–
Yoox	Online luxury fashion retailer	1,073	0.5	(51.4)	(54.6)	–
Intralinks	Secure collaboration tools	1,051	0.4	(20.7)	(25.8)	–
Collectis	Biotech focused on genetic engineering	1,045	0.4	180.2	161.6	–
Noah	Distributes wealth management products in China	922	0.4	18.7	10.9	–
Ricardo	Automotive engineer	902	0.4	2.7	(4.0)	–
Thin Film Electronics	Develops printed, rewritable memory media	895	0.4	(32.8)	(37.3)	–
Just Dial	Offers a search engine to users throughout India	849	0.4	13.8	7.0	–
Ceres Power Holding	Developer of fuel cell	821	0.3	(7.9)	(10.1)	–
Velocys	Gas to liquid technology	752	0.3	26.9	18.6	–
Suss Microtec	Fabrication and inspection equipment	724	0.3	(35.4)	(39.6)	–
Oisix	Organic food website	724	0.3	(53.0)	(56.1)	–
China Financial Services	SME lending in China	716	0.3	(28.7) *	(32.5) *	1,030
Avacta Group	Analytical reagents and instrumentation	682	0.3	(30.5)	(34.5)	–
Medgenics	Therapeutic protein delivery technology	674	0.3	(25.2)	(30.1)	–
Tissue Regenix	Regenerative medical devices	657	0.3	2.3	(4.5)	–
C4X Discovery Holdings	Rational drug design and optimisation	651	0.3	(0.0)	(6.0)	–
Summit Corporation	Drug discovery and development	533	0.2	(24.2)	(27.8)	–
Westport Innovations	Natural gas engine technology	418	0.2	(62.0)	(63.2)	–
Kingdee	Enterprise management software	408	0.2	(9.4)	(15.4)	–
Applied Graphene Materials	Manufactures graphene nanoplatelets	228	0.1	(27.4)	(31.7)	–
GI Dynamics	Develops and markets medical devices	207	0.1	(64.1)	(66.5)	–
China Lumena New Materials	Mines, processes and manufacturers natural thenardite products	–	–	(100.0)	(100.0)	–
Total Equities		227,012	95.7			
Net Liquid Assets		10,212	4.3			
Total Assets at Fair Value[#]		237,224	100.0			

[†] Absolute and relative performance has been calculated on a total return basis over the period 1 November 2013 to 31 October 2014 (performance figures for investments bought during the period are part-period returns – see note below). Absolute performance is in sterling terms; relative performance is against S&P Citigroup Global Small Cap Index (in sterling terms).

* Investments marked with an asterisk were held at 31 October 2013; the performance for these investments is for the year to 31 October 2014. All other investments were purchased following the portfolio re-organisation and their performance figures are part-period returns.

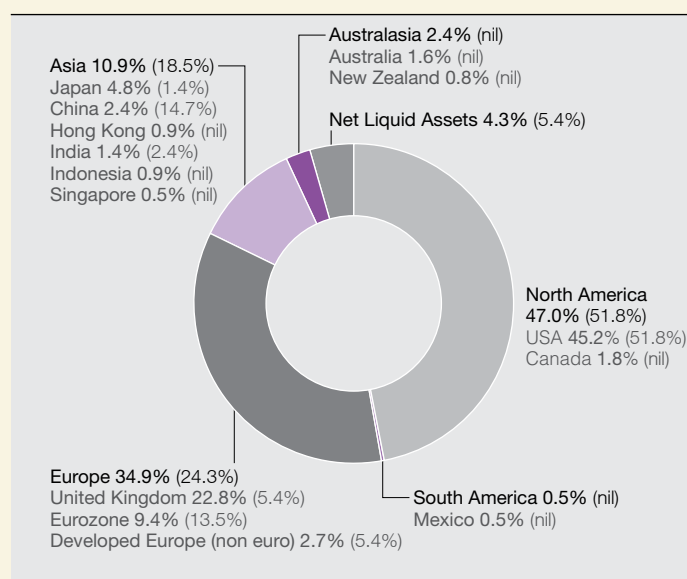
[#] Before deduction of loan.

Source: Baillie Gifford/StatPro.

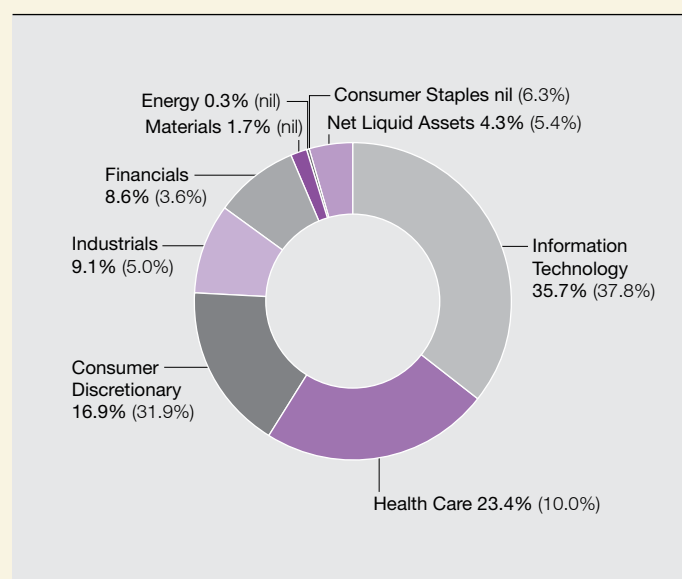
Past performance is not a guide to future performance.

Distribution of Total Assets

Geographical 2014 (2013)



Sectoral 2014 (2013)



Investment Changes

	Valuation at 31 October 2013 £'000	Net acquisitions/ (disposals) £'000	Appreciation/ (depreciation) £'000	Valuation at 31 October 2014 £'000
Equities:				
North America				
USA	125,411	(29,190)	10,850	107,071
Canada	–	3,934	458	4,392
South America				
Mexico	–	1,229	(1)	1,228
Europe				
United Kingdom	13,082	52,526	(11,336)	54,272
Eurozone	32,553	(6,759)	(3,476)	22,318
Developed Europe (non euro)	13,043	(7,672)	882	6,253
Asia				
Japan	3,359	12,699	(4,522)	11,536
China	35,811	(34,730)	4,439	5,520
Hong Kong	–	1,481	604	2,085
India	5,766	(2,569)	(12)	3,185
Indonesia	–	1,985	236	2,221
Singapore	–	879	360	1,239
Australasia				
Australia	–	3,111	738	3,849
New Zealand	–	5,015	(3,172)	1,843
Total equities	229,025	1,939	(3,952)	227,012
Net current assets	12,944	(2,888)	156	10,212
Total assets	241,969	(949)	(3,796)	237,224

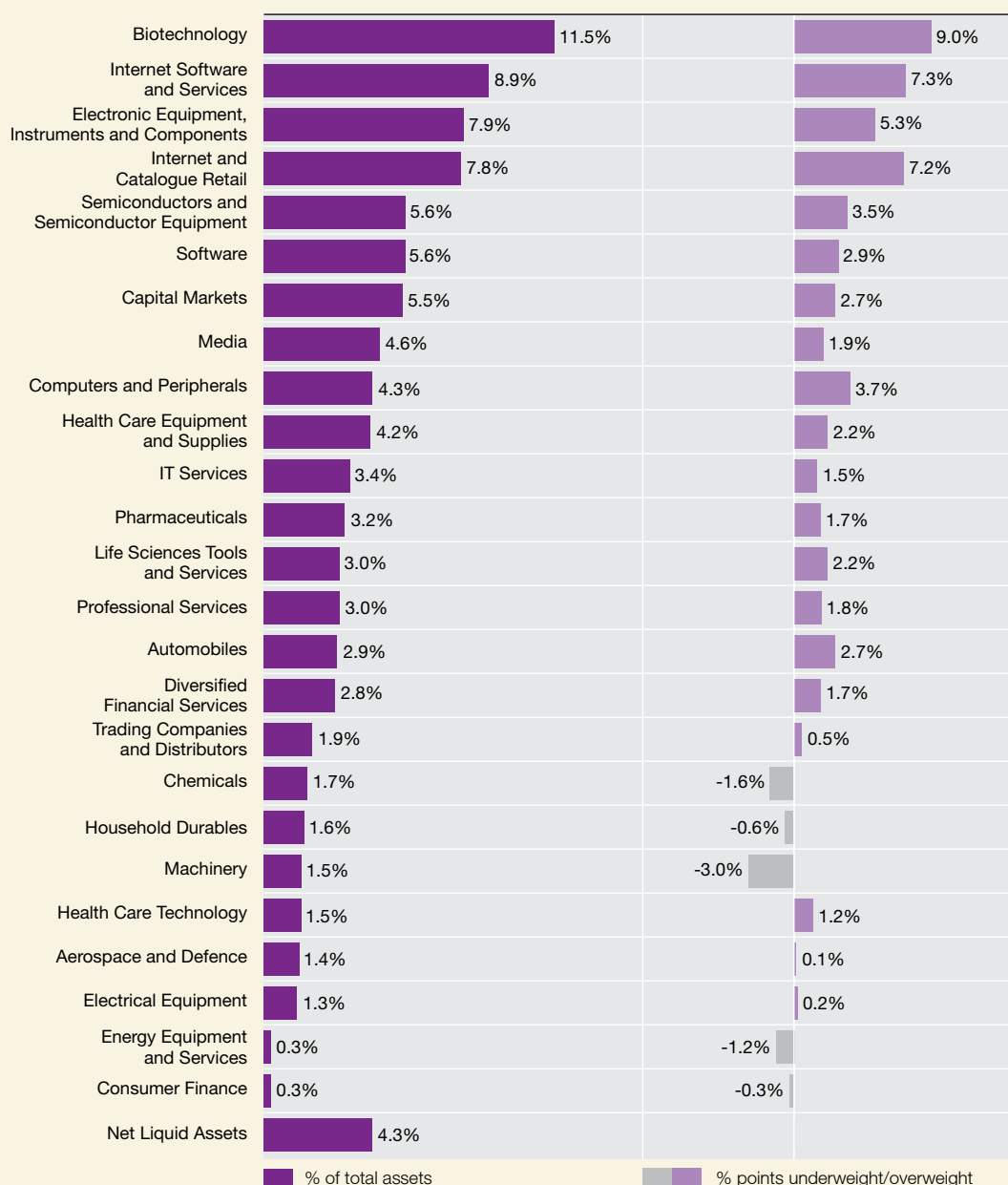
The figures above for total assets are made up of total assets less current liabilities before deduction of loan.

Distribution of Total Assets* by Industry

At 31 October 2014 Industry Analysis

Portfolio Weightings

(relative to comparative index†)



* Total assets before deduction of bank loan.

† S&P Citigroup Global Small Cap Index. Weightings exclude industries where the Company has no exposure.

The Strategic Report which includes pages 2 to 15 was approved by the Board on 11 December 2014.

David HL Reid
Chairman

Directors and Management

Members of the Board come from a broad variety of backgrounds. The Board can draw on a very extensive pool of knowledge and experience.

Directors



DHL Reid

David Reid was appointed a Director on 1 May 1998. He was appointed Chairman on 1 February 2011 and is Chairman of the Nomination Committee. He was previously a director of Smith and Williamson and of Fleming Private Asset Management.



WJ Ducas

William Ducas was appointed a Director on 22 March 2002 and is the Senior Independent Director. He is a member of the board of the Weir Foundation charitable trust and is on the International Advisory board of Zamorano University. He was previously a director of West LB Mellon Asset Management and a managing director of F&C Management Ltd of North America.



DAJ Cameron

Donald Cameron was appointed a Director on 2 December 2010. He is an advocate at the Scottish Bar where he has a general civil practice, with a particular emphasis on public law. He is also a qualified barrister in England and Wales, and a non-executive director of Murray Income Trust PLC.



H James

Helen James was appointed a Director on 2 December 2010. She is the CEO of Investis, a leading digital corporate communications company. Previously, she was Head of Pan-European Equity Sales at Paribas. She is also a non-executive director of The Mercantile Investment Trust plc.



Henry Strutt was appointed a Director on 1 November 2011 and is Chairman of the Audit and Management Engagement Committee. He qualified as a chartered accountant in 1979, following which he spent over twenty years with the Robert Fleming Group, seventeen of which were in the Far East. He is a non-executive director of Smith & Williamson Holdings Ltd.

All Directors are members of the Nomination and Audit and Management Engagement Committees.

Managers and Secretaries

The Company has appointed Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, as its Alternative Investment Fund Manager and Company Secretaries. Baillie Gifford & Co Limited has delegated portfolio management services to Baillie Gifford & Co. Baillie Gifford & Co is an investment management firm formed in 1927 out of the legal firm Baillie & Gifford, WS, which had been involved in investment management since 1908.

Baillie Gifford is one of the largest investment trust managers in the UK and currently manages seven investment trusts. Baillie Gifford also manages unit trusts and Open Ended Investment Companies, together with investment portfolios on behalf of pension funds, charities and other institutional clients, both in the UK and overseas. Funds under the management or advice of Baillie Gifford totalled around £110 billion at 31 October 2014. Based in Edinburgh, it is one of the leading privately owned investment management firms in the UK, with 40 partners and a staff of around 800.

The management of the portfolio moved from Mark Urquhart and Baillie Gifford's Long Term Global Growth Team on 27 January 2014, to Douglas Brodie, with John MacDougall as deputy manager, and Baillie Gifford's Global Discovery Team. Douglas joined Baillie Gifford in 2001 and is Head of the Global Discovery Team, which focuses on the opportunities of smaller companies. John joined Baillie Gifford in 2000 and is also the portfolio manager for Baillie Gifford Shin Nippon PLC.

Baillie Gifford & Co Limited and Baillie Gifford & Co are both authorised and regulated by the Financial Conduct Authority.

Directors' Report

The Directors present their Report together with the financial statements of the Company for the year to 31 October 2014.

Corporate Governance

The Corporate Governance Report is set out on pages 20 to 22 and forms part of this Report.

Manager and Company Secretaries

In order to comply with the Alternative Investment Fund Managers Directive ('AIFMD'), the Company has appointed Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, as its Alternative Investment Fund Manager ('AIFM') with effect from 1 July 2014. Baillie Gifford & Co Limited was also appointed Company Secretaries with effect from the same date. The investment management agreement with Baillie Gifford & Co has been terminated and the Company has entered into a new agreement with Baillie Gifford & Co Limited. The management fee and notice period are unchanged under these new arrangements. Baillie Gifford & Co Limited has delegated portfolio management services to Baillie Gifford & Co; therefore the Company's portfolio continues to be managed by Baillie Gifford & Co.

The Investment Management Agreement sets out the matters over which the Managers have authority in accordance with the policies and directions of, and subject to restrictions imposed by, the Board. The Management Agreement is terminable on not less than three months' notice. Compensation fees would only be payable in respect of the notice period if termination were to occur sooner. The Board is of the view that calculating the fee with reference to performance would be unlikely to exert a positive influence on performance. The annual management fee payable is 0.95% on the first £50m of net assets and 0.65% on the balance. Management fees are calculated on a quarterly basis.

The Board considers the Company's investment management and secretarial arrangements on a continuing basis and a formal review is conducted by the Audit and Management Engagement Committee annually. The Committee considered the following topics amongst others in its review:

- investment process;
- investment performance;
- the quality of the personnel assigned to handle the Company's affairs;
- developments at the Managers, including staff turnover;
- the administrative services provided by the Secretaries;
- share price and discount; and
- charges and fees.

Following the most recent review the Audit and Management Engagement Committee concluded that the continuing appointment of Baillie Gifford & Co Limited as Managers and Secretaries, on the terms agreed, is in the interests of shareholders as a whole. This was subsequently approved by the Board.

Directors

Information about the Directors, including their relevant experience can be found on pages 16 and 17.

Mr DHL Reid and Mr WJ Ducas, both having served for more than nine years, offer themselves for re-election. It has been three years since Mr HCT Strutt was last elected and he therefore offers himself for re-election.

Following formal performance evaluation, their performance continues to be effective and each remains committed to the Company. Their contribution to the Board is greatly valued and the Board recommends their re-election to shareholders.

Director Indemnification and Insurance

The Company has entered into deeds of indemnity in favour of each of its Directors. The deeds cover any liabilities that may arise to a third party, other than the Company, for negligence, default or breach of trust or duty. The Directors are not indemnified in respect of liabilities to the Company, any regulatory or criminal fines, any costs incurred in connection with criminal proceedings in which the Director is convicted or civil proceedings brought by the Company in which judgement is given against him/her. In addition, the indemnity does not apply to any liability to the extent that it is recovered from another person.

The Company maintains Directors' and Officers' Liability Insurance.

Conflicts of Interest

Each Director submits a list of potential conflicts of interest to the Nomination Committee on an annual basis. The Committee considers these carefully, taking into account the circumstances surrounding them and makes a recommendation to the Board on whether or not the potential conflicts should be authorised. Board authorisation is for a period of one year.

Having considered the lists of potential conflicts there were no situations which gave rise to a direct or indirect interest of a Director which conflicted with the interests of the Company.

Dividends

The Board recommends a final dividend of 1.50p per ordinary share which together with the interim dividend of 0.50p already paid makes a total of 2.00p for the year. If approved, the recommended final dividend will be paid on 5 February 2015 to shareholders on the register at the close of business on 9 January 2015. The ex-dividend date is 8 January 2015. The registrars offer a dividend reinvestment plan (see page 50). The final date for the receipt of elections for the dividend reinvestment plan is 15 January 2015.

Share Capital

Capital Structure

The Company's capital structure consists of 49,004,319 ordinary shares of 5p each at 31 October 2014 (2013 – 49,004,319 ordinary shares).

There are no restrictions concerning the holding or transfer of the Company's ordinary shares and there are no special rights attached to any of the shares.

Dividends

The ordinary shares carry a right to receive dividends. Interim dividends are determined by the Directors, whereas the proposed final dividend is subject to shareholder approval.

Capital Entitlement

On a winding up, after meeting the liabilities of the Company, the surplus assets will be paid to ordinary shareholders in proportion to their shareholdings.

Voting

Each ordinary shareholder present in person or by proxy is entitled to one vote on a show of hands and, on a poll, to one vote for every share held.

Information on the deadlines for proxy appointments can be found on pages 48 and 49.

Major Interests in the Company's Shares

Name	No. of ordinary 5p shares held	% of issue
Brewin Dolphin Limited (indirect)	2,589,169	5.3
Lazard Asset Management LLC (indirect)	2,419,590	4.9

There have been no changes to the major interests in the Company's shares intimated up to 10 December 2014.

Annual General Meeting

Share Issuance Authority

Resolution 9 in the Notice of Annual General Meeting seeks to renew the Directors' general authority to issue shares up to an aggregate nominal amount of £808,571. This amount represents 33.0% of the Company's total ordinary share capital currently in issue and meets institutional guidelines. No issue of ordinary shares will be made pursuant to the authorisation in Resolution 9 which would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

Resolution 10, which is proposed as a special resolution, seeks to provide the Directors with authority to issue shares or sell shares held in treasury on a non-pre-emptive basis for cash (i.e. without first offering such shares to existing shareholders pro-rata to their existing holdings) up to an aggregate nominal amount of £122,510 (representing 5% of the issued ordinary share capital of the Company as at 10 December 2014). The authorities sought in Resolutions 9 and 10 will continue until the conclusion of the Annual General Meeting to be held in 2016 or on the expiry of 15 months from the passing of this resolution, if earlier.

Such authorities will only be used to issue shares or sell shares from treasury at a premium to net asset value and only when the Directors believe that it would be in the best interests of the Company to do so. The Directors believe that the ability to buy-back shares at a discount and sell them or issue new shares at a premium are useful tools in smoothing supply and demand. No shares were issued during the year to 31 October 2014 and no shares were held in treasury as at 10 December 2014.

Market Purchases of Own Shares

At the last Annual General Meeting the Company was granted authority to purchase up to 7,345,747 ordinary shares (equivalent to 14.99% of its issued share capital), such authority to expire at the Annual General Meeting in respect of the year ending 31 October 2014. No shares were bought back during the year under review and no shares are held in treasury.

Share buy-backs may be made principally:

- (i) to enhance net asset value for continuing shareholders by purchasing shares at a discount to the prevailing net asset value; and
- (ii) to address any imbalance between the supply of and the demand for the Company's shares that results in a discount of the quoted market price to the published net asset value per share.

The Company may cancel or hold bought-back shares 'in treasury' and then:

- (i) sell such shares (or any of them) for cash (or its equivalent under the Treasury Shares Regulations); or
- (ii) cancel the shares (or any of them).

Shares will only be sold from treasury at a premium to net asset value.

The Directors are seeking shareholders' approval at the Annual General Meeting to renew the authority to purchase up to 7,345,747 ordinary shares representing approximately 14.99% of the

Company's ordinary shares in issue at the date of passing of the resolution, such authority to expire at the Annual General Meeting of the Company to be held in 2016.

In accordance with the Listing Rules of the UK Listing Authority, the maximum price (excluding expenses) that may be paid on the exercise of the authority must not exceed the higher of:

- (i) 5 percent above the average closing price on the London Stock Exchange of an ordinary share over the five business days immediately preceding the date of purchase; and
- (ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange.

The minimum price (exclusive of expenses) that may be paid will be 5p per share. Purchases of shares will be made within guidelines established, from time to time, by the Board. Your attention is drawn to Resolution 11 in the Notice of Annual General Meeting.

Articles of Association

The Company's Articles of Association may only be amended by special resolution at a general meeting of shareholders.

Disclosure of Information to Auditor

The Directors confirm that so far as each of the Directors is aware there is no relevant audit information of which the Company's Auditor is unaware and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Independent Auditor

The Auditor, KPMG LLP, is willing to continue in office and in accordance with section 489 and section 491(1) of the Companies Act 2006, resolutions concerning their reappointment and remuneration will be submitted to the Annual General Meeting.

Post Balance Sheets Events

The Directors confirm that there have been no post Balance Sheet events up to 11 December 2014.

Recommendation

The Directors consider each resolution being proposed at the Annual General Meeting, to be in the best interests of the Company and its shareholders as a whole and they unanimously recommend that all shareholders vote in favour of them, as they intend to do where possible in respect of their own beneficial holdings of shares which amount in aggregate to 569,752 shares, representing approximately 1.2% of the current issued share capital of the Company.

Greenhouse Gas Emissions

All of the Company's activities are outsourced to third parties. The Company therefore has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Bribery Act

The Company has a zero tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly. The Managers also adopt a zero tolerance approach and have policies and procedures in place to prevent bribery.

By order of the Board
David HL Reid
Chairman
11 December 2014

Corporate Governance Report

The Board is committed to achieving and demonstrating high standards of Corporate Governance. This statement outlines how the principles of the 2012 UK Corporate Governance Code (the 'Code') which can be found at www.frc.org.uk and the relevant principles of the Association of Investment Companies (AIC) Code of Corporate Governance were applied throughout the financial year. The AIC Code provides a framework of best practice for investment companies and can be found at www.theaic.co.uk.

Compliance

The Board confirms that the Company has complied throughout the year under review with the relevant provisions of the Code and the recommendations of the AIC Code.

The Board

The Board has overall responsibility for the Company's affairs. It has a number of matters formally reserved for its approval including strategy, investment policy, currency hedging, gearing, treasury matters, dividend and corporate governance policy. A separate strategy session is held annually. The Board also reviews the financial statements, investment transactions, revenue budgets and performance of the Company. Full and timely information is provided to the Board to enable the Board to function effectively and to allow Directors to discharge their responsibilities.

The Board currently comprises five Directors all of whom are non-executive. The Chairman, Mr DHL Reid, is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. Mr WJ Ducas is the Senior Independent Director.

The executive responsibilities for investment management have been delegated to the Company's Alternative Investment Fund Manager ('AIFM'), Baillie Gifford & Co Limited, and in the context of a Board comprising entirely non-executive Directors, there is no chief executive officer.

The Directors believe that the Board has a balance of skills and experience which enable it to provide effective strategic leadership and proper governance of the Company. Information about the Directors, including their relevant experience, can be found on pages 16 and 17.

There is an agreed procedure for Directors to seek independent professional advice if necessary at the Company's expense.

Appointments

The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for inspection on request.

Under the provisions of the Company's Articles of Association, a Director appointed during the year is required to retire and seek election by shareholders at the next Annual General Meeting. Directors are required to submit themselves for re-election at least once every three years and Directors who have served for more than nine years offer themselves for re-election annually.

The names of Directors retiring and offering themselves for re-election together with the reasons why the Board supports the re-elections are set out on pages 18 and 26.

Independence of Directors

All of the Directors are considered by the Board to be independent of the Managers and free of any business or other relationship which could interfere with the exercise of their independent judgement.

The Directors recognise the importance of succession planning for company boards and review the Board composition annually. The Board is of the view that length of service will not necessarily compromise the independence or contribution of Directors of an investment trust company, where continuity and experience can be a benefit to the Board. The Board concurs with the view expressed in the AIC Code that long serving Directors should not be prevented from being considered independent.

Mr DHL Reid and Mr WJ Ducas have served on the Board for more than nine years. Following formal performance evaluation the Board considers that Mr DHL Reid and Mr WJ Ducas continue to be independent in character and judgement and their skills and experience add significantly to the strength of the Board.

Meetings

There is an annual cycle of Board meetings which is designed to address, in a systematic way, overall strategy, review of investment policy, investment performance, marketing, revenue budgets, dividend policy and communication with shareholders. The Board considers that it meets sufficiently regularly to discharge its duties effectively. The following table shows the attendance record for the Board and Committee meetings held during the year. The Annual General Meeting was attended by all the Directors.

Directors' Attendance at Meetings

	Board	Audit and Management Engagement Committee	Nomination Committee
Number of meetings	6	2	1
DHL Reid	6	2	1
DAJ Cameron	6	2	1
WJ Ducas	6	2	1
H James	6	2	1
HCT Strutt	6	2	1

Nomination Committee

The Nomination Committee consists of the whole Board and the Chairman of the Board is Chairman of the Committee. The Committee meets on an annual basis and at such other times as may be required. The Committee has written terms of reference which include reviewing the Board, identifying and nominating new candidates for appointment to the Board, Board appraisal, succession planning and training. The Committee also considers whether Directors should be recommended for re-election by shareholders. The Committee is responsible for considering Directors' potential conflicts of interest and for making recommendations to the Board on whether or not the potential conflicts should be authorised.

Appointments to the Board are made on merit with due regard for the benefits of diversity including gender. The priority in appointing new Directors is to identify the candidate with the best range of skills and experience to complement existing Directors. The Board therefore does not consider it appropriate to set diversity targets.

The Committee's terms of reference are available on request from the Company and on the Company's page on the Managers' website: www.edinburghworldwide.co.uk.

Performance Evaluation

An appraisal of the Chairman, each Director and a performance evaluation and review of the Board as a whole and its Committees was carried out during the year. After considering and responding to an evaluation questionnaire each Director had an interview with the Chairman. The appraisal of the Chairman was led by Mr WJ Ducas. The appraisals and evaluations considered, amongst other criteria, the balance of skills of the Board, training and development requirements, the contribution of individual Directors and the overall effectiveness of the Board and its Committees. Following this process it was concluded that the performance of each Director, the Chairman, the Board and its Committees continues to be effective and each Director and the Chairman remain committed to the Company.

A review of the Chairman's and other Directors' commitments was carried out and the Nomination Committee is satisfied that they are capable of devoting sufficient time to the Company. There were no significant changes to the Chairman's other commitments during the year.

Induction and Training

New Directors are provided with an induction programme which is tailored to the particular circumstances of the appointee. Briefings were provided during the year on regulatory matters. Directors receive other relevant training as necessary.

Remuneration

As all the Directors are non-executive, there is no requirement for a separate Remuneration Committee. Directors' fees are considered by the Board as a whole within the limits approved by shareholders. The Company's policy on remuneration is set out in the Directors' Remuneration Report on page 25.

Audit and Management Engagement Committee

The report of the Audit and Management Engagement Committee is set out on pages 23 and 24.

Internal Controls and Risk Management

The Directors acknowledge their responsibility for the Company's risk management and internal controls systems and for reviewing their effectiveness. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company in accordance with the guidance 'Internal Control: Revised Guidance for Directors on the Combined Code'.

The practical measures in relation to the design, implementation and maintenance of control policies and procedures to safeguard the Company's assets and to manage its affairs properly, including the maintenance of effective operational and compliance controls have been delegated to the Managers and Secretaries.

The Board oversees the functions delegated to the Managers and Secretaries and, with effect from 1 July 2014, the controls managed by the AIFM in accordance with the Alternative Investment Fund Managers Directive (as detailed below). Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provide the Audit and Management Engagement Committee with regular reports on their monitoring programmes. The reporting procedures for these departments are defined and formalised within a service level agreement. Baillie Gifford & Co conducts an annual review of its system of internal controls which is documented within an internal controls report which complies with ISAE 3402 and Technical Release AAF 01/06 – Assurance Reports on Internal Controls of Service Organisations made available to Third Parties. This report is independently reviewed by Baillie Gifford & Co's Auditor and a copy is submitted to the Audit and Management Engagement Committee.

The Company's investments are segregated from those of Baillie Gifford & Co and its other clients through the appointment of an independent custodian of the Company's investments. The Bank of New York Mellon SA/N.V. replaced RBC Investor Services as custodian on 1 July 2014. Both custodians prepare a report on their key controls and safeguards. The RBC report was independently reviewed by Deloitte LLP and The Bank of New York Mellon SA/N.V. report by KPMG LLP.

A report identifying the material risks faced by the Company and the key controls employed to manage these risks is reviewed by the Audit and Management Engagement Committee.

These procedures ensure that consideration is given regularly to the nature and extent of risks facing the Company and that they are being actively monitored. Where changes in risk have been identified during the year they also provide a mechanism to assess whether further action is required to manage these risks.

The Directors confirm that they have reviewed the effectiveness of the Company's risk management and internal controls systems and they have procedures in place to review their effectiveness on a regular basis. No significant weaknesses were identified in the year under review and up to the date of this Report.

The Board confirms that these procedures have been in place throughout the Company's financial year and continue to be in place up to the date of approval of this Report.

With effect from 1 July 2014, the Company entered into arrangements to comply with the Alternative Fund Managers Directive. The Company appointed BNY Mellon Trust & Depositary (UK) Limited as its Depositary and Baillie Gifford & Co Limited as its AIFM.

The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments and monitoring the Company's compliance with investment limits and leverage requirements. The Depositary has delegated the custody function to The Bank of New York Mellon SA/N.V. ('the Custodian').

The Depositary provides the Audit and Management Engagement Committee with a report on its monitoring activities.

The AIFM has established a permanent risk management function to ensure that effective risk management policies and procedures are in place and to monitor compliance with risk limits. The AIFM has a risk management policy which covers the risks associated with the management of the portfolio, and the adequacy and effectiveness of this policy is reviewed and approved at least annually. This review includes the risk management processes and systems and limits for each risk area.

The risk limits, which are set by the AIFM and approved by the Board, take into account the objectives, strategy and risk profile of the portfolio. These limits, including leverage (see note 20 on page 46), are monitored and the sensitivity of the portfolio to key risks is undertaken periodically as appropriate to ascertain the impact of changes in key variables in the portfolio. Exceptions from limits monitoring and stress testing are escalated to the AIFM and reported to the Board along with remedial measures being taken.

Going Concern

In accordance with the Financial Reporting Council's guidance on going concern and liquidity risk, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Company's principal risks are market related and include market risk, liquidity risk and credit risk. An explanation of these risks and how they are managed is contained in note 19 to the financial statements.

The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis.

Accordingly, the financial statements have been prepared on the going concern basis as it is the Directors' opinion that the Company will continue in operational existence for the foreseeable future.

Relations with Shareholders

The Board places great importance on communication with shareholders. The Company's Managers meet regularly with shareholders and their representatives and report shareholders' views to the Board. The Chairman is available to meet with shareholders as appropriate. Shareholders wishing to communicate with any member of the Board may do so by writing to them at the Company's registered office or through the Company's broker JP Morgan Cazenove.

The Company's Annual General Meeting provides a forum for communication with all shareholders. The level of proxies lodged for each resolution is announced at the Meeting and published at www.edinburghworldwide.co.uk. The notice period for the Annual General Meeting is at least twenty working days. Shareholders and potential investors may obtain up-to-date information on the Company at www.edinburghworldwide.co.uk.

Corporate Governance and Stewardship

The Company has given discretionary voting powers to Baillie Gifford & Co. The Managers vote against resolutions they consider may damage shareholders' rights or economic interests.

The Company believes that it is in the shareholders' interests to consider environmental, social and governance ('ESG') factors when selecting and retaining investments and have asked the Managers to take these issues into account as long as the investment objectives are not compromised. The Managers do not exclude companies from their investment universe purely on the grounds of ESG factors but adopt a positive engagement approach whereby matters are discussed with management with the aim of improving the relevant policies and management systems, and enabling the Managers to consider how ESG factors could impact long term investment returns. The Managers' statement of compliance with the UK Stewardship Code can be found on the Managers' website at www.bailliegifford.com. The Managers' policy has been reviewed and endorsed by the Board.

The Managers are signatories to the United Nations Principles for Responsible Investment and the Carbon Disclosure Project and are also members of the Asian Corporate Governance Association and International Corporate Governance Network.

By order of the Board
David HL Reid
Chairman
11 December 2014

Audit and Management Engagement Committee Report

The Audit and Management Engagement Committee consists of all independent Directors. The members of the Committee consider that they have the requisite financial skills and experience to fulfil the responsibilities of the Committee. Mr HCT Strutt, Chairman of the Committee, is a Chartered Accountant.

The Committee's authority and duties are clearly defined within its written terms of reference which are available on request from the Company Secretaries and at www.edinburghworldwide.co.uk. The terms of reference are reviewed annually.

The Committee's effectiveness is reviewed on an annual basis as part of the Board's performance evaluation process.

At least once a year the Committee meets with the external Auditor without any representative of the Manager being present.

Main Activities of the Committee

The Committee met twice during the year and KPMG LLP, the external Auditor, attended both meetings. Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provided reports on their monitoring programmes for these meetings.

The matters considered, monitored and reviewed by the Committee during the course of the year included the following:

- The preliminary results announcement and the annual and half-yearly reports;
- The Company's accounting policies and practices;
- The regulatory changes impacting the Company;
- The fairness, balance and understandability of the Annual Report and Financial Statements and provide advice to the Board whether it provided the information necessary for shareholders to assess the Company's performance, business model and strategy;
- The effectiveness of the Company's internal control environment;
- Reappointment, remuneration and engagement letter of the external Auditor;
- The policy on the engagement of the external Auditor to supply non-audit services;
- The independence, objectivity and effectiveness of the external Auditor;
- The need for the Company to have its own internal audit function;
- Internal controls reports received from the Managers and custodian;
- The terms of the Investment Management Agreement, as described on page 18 and the continuing appointment of the Manager; and
- The arrangements in place within Baillie Gifford & Co whereby their staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

Internal Audit

The Committee continues to believe that the compliance and internal controls systems and the internal audit function in place within the Investment Managers provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained. An internal audit function, specific to the Company is therefore considered unnecessary.

Financial Reporting

The Committee considers that the most significant issue likely to affect the financial statements is the existence and valuation of investments as they represent 95.7% of total assets.

All of the investments are in quoted securities and market prices are readily available from independent external pricing sources. The Committee reviewed the Managers' Report on Internal Controls which details the controls in place regarding recording and pricing of investments.

The Auditor confirmed to the Committee that the investments had been valued in accordance with the stated accounting policies. The value of all the investments had been agreed to external price sources and the portfolio holdings agreed to confirmations from the Company's custodian.

The Managers and Auditor confirmed to the Committee that they were not aware of any material misstatements in the context of the Financial Statements as a whole.

Internal Controls and Risk Management

The Committee reviewed the effectiveness of the Company's risk management and internal controls systems as described on pages 21 and 22. No significant weaknesses were identified in the year under review.

External Auditor

To fulfil its responsibility regarding the independence of the external Auditor, the Committee reviewed:

- The audit plan for the current year;
- A report from the Auditor describing their arrangements to manage auditor independence and received confirmation of their independence; and
- The extent of non-audit services provided by the external Auditor. Non-audit fees for the year to 31 October 2014 were £1,993 and related to the provision of Indian tax services. The Committee does not believe that this has impaired the Auditor's independence.

To assess the effectiveness of the external Auditor, the Committee reviewed and considered:

- The Auditor's fulfilment of the agreed audit plan;
- Feedback from the Secretaries on the performance of the audit team; and
- The Audit Quality Inspection Report from the FRC.

To fulfil its responsibility for oversight of the external audit process the Committee considered and reviewed:

- The Auditor's engagement letter;
- The Auditor's proposed audit plan;
- The audit fee; and
- A report from the Auditor on the conclusion of the audit.

Although KPMG LLP has been Auditor for sixteen years, the audit partners responsible for the audit are rotated at least every five years in accordance with professional and regulatory standards in order to protect independence and objectivity and to provide fresh challenge to the business. Ms Burnet, the current partner, was appointed over two years ago and will continue as partner until the conclusion of the 2016 audit.

KPMG LLP have confirmed that they believe they are independent within the meaning of regulatory and professional requirements and that the objectivity of the audit partner and staff is not impaired.

KPMG also act as Auditor to the Manager and Ms Burnet took on the lead relationship partner role with Baillie Gifford during 2013. A separate audit director is responsible for the Baillie Gifford audit and KPMG have outlined the procedures that would be put in place in the unlikely event that a conflict of interest should arise. The Committee is satisfied with the Auditor's independence.

Having carried out the review described above, the Committee is satisfied that the Auditor remains independent and effective and as such, has not considered it necessary to conduct a tender process for the appointment of its Auditor at this stage.

The Committee is aware that the European Parliament has adopted a directive which will introduce reforms to the statutory audits of listed companies, including the mandatory rotation of audit firms. The Committee will consider the impact of the reforms once they are introduced into UK law.

There are no contractual obligations restricting the Committee's choice of external auditor.

Accountability and Audit

The respective responsibilities of the Directors and the Auditor in connection with the financial statements are set out on pages 27 to 29.

By order of the Board
Henry CT Strutt
Chairman of the Audit and Management Engagement Committee
11 December 2014

Directors' Remuneration Report

This report has been prepared in accordance with the requirements of the Companies Act 2006.

Statement by the Chairman

The Directors' Remuneration Policy is subject to shareholder approval every three years or sooner if an alteration to the policy is proposed. The Remuneration Policy which is set out below was approved at the Annual General Meeting in January 2014 and no changes are proposed.

The Board reviewed the level of fees during the year and following a review of the Directors' time commitment and the fees paid by comparable trusts it was agreed that, with effect from 1 November 2014, the Chairman's fee would increase from £28,000 to £30,000, the Directors' fees would increase from £18,500 to £20,000 and the additional fee for the Audit and Management Engagement Committee Chairman would remain unchanged at £3,000 per annum. The fees were last increased on 1 November 2012.

Remuneration Policy

The Board is composed wholly of non-executive Directors, none of whom has a service contract with the Company. There is no separate remuneration committee and the Board as a whole considers changes to Directors' fees from time to time. Baillie Gifford & Co Limited, the Company Secretaries, provides comparative information when the Board considers the level of Directors' fees.

The Board's policy is that the remuneration of Directors should be set at a reasonable level that is commensurate with the duties and responsibilities of the role and consistent with the requirement to attract and retain Directors of the appropriate quality and experience. The Board believes that the fees paid to the Directors should reflect the experience of the Board as a whole, be fair and should take account of the level of fees paid by comparable investment trusts. Any views expressed by shareholders on the fees being paid to Directors will be taken into consideration by the Board when reviewing the Board's policy on remuneration.

The fees for the non-executive Directors are payable quarterly in arrears and are determined within the limit set out in the Company's Articles of Association which is currently £150,000 in aggregate. Any change to this limit requires shareholder approval. Non-executive Directors are not eligible for any other remuneration or benefits. There are no performance conditions relating to Directors' fees and there are no long term incentive schemes or pension schemes. No compensation is payable on loss of office.

The basic and additional fees payable to Directors in respect of the year ended 31 October 2014 and the fees payable in respect of the year ending 31 October 2015 are set out in the following table. The fees payable to the Directors in the subsequent financial periods will be determined following an annual review of the Directors' fees.

	Expected fees for year ending 31 Oct 2015 £	Fees for year ending 31 Oct 2014 £
Chairman's fee	30,000	28,000
Non-executive Director fee	20,000	18,500
Additional fee for Chairman of the Audit and Management Engagement Committee	3,000	3,000
Total aggregate annual fees that can be paid to the Directors in any year under the Directors' Remuneration Policy, as set out in the Company's Articles of Association	150,000	150,000

Annual Report on Remuneration

An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's Auditor to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in their report on page 28.

Directors' Remuneration for the Year (audited)

The Directors who served during the year received the following remuneration in the form of fees. This represents the entire remuneration paid to the Directors.

Name	2014 £	2013 £
DHL Reid (Chairman)	28,000	28,000
DAJ Cameron	18,500	18,500
WJ Ducas	18,500	18,500
H James	18,500	18,500
HCT Strutt (Audit and Management Engagement Committee Chairman)	21,500	18,500
	105,000	102,000

Directors' Interests (audited)

Name	Nature of interest	Ordinary 5p shares held at 31 Oct 2014	Ordinary 5p shares held at 31 Oct 2013
DHL Reid	Beneficial	469,715	514,715
DAJ Cameron	Beneficial	1,737	–
WJ Ducas	Beneficial	35,000	35,000
H James	Beneficial	2,300	2,300
HCT Strutt	Beneficial	61,000	61,000

The Directors are not required to hold shares in the Company. The Directors at the year end, and their interests in the Company, were as shown above. There have been no changes intimated in the Directors' interests up to 10 December 2014.

Statement of Voting at Annual General Meeting

At the last Annual General Meeting, of the proxy votes received in respect of the Directors' Remuneration Policy, 98.9% were in favour, 0.7% were against and votes withheld were 0.4% and in respect of the Directors' Remuneration Report, 99.0% were in favour, 0.7% were against and votes withheld were 0.3%.

Relative Importance of Spend on Pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to employees with distributions to shareholders.

Directors' Service Details

Name	Date of appointment	Due date for re-election
DHL Reid	1 May 1998	AGM in 2015
DAJ Cameron	2 December 2010	AGM in 2017
WJ Ducas	22 March 2002	AGM in 2015
H James	2 December 2010	AGM in 2017
HCT Strutt	1 November 2011	AGM in 2015

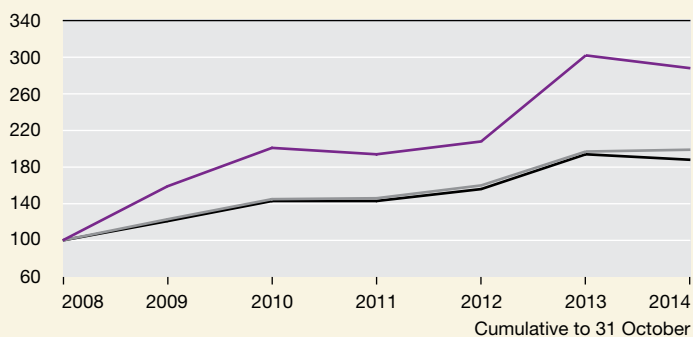
Company Performance

The following graph compares the total return (assuming all dividends are reinvested) to ordinary shareholders compared to the total shareholder return on a notional investment made up of shares in the component parts of the FTSE All-Share Index. This index was chosen for comparison purposes as it is a widely used measure of performance for UK listed companies. (Comparative Index provided for information purposes only).

Performance Graph

Edinburgh Worldwide's Share Price, FTSE All-Share Index and Comparative Index*

(figures have been rebased to 100 at 31 October 2008)



Source: Thomson Reuters Datastream.

— Edinburgh Worldwide share price

— FTSE All-Share

— Comparative Index* (in sterling terms)

All figures are total return (assuming all dividends reinvested).

* MSCI All Countries World Index (in sterling terms) until 31 January 2014, thereafter the S&P Citigroup Global Small Cap Index (in sterling terms). The index data has been chain linked to form one comparative index figure.

Past performance is not a guide to future performance.

Approval

The Directors' Remuneration Report on pages 25 and 26 was approved by the Board of Directors and signed on its behalf on 11 December 2014.

David HL Reid
Chairman

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable laws and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, a Directors' Remuneration Report and a Corporate Governance Statement that complies with that law and those regulations.

The Directors have delegated responsibility to the Managers for the maintenance and integrity of the Company's page of the Managers' website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed within the Directors and Management section, confirm that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), give a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the Annual Report and Financial Statements taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board
David HL Reid
Chairman
11 December 2014

Notes

The following notes relate to financial statements published on a website and are not included in the printed version of the Annual Report and Financial Statements:

- The Directors have delegated responsibility to the Managers for the maintenance and integrity of the Company's page of the Managers' website; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website; and
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report To the Members of Edinburgh Worldwide Investment Trust plc only

Opinions and conclusions arising from our audit

Our opinion on the financial statements is unmodified

We have audited the financial statements of Edinburgh Worldwide Investment Trust plc for the year ended 31 October 2014 set out on pages 30 to 46. In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risk of material misstatement that had the greatest effect on our audit was as follows:

Carrying amount of listed equity investments (£227m)

Refer to page 23 (Audit and Management Engagement Committee Report), page 34 (Accounting Policies) and pages 35 to 46 (Financial Disclosures).

- **The risk:** The Company's portfolio of listed equity investments makes up 95.7% of the Company's total assets (by value) and is the key driver of operations and performance results. We do not consider these investments to be at high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.
- **Our response:** Our procedures over the completeness, valuation and existence of the Company's listed equity investment portfolio included, but were not limited to:
 - documenting and assessing the processes in place to record investment transactions and to value the portfolio;
 - agreeing the valuation of 100% of investments in the portfolio to externally quoted prices; and
 - agreeing 100% of investment holdings in the portfolio to independently received third party confirmations.

Our application of materiality and an overview of the scope of our audit

The materiality for the financial statements as a whole was set at £3.56m, determined with reference to a benchmark of Total Assets (of which it represents 1.5%).

We report to the Audit and Management Engagement Committee any uncorrected identified misstatements exceeding £178,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was all performed at the head office of the Investment Manager, Baillie Gifford & Co Limited, in Edinburgh.

Opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; or
- the Audit and Management Engagement Committee Report does not appropriately address matters communicated by us to the Audit and Management Engagement Committee.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 22, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 20 to 22 relating to the Company's compliance with the nine provisions of the 2012 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 27, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Catherine Burnet (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
20 Castle Terrace
Edinburgh
EH1 2EG
11 December 2014

Income Statement

For the year ended 31 October

	Notes	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
(Losses)/gains on investments	9	–	(3,952)	(3,952)	–	57,734	57,734
Currency gains/(losses)	14	–	749	749	–	(699)	(699)
Income	2	1,186	–	1,186	1,987	–	1,987
Investment management fee	3	(362)	(1,085)	(1,447)	(341)	(1,024)	(1,365)
Other administrative expenses	4	(428)	–	(428)	(435)	–	(435)
Net return before finance costs and taxation		396	(4,288)	(3,892)	1,211	56,011	57,222
Finance costs of borrowings	5	(195)	(584)	(779)	(200)	(599)	(799)
Net return on ordinary activities before taxation		201	(4,872)	(4,671)	1,011	55,412	56,423
Tax on ordinary activities	6	(133)	–	(133)	(188)	–	(188)
Net return on ordinary activities after taxation		68	(4,872)	(4,804)	823	55,412	56,235
Net return per ordinary share	8	0.14p	(9.94p)	(9.80p)	1.68p	113.07p	114.75p

The total column of this statement is the profit and loss account of the Company.

All revenue and capital items in this statement derive from continuing operations.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Company have been reflected in the above statement.

The accompanying notes on pages 34 to 46 are an integral part of the financial statements.

Balance Sheet

As at 31 October

	Notes	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Fixed assets					
Investments held at fair value through profit or loss	9		227,012		229,025
Current assets					
Debtors	10	130		715	
Cash and short term deposits	19	10,595		13,081	
		10,725		13,796	
Creditors					
Amounts falling due within one year	11	(513)		(30,675)	
Net current assets/(liabilities)			10,212		(16,879)
Total assets less current liabilities			237,224		212,146
Creditors					
Amounts falling due after more than one year	12		(30,862)		–
Net assets			206,362		212,146
Capital and reserves					
Called up share capital	13		2,450		2,450
Share premium	14		82,180		82,180
Special reserve	14		35,220		35,220
Capital reserve	14		84,806		89,678
Revenue reserve	14		1,706		2,618
Shareholders' funds			206,362		212,146
Net asset value per ordinary share (after deducting borrowings at fair value)	15		420.58p		432.31p
Net asset value per ordinary share (after deducting borrowings at par)	15		421.11p		432.91p

The Financial Statements of Edinburgh Worldwide Investment Trust plc (Company registration number SC184775) were approved and authorised for issue by the Board and were signed on 11 December 2014.

David HL Reid
Chairman

The accompanying notes on pages 34 to 46 are an integral part of the financial statements.

Reconciliation of Movements in Shareholders' Funds

For the year ended 31 October 2014

	Notes	Called up share capital £'000	Share premium £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 November 2013		2,450	82,180	35,220	89,678	2,618	212,146
Net return on ordinary activities after taxation	14	–	–	–	(4,872)	68	(4,804)
Dividends paid during the year	7	–	–	–	–	(980)	(980)
Shareholders' funds at 31 October 2014		2,450	82,180	35,220	84,806	1,706	206,362

For the year ended 31 October 2013

	Notes	Called up share capital £'000	Share premium £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 November 2012		2,450	82,180	35,220	34,266	2,775	156,891
Net return on ordinary activities after taxation		–	–	–	55,412	823	56,235
Dividends paid during the year	7	–	–	–	–	(980)	(980)
Shareholders' funds at 31 October 2013		2,450	82,180	35,220	89,678	2,618	212,146

The accompanying notes on pages 34 to 46 are an integral part of the financial statements.

Cash Flow Statement

For the year ended 31 October

	Notes	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Net cash (outflow)/inflow from operating activities	16		(700)		365
Servicing of finance					
Interest paid		(773)		(801)	
Net cash outflow from servicing of finance			(773)		(801)
Taxation					
Overseas tax incurred		(133)		(199)	
Total tax paid			(133)		(199)
Financial investment					
Acquisitions of investments		(220,402)		(30,133)	
Disposals of investments		218,714		41,666	
Realised currency gain/(loss)		156		(194)	
Net cash (outflow)/inflow from financial investment			(1,532)		11,339
Equity dividends paid	7		(980)		(980)
Net cash inflow before use of financing			(4,118)		9,724
Financing					
Bank loan repaid		(28,971)		–	
Bank loan drawn down		30,603		–	
Net cash inflow from financing			1,632		–
(Decrease)/increase in cash	17		(2,486)		9,724
Reconciliation of net cash flow to movement in net debt	17				
(Decrease)/increase in cash in the period			(2,486)		9,724
Increase in bank loan			(1,632)		–
Exchange movement on bank loans			593		(505)
Movement in net debt in the year			(3,525)		9,219
Net debt at 1 November			(16,742)		(25,961)
Net debt at 31 October			(20,267)		(16,742)

The accompanying notes on pages 34 to 46 are an integral part of the financial statements.

Notes to the Financial Statements

1 Principal Accounting Policies

The financial statements for the year to 31 October 2014 have been prepared on the basis of the accounting policies set out below, which are unchanged from the prior year and have been applied consistently.

(a) Basis of Accounting

All of the Company's operations are of a continuing nature and the financial statements are prepared on a going concern basis under the historical cost convention, modified to include the revaluation of fixed asset investments and derivatives, and on the assumption that approval as an investment trust under section 1158 of the Corporation Tax Act 2010 will be retained.

The financial statements have been prepared in accordance with The Companies Act 2006, applicable UK Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' issued in January 2009.

In order to reflect better the activities of the Company and in accordance with guidance issued by the AIC, supplementary information which analyses the profit and loss account between items of a revenue and capital nature has been presented in the income statement.

The Company has only one material segment being that of an investment trust company, investing in listed companies throughout the world.

Financial assets and financial liabilities are recognised in the Company's balance sheet when it becomes a party to the contractual provisions of the instrument.

The Directors consider the Company's functional currency to be sterling as the Company's shareholders are predominantly based in the UK and the Company and its investment manager, who are subject to the UK's regulatory environment, are also UK based.

(b) Investments

Purchases and sales of investments are accounted for on a trade date basis.

Investments in securities are designated as valued at fair value through profit or loss on initial recognition and are measured at subsequent reporting dates at fair value.

The fair value of listed investments is bid value or, in the case of FTSE 100 constituents or holdings on certain recognised overseas exchanges, at last traded prices.

Changes in the fair value of investments and gains and losses on disposal are recognised as capital items in the income statement.

(c) Derivatives

The Company may use derivatives for the purpose of efficient portfolio management (including reducing, transferring or eliminating risk in its investments and protection against currency risk) and to achieve capital growth.

Such instruments are recognised on the date of the contract that creates the Company's obligation to pay or receive cash flows and are measured as financial assets or liabilities at fair value at subsequent reporting dates, while the relevant contracts remain open. The fair value is determined by reference to the open market value of the contract.

Where the investment rationale for the use of derivatives is to hedge specific risks pertaining to the Company's portfolio composition, hedge accounting will only be adopted where the derivative instrument relates specifically to a single item, or group of items, of equal and opposite financial exposure, and where the derivative instrument has been explicitly designated as a hedge of such item(s) at the date of initial recognition. In all other circumstances changes in the fair value of derivative instruments are recognised immediately in the income statement as capital or revenue as appropriate.

(d) Cash

Cash includes cash in hand and deposits repayable on demand. Deposits are repayable on demand if they can be withdrawn at any

time without notice and without penalty or if they have a maturity or period of notice of not more than one working day.

(e) Income

- (i) Income from equity investments is brought into account on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Company's right to receive payment is established.
- (ii) Franked income is stated net of tax credits.
- (iii) Unfranked investment income includes the taxes deducted at source.
- (iv) Interest receivable on deposits is recognised on an accruals basis.
- (v) If scrip is taken in lieu of dividends in cash, the net amount of the cash dividend declared is credited to the revenue account. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised as capital.
- (vi) Special dividends are treated as repayments of capital or income depending on the facts of each particular case.

(f) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged to the revenue account except as follows: where they relate directly to the acquisition or disposal of an investment, in which case they are added to the cost of the investment or deducted from the sale proceeds and where they are connected with the maintenance or enhancement of the value of investments. In this respect the investment management fee is allocated 25% to revenue and 75% to capital, in line with the Board's expectation of returns from the Company's investments over the long term in the form of revenue and capital respectively.

(g) Finance Costs

Any long term borrowings are carried in the balance sheet at amortised cost, representing the cumulative amount of net proceeds after issue, plus accrued finance costs. The finance costs of borrowings are allocated 25% to the revenue account and 75% to the capital reserve. Gains and losses on the repurchase or early settlement of debt are wholly charged to capital.

(h) Deferred Taxation

Deferred taxation is provided on all timing differences which have originated but not reversed by the balance sheet date, calculated at the current tax rates expected to apply when its timing differences reverse, based on what has been enacted or substantially enacted, relevant to the benefit or liability. Deferred tax assets are recognised only to the extent that it will be more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

(i) Foreign Currencies

Transactions involving foreign currencies are converted at the rate ruling at the time of the transaction. Monetary assets, liabilities and equity investments held at fair value in foreign currencies are translated at the closing rates of exchange at the balance sheet date with the exception of foreign exchange contracts which are valued at the forward rate ruling at the time of the balance sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the income statement and classified as a revenue or capital item as appropriate.

(j) Capital Reserve

Gains and losses on disposal of investments, changes in the fair value of investments held, exchange differences of a capital nature and the amount by which other assets and liabilities valued at fair value differ from their book cost are dealt with in this reserve. Purchases of the Company's own shares can also be funded from this reserve. 75% of management fees and finance costs are allocated to the capital reserve.

2 Income

	2014 £'000	2013 £'000
Income from investments		
UK dividends	272	128
Overseas dividends	904	1,845
	1,176	1,973
Other income		
Deposit interest	10	14
	10	14
Total income	1,186	1,987
Total income comprises:		
Dividends from financial assets designated at fair value through profit or loss	1,176	1,973
Deposit interest from financial assets not designated at fair value through profit or loss	10	14
	1,186	1,987

3 Investment Management Fee

	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
Investment management fee	362	1,085	1,447	341	1,024	1,365

Details of the investment management agreement are disclosed on page 18. The annual management fee is 0.95% on the first £50m of net assets and 0.65% on the remaining net assets, calculated quarterly. Prior to 1 April 2013 the fee was 0.80% per annum of the market value of the Company's shares, calculated quarterly, plus a performance fee. No performance fee was payable for the period to 31 March 2013 and none is payable under the new arrangements.

Until 31 March 2013, the Company paid a secretarial fee to Baillie Gifford which was adjusted annually in line with the Retail Price Index. The secretarial fee for the five months to 31 March 2013 was £34,000 (see note 4 below) and there is no secretarial fee under the new arrangements.

4 Other Administrative Expenses – all charged to the revenue column of the income statement

	2014 £'000	2013 £'000
Directors' fees (see Directors' Remuneration Report on page 25)	105	102
Auditor's remuneration for audit services	15	15
Auditor's remuneration for non-audit services	2	1
Secretarial fees	–	34
Other expenses	306	283
	428	435

5 Finance Costs of Borrowings

	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
Financial liabilities not at fair value through profit or loss						
Bank loan repayable within one year	177	529	706	200	599	799
Bank loan repayable within five years	18	55	73	–	–	–
	195	584	779	200	599	799

6 Tax on Ordinary Activities

	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
Overseas taxation	133	–	133	188	–	188

	2014 £'000	2013 £'000
Analysis of charge in year		
Overseas taxation	133	188
Factors affecting tax charge for year		
The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 21.83% (2013 – lower, 23.42%)		
The differences are explained below:		
Net return on ordinary activities before taxation	(4,671)	56,423
Net return on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.83% (2013 – 23.42%)	(1,020)	13,214
Effects of:		
Capital returns not taxable	699	(13,358)
Income not taxable	(257)	(432)
Income taxable in different periods	–	(16)
Overseas withholding tax	133	188
Taxable losses in year not utilised	578	607
Adjustment in respect of previous years	–	(15)
Current tax charge for the year	133	188

As an investment trust, the Company's capital gains are not taxable.

Factors that may affect future tax charges

At 31 October 2014 the Company had a potential deferred tax asset of £4,863,000 (2013 – £4,718,000) on taxable losses which are available to be carried forward and offset against future taxable profits. A deferred tax asset has not been provided on these losses as it is considered unlikely that the Company will make taxable revenue profits in the future and it is not liable to tax on its capital gains. The potential deferred tax asset has been calculated using a corporation tax rate of 21% (2013 – 23%).

7 Ordinary Dividends

	2014	2013	2014 £'000	2013 £'000
Amounts recognised as distributions in the period:				
Previous year's final (paid 6 February 2014)	1.50p	1.50p	735	735
Interim (paid 17 July 2014)	0.50p	0.50p	245	245
	2.00p	2.00p	980	980

Also set out below are the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of section 1158 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £68,000 (2013 – £823,000).

	2014	2013	2014 £'000	2013 £'000
Dividends paid and payable in respect of the year:				
Interim dividend per ordinary share (paid 17 July 2014)	0.50p	0.50p	245	245
Proposed final dividend per ordinary share (payable 5 February 2015)	1.50p	1.50p	735	735
	2.00p	2.00p	980	980

8 Net Return per Ordinary Share

	2014 Revenue	2014 Capital	2014 Total	2013 Revenue	2013 Capital	2013 Total
Net return on ordinary activities after taxation	0.14p	(9.94p)	(9.80p)	1.68p	113.07p	114.75p

Revenue return per ordinary share is based on the net return on ordinary activities after taxation of £68,000 (2013 – £823,000) and on 49,004,319 ordinary shares, being the weighted average number of ordinary shares in issue during each year.

Capital return per ordinary share is based on the net capital loss for the financial year of £4,872,000 (2013 – net capital gain of £55,412,000) and on 49,004,319 ordinary shares, being the weighted average number of ordinary shares in issue during each year.

There are no dilutive or potentially dilutive shares in issue.

9 Fixed Assets – Investments

	2014 £'000	2013 £'000
Financial assets at fair value through profit or loss		
Listed equity investments	227,012	229,025
Total investments in financial assets at fair value through profit or loss	227,012	229,025
		Listed equities £'000
Cost of investments held at 1 November 2013		116,027
Investment holding gains at 1 November 2013		112,998
Fair value of investments held at 1 November 2013		229,025
Movements in year:		
Purchases at cost		220,074
Sales – proceeds		(218,135)
– gains on sales		105,038
Changes in investment holding gains		(108,990)
Fair value of investments held at 31 October 2014		227,012
Cost of investments held at 31 October 2014		223,004
Investment holding gains at 31 October 2014		4,008
Fair value of investments held at 31 October 2014		227,012

The Company incurred transaction costs on purchases of £358,000 (2013 – £55,000) and on sales of £122,000 (2013 – £34,000).

	2014 £'000	2013 £'000
Net (losses)/gains on investments designated at fair value through profit or loss on initial recognition		
Gains on sales	105,038	4,036
Changes in investment holding gains	(108,990)	53,698
	(3,952)	57,734

Of the gains on sales during the year a net gain of £102,418,000 (2013 – net gain of £4,551,000) was included in investment holding gains at the previous year end.

10 Debtors

	2014 £'000	2013 £'000
Due within one year:		
Income accrued (net of withholding tax) and prepaid expenses	62	61
Sales for subsequent settlement	–	579
Other debtors	68	75
	130	715

None of the above debtors are financial assets designated at fair value through profit or loss. The carrying amount of debtors is a reasonable approximation of fair value.

11 Creditors – amounts falling due within one year

	2014 £'000	2013 £'000
National Australia Bank Limited multi-currency loan	–	29,823
Purchases for subsequent settlement	–	328
Investment management fee	373	382
Other creditors and accruals	140	142
	513	30,675

Borrowing Facility

The three year fixed rate facility with National Australia Bank Limited of €11.4m, US\$16.35m and £10.0m expired on 30 September 2014. The drawings were as follows:

At 31 October 2013

National Australia Bank Limited:

- €11,400,000 at an interest rate of 2.96% per annum.
- US\$16,350,000 at an interest rate of 2.28% per annum.
- £10,000,000 at an interest rate of 2.68% per annum.

The main covenants relating to the loan facility with National Australia Bank Limited are: total borrowings shall not exceed 35% of the Company's adjusted gross assets and the minimum adjusted gross assets shall be £85m.

12 Creditors – amounts falling due after more than one year

	2014 £'000	2013 £'000
National Australia Bank Limited multi-currency loan	30,862	–

The five year fixed rate facility with National Australia Bank Limited of €9.4m, US\$25.6m and £7.5m, expires on 30 September 2019. The drawings were as follows:

At 31 October 2014

National Australia Bank Limited:

- €9,400,000 at an interest rate of 1.59% per annum.
- US\$25,600,000 at an interest rate of 3.14% per annum.
- £7,500,000 at an interest rate of 3.12% per annum.

The main covenants relating to the loan facility with National Australia Bank Limited are: total borrowings shall not exceed 35% of the Company's adjusted gross assets and the minimum adjusted gross assets shall be £110m.

13 Called Up Share Capital

	2014 Number	2014 £'000	2013 Number	2013 £'000
Allotted, called up and fully paid ordinary shares of 5p each	49,004,319	2,450	49,004,319	2,450

At the Annual General Meeting on 27 January 2014 the Company renewed its authority to purchase shares in the market, in respect of 7,345,747 ordinary shares (equivalent to 14.99% of its issued share capital at that date). No shares were bought back during the year to 31 October 2014 or 2013. At 31 October 2014 the Company had authority to buy back 7,345,747 ordinary shares.

14 Capital and Reserves

	Called up share capital £'000	Share premium £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
At 1 November 2013	2,450	82,180	35,220	89,678	2,618	212,146
Net gains on disposal of investments	–	–	–	105,038	–	105,038
Changes in investment holding gains	–	–	–	(108,990)	–	(108,990)
Exchange differences on bank loans	–	–	–	593	–	593
Other exchange differences	–	–	–	156	–	156
Investment management fee	–	–	–	(1,085)	–	(1,085)
Finance cost of borrowings	–	–	–	(584)	–	(584)
Dividends paid in the year	–	–	–	–	(980)	(980)
Revenue return on ordinary activities after taxation	–	–	–	–	68	68
At 31 October 2014	2,450	82,180	35,220	84,806	1,706	206,362

The capital reserve includes investment holding gains of £4,008,000 (2013 – gains of £112,998,000) as disclosed in note 9.

The special reserve may be utilised to finance any purchase of the Company's ordinary shares.

The revenue reserve is distributable by way of dividend.

15 Net Asset Value per Ordinary Share

The net asset value per ordinary share and the net asset value attributable to the ordinary shareholders at the year end calculated in accordance with the Articles of Association were as follows:

	2014	2013	2014 £'000	2013 £'000
Ordinary shares	421.11p	432.91p	206,362	212,146

Net asset value per ordinary share is based on the net assets as shown above and 49,004,319 ordinary shares, being the number of ordinary shares in issue at each year end.

Deducting borrowings at fair value would have the effect of reducing net asset value per ordinary share from 421.11p to 420.58p. Taking the market price of the ordinary shares at 31 October 2014 of 385.00p, this would have given a discount to net asset value of 8.5% as against 8.6% on the basis of deducting borrowings at par.

Deducting borrowings at fair value would have had the effect of reducing net asset value per ordinary share at 31 October 2013 from 432.91p to 432.31p. Taking the market price of the ordinary shares at 31 October 2013 of 405.00p this would have given a discount to net asset value of 6.3% as against 6.4% on the basis of deducting borrowings at par.

16 Reconciliation of Net Return before Finance Costs and Taxation to Net Cash (Outflow)/Inflow from Operating Activities

	2014 £'000	2013 £'000
Net return before finance costs and taxation	(3,892)	57,222
Losses/(gains) on investments	3,952	(57,734)
Currency (gains)/losses	(749)	699
(Increase)/decrease in accrued income	(16)	152
Decrease/(increase) in debtors	23	(43)
(Decrease)/increase in creditors	(18)	69
Net cash (outflow)/inflow from operating activities	(700)	365

17 Analysis of Change in Net Debt

	At 1 November 2013 £'000	Cash flows £'000	Exchange movement £'000	At 31 October 2014 £'000
Cash at bank and in hand	13,081	(2,486)	–	10,595
Loan due in less than one year	(29,823)	28,971	852	–
Loan due in more than one year	–	(30,603)	(259)	(30,862)
	(16,742)	(4,118)	593	(20,267)

18 Related Party Transactions

The Directors' fees for the year are detailed in the Directors' Remuneration Report on page 25.

No Director has a contract of service with the Company. During the year no Director was interested in any contract or other matter requiring disclosure under section 412 of the Companies Act 2006.

19 Financial Instruments

As an Investment Trust, the Company invests in equities and makes other investments so as to meet its investment objective of achieving long term capital growth. In pursuing its investment objective, the Company is exposed to various types of risk that are associated with the financial instruments and markets in which it invests.

These risks are categorised here as market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Board monitors closely the Company's exposures to these risks but does so in order to reduce the likelihood of a permanent loss of capital rather than to minimise the short term volatility.

The risk management policies and procedures outlined in this note have not changed substantially from the previous accounting period.

Market Risk

The fair value or future cash flows of a financial instrument or other investment held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and other price risk. The Board of Directors reviews and agrees policies for managing these risks and the Company's Investment Managers both assess the exposure to market risk when making individual investment decisions and monitor the overall level of market risk across the investment portfolio on an ongoing basis.

(i) Currency Risk

Certain of the Company's assets, liabilities and income are denominated in currencies other than sterling (the Company's functional currency and that in which it reports its results). Consequently, movements in exchange rates may affect the sterling value of those items.

The Investment Managers monitor the Company's exposure to foreign currencies and report to the Board on a regular basis. The Investment Managers assess the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. However, the country in which a company is listed is not necessarily where it earns its profits. The movement in exchange rates on overseas earnings may have a more significant impact upon a company's valuation than a simple translation of the currency in which the company is quoted.

Foreign currency borrowings can limit the Company's exposure to anticipated future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments.

Exposure to currency risk through asset allocation, which is calculated by reference to the currency in which the asset or liability is quoted, is shown on page 42. The changes to the net currency exposure have resulted from the broadening of the Company's Investment Policy.

19 Financial Instruments (continued)

(i) Currency Risk (continued)

At 31 October 2014	Investments £'000	Cash and deposits £'000	Bank loan £'000	Other debtors and creditors * £'000	Net exposure £'000
US dollar	118,195	10,575	(16,001)	(29)	112,740
Euro	22,318	–	(7,361)	54	15,011
Yen	11,536	–	–	10	11,546
Swiss franc	5,358	–	–	–	5,358
Australian dollar	3,849	–	–	–	3,849
Hong Kong dollar	3,209	–	–	–	3,209
Indonesian rupiah	2,221	–	–	–	2,221
New Zealand dollar	1,843	–	–	–	1,843
Singapore dollar	1,239	–	–	–	1,239
Mexican peso	1,228	–	–	–	1,228
Norwegian krone	895	–	–	–	895
Indian rupee	849	–	–	–	849
Danish krone	–	–	–	–	–
Swedish krona	–	–	–	–	–
Total exposure to currency risk	172,740	10,575	(23,362)	35	159,988
Sterling	54,272	20	(7,500)	(418)	46,374
	227,012	10,595	(30,862)	(383)	206,362

* Includes net non-monetary assets of £10,000.

At 31 October 2013	Investments £'000	Cash and deposits £'000	Bank loan £'000	Other debtors and creditors * £'000	Net exposure £'000
US dollar	144,303	6,656	(10,177)	250	141,032
Euro	32,553	1,451	(9,646)	11	24,369
Yen	3,359	–	–	17	3,376
Swiss franc	–	–	–	–	–
Australian dollar	–	–	–	–	–
Hong Kong dollar	16,921	1	–	–	16,922
Indonesian rupiah	–	–	–	–	–
New Zealand dollar	–	–	–	–	–
Singapore dollar	–	–	–	–	–
Mexican peso	–	–	–	–	–
Norwegian krone	–	–	–	–	–
Indian rupee	5,765	–	–	–	5,765
Danish krone	7,104	–	–	–	7,104
Swedish krona	5,937	–	–	30	5,967
Total exposure to currency risk	215,942	8,108	(19,823)	308	204,535
Sterling	13,083	4,973	(10,000)	(445)	7,611
	229,025	13,081	(29,823)	(137)	212,146

* Includes net non-monetary assets of £26,000.

19 Financial Instruments (continued)

(i) Currency Risk (continued)

Currency Risk Sensitivity

At 31 October 2014, if sterling had strengthened by 5% in relation to all currencies, with all other variables held constant, total net assets and total return on ordinary activities would have decreased by the amounts shown below. A 5% weakening of sterling against all currencies, with all other variables held constant, would have had an equal but opposite effect on the financial statement amounts. The analysis is performed on the same basis for 2013.

	2014 £'000	2013 £'000
US dollar	5,637	7,052
Euro	751	1,219
Yen	577	169
Swiss franc	268	–
Australian dollar	192	–
Hong Kong dollar	160	846
Indonesian rupiah	111	–
New Zealand dollar	92	–
Singapore dollar	62	–
Mexican peso	61	–
Norwegian krone	45	–
Indian rupee	43	288
Danish krone	–	355
Swedish krona	–	298
	7,999	10,227

(ii) Interest Rate Risk

Interest rate movements may affect directly:

- the fair value of investments in fixed interest rate securities;
- the level of income receivable on cash deposits;
- the fair value of fixed-rate borrowings; and
- the interest payable on any variable rate borrowings.

Interest rate movements may also impact upon the market value of the Company's investments outwith fixed income securities. The effect of interest rate movements upon the earnings of a company may have a significant impact upon the valuation of that company's equity.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and when entering borrowing agreements.

The Board reviews on a regular basis the amount of investments in cash and fixed income securities and the income receivable on cash deposits, floating rate notes and other similar investments.

The Company finances part of its activities through borrowings at approved levels. The amount of such borrowings and the approved levels are monitored and reviewed regularly by the Board.

19 Financial Instruments (continued)

(ii) Interest Rate Risk (continued)

The interest rate risk profile of the Company's financial assets and liabilities at 31 October is shown below:

Financial Assets

The Company's interest rate risk exposure on its financial assets at 31 October 2014 amounted to £10,595,000 (2013 – £13,081,000), comprising of its cash and short term deposits.

The cash deposits generally comprise overnight call or short term money market deposits of less than one month which are repayable on demand. The benchmark rate which determines the interest payments received on cash balances is the bank base rate.

Financial Liabilities

	2014 £'000	2013 £'000
The interest rate risk profile of the Company's financial liabilities at 31 October was:		
Fixed rate – Sterling denominated	7,500	10,000
– US\$ denominated	16,001	10,177
– Euro denominated	7,361	9,646
	30,862	29,823
The maturity profile of the Company's financial liabilities at 31 October was:		
In less than one year		
– repayment of loan	–	29,823
– accumulated interest	862	729
In more than one year, but not more than five years		
– repayment of loan	30,862	–
– accumulated interest	3,377	–
	35,101	30,552

Interest Rate Risk Sensitivity

An interest rate risk sensitivity analysis has not been performed as the Company does not hold bonds and has borrowed funds at a fixed rate of interest.

(iii) Other Price Risk

Changes in market prices other than those arising from interest rate risk or currency risk may also affect the value of the Company's net assets. The Company's exposure to changes in market prices relates to the fixed asset investments as disclosed in note 9.

The Board manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Investment Managers. The Board meets regularly and at each meeting reviews investment performance, the investment portfolio and the rationale for the current investment positioning to ensure consistency with the Company's objectives and investment policies. The portfolio does not seek to reproduce the comparative index: investments are selected based upon the merit of individual companies and therefore performance may well diverge from the short term fluctuations of the comparative index.

Other Price Risk Sensitivity

Fixed asset investments are valued at bid prices which equate to their fair value. A full list of the Company's investments is given on pages 12 and 13. In addition, a geographical analysis of the portfolio and an analysis of the investment portfolio by broad industrial or commercial sector is given on pages 14 and 15.

110.0% (2013 – 108.0%) of the Company's net assets are invested in equities. A 10% increase in quoted equity valuations at 31 October 2014 would have increased total assets and total return on ordinary activities by £22,701,000 (2013 – £22,903,000). A decrease of 10% would have had an equal but opposite effect.

Liquidity Risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted securities that are readily realisable. The Board monitors the exposure to any one holding.

The Company has the power to take out borrowings, which gives it access to additional funding when required. The Company's borrowing facilities are detailed in notes 11 and 12.

19 Financial Instruments (continued)

Credit Risk

This is the risk that a failure of a counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

This risk is managed as follows:

- Where the Investment Managers make an investment in a bond or other security with credit risk, that credit risk is assessed and then compared to the prospective investment return of the security in question.
- The Board regularly receives information from the Investment Managers on the credit ratings of those bonds and other securities in which the Company has invested.
- The Company's listed investments are held on its behalf by The Bank of New York Mellon SA/NV acting as agent, the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Investment Managers monitor the Company's risk by reviewing the custodian's internal control reports and reporting its findings to the Board.
- Investment transactions are carried out with a large number of brokers whose creditworthiness is reviewed by the Investment Managers. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations before any transfer of cash or securities away from the Company is completed.
- Transactions involving derivatives, and other arrangements wherein the creditworthiness of the entity acting as broker or counterparty to the transaction is likely to be of sustained interest, are subject to rigorous assessment by the Investment Managers of the creditworthiness of that counterparty.
- Cash is only held at banks that are regularly reviewed by the Managers.

Credit Risk Exposure

The maximum exposure to credit risk at 31 October was:

	2014 £'000	2013 £'000
Cash and short term deposits	10,595	13,081
Debtors and prepayments	130	715
	10,725	13,796

None of the Company's financial assets are past due or impaired.

Fair Value of Financial Assets and Financial Liabilities

The Directors are of the opinion that the financial assets and liabilities of the Company are stated at fair value in the balance sheet with the exception of long term borrowings which are stated at amortised cost in accordance with FRS26.

	2014 Book £'000	2014 Fair £'000 *	2013 Book £'000	2013 Fair £'000 *
Fixed rate loan	30,862	31,120	29,823	30,117
Total long term borrowings	30,862	31,120	29,823	30,117

* The fair value of the bank loan is calculated with reference to government bonds of comparable yield and maturity.

19 Financial Instruments (continued)

Capital Management

The Company does not have any externally imposed capital requirements other than the loan covenants detailed in note 12 on page 39. The capital of the Company is the ordinary share capital as detailed in note 13. It is managed in accordance with its investment policy in pursuit of its investment objective, both of which are detailed on page 7. Shares may be issued and/or repurchased as explained on page 19.

Fair Value of Financial Instruments

Fair values are measured using the following fair value hierarchy:

Level 1 – reflects financial instruments quoted in an active market.

Level 2 – reflects financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables includes only data from observable markets.

Level 3 – reflects financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data.

The valuation techniques used by the Company are explained in the accounting policies on page 34.

The financial assets designated as valued at fair value through profit or loss are all categorised as Level 1 in the above hierarchy. None of the financial liabilities are designated at fair value through profit or loss in the financial statements.

20 Alternative Investment Fund Managers (AIFM) Directive

In accordance with the AIFM Directive, information in relation to the Company's leverage and the remuneration of the Company's AIFM, Baillie Gifford & Co Limited, is required to be made available to investors. In accordance with the Directive, the AIFM remuneration policy is available from Baillie Gifford & Co Limited on request (see contact details on the back cover) and the numerical remuneration disclosures in respect of the AIFM's first relevant reporting period (year ended 31 March 2016) will be made available in due course.

The Company's maximum and actual leverage levels (see Glossary of Terms on page 55) at 31 October 2014 are shown below:

Leverage

	Gross method	Commitment method
Maximum limit	2.50:1	2.00:1
Actual	1.15:1	1.15:1

Notice of Annual General Meeting



The Annual General Meeting of the Company will be held within the offices of Baillie Gifford & Co, Calton Square, 1 Greenside Row, Edinburgh EH1 3AN on Thursday, 29 January 2015 at 12 noon. A buffet lunch will be provided.

If you have any queries as to how to vote or how to attend the meeting, please call us on 0800 917 2112.

Baillie Gifford may record your call.



By Rail:

Edinburgh Waverley – approximately a 5 minute walk away



By Bus:

Lothian Buses local services include:

1, 5, 7, 8, 10, 12, 14, 15, 15A, 16, 22, 25, 34

..... Access to Waverley Train Station on foot

NOTICE IS HEREBY GIVEN that the seventeenth Annual General Meeting of Edinburgh Worldwide Investment Trust plc (the 'Company') will be held within the offices of Baillie Gifford & Co, Calton Square, 1 Greenside Row, Edinburgh EH1 3AN on Thursday, 29 January 2015 at 12 noon for the following purposes:

Ordinary Business

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. To receive and adopt the Financial Statements of the Company for the year to 31 October 2014 with the Reports of the Directors and of the Independent Auditor thereon.
2. To approve the Directors' Annual Report on Remuneration for the year ended 31 October 2014.
3. To declare a final dividend of 1.50p per ordinary share for the year to 31 October 2014.
4. To re-elect Mr DHL Reid as a Director.
5. To re-elect Mr WJ Ducas as a Director.
6. To re-elect Mr HCT Strutt as a Director
7. To reappoint KPMG LLP as Independent Auditor of the Company to hold office until the conclusion of the next annual general meeting at which the Financial Statements are laid before the Company.
8. To authorise the Directors to determine the remuneration of the Independent Auditor of the Company.
9. That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ('Securities') provided that such authority shall be limited to the allotment of shares and grant of rights in respect of shares with an aggregate nominal value of up to £808,571 (representing 33 per cent. of the nominal value of the issued share capital as at 10 December 2014), such authority to expire at the

conclusion of the next annual general meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, unless previously revoked, varied or extended by the Company in a general meeting, save that the Company may at any time prior to the expiry of this authority make an offer or enter into an agreement which would or might require Securities to be allotted or granted after the expiry of such authority and the Directors shall be entitled to allot or grant Securities in pursuance of such an offer or agreement as if such authority had not expired.

To consider and, if thought fit, to pass resolutions 10 and 11 as special resolutions:

10. That, subject to the passing of resolution 9 above, and in substitution for any existing power but without prejudice to the exercise of any such power prior to the date hereof, the Directors of the Company be and they are hereby generally empowered, pursuant to Section 570 of the Act to allot equity securities (as defined in Section 560 of the Act), including the grant of rights to subscribe for, or to convert securities into ordinary shares held by the Company as treasury shares (as defined in Section 724 of the Act) for cash pursuant to the authority given by resolution 9 above as if Section 561 (1) of the Act did not apply to any such allotment of equity securities, provided that this power:
 - (a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and
 - (b) shall be limited to the allotment of equity securities up to an aggregate nominal value of £122,510 or if less the number representing approximately 5 per cent. of the nominal value of the issued share capital of the Company, as at 10 December 2014.

11. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of fully paid ordinary shares of 5p each in the capital of the Company ('**Ordinary Shares**') (either for retention as treasury shares for future reissue, resale, transfer or cancellation), provided that:

- (a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 7,345,747 or if less the number representing approximately 14.99 per cent. of the issued ordinary share capital of the Company as at the date of the passing of this resolution;
- (b) the minimum price (excluding expenses) which may be paid for each Ordinary Share is 5p;
- (c) the maximum price (excluding expenses) which may be paid for each Ordinary Share shall not be more than the higher of:
 - (i) 5 per cent. above the average closing price on the London Stock Exchange of an Ordinary Share over the five business days immediately preceding the day of purchase; and
 - (ii) the higher of the last Independent trade and the highest current independent bid on the London Stock Exchange; and
- (d) unless previously varied, revoked or renewed by the Company in a general meeting, the authority hereby conferred shall expire at the conclusion of the Company's annual general meeting to be held in respect of the year ending 31 October 2015, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

By Order of the Board
Baillie Gifford & Co Limited
Managers and Secretaries
22 December 2014

Notes:

- 1. A shareholder who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote on his/her behalf. Such proxy need not also be a shareholder of the Company. If appointing more than one proxy, each proxy must be appointed to exercise rights attaching to different shares held by the shareholder.
- 2. A proxy form for use by shareholders at the meeting is enclosed with this document. Proxies must be lodged with the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or **www.eproxyappointment.com**, not less than 48 hours (excluding non-working days) before the time appointed for the meeting together with any power of attorney or other authority (if any) under which it is signed. Completion of the proxy form will not prevent a shareholder from attending the meeting and voting in person.
- 3. Only those shareholders having their name entered on the Company's share register not later than 12 noon on 27 January 2015 or, if the meeting is adjourned, at 12 noon two days (excluding non-working days) prior to the date of the adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the entries on the Company's share register after that time shall be disregarded in determining the rights of any shareholder to attend, speak and vote at the meeting, notwithstanding any provision in any enactment, the articles of association of the Company or other instrument to the contrary.
- 4. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.
- 5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual and by logging on to the website **www.euroclear.com/CREST**. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must be transmitted so as to be received by the Company's registrars, Computershare Investor Services PLC (ID3RA50) by no later than 12 noon on 27 January 2015. No such message received through the CREST network after this time will be accepted. The time of receipt will be taken to be the time from which the Registrars are able to retrieve the message by enquiry to CREST. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular

messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

6. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 (**'Nominated Persons'**). Nominated Persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if Nominated Persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in notes 1 and 2 above does not apply to Nominated Persons. The rights described in these notes can be exercised only by members of the Company.
7. Shareholders participating in the Baillie Gifford Investment Trust Share Plan, Children's Savings Plan or the Baillie Gifford Investment Trust ISA who wish to vote and/or attend the meeting must complete and return the enclosed reply-paid form of direction.
8. There are special arrangements for holders of shares through The Aberdeen Investment Trusts ISA and Shareplan. These are explained in the form of direction which such holders will have received with this report.
9. As at 10 December 2014 the Company's issued share capital comprised 49,004,319 ordinary shares of 5p each. Therefore, as at 10 December 2014, the total number of voting rights exercisable at the meeting is 49,004,319.
10. Any person holding 3 per cent. of the total voting rights in the Company who appoints a person other than the Chairman as his/her proxy will need to ensure that both he/she and such third party comply with their respective disclosure obligations under the Disclosure and Transparency Rules.
11. The members of the Company may require the Company to publish, on its website, (without payment) a statement (which is also passed to the auditors) setting out any matter relating to the audit of the Company's financial statements, including the auditor's report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5% of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address and be sent to the Company at Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN.
12. Information regarding the meeting, including information required by section 311A of the Companies Act 2006, is available from the Company's page of the Manager's website, www.edinburghworldwide.co.uk.
13. Under section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the meeting put by a member attending the meeting unless:
 - (a) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - (b) the answer has already been given on a website in the form of an answer to a question; or
 - (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
14. Shareholders are advised that, unless otherwise stated, any telephone number, website or e-mail address which may be set out in this notice of meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

Further Shareholder Information

Edinburgh Worldwide is an investment trust. Investment trusts offer investors the following:

- participation in a diversified portfolio of shares;
- constant supervision by experienced professional managers; and
- the Company is free from capital gains tax on capital profits realised within its portfolio although investors are still liable for capital gains tax on profits when selling their investment.

How to Invest

The Company's shares are traded on the London Stock Exchange. They can be bought by placing an order with a stockbroker, by asking a professional adviser to do so, or through the Baillie Gifford savings vehicles (see page 52 for details). If you are interested in investing directly in Edinburgh Worldwide, you can do so online. There are a number of companies offering real time online dealing services – find out more by visiting the investment trust pages at www.bailliegifford.com.

Sources of Further Information on the Company

The ordinary shares of the Company are listed on the London Stock Exchange and their price is shown in the Financial Times and The Scotsman under 'Investment Companies'. The price of shares can also be found on the Company's page on Baillie Gifford's website at www.edinburghworldwide.co.uk, Trustnet at www.trustnet.co.uk and on other financial websites. Company factsheets are also available on the Baillie Gifford website and are updated monthly. These are available from Baillie Gifford on request.

Edinburgh Worldwide Share Identifiers

ISIN GB0002916335

Sedol 0291633

Ticker EWL

AIC

The Company is a member of the Association of Investment Companies.

Key Dates

Previously ordinary shareholders received two dividends in respect of each financial year. An interim dividend was paid in July and a final dividend was paid in February. The Company has changed its policy and will from the year ending 31 October 2015 pay the minimum permissible level of final dividend and no interim dividend due to a decline in underlying earnings.

The AGM is normally held in late January or early February.

Share Register Enquiries

Computershare Investor Services PLC maintains the share register on behalf of the Company. In the event of queries regarding shares registered in your own name, please contact the Registrars on 0870 707 1643.

This helpline also offers an automated self-service functionality (available 24 hours a day, 7 days a week) which allows you to:

- hear the latest share price;
- confirm your current share holding balance;
- confirm your payment history; and
- order Change of Address, Dividend Bank Mandate and Stock Transfer forms.

By quoting the reference number on your share certificate you can check your holding on the Registrar's website at www.investorcentre.co.uk.

They also offer a free, secure, share management website service which allows you to:

- view your share portfolio and see the latest market price of your shares;
- calculate the total market price of each shareholding;
- view price histories and trading graphs;
- update bank mandates and change address details;
- use online dealing services; and
- elect to access the Annual Report electronically.

To take advantage of this service, please log in at www.investorcentre.co.uk and enter your Shareholder Reference Number and Company Code (this information can be found on the last dividend voucher or your share certificate).

Dividend Reinvestment Plan

Computershare operate a Dividend Reinvestment Plan which can be used to buy additional shares instead of receiving your dividend via cheque or into your bank account. For further information log in to www.investorcentre.co.uk and follow the instructions or telephone 0870 707 1694.

Electronic Proxy Voting

If you hold stock in your own name you can choose to vote by returning proxies electronically at www.eproxyappointment.com.

If you have any questions about this service please contact Computershare on 0870 707 1643.

CREST Proxy Voting

If you are a user of the CREST system (including a CREST Personal Member), you may appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. For further information please refer to the CREST Manual.

Where this has been received in a country where the provision of such a service would be contrary to local laws or regulations, this should be treated as information only.

Analysis of Shareholders at 31 October

	2014 Number of shares held	2014 %	2013 Number of shares held	2013 %
Institutions	12,661,430	25.8	15,281,794	31.2
Intermediaries	25,611,665	52.3	23,952,178	48.9
Individuals	6,255,720	12.8	6,459,214	13.2
Baillie Gifford Share Plans/ISA	4,311,372	8.8	3,111,336	6.3
Marketmakers	164,132	0.3	199,797	0.4
	49,004,319	100.0	49,004,319	100.0

These financial statements have been approved by the Directors of Edinburgh Worldwide Investment Trust plc. Baillie Gifford Savings Management Limited (BGSM) is the ISA Manager of the Baillie Gifford Investment Trust ISA and the Manager of the Baillie Gifford Investment Trust Share Plan and Children's Savings Plan. BGSM is wholly owned by Baillie Gifford & Co. Both are authorised and regulated by the Financial Conduct Authority. Baillie Gifford only provides information about its products and does not provide investment advice. The staff of Baillie Gifford and Edinburgh Worldwide's Directors may hold shares in Edinburgh Worldwide and may buy or sell such shares from time to time.

Cost-effective Ways to Buy and Hold Shares in Edinburgh Worldwide



The Share Plan and ISA brochure available at www.edinburghworldwide.co.uk



Press advertisement for the Baillie Gifford Children's Savings Plan

Baillie Gifford Savings Management Limited offers a number of plans that enable you to buy and hold shares in Edinburgh Worldwide cost-efficiently. Purchases and sales are normally subject to a dealing price spread and Government stamp duty of 0.5% is payable on purchases.

The Baillie Gifford Investment Trust Share Plan

- No initial charge
- No annual wrapper charge
- Normally cheaper than dealing through a stockbroker
- Invest a lump sum from £250 or monthly from just £30
- No maximum investment limits
- Stop and start saving at any time with no charge
- Twice weekly dealing (usually Tuesday and Friday)
- A withdrawal charge of just £22

The Baillie Gifford Investment Trust ISA

- Tax-efficient investment
- No set-up charge
- Flat rate annual management charge currently of £32.50 + VAT
- Lump sum investment from £2,000 currently up to a maximum of £15,000 each year
- Save monthly from £100
- A withdrawal charge of just £22

ISA Transfers

- Transfer existing ISAs from other plan managers into the Baillie Gifford ISA
- Consolidate your plans into a managed global investment
- Minimum transfer value £2,000

The Baillie Gifford Children's Savings Plan

- An excellent way for parents, grandparents or other adults to invest for a child
- No initial charge
- No annual wrapper charge
- The option of a designated account or a bare trust in favour of the child
- Flexible investment options: lump sum from £100 or monthly saving from just £25
- A withdrawal charge of just £22

Online Management Service

You can also open and manage your Share Plan/Children's Savings Plan* and/or ISA online, through our secure Online Management Service (OMS) which can be accessed through the Baillie Gifford website www.bailliegifford.com/oms. As well as being able to view the details of your plan online, the service also allows you to:

- obtain current valuations;
- make lump sum investments, except where there is more than one holder;
- switch between investment trusts, except where there is more than one holder;
- sell part or all of your holdings, except where there is more than one holder; and
- update certain personal details e.g. address and telephone number.

* Please note that a bare trust cannot be opened via OMS. A bare trust application form must be completed. Certain restrictions apply for accounts where there is more than one holder.

Further information

If you would like more information on any of the plans described, please contact the Baillie Gifford Client Relations Team (see contact details on page 54).

Risks

- Past performance is not a guide to future performance.
- Edinburgh Worldwide is a UK listed company. The value of the shares and any income from them can fall as well as rise and investors may not get back the amount invested.
- Edinburgh Worldwide invests in overseas securities. Changes in the rates of exchange may also cause the value of your investment (and any income it may pay) to go down or up.
- Edinburgh Worldwide invests in emerging markets where difficulties in dealing, settlement and custody could arise, resulting in a negative impact on the value of your investment.
- Edinburgh Worldwide has borrowed money to make further investments (sometimes known as 'gearing'). The risk is that when this money is repaid by the Company, the value of the investments may not be enough to cover the borrowing and interest costs, and the Company will make a loss. If the Company's investments fall in value, any invested borrowings will increase the amount of this loss.
- Edinburgh Worldwide can buy back its own shares. The risks from borrowing, referred to above, are increased when the Company buys back its own shares.
- Market values for securities which have become difficult to trade may not be readily available, and there can be no assurance that any value assigned to such securities will accurately reflect the price the Company might receive upon their sale.
- Edinburgh Worldwide can make use of derivatives which may impact on its performance. Currently the Trust does not make use of derivatives.
- Edinburgh Worldwide has investments in smaller, immature companies which are generally considered higher risk as changes in their share prices may be greater and the shares may be harder to sell. Smaller, immature companies may do less well in periods of unfavourable economic conditions.
- The aim of the Trust is to achieve capital growth. You should not expect a significant, or steady, annual income from the Trust.
- Edinburgh Worldwide charges 75% of the investment management fee and 75% of borrowing costs to capital which reduces the capital value. Also, where income is low, the remaining expenses may be greater than the total income received, meaning the Company may not pay a dividend and the capital value would be further reduced.

You should note that tax rates and reliefs may change at any time and their value depends on your circumstances.

Details of other risks that apply to investment in the savings vehicles are contained in the product brochures.

The information and opinions expressed within the Annual Report and Financial Statements are subject to change without notice. The information has been issued and approved by Baillie Gifford & Co Limited, the Managers and Secretaries, and does not in any way constitute investment advice.

Investment Trusts are UK public listed companies and as such comply with the requirements of the UK Listing Authority. They are not authorised or regulated by the Financial Conduct Authority.

Communicating with Shareholders



Trust Magazine

Trust Magazine

Trust is the Baillie Gifford investment trust magazine which is published three times a year. It provides an insight to our investment approach by including interviews with our fund managers, as well as containing investment trust news, investment features and articles about the trusts managed by Baillie Gifford, including Edinburgh Worldwide. *Trust* plays an important role in helping to explain our products so that readers can really understand them. For a copy of *Trust*, please contact the Baillie Gifford Client Relations Team.

An online version of *Trust* can be found at www.bgtrustonline.com.

Citywire Selection

Edinburgh Worldwide has been included in Citywire's Selection List. You can read more about this at www.citywire.co.uk/selection.



Edinburgh Worldwide on the Web

Up-to-date information about Edinburgh Worldwide, including a monthly commentary, recent portfolio information and performance figures, can be found on the Company's page of the Managers' website at www.edinburghworldwide.co.uk.



An Edinburgh Worldwide web page at www.edinburghworldwide.co.uk

Suggestions and Questions

Any suggestions on how communications with shareholders can be improved are welcomed, so please contact the Baillie Gifford Client Relations Team and give them your suggestions. They will also be very happy to answer questions that you may have, either about Edinburgh Worldwide or the plans described on page 52.

Literature in Alternative Formats

It is possible to provide copies of the literature in alternative formats, such as large print or on audio tape. Please contact the Baillie Gifford Client Relations Team for more information.

Client Relations Team Contact Details

Telephone: 0800 917 2112

Your call may be recorded for training or monitoring purposes.

Email: trustenquiries@bailliegifford.com

Website: www.bailliegifford.com

Fax: 0131 275 3955

Client Relations Team

Baillie Gifford Savings Management Limited
Calton Square
1 Greenside Row
Edinburgh EH1 3AN

Please note that Baillie Gifford is not permitted to give financial advice. If you would like advice or if you have any questions about the suitability of any of these plans for you, please ask an authorised intermediary.

Glossary of Terms

Total Assets

Total assets less current liabilities, before deduction of all borrowings.

Net Asset Value

Also described as shareholders' funds, Net Asset Value (NAV) is the value of total assets less liabilities (including borrowings). The NAV per share is calculated by dividing this amount by the number of ordinary shares in issue.

Net Asset Value at Fair

Borrowings are valued at an estimate of their market worth.

Discount/Premium

As stockmarkets and share prices vary, an investment trust's share price is rarely the same as its NAV. When the share price is lower than the NAV per share it is said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, this situation is called a premium.

Total Return

The total return is the return to shareholders after reinvesting the net dividend on the date that the share price goes up.

Ongoing Charges

The total expenses (excluding interest) incurred by the Company as a percentage of the average net asset value (with debt at fair value).

Gearing

At its simplest, gearing is borrowing. Just like any other public company, an investment trust can borrow money to invest in additional investments for its portfolio. The effect of the borrowing on the shareholders' assets is called 'gearing'. If the Company's assets grow, the shareholders' assets grow proportionately more because the debt remains the same. But if the value of the Company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

Gearing represents borrowings at par less cash and cash equivalents expressed as a percentage of shareholders' funds.

Potential gearing is the Company's borrowings expressed as a percentage of shareholders' funds.

Leverage

For the purposes of the Alternative Investment Fund Managers (AIFM) Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other.

Directors

Chairman:
DHL Reid

DAJ Cameron
WJ Ducas
H James
HCT Strutt

Managers, Secretaries and Registered Office

Baillie Gifford & Co Limited
Calton Square
1 Greenside Row
Edinburgh
EH1 3AN
Tel: 0131 275 2000
www.bailliegifford.com

Registrar

Computershare
Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Tel: 0870 707 1643

Depository

BNY Mellon Trust & Depositary
(UK) Limited
BNY Mellon Centre
160 Queen Victoria Street
London
EC4V 4LA

Banker

The Bank of
New York Mellon SA/NV
One Canada Square
London
E14 5AL

Company Broker

JP Morgan Cazenove
25 Bank Street
Canary Wharf
London
E14 5JP

Independent Auditor

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

www.edinburghworldwide.co.uk
Company Registration
No. SC184775