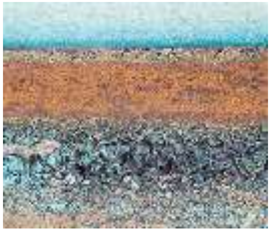
BAILLIE GIFFORD

Scottish Parliamentary Contributory Pension Fund

Report for the quarter ended 31 March 2019

Contents



The tide line, near Crackington Haven, Cornwall.

© David Henderson

Valuation

	31 December 2018 (GBP)	31 March 2019 (GBP)
Baillie Gifford Managed Fund B Accum	50,568,386	55,063,239
Baillie Gifford Diversified Growth Fund B2 Acc	24,203,630	26,097,637
Total	74,772,016	81,160,876

Performance to 31 March 2019 (%)

	Fund (Net)	Benchmark
Baillie Gifford Managed Fund		
Five Years (p.a.)	9.4	5.9
Three Years (p.a.)	12.1	7.7
One Year	8.1	4.5
Quarter	8.9	6.5
	Fund (Net)	Base Rate +3.5%
Baillie Gifford Diversified Growth Fund		
Five Years (p.a.)	4.2	4.0
Three Years (p.a.)	5.0	4.0
One Year	0.2	4.2
Quarter	6.0	1.0

Source
Baillie Gifford Managed Fund: StatPro
Baillie Gifford Diversified Growth Fund: StatPro

Performance to 31 March (%)

	Fund Gross	Fund Net†	Benchmark
Five Years (p.a.)	9.9	9.4	5.9
Three Years (p.a.)	12.5	12.1	7.7
One Year	8.5	8.1	4.5
Quarter	9.0	8.9	6.5

†Net of pooled fund's standard management charge.
Source: StatPro, Financial Express

At the core of 'actual' investing is the belief that we put clients' interests first by focusing entirely on the fundamentals of the investments we make on your behalf

What really matters for performance in the long term is the operational progress and uses of capital by companies, and this is where we dedicate our analysis

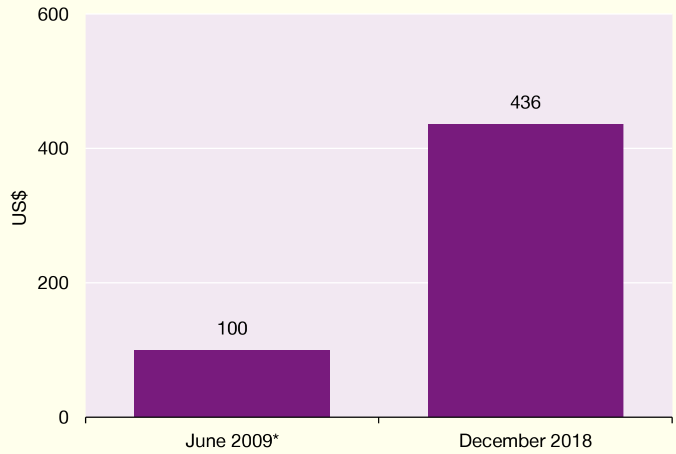
Returns remain strong and we are enthusiastic about the opportunity for future growth driven by the holdings in your portfolio

The end of 2018 saw the launch of Baillie Gifford's first brand advertising campaign. We have long talked about being active investors, but our campaign was an attempt to reposition the increasingly pointless industry debate, between active and passive, to focus on 'actual' investing. We think this small change in words is an important distinction. For some active investors, the focus of their decision-making is on abstract concepts and complex analysis of financial markets in a race to be marginally better, marginally faster and marginally smarter. We believe that mostly this analysis is a distraction from the fundamental job of investment and wealth creation. We can't add value for clients in the long run by trying to out-guess the vagaries of human nature.

Actual investing is a simpler approach. At its core is the belief that we put clients' long-term interests first by focusing on the fundamentals of the investments we make on your behalf. This means looking through periods of market volatility and resisting the temptation to speculate on market noise. What really matters for returns in the long term is the operational progress and use of capital by companies, and this is where we dedicate our analysis. Here, Baillie Gifford's partnership structure comes to the fore. We manage our own business with the same patience that we use to invest client assets, and we try to be clear that generating excellent returns takes time and resolve. In this regard it's crucial to have no outside shareholders whose interests would almost certainly be measured in shorter timeframes than ours, or those of our clients. The reality is that transformative change and wealth creation takes time, and only in the long run do share prices reflect this. We consider ourselves fortunate to have clients who are aligned with this view.

A great example of the importance of focusing on the long-term fundamentals of a business is TSMC (Taiwanese Semiconductor Manufacturing Company). Emerging Market equities are notoriously volatile, and this 32-year old company is no exception despite its gradual market dominance. TSMC is the world's leading foundry. It offers leading-edge semiconductor manufacturing to various customers. TSMC generated around US$10 billion of free cash flow last year, even after US$10 billion of capital expenditure. Given the ubiquity of semiconductors in everyday devices, TSMC's earnings have grown strongly over the past 10 years. In fact, they have quadrupled.

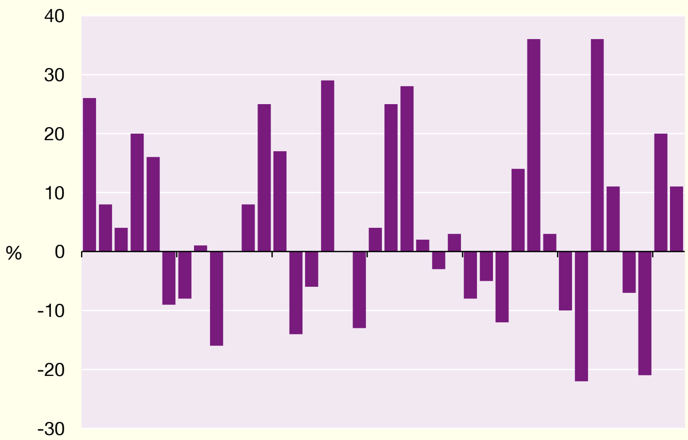
TSMC – Earnings per Share



Source: Baillie Gifford & Co, Eikon content from Refinitiv.
*Rebased to 100 as at 29 June 2009.

However, on a quarterly basis the company's earnings can be volatile because of fluctuations in demand for semiconductors and the market's extrapolation of how this will vary in the future. This means that TSMC's quarterly earnings have many ups and downs. This is where patience is required because short-term volatility must be tolerated in the pursuit of long-term value creation.

TSMC – Earnings per Share - Quarter on Quarter Change September 2009 to December 2018 (US$)



Source: Baillie Gifford & Co, Eikon content from Refinitiv.
Quarterly data from September 2009 to December 2018.

We believe that TSMC is a terrifically exciting business. The company's scale, technology and efficiency leave it well-placed to benefit from long-term growth in the industry. In addition, the increased complexity of TSMC's chips creates significant barriers to entry. Its financial characteristics are also very strong – it invests US$10 billion per year and yet consistently delivers returns on capital of 20% plus. As noted, TSMC is just one example (Amazon, Hong Kong Exchanges and Atlas Copco would be others), but the point stands more generally that quarterly performance isn't the best indication of a company's ability to grow over the long term.

Transactions

As actual investors, we focus on finding great companies to hold for the long term. Over the quarter, we took a holding in PingAn Insurance, China's leading private sector financial services company. Like some of your other holdings, we believe that Ping An Insurance will be a long-term beneficiary of rising middle class income in China. Already the market leader in the property and casualty, and life, insurance markets, the opportunity for growth is vast as insurance penetration rates remain low. Add to this the company's heavy investment in technology, and the case becomes even more compelling. As an example, Ping An allows drivers to make damage claims using their mobile phone to upload photos for review using artificial intelligence. Such is the efficiency (and accuracy) of this process that drivers can be reimbursed in a matter of minutes.

What really matters for returns in the long term is the operational progress and use of capital by companies…

Elsewhere, we purchased adidas, a leading sportswear company. We believe that the market underappreciates the longevity of the opportunity available, as well as the strength of the brand. The latter should support growth in emerging markets as well as globally. There is also room for improved profitability at adidas; operating margins of 11% still lag the industry median of 14%. This purchase comes alongside the sale of Under Armour. Despite our initial enthusiasm about the opportunity available to the business, Under Armour has been beset with problems in its core US market, caused in part by the failings of the company's retail distribution partners. We have been disappointed by management's response to these issues and, after careful deliberation, have decided to sell your holding.

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We also purchased Roku, a manufacturer of TV streaming devices and software that provide access to TV and film content via the internet. These are available in the UK under the Roku name as well as the Now TV brand. We believe that Roku will be a beneficiary of the shift in the US to 'cord cutting' on cable subscriptions. Indeed, whilst traditional TV has lost 3.5 billion hours of viewing per month in the last five years, connected TV viewing has grown by nearly 3.0 billion hours. Add to this the expected shift in revenue growth, with advertising moving onto the company's platform (adverts pop up alongside shows and are also shown on Roku's own channel), and we think this is an exciting addition to your portfolio.

Performance

Financial markets had a strong start to the year following significant volatility at the end of 2018. Against this backdrop, Fund performance over the quarter was good in both absolute and relative terms. The share price strength of Zalando (Europe's largest online fashion retailer) was notable as it remains a detractor over the year. In fact, we added to your holding earlier in the period following significant share price weakness. Since then, the company reported results which highlighted a good end to 2018 with revenue growth being driven by 26 million customers placing 116 million orders over the year. We believe Zalando has an exciting opportunity, driven by the ongoing shift to online retail.

The share price of US automotive and energy company Tesla was adversely affected over the quarter. This was caused by, amongst other things, news that the company would lower the price of its Model 3 (which we think is a good thing), would close most of its stores and would not make a profit in the first three months of 2019. However, the broader trend in electric vehicle (EV) adoption is clear. While EVs account for just 2% of the total US car market, sales grew 81% in 2018 with the Model 3 being the most popular EV by some margin. This is a great example of where a focus on the long-term opportunity is important, as is an acknowledgment that growth will not come in a straight line.

Although they lagged equities, your bond holdings delivered a marginally positive absolute return over the quarter. Within developed market government bonds, positions in Greece and US inflation-linked bonds contributed positively. Whilst the more supportive backdrop was beneficial for 'riskier' asset classes, the large underweight in corporate bonds (versus the notional fixed income benchmark) was unhelpful given strength in credit markets. The Fund remains underweight this asset class although we recently made a small addition to your corporate bond holdings.

Over the 12-month period, absolute performance is good, as are returns versus the benchmark. A relatively new addition to your portfolio, The Trade Desk's share price was buoyed after it reported accelerated revenue growth of over 55% in 2018, from 52% in 2017. Through its self-service platform, it helps online advertisers target the right audiences; one of the growth areas is China where it has signed partnerships with some large companies. The online furniture retailer, Wayfair, also contributed to relative performance after announcing strong revenue growth. Furniture has historically been a challenging area for e-commerce owing to demanding logistics and delivery. Wayfair continues to invest in delivery infrastructure in the US for large parcel deliveries and we therefore believe that the company is well-positioned to tackle this challenge.

Another contributor to performance was Novocure, a company offering a unique form of brain cancer treatment using electric fields to stop the division of cancer cells. The company reported revenue growth of 40% in 2018. Glaukos, was also helpful for performance. This ophthalmic technology company is focused on the development of new products and procedures for the treatment of glaucoma. The news that a significant competitor is withdrawing its device from the market (due to unexpected long-term side effects) was positive for the company's share price, as were good financial results.

…long-term returns remain strong and we are enthusiastic about the opportunity for future growth driven by the holdings in your portfolio.

Just Group, the UK provider of specialist annuities, was a detractor over the past year. This was largely a result of concerns about the Prudential Regulation Authority's (PRA) consultation on equity release mortgages in 2018. We thought that this had been resolved when the PRA softened its stance. However, in March, Just Group announced a placing of shares as well as a new issue of debt which weighed on the company's share price. We believe that this should address regulatory concerns about Just Group's balance sheet, and we participated in the placing on your behalf. The US online food delivery company Grubhub has also been unhelpful for returns. Grubhub's share price was seemingly unfairly punished in the final quarter of 2018 as it invested for future growth at the expense of short-term profitability. However, recent weakness follows increased competition, with DoorDash and Uber Eats aggressively pursuing market share. Although we remain positive about the potential upside for Grubhub, we have reduced your holding to reflect the more competitive market place.

Despite volatility along the way, your bond holdings delivered a positive absolute return over the past 12 months. The allocation to emerging market government bonds at the start of the period was unhelpful given the sell-off in this asset class. However, the subsequent reduction to these holdings and an addition to developed market government bonds (many of which are considered 'safe haven' assets) proved to be beneficial for returns during the market volatility seen at the end of 2018. As noted above, recent returns have been impacted by the Fund's underweight position in corporate bonds.

Pleasingly, long-term performance remains strong and we are enthusiastic about the opportunity for future growth driven by the holdings in your portfolio. While this will not come in a straight line and there will inevitably be periods of weakness, we remain focused on the fundamental attractions of the investments we make on your behalf.

Performance Objective

The objective is to produce capital growth over the long term.

Performance

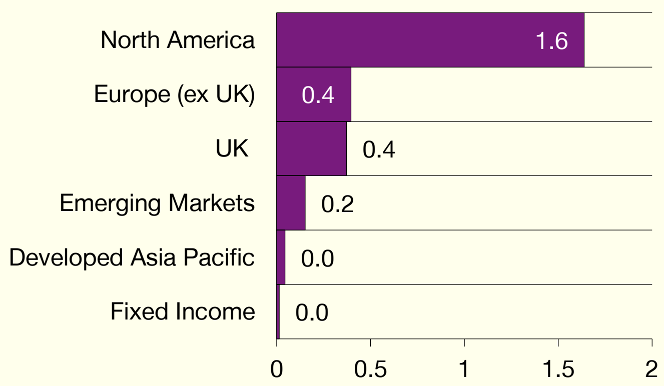
This table indicates the absolute and relative performance of the portfolio together with benchmark returns.

	Fund Net (%)	Benchmark (%)	Difference (%)
Five Years (p.a.)	9.4	5.9	3.5
Three Years (p.a.)	12.1	7.7	4.4
One Year	8.1	4.5	3.6
Quarter	8.9	6.5	2.4

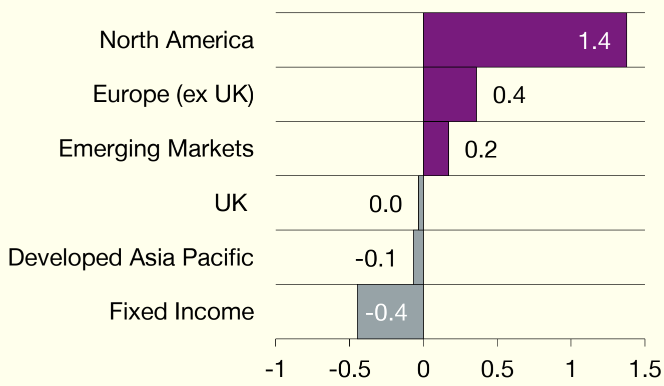
Source: StatPro, Financial Express

Stock Selection Contribution by Asset Class (%)

Three Years (p.a.)



One Year



Source: StatPro

Returns by Asset Class

Three Years (p.a.)

	Fund (%)	Benchmark (%)
North America	28.4	17.2
Emerging Markets	18.5	13.9
Developed Asia Pacific	14.1	13.7
Europe (ex UK)	13.8	11.2
UK	11.0	9.5
Fixed Income	3.8	4.0
Total	12.1	7.7

One Year

	Fund (%)	Benchmark (%)
North America	26.3	17.5
UK	5.8	6.4
Fixed Income	5.3	7.9
Europe (ex UK)	4.8	2.9
Developed Asia Pacific	3.2	3.8
Emerging Markets	1.6	0.1
Total	8.1	4.5

Source: StatPro, Financial Express, Bloomberg Barclays, FTSE, ICE Data Indices, JP Morgan, MSCI

Top and Bottom Ten Contributors

Three Years (p.a.)

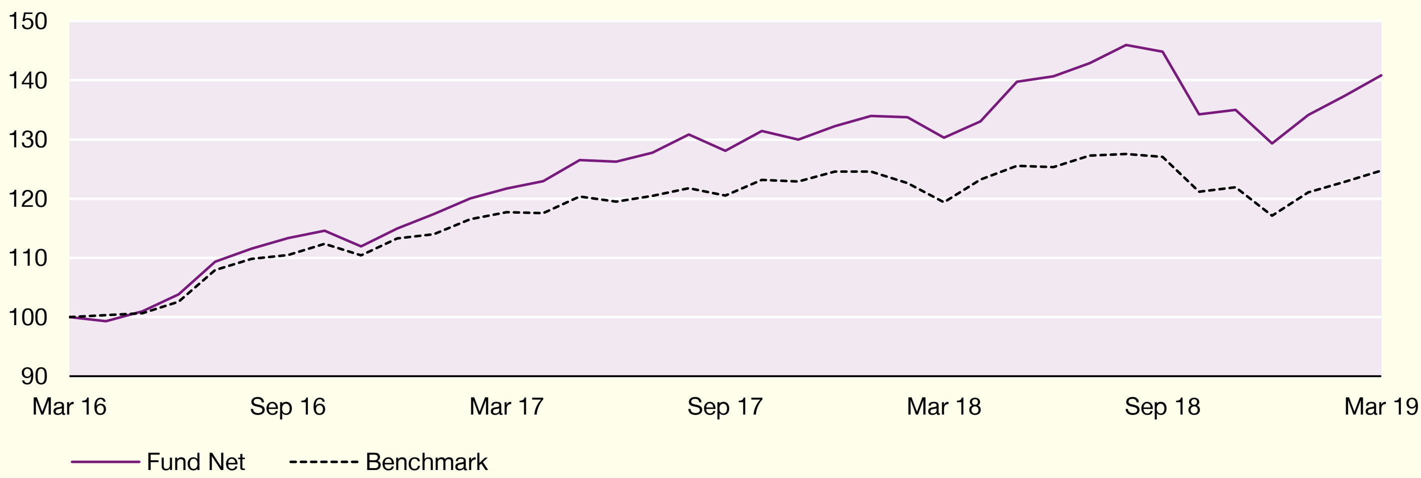
Asset Name	Ave Fund Weight (%)	Benchmark (%)	% Relative Impact
Amazon.com	1.8	0.3	0.4
Wayfair Inc	0.5	0.0	0.2
Netflix Inc	0.7	0.1	0.2
Ashtead	0.9	0.1	0.2
Carl Zeiss Meditec	0.7	0.0	0.2
Abiomed	0.6	0.0	0.2
GrubHub Inc	0.7	0.0	0.2
MarketAxess Holdings	0.9	0.0	0.1
Shiseido	0.5	0.0	0.1
Mettler-Toledo	0.7	0.0	0.1
BG Worldwide Cash Plus Fund	1.1	0.0	-0.2
BP	0.0	1.2	-0.2
BG Worldwide Global Credit Fund	1.6	0.0	-0.1
Royal Dutch Shell	1.0	2.5	-0.1
Capita	0.2	0.0	-0.1
Microsoft	0.0	0.4	-0.1
HSBC	0.6	1.7	-0.1
TripAdvisor	0.2	0.0	-0.1
Dia	0.3	0.0	-0.1
Just Group	0.3	0.0	-0.1

Source: StatPro, Financial Express, Bloomberg Barclays, FTSE, ICE Data Indices, JP Morgan, MSCI

One Year

Asset Name	Ave Fund Weight (%)	Benchmark (%)	% Relative Impact
Wayfair Inc	0.8	0.0	0.6
Amazon.com	2.2	0.5	0.4
The Trade Desk	0.3	0.0	0.3
Novocure Ltd	0.3	0.0	0.2
Sartorius Stedim Biotech	0.7	0.0	0.2
Illumina	0.9	0.0	0.2
Glaukos Corp	0.2	0.0	0.2
Nibe Industrier AB ‘B’	0.7	0.0	0.2
MercadoLibre	0.4	0.0	0.2
Carl Zeiss Meditec	0.8	0.0	0.2
GrubHub Inc	1.1	0.0	-0.3
Ryanair	0.7	0.0	-0.3
Just Group	0.3	0.0	-0.2
BP	0.0	1.3	-0.2
Dia	0.1	0.0	-0.2
Spain 5.85% 31/01/2022	1.1	0.0	-0.2
US Treasury 0.125%IL 15/04/2021	0.7	0.0	-0.2
Zalando SE	0.6	0.0	-0.2
Infineon Technologies AG	0.7	0.1	-0.2
Microsoft	0.0	0.6	-0.2

Portfolio and Benchmark Returns Over Three Years

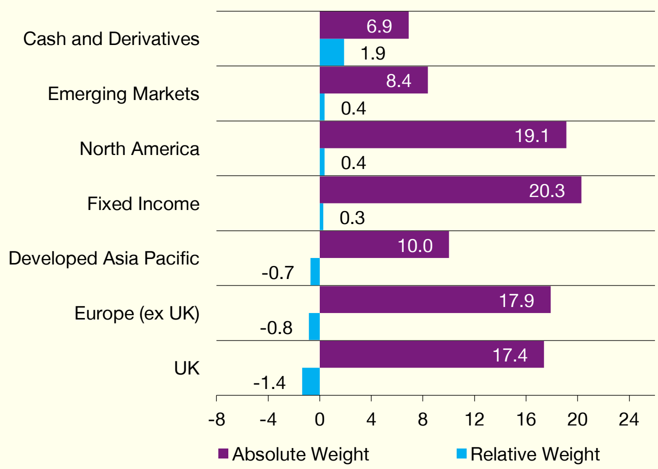


Source: StatPro, Financial Express

Top Twenty Equity Holdings

Company Name	Description of Business	% of Portfolio
Amazon.com	Online retail and computing infrastructure	2.2
Wayfair	Online household goods retailer	1.1
IMCD	Speciality chemical distributor	1.1
Netflix	Subscription service for TV shows and movies	1.1
BHP Billiton	Diversified miner	1.0
Mettler-Toledo	Swiss manufacturer of precision weighing equipment	1.0
Tesla Inc	Electric cars and renewable energy solutions	1.0
MarketAxess	Electronic bond trading platform	0.9
Alphabet	Online search engine	0.9
Illumina	Gene sequencing equipment and consumables	0.8
Prudential	International life insurer	0.8
Sartorius Stedim Biotech	France-based international provider of laboratory and process technologies and equipment	0.8
Alfa Laval	Swedish industrial conglomerate	0.8
NIBE	International heating technology company	0.7
Bechtle	German IT services provider	0.7
Diageo	International drinks company	0.7
Kingspan Group	Provides high performance insulation and building envelope technologies	0.7
Facebook	Social networking website	0.7
MasterCard	Global electronic payments network and related services	0.7
Svenska Handelsbanken	Swedish retail bank	0.7
Total		18.4

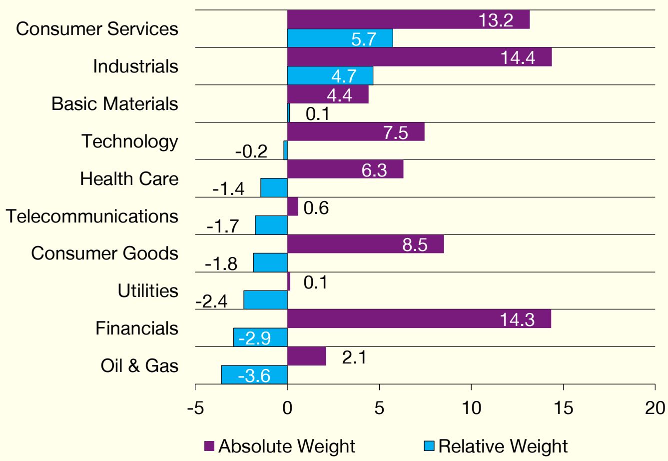
Asset Allocation Positions* (%)



Source: Baillie Gifford & Co, Bloomberg Barclays, FTSE, JP Morgan

*Measured relative to the Fund's Strategic Asset Allocation: 75% equities, 20% bonds and 5% cash. 75% equities comprised of: 18.75% UK, North America, Europe (ex UK) and Asia (of which 10.75% is Developed Asia and 8% is Emerging Markets).
**Excludes Pooled Funds.

Equity Portfolio Industry Positions (%)**

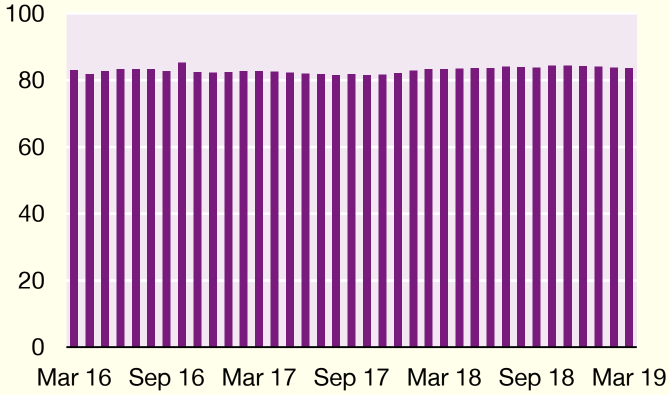


Source: Baillie Gifford & Co, FTSE

Our approach to risk is influenced by our belief that risk is a complex topic which cannot be reduced to a single statistic

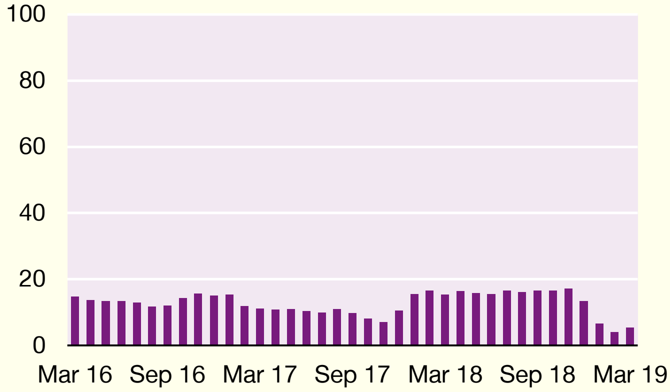
Consequently, this page contains a selection, but by no means all, of the metrics we use to help monitor and control the risk exposures in the portfolio - some of which are there to help ensure we are taking sufficient risk to meet your investment objective

Active Share (%)



Source: APT, FTSE
Active Share – This is a measure of how actively managed the equity in your portfolio is. “Active Share” ranges from 0% to 100%. If the fund is exactly in line with the benchmark then “Active Share” will be 0%. If the fund has no commonality with the benchmark then “Active Share” will be 100%. Active Share is calculated by taking 100 minus “Common Money” (the % of the portfolio that overlaps with the index). For the calculation of “Common Money”, for each stock the smaller of either the portfolio or benchmark weight is taken, and these numbers are then summed.

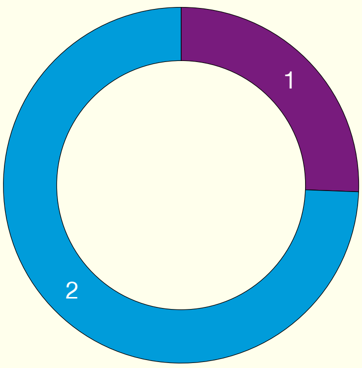
Rolling One Year Turnover (%)



Rolling One Year Turnover is calculated as the lesser of the sum of all equity purchases and the sum of all equity sales in each month divided by the month end market value, summed over 12 months. Turnover is a measure of average investment horizon, the lower the turnover the longer the average investment horizon.

Predicted Tracking Error 3.2%

Tracking Error Split



1	Stock Specific	26%
2	Themes (Industry and Style)	74%

Source:APT, Bloomberg Barclays, FTSE, JP Morgan. Tracking error is the standard deviation of returns relative to benchmark and is sometimes called relative risk. Tracking error indicates how far performance might differ from the benchmark under certain assumptions. A higher number indicates a greater potential difference between fund and benchmark returns under these assumptions.

Ten Largest Contributors to Stock Specific Risk

Name	% Active Weight	% of Stock Specific Risk
Wayfair Inc	1.1	10.1
The Trade Desk	0.7	7.3
Tesla Inc	0.9	5.2
Amazon.com	1.7	4.7
Roku	0.3	4.4
Netflix Inc	0.9	3.9
Novocure Ltd	0.4	2.7
GrubHub Inc	0.6	2.7
Illumina	0.8	2.3
Abiomed	0.7	1.9

APT risk models are used to generate the predicted tracking error shown and to split between themes and stock specific risk. APT also identifies the stock positions which add most specific risk to the portfolio. APT is a third party system which computes tracking error based on the past 3.5 years of asset return data.

Asset Name	Fund %
Equities	
UK	
Prudential	0.82
BHP Billiton	0.77
Diageo	0.74
Royal Dutch Shell B Shares	0.66
St. James's Place	0.61
Bunzl	0.60
Baillie Gifford British Smaller Cos Fund C Acc	0.56
Rio Tinto	0.54
Unilever	0.50
Legal & General	0.47
Rightmove	0.41
British American Tobacco	0.41
Compass	0.39
Hargreaves Lansdown	0.39
HSBC	0.39
Burberry	0.38
Informa	0.36
HomeServe	0.35
Ashtead	0.35
Auto Trader	0.34
Carnival	0.33
Hiscox	0.32
Intermediate Capital Group	0.32
Inchcape	0.31
Jardine Lloyd Thompson	0.31
PageGroup	0.31
Just Eat	0.29
RELX	0.29
Halma	0.29
Rolls-Royce	0.27
Howden Joinery Group	0.27
Meggitt	0.25
Ultra Electronics	0.24
Bodycote	0.24
Jupiter Fund Management	0.23
Melrose Industries	0.21
Johnson Matthey	0.20
Travis Perkins	0.20
Just Group	0.19
Mitchells & Butlers	0.19
Victrex	0.18

Asset Name	Fund %
Fisher (James) & Sons	0.17
Scottish & Southern Energy	0.15
Standard Chartered	0.14
Genus	0.14
Abcam	0.13
Euromoney Institutional Investor	0.13
IG Group	0.13
Wood Group	0.13
Breedon Group	0.12
Volution Group	0.10
Enquest	0.10
Helical	0.10
Schroders Nv.	0.09
Renishaw	0.09
IntegraFin	0.09
Ted Baker	0.07
Keller	0.05
Total UK	17.39

North America	
Amazon.com	2.19
Wayfair Inc	1.07
Netflix Inc	1.05
Tesla Inc	0.95
MarketAxess Holdings	0.92
Illumina	0.83
Facebook	0.72
MasterCard	0.71
Alphabet Inc Class C	0.70
Abiomed	0.66
The Trade Desk	0.66
GrubHub Inc	0.61
First Republic Bank	0.59
Shopify 'A'	0.54
Tableau Software Class A	0.40
Novocure Ltd	0.39
Watsco Inc	0.36
CoStar Group	0.35
Glaukos Corp	0.33
Roku	0.31
Alnylam Pharmaceuticals	0.30
Penumbra Inc	0.30
Fortive Corp	0.29

Asset Name	Fund %
HEICO	0.28
Chegg	0.27
Interactive Brokers Group	0.27
New Relic	0.26
2U	0.26
Stitch Fix	0.25
Redfin	0.23
Denali Therapeutics	0.21
Yext Inc	0.20
Wabtec	0.19
NVIDIA	0.18
Vertex Pharmaceuticals	0.17
Markel	0.17
DistributionNOW	0.16
Alphabet Inc Class A	0.15
Agios Pharmaceuticals	0.15
Activision Blizzard Inc	0.15
Lyft Inc	0.14
Moderna Inc	0.12
Eventbrite Inc Class A	0.07
Total North America	19.13

Europe (ex UK)	
IMCD Group NV	1.07
Mettler-Toledo	0.97
Sartorius Stedim Biotech	0.81
Alfa Laval	0.76
Nibe Industrier AB 'B' Shares	0.74
Bechtle AG	0.74
Kingspan Group	0.74
Svenska Handelsbanken	0.70
DSV	0.69
ASML	0.69
L'Oreal	0.68
Atlas Copco B	0.66
Schindler	0.65
Inditex	0.65
Zalando SE	0.63
Ryanair	0.62
Infineon Technologies AG	0.59
Novozymes	0.58
Spotify Technology SA	0.58
Hexpol AB	0.57

Asset Name	Fund %
EXOR	0.57
adidas	0.56
Investor	0.54
Legrand	0.52
Avanza Bank Holding	0.52
Carl Zeiss Meditec	0.49
Kinnevik	0.32
Epiroc B	0.25
Total Europe (ex UK)	17.91

Developed Asia Pacific	
Baillie Gifford Japanese Smaller Cos Fund C Acc	0.82
Shiseido	0.57
United Overseas Bank	0.42
SoftBank Group	0.41
SBI Holdings	0.38
MS&AD Insurance	0.33
Shimano	0.33
SMC	0.32
Hong Kong Exchanges & Clearing	0.31
Washington Soul Pattinson	0.30
Pigeon	0.28
Olympus	0.27
Cochlear	0.27
SEEK	0.24
BHP Billiton (Aus. listing)	0.24
Sugi Holdings	0.24
Galaxy Entertainment Group	0.23
Treasury Wine Estates	0.22
Kakaku.com	0.22
Jardine Matheson	0.22
Recruit Holdings	0.22
Makita Corporation	0.22
FANUC	0.21
Murata	0.20
Tsingtao Brewery 'H'	0.20
AIA Group	0.19
IRESS LTD	0.19
TPG Telecom	0.18
CyberAgent Inc	0.17
James Hardie Industries	0.17
Nidec	0.16
Fast Retailing	0.16

Asset Name	Fund %
Denso	0.15
Techtronic Industries	0.15
Misumi	0.15
Bridgestone	0.14
INPEX	0.12
Keyence	0.12
Sysmex Corp.	0.11
Asahi Group Holdings	0.11
REA Group	0.09
Mesoblast	0.04
Total Developed Asia Pacific	10.03
Emerging Markets	
MercadoLibre	0.59
Alibaba	0.59
Tencent	0.58
TSMC	0.56
Norilsk Nickel ADR	0.55
Petrobras Common ADR	0.52
Banco Bradesco Pref	0.45
Reliance Industries Ltd.	0.43
Ping An Insurance	0.41
Sberbank Spon ADR	0.39
Bank Rakyat Indonesia	0.37
Samsung Electronics	0.36
Geely Automobile Holdings	0.35
SK Hynix Inc	0.34
Siam Commercial Bank P-NVDR	0.32
Naspers	0.31
ICICI Prudential Life Insurance	0.29
Cemex ADR	0.27
Grupo Financiero Banorte O	0.26
Netmarble Games	0.20
NAVER Corp	0.14
Thai Beverage PCL (Singapore)	0.09
Total Emerging Markets	8.38
Total Equities	72.84
Fixed Income	
Overseas Bonds	
Credit	5.39
Government	11.15
Index Linked	2.15
Total Overseas Bonds	18.69
UK Bonds	
Credit	1.43
Government	0.16
Total UK Bonds	1.59
Total Fixed Income	20.28
Cash & Derivatives	
Cash & Derivatives	6.89
Total Cash & Derivatives	6.89
Total Fund	100.00

New Purchases

Stock Name	Transaction Rationale
2U	2U is a US education company working with top tier universities to launch online degree programs which are equivalent to an on-campus degree. We believe the role of reputation and trust, alongside a marketing skill set (which is hard for a competitor or individual university to replicate), act as barriers to entry and should drive universities to continue to extend their contracts with 2U. The company is in the early stages of scaling its proprietary offering with numerous leading universities and continues to expand into more universities, across a variety of programs and even countries. As the company continues to build the number of courses offered and the awareness of online graduate degrees gains traction, we should see marketing leverage. This combined with the increasing maturity of courses, should enable margin expansion.
adidas	adidas is one of the leading brands in the global sports apparel industry along with its main rivals Nike and Under Armour. The growth opportunity is supported by underlying trends such as the emerging middle class and a greater awareness of the importance of healthier lifestyles. We don't think the strength of the brand and the longevity of the company's growth opportunity have been factored into the valuation.
Lyft Inc	Lyft is the second largest US ridesharing company (an evolution of traditional taxi services where passengers are more efficiently matched with drivers via a mobile app) and has grown quickly to command nearly 40% of the American ridesharing market thanks to its driver and rider-centric culture. The ridesharing industry is still in its infancy and should experience rapid growth due to the structural shift from a culture of car ownership to 'transportation-as-a-service', ie paying for transport only as and when you require it. As Lyft builds out its network and broadens its services to include bikes, scooters and links with public transport, it helps increase choice and convenience for riders, which should encourage more users to adopt the service over time. Lyft's scale provides a barrier to new entrants, and the company has already managed to reduce its cost base which should allow it to achieve healthy profitability over the coming years.
Ping An Insurance	Ping An Insurance is China's leading private sector financial services company. With its dominant size and private management, Ping An is likely to be a long-term winner in the Chinese Insurance market. We believe that the company stands a good chance of delivering earnings growth in excess of 20% p.a. for a number of years. The long-term growth opportunity and the quality of the business is significantly undervalued, so we have taken a holding for your portfolio.
Roku	Roku operates the number one TV streaming platform in the United States, offering products that help consumers access "Internet TV" content as well as a platform that helps both content providers and advertisers reach consumers who have forsaken conventional broadcasters. We believe Roku will benefit from the powerful (and early) secular shift toward streaming video as well as the strong appetite of advertisers to use this medium. We believe the company will continue to grow active accounts rapidly, leveraging a surprisingly strong brand as well as its alignment with multiple key stakeholders in the TV 'food chain', which importantly includes TV manufacturers. As active accounts grow, Roku should gain leverage as both a promoter of content and as an advertising platform that can use effectively its data to drive returns for advertisers.
Sysmex Corp.	Sysmex is a Japanese manufacturer of medical testing equipment. The company should see continued top line growth as demographic changes and improved standards of care drive rising spend on healthcare testing. The company has a resilient business model based on a high percentage of recurring revenue and a dominant market share of key end markets. In addition, the company has a number of attractive opportunities in emerging areas of healthcare innovation. Recent weakness in the share price has provided an attractive to take a holding in this long-term growth business.

Techtronic Industries	Techtronic is a leading manufacturer of power tools used in the construction and manufacturing industry. Techtronic is based in Hong Kong but sells worldwide with strong positions in the large markets of North America and Europe. It has a strong competitive advantage based on its scale, its well established brands (which include Milwaukee and Ryobi) and its years of investment in electronic and battery technology. The founder remains an owner of the business and has a record of investing wisely for long term growth. Growth in this industry from here will be increasingly driven by the shift from corded to cordless tools enabled by improving battery technology. Techtronic should also benefit from share gains and from a move into battery powered outdoor equipment (lawnmowers and chainsaws). With nervousness around global trade and economic growth in certain end markets the shares have been weak in recent months and we believe Techtronic's valuation is attractive.
Thai Beverage PCL (Singapore)	Thai Beverage is Thailand's leading beer and spirits manufacturer. The company has a dominant share in the domestic spirits market and has grown the business steadily through volume and price driven growth. Its beer business has been less profitable but is now showing signs of improvement. The company has added to its organic growth through M&A and has acquired a number of regional food and beverage businesses which will give it the opportunity to grow in several new markets. The management of the business has a significant shareholding which creates strong alignment with minority shareholders.
Yext Inc	Yext is a software company based in New York City. It helps businesses manage and synchronise digital information (from basics like opening hours to more frequently updated features like menus, in-store sale campaigns, special events) across a large and growing network of services such as Facebook, Siri, Google Maps, WeChat and others. Yext began through building a rational, up-to-date database focused on local content primarily for small businesses. The value proposition of this was pretty clear - small businesses were in charge of their own information and therefore they could ensure consistency of that information across multiple different search or aggregation sites. Ongoing changes in how people search (i.e. more Alexa/Siri interfaces and some dominant content aggregators) has pushed the topic of corporate "knowledge management" much higher up the agenda. No longer is this just about helping small businesses, rather the real growth is helping bigger businesses present an up-to-date view of their business both internally and externally. The changing emphasis of the Yext offering from "local" to "fundamental" significantly increases the addressable market and ultimately broadens the relevance of what they offer.

Notable Additions

Stock Name	Transaction Rationale
Just Group	We have made a small addition to the holding in the specialist UK financial services company, Just Group, by taking part in a placing of new shares. We believe the placing and a simultaneous new issue of debt will address regulatory concerns about its balance sheet and highlight the attractive valuation of the shares.
Misumi	Misumi is a wholesaler of machinery parts in Japan. It offers a bespoke service to clients and has a distinctive, entrepreneurial corporate culture. This has enabled it to build up a formidable competitive position, which leaves it well placed to continue to take share and grow profitability for many years to come. Given the weakness in the share price we considered it an opportune time to increase the position size.
Moderna Inc	We have added to the small holding in Moderna, building on the Initial Public Offering allocation.
Norilsk Nickel ADR	We continue to build a position for your portfolio in Russian miner, Norilsk Nickel.
Novocure Ltd	We added to the holding in Novocure, an oncology company pioneering a novel therapeutic modality, known as Tumour Treating Fields. We are excited by the progress the company has been making both commercially in its approved brain cancer therapy, but also in broadening out the technology into other tumour types.
Olympus	Olympus is a Japanese medical equipment business which also makes cameras and other industrial instruments. The medical business continues to perform well and we believe the outlook remains very favourable for this division. Olympus' cameras division has been more problematic, but we believe that management is now seriously addressing the problems it faces here. We have therefore added to your holding.
Shopify 'A'	Shopify builds software to help businesses sell products online. It specialises in providing simple, low cost software and hosting services that enable everyone from budding ecommerce entrepreneurs to large enterprises to move online quickly and cost efficiently. The company has grown rapidly in recent years but still appears to be only at the very early stages of tapping into the opportunity ahead of it. We are excited by its prospects as the founder remains actively involved (as CEO and a major shareholder) and the product offering is strongly liked by, and increasingly useful to, its customers. This is a business where scale ought to matter, and in this context, it is notable that 10% of US online sales went through Shopify stores on Black Friday 2018. Five years ago, the figure was below 1%. Consequently, we have added to your holding.
Sugi Holdings	Sugi Holdings is a Japanese drugstore company. A substantial proportion of Sugi Holdings' sales come from selling prescription pharmaceuticals and we believe that Japan's ageing demographic profile will result in steadily increasing demand in this area. In common with most developed market healthcare systems, Japan is shifting towards providing more care outside of the expensive hospital system, a trend that will also benefit companies like Sugi Holdings. The company has a profitable business model and we expect its store rollout plans to result in strong earnings and cash flow growth. Sugi Holdings is run by the founder, which creates close alignment between management of the company and minority shareholders. The shares have been weak recently as the company faces near term headwinds related to drug pricing in Japan; we believe this represents a valuation opportunity and have added to your holding.
Tencent	Tencent's share price is currently depressed as a result of poor sentiment towards China and regulatory changes that may make it more difficult to monetise games in the future. However, we believe that Tencent's advertising, social network, and payments businesses are taking over as the central growth drivers. We have therefore decided to take this opportunity to add to your holding in one of the best and most transformational companies in the world.
Treasury Wine Estates	Treasury Wine Estates is a global wine maker which has undergone significant improvements since its spin off from Fosters in 2011. The company has turned around its US and Australian business and built a strong marketing and distribution platform in China where demand is growing strongly for high end wine. TWE is now focussed on increasing the availability of its high end wine brands and investing in brand building to bolster pricing power. We believe this is a sensible strategy and gives TWE a great opportunity to grow profitably for many years into the future. Management have a good track record and we believe are likely to execute well on this strategy. Recent concerns around trade wars and Chinese consumption have caused a fall in the share price which we are using as an opportunity to add to a high quality business with a great growth opportunity.

Zalando SE	We added to your holding in European online fashion platform Zalando, following significant weakness in the share price. Despite difficult quarters, impacted by abnormal weather and broader market conditions, we are of the view that the company's continued investment in the development of the partnership program (getting brands to sell directly on their platform) will strengthen its competitive advantage and enlarge the addressable market in the long-term.

Complete Sales

Stock Name	Transaction Rationale
Advantest Corp	Advantest is a leading manufacturer of semiconductor testing equipment. We took holdings in Advantest based on the thesis that earnings were likely to grow strongly, driven by an improved industry structure and rising demand for semiconductor equipment from existing and new testing areas and customers. At that time the market appeared to take a far more pessimistic view of the future for Advantest. Over the course of your holding we have seen strong earnings growth and an improvement in the company's profitability. The market now values Advantest considerably higher. We no longer see our view as significantly differentiated and therefore we have therefore decided to sell your holding in Advantest.
Celgene	Celgene is in the process of being acquired. We have sold the holding to fund new ideas.
Ellie Mae	Ellie Mae is in the process of being acquired. We have sold the holding to fund new ideas.
Hon Hai Precision	We have sold your holding in Hon Hai, the world's largest provider of outsourced electronics manufacturing services. Whilst we continue to admire the company's willingness to invest for the long term and unparalleled ability to deliver on major new product introductions for electronics giants such as Apple, Dell and Sony, it is becoming harder for the company to grow. The combination of its sheer size, its customers' bargaining power and increasing competition from a number of sources provides a powerful headwind. We cannot see Hon Hai achieving the rates of profitability or expansion that it has in the past.
Multichoice Group Ltd	Multichoice Group was spun out of Naspers and separately listed at the end of February 2019. It comprises a mature and highly cash generative pay TV business in South Africa as well as a smaller, faster growing, but loss making, pay TV operation in sub-Saharan Africa. The holding size was small and while this is a good business, we do not believe it is a great one, with the main risks being ongoing escalation in content costs and weak currencies across many of the countries in which it operates. Therefore we have sold the small holding your portfolio acquired when Multichoice was spun out of Naspers.
Sarine Technologies	Sarine makes equipment for the diamond grading and polishing market. It has high market shares and a history of strong profitability. We had hoped that Sarine would be able to expand into related areas of the diamond processing industry and expand its total addressable market. However, its efforts on this front have not been successful. More importantly Sarine has seen competition from new entrants to the market and despite these potentially breaching Sarine's patents, their presence remains a headwind. We have therefore decided to sell the position.
Under Armour Class C	Under Armour has been a disappointing investment. The company has lost traction in the core US market as competition from Nike and Adidas has intensified. We have been disappointed with the management team's response to this, which has involved the use of lower-end channels to clear excess inventory in spite of the risk that this poses to the strength of the brand. The company has made some progress in international markets but it remains heavily reliant on the US market for growth and we struggle to see a path forward from here so we have sold the position.

Notable Reductions

Stock Name	Transaction Rationale
Alibaba Banco Bradesco Pref Investor Makita Corporation MercadoLibre Reliance Industries Ltd.	We have reduced these holdings in order to fund purchases elsewhere in the portfolio.
EXOR	EXOR is a holding company controlled by the Agnelli family. While we remain strong admirers of EXOR's leadership, we recognise that the family's long-term tolerance for risk has been diminishing, as highlighted by EXOR's recent portfolio changes. We believe EXOR's investment philosophy is becoming less aligned with ours and therefore decided to reduce this position to support opportunities elsewhere.
GrubHub Inc	GrubHub has performed well since our initial purchase. While we remain positive on the potential upside, we feel that the competitive environment has developed and, consequently, we have decided to reduce the holding.
Svenska Handelsbanken	We continue to admire the management and the culture of Handelsbanken, but we also acknowledge that the growth potential here is relatively modest. To reflect this, we reduced the holding and added to other existing names where the potential payoffs are more attractive.
Vertex Pharmaceuticals	Vertex has executed well in building out its cystic fibrosis franchise and this has been rewarded by the stock market. The upside case now rests to a greater degree on Vertex unlocking markets beyond cystic fibrosis. This is inherently a more difficult task than extending within franchise so we reduced the size of the holding to reflect this.

Fund Name	Update
Baillie Gifford Managed Fund	An addition to corporate bonds was the main change to the overall allocation within the fixed income portion of your Fund during the first quarter of 2019. We added around 5% of the fixed portion, which equates to around 1% of the total Managed Fund. Relative to the notional fixed income benchmark, which consists of 50% corporate bonds and 50% government bonds, the Fund remains underweight corporate bonds with an allocation of around 35%. We still believe a slowdown in economic growth and a transition away from ultra-loose monetary policy, which has buoyed markets for the past number of years, will put pressure on corporate bonds. However, the high level of volatility in markets towards the end of 2018 presented an opportunity to take advantage of better valuations. We also believe a re-appraisal of the outlook for monetary policy in the US will be more supportive of riskier assets in the near term. The Federal Reserve seems much less likely to raise interest rates than previously expected, being more likely to tolerate a temporary increase in inflation. For this reason, we also added a little to local currency emerging market bonds, which should perform better in this environment. We made some changes within each asset class during the quarter. We added to local currency emerging market bonds in Malaysia and Indonesia. These are among the higher-quality, well-managed countries within the Asian region where we believe inflation is likely to fall, leading to a fall in yields (which equates to a rise in bond prices). To offset these positions, we opened an underweight in the Philippine peso, as we believe this country will likely underperform its Asian counterparts. We also opened an underweight in the Canadian dollar as we believe the country's oil exports are not as competitive as its peers, and the central bank will be unable to raise interest rates as much as expected - we expect the currency to weaken as a result. Within the corporate bond portion of the Fund we remain cautiously positioned, being careful only to lend to companies where we believe investors are being well-rewarded for the risk of doing so. Within the global universe there are opportunities to diversify through a range of geographies and sectors. New purchases during the quarter included: Temasek, the AAA-rated conservatively managed sovereign wealth fund of the government of Singapore; A-rated American Water, the largest publicly traded listed water utility company in the US; and, a BBB-rated aircraft leasing company.

Performance to 31 March (%)

	Fund Gross	Fund Net†	Base Rate +3.5%
Five Years (p.a.)	4.9	4.2	4.0
Three Years (p.a.)	5.7	5.0	4.0
One Year	0.9	0.2	4.2
Quarter	6.2	6.0	1.1

†Net of pooled fund's standard management charge.
The Fund's objective is to outperform the UK Base Rate by at least 3.5% per annum (net of fees) over rolling five-year periods with an annualised volatility of less than 10%.
Source: StatPro

Summary Risk Statistics (%)

Delivered Volatility	4.1

Annualised volatility, calculated over 5 years to the end of the reporting quarter
Source: Baillie Gifford & Co and StatPro

In the first quarter of 2019, most asset classes rebounded sharply from what were, in many cases, cheap levels at the end of December

The Fund delivered a good return, benefiting from significant positions in listed equities and emerging market government bonds

We have published our first Multi Asset Stewardship Report. This is available through your Online Client Service facility



Economic backdrop

After a sharp deterioration in the final quarter of 2018, during the early weeks of 2019 economic data in many regions continued to disappoint. This was especially the case in Europe, where PMI surveys (Purchasing Managers' Index: a widely-cited leading indicator of economic activity) showed the manufacturing sectors in Germany, France and Italy to be in outright contraction. Data was also disappointing in China, where the official target for economic growth dropped from 6.5% to a range of 6.0–6.5%, but where survey data suggests that underlying activity is likely expanding at an even weaker pace. Even in the US, where growth remains relatively stronger than much of the rest of the developed world, there were some signs that the economy was slowing: the housing market cooled; vehicle sales fell sharply, and consumers and businesses expressed a lower degree of optimism about their future prospects than has prevailed in the last couple of years.

All is certainly not gloomy, however. As growth has weakened, central banks have been far from passive. In the US, the Federal Reserve abandoned its plans to hike rates: indeed, so dovish has its language been that investors are now pricing in rate cuts before the end of the year. It has also announced that quantitative tightening (the withdrawal of the liquidity provided under its quantitative easing programme in the period since the financial crisis) will come to an end later in the year, sooner than investors had expected. In Europe, the European Central Bank announced a new round of Long-Term Refinancing Operations (LTROs) which should help bolster the liquidity of the banking sector. Central banks have found it possible to adopt this stimulative stance because of the absence, to date, of any widespread inflationary pressure, even in those parts of the world where spare capacity is most clearly diminished.

Encouragingly, in the last few weeks there have been tentative signs of economic stabilisation. In China, the government has been engaged in a stimulus programme, cutting bank reserve requirements and reducing taxes in order to boost economic activity. Early indications (improving credit growth and survey data, for example) show this approach might be working. Although trade negotiations between the US and China continue, both sides have hinted that good progress is being made, and if a full agreement were to be reached (including the removal of current tariffs) that would likely lead to a broader improvement in confidence and hence economic growth.

Performance

The Diversified Growth Fund delivered a return of 6.0%, net of fees over the quarter. Over the five years, to the end of March, it returned 4.2% per annum, net of fees, with a delivered volatility of 4.1% per annum.

Asset markets rebounded sharply from what were, in many cases, cheap levels at end December. Global equities are up 12% (MSCI World in local currency[1]), and listed property (FTSE NAREIT Global Index[2]) has performed strongly, up 15%. Spreads in credit markets have contracted, producing total returns of 7% in the US and 5% in Europe. Emerging market hard currency bonds have returned 6%, and local currency bonds 2% (unhedged versus GBP/EUR/JPY/AUD).

At first glance, it may seem difficult to reconcile these sharp moves with the apparent weakening of the global growth outlook. Some of this, we think, was a recovery from what we assessed to be cheap levels of valuation at the end of the year, following sharp declines in December that did not appear to be justified by any truly substantial change in the economic outlook. Some of the rebound may have been prompted by signs of those economic 'green shoots' discussed earlier: a recognition that progress on trade, or the effects of Chinese stimulus, could see an improvement in economic activity over the course of the year. And some is likely to reflect the drop in interest rates that resulted from the shift of central banks towards a more stimulative policy stance.

As growth has weakened, central banks have been far from passive.

The main contributors to performance of the Diversified Growth Fund over the first quarter were the more economically-sensitive asset classes, with listed equities, emerging markets government bonds and property the best performing.

Over the 12 months to the end of March, the Fund delivered a small positive return. Infrastructure, listed equities and property were the best performing asset classes whereas active currency and emerging market bonds detracted, a reflection of the challenging period of performance in 2018.

[1] Source: MSCI.
[2] Source: FTSE.

Our economic view and positioning

Our central expectation is for global growth in 2019 of around 2.5%–3%, which is consistent with our estimate of long-run trend. That is predicated on monetary policy remaining broadly stimulative in most regions; on a mutually agreeable resolution to the trade dispute between the US and China; and on China's efforts to stimulate its economy proving successful, at least in preventing any further deterioration in growth.

Whilst most asset markets have rallied sharply since the start of the year, few markets look particularly expensive (though developed market government bonds remain a notable exception). We think most economic assets can deliver positive returns against this backdrop of trend growth, supportive monetary policy and fair valuations. In particular, we think equities (other than in the US, where valuations are more stretched); emerging market bonds (both local and hard currency); and property markets in the UK and continental Europe all offer prospectively good returns in our central scenario of modest global growth and inflation, and we maintain relatively larger allocations to these attractive asset classes.

Whilst most asset markets have rallied sharply since the start of the year, few markets look particularly expensive…

Of course, we recognise that there are plenty of risks to that outlook, and we seek to protect your portfolio against them. One concern we have is that if economic data shows more meaningful improvement, the currently stimulative stance of major central banks will be increasingly seen as inappropriate in a world in which there is very little, if any, spare capacity. Unemployment in the US, Europe and Japan is now below most estimates of its long-run 'non-inflationary' level: in other words, continued growth will likely see wages increase at an even faster rate, which will likely contribute to inflationary pressure. This possibility does not appear to be at all reflected in government bond markets, which price very gloomy outcomes: indeed, during the quarter, 10-year German Bunds joined Japanese government bonds in trading at yields below zero, reflecting a very pessimistic view of likely economic outcomes for two of

the world's largest economies. At these levels, inflation protection (breakeven positions) can be bought cheaply and we maintain a holding in your portfolio. We also use currency positioning to hedge against potential negative outcomes and continue to hold a long position in the Japanese yen against Korean won. The yen, on many measures, is an undervalued currency and one which we expect to do well if global risks increase. The won, conversely, looks expensive and given Korea is a very open, export-dependent economy it is likely to suffer if trade tensions resurface, or if global growth continues to weaken.

Portfolio changes

We viewed the scale of the market selloff in December as an overreaction and took advantage of weakness to buy assets that were more cheaply priced. We added 1.5% to European high yield credit, as spreads over risk-free government bonds moved beyond levels we thought of as representing fair value. We also took a 1.5% position in Chinese equities, through the domestic 'A-shares' market. The Chinese equity market sold off very significantly in 2018, as the government looked to deleverage the economy and as the country was hit by the imposition of tariffs on many of its exports to the US.

We also made additions to UK property through real-estate investment trusts (REITs). A combination of uncertainty about Brexit and concerns about the structural decline of physical retail in the UK have seen sharp declines in the valuations applied by the listed market to REIT portfolios. Whilst we think it is reasonable to have some concerns about the outlook for the UK property market, discounts of 40% or more to net asset value on UK REITS price in much worse outcomes than we think are likely.

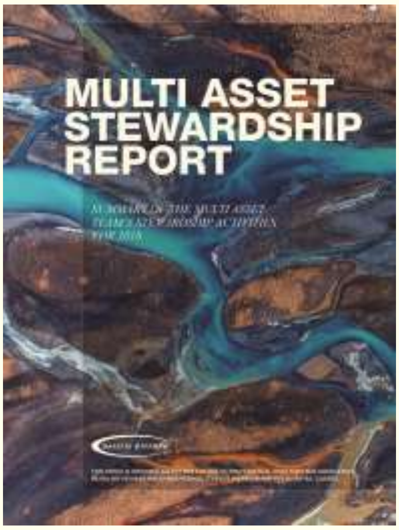
Our additions to UK property were funded by some reductions to those European property holdings which had done very well in recent years and where valuations had become less attractive. In particular, we trimmed some of our German residential holdings: whilst we think there is still a significant supply/demand imbalance in this market, the shares of these companies have performed strongly and much of the favourable backdrop looks increasingly priced in.

Our Multi Asset Stewardship Report

We have recently published our first Multi Asset Stewardship Report.

At Baillie Gifford, we know our clients want us to achieve strong investment returns and we also believe that they care about the impact their capital can have on society and the environment. We take very seriously our role as stewards of our clients' capital and therefore want our actions to reflect our shared values and concerns, as well as the broader responsibilities that come with managing significant sums of money. We believe there is strong alignment between good Environmental, Social and Governance (ESG) practices and achieving, over the long run, the best investment returns. Consideration of these ESG issues is therefore embedded in our research and decision-making, and in our active engagement with our underlying investments. This report focuses on how the Multi Asset portfolios fulfil their stewardship responsibilities.

Please follow the below link to access the full report.



Special paper

Case Study: High Yield Credit – The Ebb and Flow of Asset Allocation

High yield credit is an asset class which is known by several different names – speculative grade, sub-investment grade, junk bonds. But they all mean the same thing: the lending of capital to companies who have issued debt with a credit rating of BB+ or below. And although its history goes back to the 1970s, the journey to become a mainstream asset class really began in the 1980s, when it became more readily accepted as a viable means of corporate financing. As the market has continued to evolve, there is an estimated U$2.6 trillion of high yield credit currently in circulation. This equates to roughly one-third of the size of the global investment grade market.

Our high yield credit allocation

Since the inception of the Diversified Growth Fund ten years ago, we have had an average of around 11% invested in the asset class. This rose to as high as 19% in December 2015, before falling to a low of 3.5% in late 2018. As at the end of March 2019, this figure was slightly higher – at 5% – after we added a small amount late in 2018 as the asset class looked more attractive following a sell-off in the market.

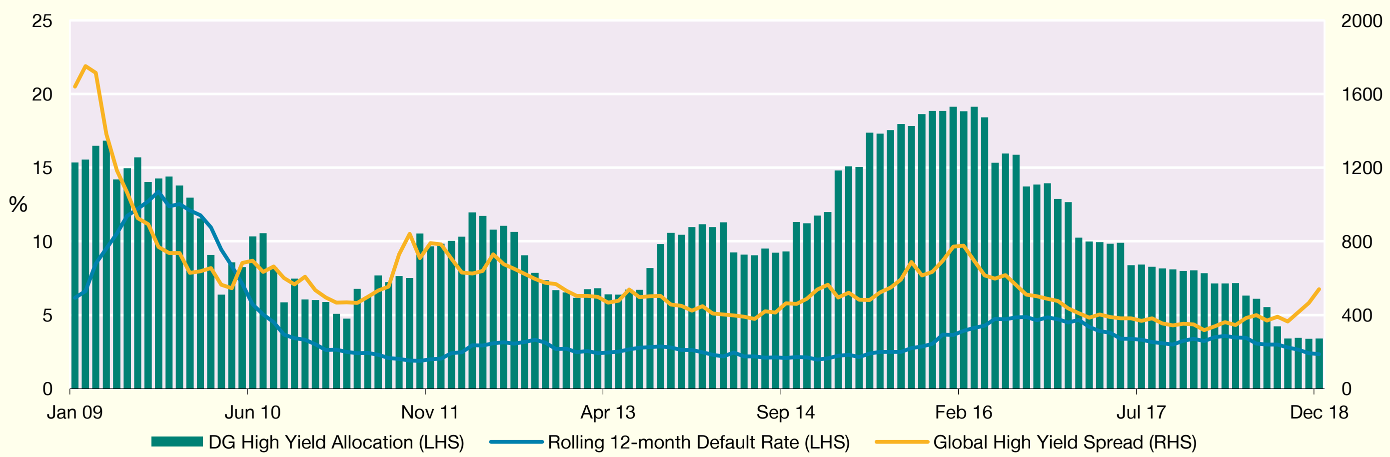
Over this period, high yield credit has delivered an impressive total return of 11% per annum. Of course, this should be viewed against a prolonged and relatively benign economic backdrop, as the financial crisis receded, and the global economy enjoyed a period of reasonably steady growth. It is also at a time when the default rate for high yield issuers has fallen from 12% in 2009 to just 2% in 2018. Again, much of this might be ascribed to the exceptionally low interest rates of the past 10 years.

Despite the benign default environment, investors have occasionally had cause to worry during this cycle, with some significant price volatility being observed: the spread over government bonds reached a low of 3.75% in June 2014, before widening significantly to 7.75% in February 2016. Why did this happen? Initially, it was because of the sell-off in oil prices coupled with concerns over Chinese growth, both of which gained momentum in late 2015 and into early 2016, stoking fears of a broader global economic slowdown.

As both stories were unfolding, however, we were gradually increasing the Fund's allocation to high yield, bringing us to the high point of 19% in January 2016. This was because, in our view, the asset class was not only attractive in an absolute sense, but its relative valuation – when comparing its expected 10-year return against that of the other asset classes in our opportunity set – was also compelling.

Of course, spreads would have widened further if the oil price collapse and Chinese recession fears had turned into something materially worse. But the point is that in observing the very attractive starting valuation in both the absolute and relative perspective, coupled with our on-going Scenario Analysis work – where our central expectation was one in which we did not expect to see a material slowdown in global economic growth – we felt the probable distribution of returns was positively skewed. Thus, a meaningfully higher allocation was appropriate.

High yield credit allocation, spread and default rate



Source: Moody's, Bloomberg.

Fast forward to 2018: the asset class had performed strongly and, as demand had picked up, the return on offer had been materially reduced. With a spread over government bonds of less than 3.5%, high yield credit no longer offered anything like the kind of significant compensation for bearing the default risk that was on offer in early 2016. In recognising the direction of travel over this two-year period, and in conjunction with our Scenario Analysis and Long-Term Return Expectations work, we concluded that the distribution of returns was gradually moving towards being negatively skewed. This had led us to gradually reduce our allocation down to 3.5% by November 2018.

Our current view

The widening of spreads in late 2018 took them back to being approximately 5% over government bonds. This improved the distribution of near-term returns, and in referencing our Long-Term Return Expectations work once again, returned the asset class back to something which more closely resembled our estimate of fair value.

As a result, we made a modest increase to our allocation, taking it up to 5% of the portfolio. This was achieved through the purchase of European high yield bonds, which we favoured over US high yield bonds. Both regions were trading at roughly the same price, but with European bonds being of slightly better credit quality, this tipped the balance towards them.

Most recently, as general economic sentiment appears to have improved into the start of 2019, spreads have tightened back to 4%. While we have a positive view on growth, the distribution of returns is once again beginning to look more skewed to the downside, and were this trend to be sustained, it is likely we will once more reduce our exposure.

Performance Objective

To outperform the UK Base Rate by at least 3.5% per annum (net of fees) over rolling five-year periods with an annualised volatility of less than 10%.

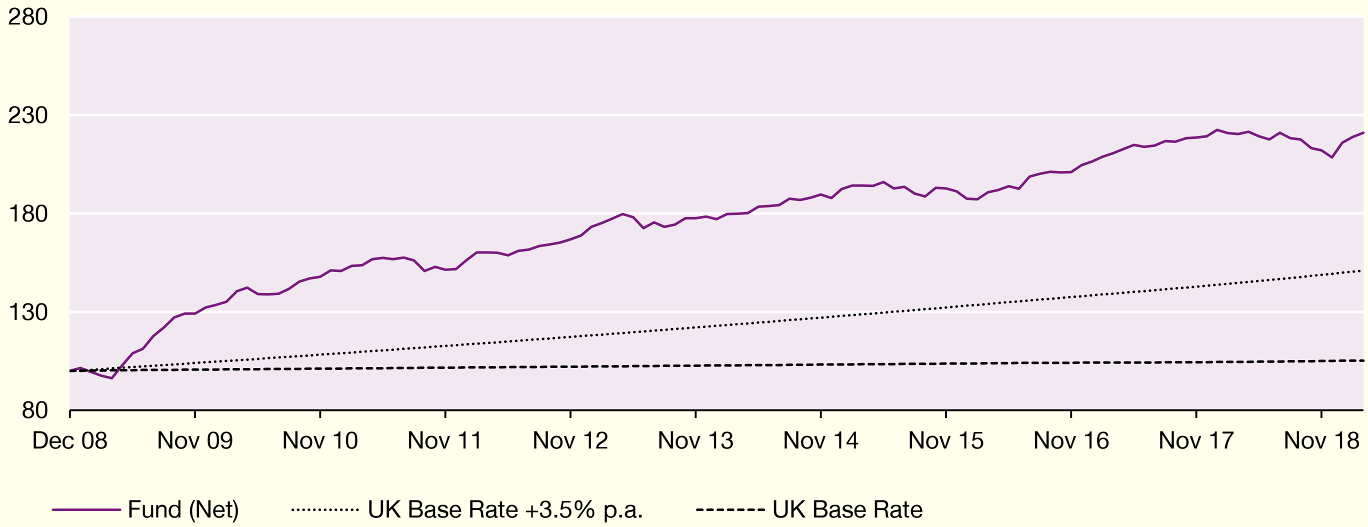
Performance

This table indicates the net performance of the Fund together with the UK Base Rate and the UK Base Rate +3.5%.

	Fund Net (%)	Base Rate (%)	Base Rate (%) +3.5%
Five Years (p.a.)	4.2	0.5	4.0
Three Years (p.a.)	5.0	0.5	4.0
One Year	0.2	0.7	4.2
Quarter	6.0	0.2	1.1

Source: StatPro

Fund, UK Base Rate and UK Base Rate +3.5% Returns Since Launch of the Fund*



*22 December 2008
Source:StatPro. All figures are total returns in sterling from 22/12/08, net of fees.

Summary Risk Statistics (%)

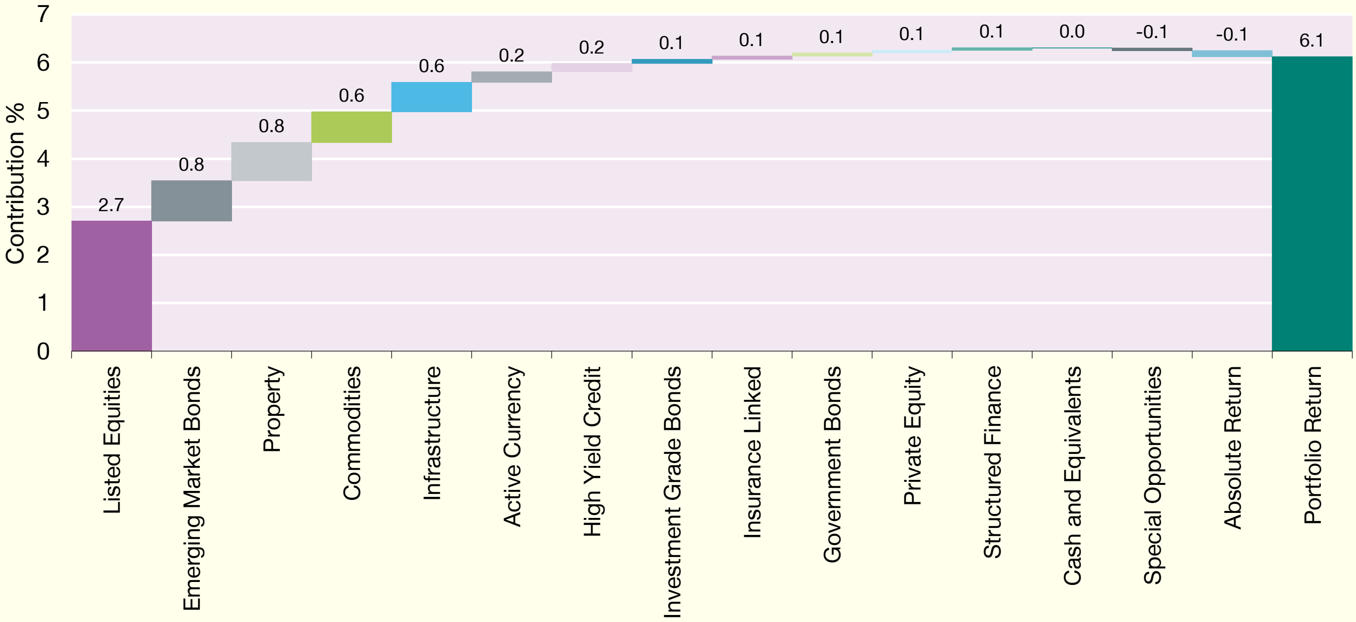
Delivered Volatility	4.1

Annualised volatility, calculated over 5 years to the end of the reporting quarter
Source: Baillie Gifford & Co and StatPro

All investment strategies have the potential for profit and loss. Past performance is not a guide to future returns.

Asset Class Contributions to Performance

Quarter to 31 March 2019



% Ave. Exposure	19.1	19.9	9.1	3.1	10.6	0.0	5.0	2.0	3.3	4.1	0.5	4.0	5.3	0.6	4.2
% Return	14.1	4.1	9.7	22.0	5.7	0.2	3.6	4.4	1.9	1.5	9.9	1.3	0.2	-8.4	-2.4

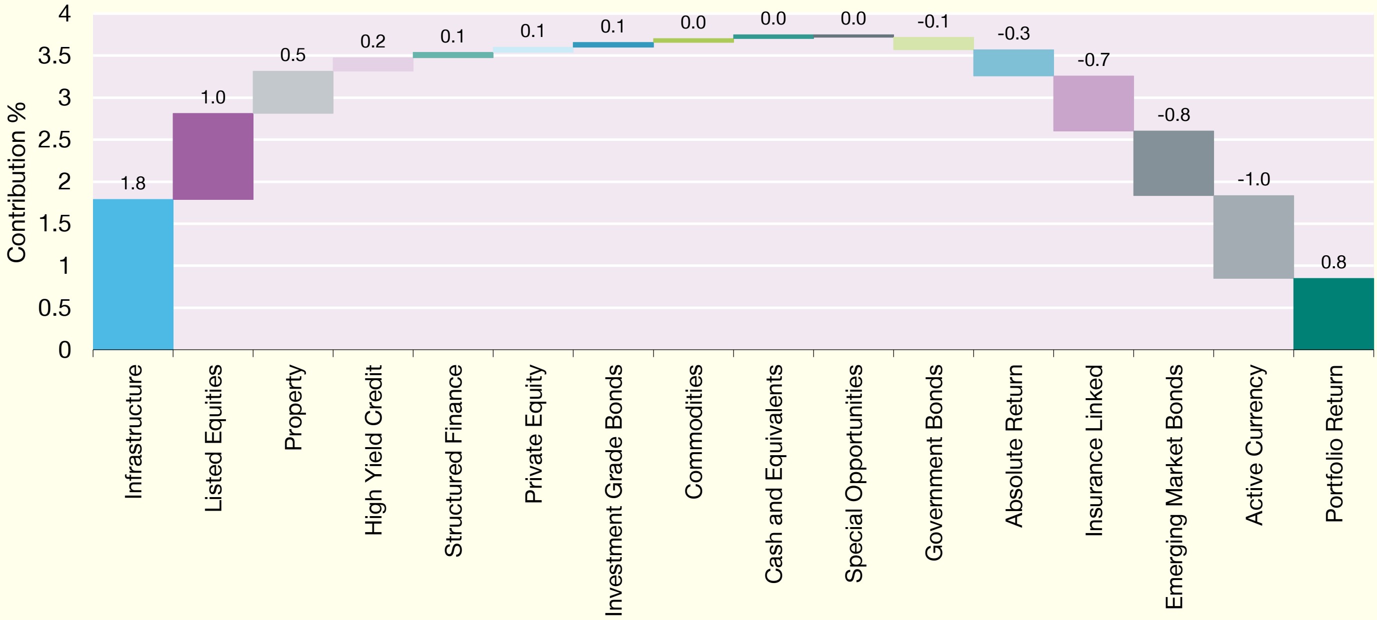
Source: StatPro, gross of fees in sterling. Totals may not sum due to rounding

Average exposure includes all futures positions shown at their average net exposure. Please see Further Notes page for details of futures positions.

Active currency exposure reflects the average net unrealised profit or loss of open positions in the Fund over the period.

The performance attribution analysis gives an illustration of the contribution to Portfolio Return from each asset class. This differs to the calculation of the Fund return.

One Year to 31 March 2019



% Ave. Exposure	10.1	18.2	8.8	5.0	4.6	0.6	2.0	3.5	7.2	0.6	1.6	5.5	3.5	19.0	-0.1
% Return	19.0	5.4	5.2	2.5	1.3	9.6	2.8	10.5	0.7	-5.5	2.3	-3.1	-15.5	-4.7	-1.0

Source: StatPro, gross of fees in sterling. Totals may not sum due to rounding

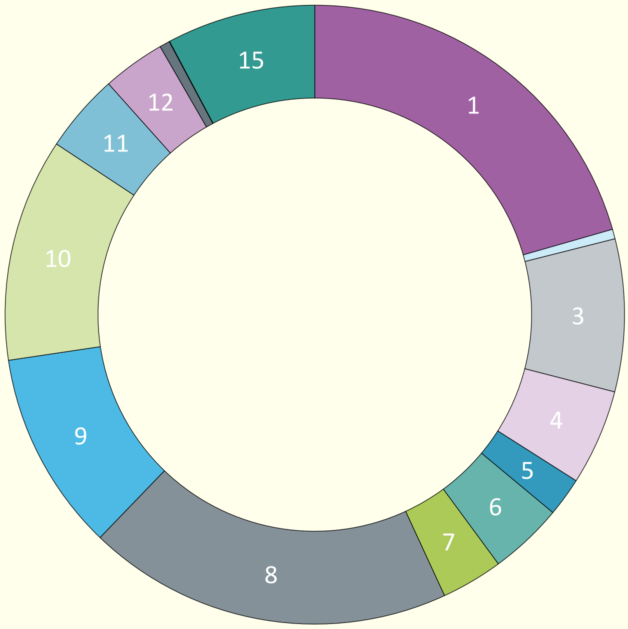
Average exposure includes all futures positions shown at their average net exposure. Please see Further Notes page for details of futures positions.

Active currency exposure reflects the average net unrealised profit or loss of open positions in the Fund over the period.

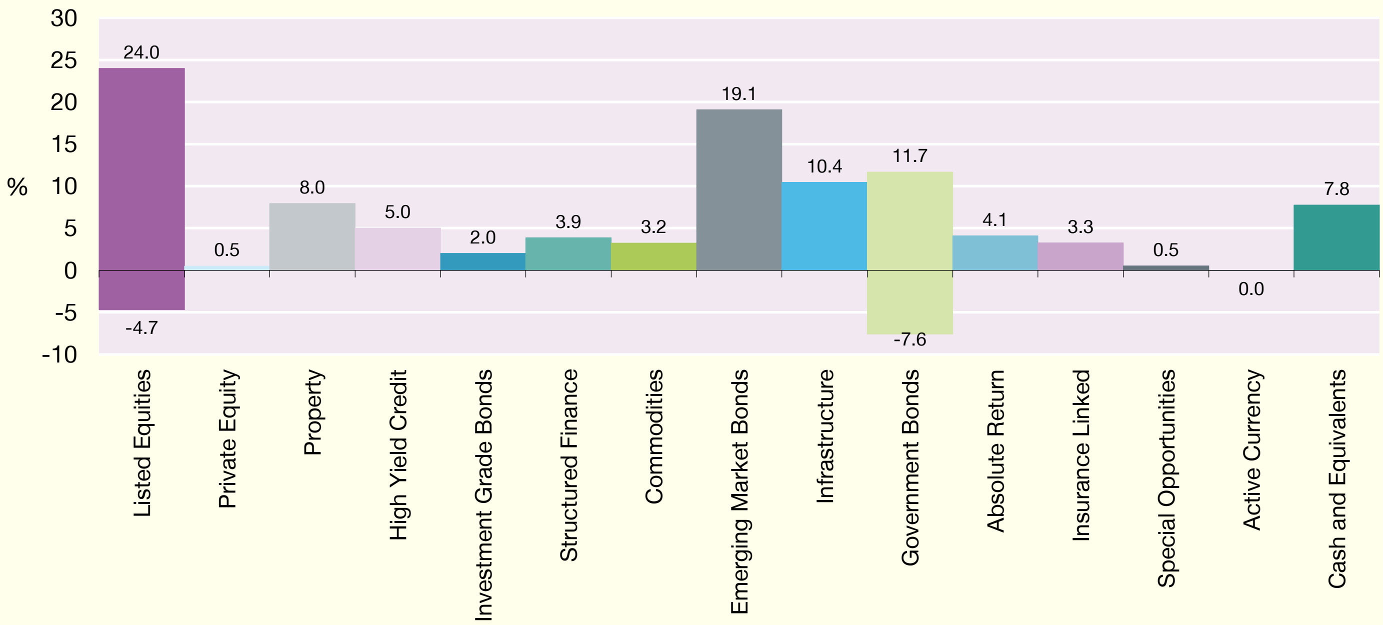
The performance attribution analysis gives an illustration of the contribution to Portfolio Return from each asset class. This differs to the calculation of the Fund return.

Asset Allocation at Quarter End

		(%)
1	Listed Equities	20.6
2	Private Equity	0.5
3	Property	8.0
4	High Yield Credit	5.0
5	Investment Grade Bonds	2.0
6	Structured Finance	3.9
7	Commodities	3.2
8	Emerging Market Bonds	19.1
9	Infrastructure	10.4
10	Government Bonds	11.7
11	Absolute Return	4.1
12	Insurance Linked	3.3
13	Special Opportunities	0.5
14	Active Currency	0.0
15	Cash and Equivalents	7.8
	Total	100.0



Asset Class Exposures at Quarter End

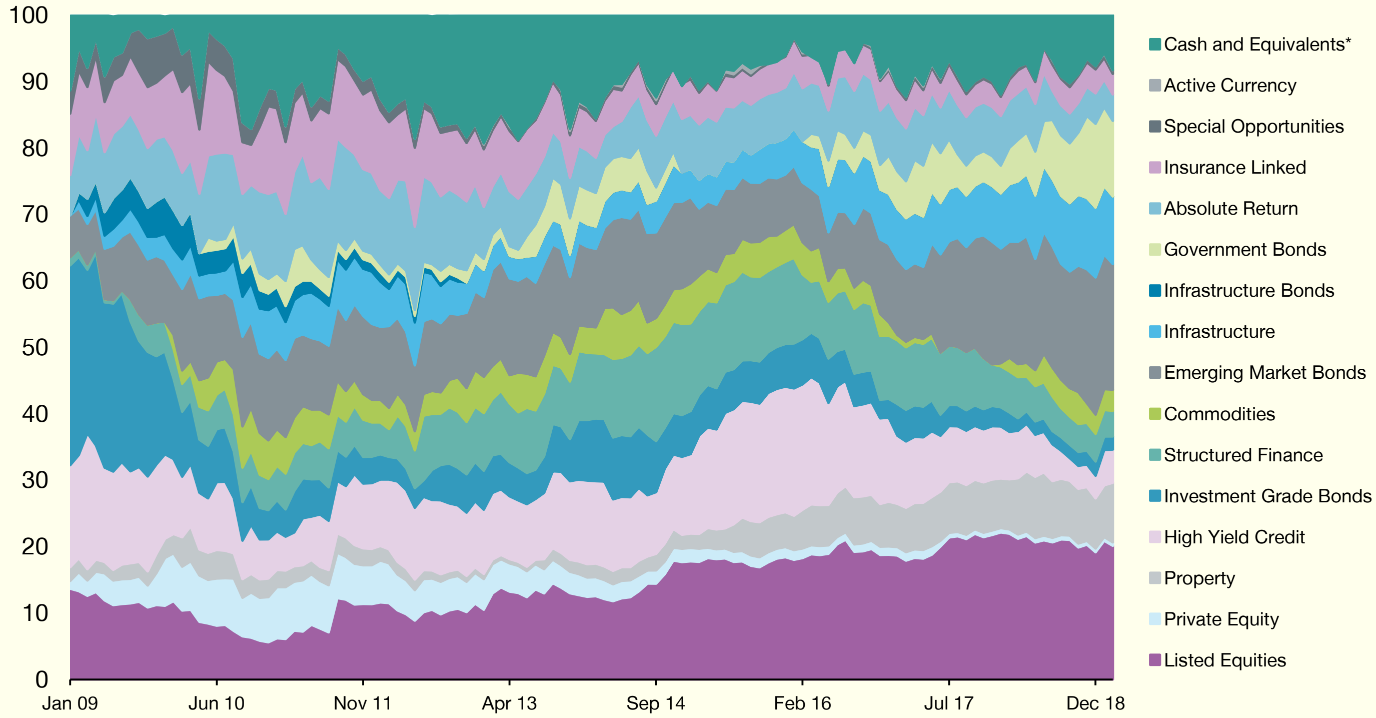


Source: Baillie Gifford & Co

Total may not sum due to rounding

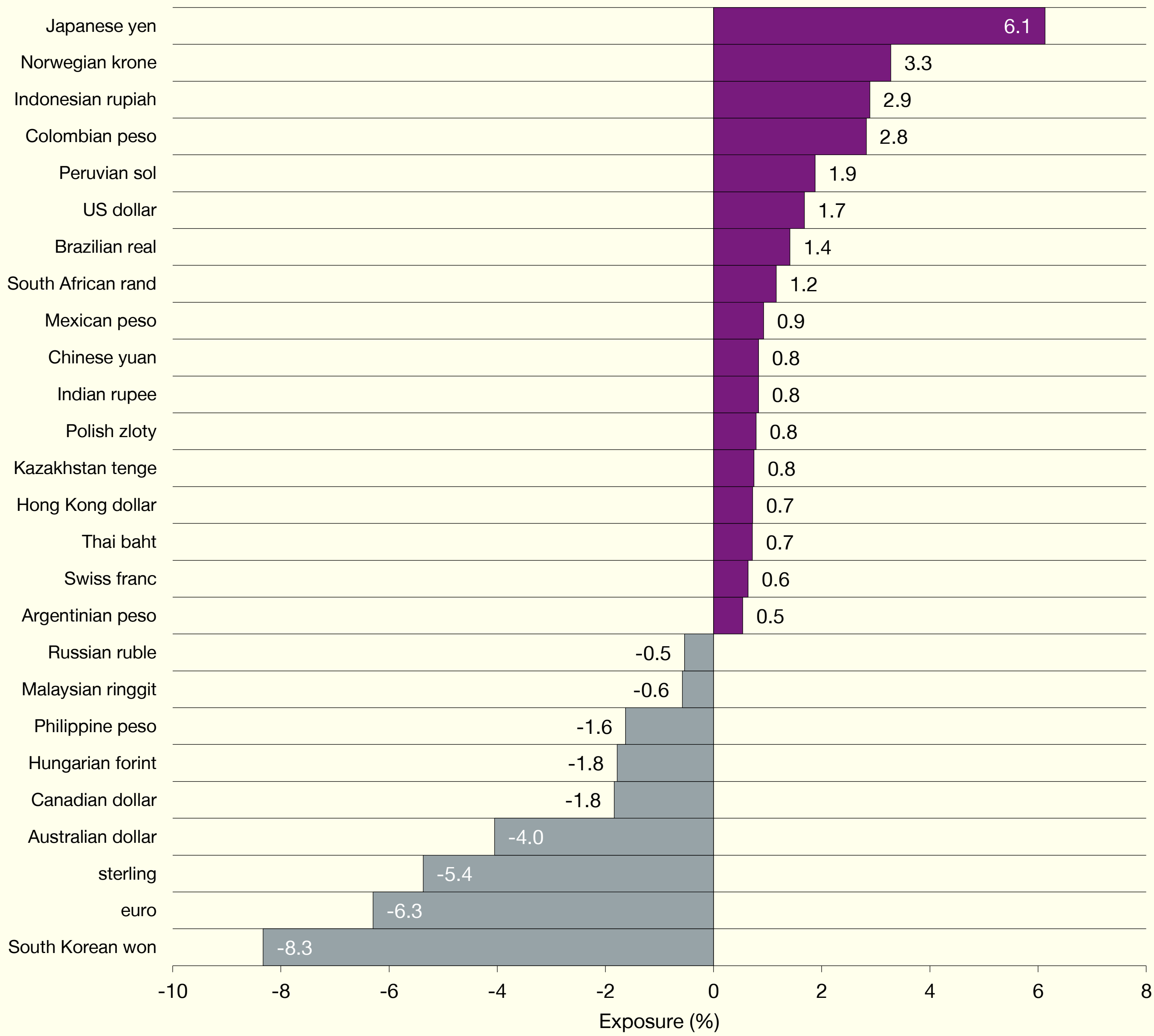
Any difference between asset class exposure and asset class weight relates to futures positions. Please see Further Notes page for details of futures positions.
Active currency exposure reflects the net unrealised profit or loss of open positions in the Fund as at 31 March 2019.
In other asset classes, any negative exposures relate to futures positions. Please see Further Notes page for details of futures positions.

Changes in Asset Allocation Since Launch of the Fund† (%)



† 22 December 2008
* Includes net Active Currency position

Net Currency Exposures at Quarter End



Source: Baillie Gifford & Co. Only includes relative currency positions greater than +/- 0.5%.

The chart shows material currency positions in the Fund relative to the sterling denominated benchmark.

The bars represent net long and short currency positions held in the portfolio. Currency positions include:

- Exposures gained through unhedged investments in non-sterling assets, and;
- Active Currency: a series of return-seeking currency exposures managed by Baillie Gifford's specialist Rates & Currencies team, and any additional positions taken by the Multi Asset Team, which may be return-seeking or portfolio hedges.

Predicted volatility is based on a snapshot of the portfolio at the end of the quarter, and provides a one-year prediction of the volatility of returns.

Risk Statistics (%)

Predicted Volatility	7.4

Source: Baillie Gifford & Co, Moody's Analytics UK Limited

We made modest additions to economically-sensitive asset classes which appeared attractively priced following market declines at the end of 2018

Delivered volatility of the portfolio remains low, although predicted volatility has increased slightly due to the above asset allocation changes and recent market movements

We are mindful of risks which could cause further volatility. As such, the portfolio remains well-diversified and robust to a wide range of scenarios

The risk attribution chart shows the contribution to predicted volatility of each asset class held in the portfolio at the end of the quarter. The diversification offset bar depicts the benefits of diversification, reflecting that asset classes are not perfectly correlated and therefore do not fluctuate in precisely the same manner over time. Therefore, the overall volatility of the portfolio is lower than the sum of the standalone volatility for each asset class. The blue bar shows the one year predicted volatility for a global equity portfolio, and is provided for context only.

Predicted Volatility – Attribution by Asset Class

Source: Baillie Gifford & Co, Moody's Analytics UK Limited
Total may not sum due to rounding

Asset Name	Weight (%)	Exposure (%)
Listed Equities		
Baillie Gifford Global Alpha Growth Fund C Acc	5.5	5.5
Baillie Gifford Global Income Growth Fund C Acc	5.5	5.5
Baillie Gifford LTGG Investment Fund C Acc	3.5	3.5
Baillie Gifford Worldwide Japanese Fund C GBP Acc	3.0	3.0
Baillie Gifford Pacific Fund C Acc	1.4	1.4
China A Shares ETC - CSI 300	0.8	0.8
China A Shares ETC - CSI 500	0.8	0.8
Fondul Proprietatea GDR	0.2	0.2
Euro Stoxx 50 Index Dividend Futures 23	0.0	0.7
Euro Stoxx 50 Index Dividend Futures 22	0.0	0.6
Euro Stoxx 50 Index Dividend Futures 19	0.0	0.6
Euro Stoxx 50 Index Dividend Futures 20	0.0	0.6
Euro Stoxx 50 Index Dividend Futures 21	0.0	0.5
Euro Stoxx 50 Index Dividend Futures 24	0.0	0.5
S&P 500 Index Future Jun 19	0.0	-4.7
Total Listed Equities	20.6	19.3

Asset Name	Weight (%)	Exposure (%)
Private Equity		
ICG Graphite Enterprise Trust	0.2	0.2
NB Private Equity Partners (USD)	0.2	0.2
HarbourVest Global Private Equity	0.0	0.0
Dunedin Enterprise Investment Trust	0.0	0.0
Better Capital	0.0	0.0
Better Capital 2012	0.0	0.0
Eurovestech	0.0	0.0
Total Private Equity	0.5	0.5

Asset Name	Weight (%)	Exposure (%)
Property		
Land Securities	1.2	1.2
British Land	1.0	1.0
Hammerson	0.9	0.9
LondonMetric Property	0.4	0.4
Icade	0.4	0.4
Gecina	0.4	0.4
Tritax Big Box REIT	0.4	0.4
LEG Immobilien	0.4	0.4
Vonovia SE	0.3	0.3
Deutsche Wohnen	0.3	0.3
Hibernia	0.3	0.3
Target Healthcare REIT	0.3	0.3
UK Commercial Property Trust	0.2	0.2
Merlin Properties	0.2	0.2
Vastned Retail	0.2	0.2
LXi REIT	0.2	0.2
Covivio REIT	0.2	0.2
Immobiliare	0.2	0.2
Impact Healthcare REIT	0.2	0.2
Ediston Property Investment Company	0.2	0.2
ADO Properties	0.1	0.1
Terra Catalyst Fund	0.0	0.0
Local Shopping REIT	0.0	0.0
Invista 9% 2016 Pref	0.0	0.0
Total Property	8.0	8.0

Asset Name	Weight (%)	Exposure (%)
High Yield Credit		
Baillie Gifford High Yield Bond Fund C Acc	2.3	2.3
NN (L) Flex Senior Loans	0.6	0.6
Sequoia Economic Infrastructure Income Fund	0.5	0.5
Baillie Gifford US High Yield Credit	0.3	0.3
NB Global Floating Rate Income Fund	0.3	0.3
Henderson Secured Loans Fund	0.2	0.2
Credit Suisse Nova (Lux) Global Senior Loan Fund	0.2	0.2
SQN Asset Finance Income Fund	0.1	0.1
NB Distressed Debt Investment Fund EL	0.1	0.1
BlackRock Floating Rate Income Trust	0.1	0.1
Invesco Senior Income Trust	0.1	0.1
Pioneer Floating Rate Trust	0.1	0.1
SQN Asset Finance Income Fund C Shares	0.0	0.0
Nuveen Senior Income Fund	0.0	0.0
Total High Yield Credit	5.0	5.0

Asset Name	Weight (%)	Exposure (%)
Investment Grade Bonds		
BG Worldwide Global Credit Fund C USD Acc	2.0	2.0
Total Investment Grade Bonds	2.0	2.0

Asset Name	Weight (%)	Exposure (%)
Structured Finance		
Metreta Fund	1.9	1.9
Galene Fund	1.2	1.2
HSBC Global Asset Backed High Yield Bond Fund	0.5	0.5
TwentyFour Income Fund	0.2	0.2

Asset Name	Weight (%)	Exposure (%)
Total Structured Finance	3.9	3.9

Asset Name	Weight (%)	Exposure (%)
Commodities		
ETFS Nickel	3.2	3.2
Total Commodities	3.2	3.2

Asset Name	Weight (%)	Exposure (%)
Emerging Market Bonds		
Baillie Gifford Emerging Markets Bond Fund C Acc	8.4	8.4
Baillie Gifford EM Government Bonds(Hard Currency)	5.5	5.5
Brazil 0% 01/07/2021	1.6	1.6
India 8.6% 02/06/2028	0.7	0.7
Peru 6.95% 12/08/2031	0.6	0.6
Argentina 4.5% 21/06/2019 (Dual Currency)	0.5	0.5
Brazil 10% 01/01/2023	0.5	0.5
Mexico IL 4% 15/11/2040	0.3	0.3
Indonesia 8.75% 15/05/2031	0.3	0.3
South Africa 8.75% 31/01/2044	0.3	0.3
Indonesia 7.5% 15/08/2032	0.2	0.2
Egypt T Bill 16/04/2019	0.2	0.2
Total Emerging Market Bonds	19.1	19.1

Asset Name	Weight (%)	Exposure (%)
Infrastructure		
HICL Infrastructure Co.	1.5	1.5
John Laing Group	1.1	1.1
International Public Partnerships	0.8	0.8
BBGI	0.6	0.6
Renewables Infrastructure Group	0.6	0.6
NextEnergy Solar Fund	0.5	0.5
Foresight Solar Fund	0.5	0.5
TerraForm Power	0.5	0.5
Greencoat UK Wind	0.4	0.4
John Laing Environmental Assets Group	0.4	0.4
Bluefield Solar Income Fund	0.3	0.3
Hydro One	0.3	0.3
EDP Renovaveis	0.3	0.3
Italgas S.p.A	0.2	0.2
Exelon Corporation	0.2	0.2
WEC Energy Group	0.2	0.2
Eversource Energy	0.2	0.2
3i Infrastructure	0.2	0.2
Ameren	0.2	0.2
Consolidated Edison	0.2	0.2
Korea Electric Power	0.2	0.2
Greencoat Renewables	0.2	0.2
Avangrid	0.2	0.2
Keppel Infrastructure Trust	0.2	0.2
Tenaga Nasional	0.2	0.2
Renewables Infrastructure Group - Oversubscription	0.1	0.1
Total Infrastructure	10.4	10.4

Asset Name	Weight (%)	Exposure (%)
Government Bonds		
US TII 0.125% 15/04/2019	5.2	5.2
US TII 0.625% 15/01/2026	4.5	4.5
Japan (Govt) 0.1% CPI Linked 10/03/2027	2.0	2.0
Euro-Bobl Future Jun 19	0.0	-1.5
Japan 10yr Bond (OSE) Future Jun 19	0.0	-2.3
US Ultra 10yr Note Future Jun 19	0.0	-3.8
Total Government Bonds	11.7	4.1

Asset Name	Weight (%)	Exposure (%)
Absolute Return		
Goldman Sachs Cross Asset Trend Portfolio	1.0	1.0
Aspect Core Trend Fund	1.0	1.0
Nomura Cross Asset Momentum Fund	1.0	1.0
Credit Suisse Lux Multi-Trend Fund	0.9	0.9
Boussard & Gavaudan	0.2	0.2
Total Absolute Return	4.1	4.1

Asset Name	Weight (%)	Exposure (%)
Insurance Linked		
Kilimanjaro II Re 2017-1 C	0.4	0.4
Blue Halo Re 2016-2 C	0.2	0.2
Golden State Re II 2018-1A	0.2	0.2
Kilimanjaro II Re 2017-2 C	0.2	0.2
IBRD CAR 111-Class A	0.2	0.2
Sanders Re 2018-1 A	0.2	0.2
Manatee Re II 2018-1 - A	0.2	0.2
Horse Capital 1 C	0.2	0.2
Vitality Re VII A	0.2	0.2
Sanders Re 2019-1 B	0.2	0.2
Frontline Re 2018-1 A	0.1	0.1
Operational Re B	0.1	0.1
Operational Re A	0.1	0.1
Operational Re II 2018 B	0.1	0.1
Vitality Re VII B	0.1	0.1

Asset Name	Weight (%)	Exposure (%)
Caelus Re V Limited 2018-1 C	0.1	0.1
Horse Capital 1 B	0.1	0.1
CatCo Reinsurance Opportunity Fund	0.1	0.1
CatCo Reinsurance Opportunities Fund C Shares 2017	0.1	0.1
IBRD CAR 114-Class B	0.1	0.1
IBRD CAR 112-Class B	0.1	0.1
Operational Re II 2018 A	0.1	0.1
Blue Capital Reinsurance Holdings Fund	0.0	0.0
Blue Capital Global Reinsurance Fund	0.0	0.0
Manatee Re II 2018-1 - B	0.0	0.0
Caelus Re V Limited 2018-1 D	0.0	0.0
Residential Re Ltd 2018-I Class 11	0.0	0.0
Total Insurance Linked	3.3	3.3

Special Opportunities		
Amedeo Air Four Plus Limited	0.3	0.3
DP Aircraft I	0.2	0.2
Doric Nimrod Air Two	0.1	0.1
Juridica Investments	0.0	0.0
Total Special Opportunities	0.5	0.5

Active Currency†		
Total Active Currency	0.0	0.0

Cash and Equivalents		
Total Cash and Equivalents	7.8	7.8

Total	100.0	91.2*

Totals may not sum due to rounding.

* Futures positions are included at their net exposure weight in the portfolio exposure column, and cash includes collateral held to back all long futures positions. Therefore total portfolio exposure may not sum to 100%. Please see Further Notes page for details of futures positions.

† The number shown against active currency reflects the net unrealised profit or loss of open positions in the Fund as at 31 March 2019.

Fund Name	Update
Baillie Gifford Diversified Growth Fund	Many asset class valuations fell sharply towards the end of last year and as a result, several appeared more attractively priced as we moved into the first quarter of 2019. We took advantage of price falls to add selectively to some of the more economically-sensitive asset classes which look to offer compelling returns on a long-term basis. Early in the quarter we made a small addition to high yield credit when we saw that European credit spreads, the return earned above developed market government bonds, had widened to levels not seen since mid-2016. Within listed equities, we added a new position in Chinese A shares. These are Chinese domestic equities incorporated in mainland China and listed on the Shanghai or Shenzen exchange in local currency. Previously, overseas investors were restricted from owning this portion of the market. We saw an attractive valuation opportunity to add a 1.5% position as Chinese A shares sold off significantly towards the end of 2018. We expect stimulus measures from the Chinese government, along with the increase in the proportion of China A shares held within various global indices from 5% to 20%, to be a catalyst for price increases over the coming months. Closer to home, we have been following the tumultuous Brexit negotiations closely, mindful of the impact the as yet uncertain outcome may have on markets. During the quarter, we saw an opportunity to add to UK commercial property which, in our opinion, is mispriced by a market anticipating a much worse outcome than we think likely. At the time we added, many UK Real Estate Investment Trusts (REITS) were trading on discounts of around 40%, levels which we believe are unsupported in a sector where occupancy rates remain high and transactional activity indicates that property sale prices are much closer to book value. Our additions to UK property were funded by some reductions to European property holdings which have performed well in recent years and where valuations have become less attractive. In particular, we trimmed some of our German residential holdings. As a result of the additions to attractive investment opportunities, cash levels reduced over the quarter. The portfolio remains diversified and retains an appropriate level of defensive positions.

Information on Futures Positions

The Fund has the flexibility to use futures either to gain exposure to an asset class by taking a long position, or to reduce exposure to an asset class by taking a short position. Futures positions may also be used to hedge existing holdings against adverse market movements. A long futures position is gained by purchasing a futures contract, thus giving exposure to an underlying asset with the expectation that asset will rise in value. Conversely, a short futures position is gained by selling a futures contract, where the expectation is that the value of the underlying asset will fall.

When calculating the portfolio's asset class weightings, all futures positions are included at 0% weight. When calculating the portfolio's asset class exposures, all futures are included at their exposure size. Cash is held to back all long futures positions. The below table summarises the portfolio's current futures positions.

Baillie Gifford Diversified Growth Fund

Position	Position size	Asset Class	Position held alongside	Investment Rationale
S&P 500 Index Future	4.7% short	Listed Equities	Global Equity Funds	Reduces exposure to the US equity component of our global equity funds
Eurostoxx 50 Index Dividend Futures	3.5% long	Listed Equities	n/a	Gives exposure to the future level of dividends paid by companies in the Eurostoxx 50 Index
Euro Bobl Future	1.5% short	Government Bonds	Fixed coupon European High Yield Bonds	Reduces exposure to German Government Bond yields within European High Yield bonds.
Japan 10yr Bond Future	2.3% short	Government Bonds	Japanese Inflation Linked Government Bonds	Removes Japanese interest rate risk, leaving only the desired Japanese inflation exposure
US Ultra 10yr Note Future	3.8% short	Government Bonds	US Treasury Inflation Protected Securities	Removes US interest rate risk, leaving only the desired US inflation exposure

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	37	Companies	9	Companies	5
Resolutions	328	Resolutions	18	Resolutions	5

Not a day goes by without commentators, politicians and the media commenting on the social responsibilities and negative impact of technology companies

In the increasingly heated public debate, we must not lose sight of the many upsides to technology

The challenge for the sector will be ensuring that content is socially responsible and appropriate

Company Engagement

Engagement Type	Company
Corporate Governance	Amazon.com, Inc., EnQuest, Facebook Inc., Fanuc Corporation, Johnson Matthey Plc, Just Eat plc, Legal & General Group Plc, Netflix, Inc., Prudential plc, Ryanair Holdings plc, Tesla, Inc., Zalando SE
Environmental/Social	Rio Tinto Group
AGM or EGM Proposals	British American Tobacco Plc, CyberAgent, Inc., HomeServe plc, John Wood Group PLC, Just Eat plc, Keller Group plc, Legal & General Group Plc, Rolls-Royce Holdings plc, Royal Dutch Shell plc, Samsung Electronics Co., Ltd.
Executive Remuneration	Bodycote plc, Howden Joinery Group Plc, Just Eat plc, Naspers

Notes on company engagements highlighted in blue can be found in this report. Notes on other company engagements are available on request.

Big tech and the inevitable rise of content stewardship

Current governance and sustainability hot topics in the investment industry cover a surprisingly broad range of issues, such as the following:

- 20 to 1 super-voting rights for the founders of Lyft at its upcoming IPO
- Eye-watering pay awards for the CEOs of UK housebuilders and proposed changes to strengthen the UK Stewardship Code
- The possible outcome of the Carlos Ghosn Nissan trial and the potential implications for Japanese corporate governance
- The strengthening resolve to address climate change in all markets, including many parts of the US

However, not a day goes by without further introspection from commentators, politicians and the media about the social responsibilities and negative impact of 'big tech'. It is currently the most common ESG question for our Governance and Sustainability team. At a recent US governance forum for institutional investors, an entire breakout session gave the stage to disgruntled technology sector employees talking about a range of issues. Opinion formers' views range from advocating relatively minor changes to the operating models of technology platforms through to US Democratic Senator Elizabeth Warren's call for the break-up of Alphabet and Facebook.

Hard to believe as it may be, it was not that long ago that technology companies were universally feted by politicians and development agencies. They were seen to be exactly the right sort of company to have set up shop in your jurisdiction: 21st century businesses that employed high numbers of tax paying professionals, and provided innovative and socially-useful services. In a short space of time, the prevailing wind has definitively changed direction, at least for many of the global platforms. This has been driven by changing attitudes to data privacy, 'fake news' concerns, and evidence of underhand political influence in elections. Aggressive tax optimisation across a sector that can choose to place its registered offices and intellectual property wherever it suits, and discomfort with some of the emerging stories about the historic lack of willingness to confront sexual harassment issues in the sector also haven't helped. However, the biggest systemic issue now confronting the operating companies is what might be dubbed 'content stewardship'.

In the early days of the internet, there was a working assumption that the new platform companies were not responsible for the accuracy, quality and appropriateness of the content on their sites, be that comments or products. The idea that different rules prevailed online held until surprisingly recently, but the last few years have seen some remarkable reversals of this position, and it is a global trend:

- Instagram has been pressured into addressing self-harm images on the site, following a highly publicised teen suicide case in the UK, and is also now under pressure to address issues such as the promotion of eating disorders on the platform
- Baidu is addressing the issue of adverts for highly questionable medical products and procedures
- The UK takeaway food delivery platform Just Eat has pledged to remove (legally compliant) outlets with low hygiene ratings
- Microblogging site Tumblr removed 'adult content' from its site and promptly lost 30% of traffic
- Airbnb has committed to addressing the issue of racial 'guest profiling' by property owners
- Property sales and rentals platform Zoopla has pledged to address listings which discriminate against tenants receiving welfare support
- Chinese gaming giant Tencent has introduced age-based time restrictions for players on its platform
- Uber is pledging to do more to vet drivers listed on its app, in an effort to improve passenger safety
- Alphabet, Amazon and Facebook have all pledged to significantly increase their use of artificial intelligence (AI) to rapidly identify and remove distasteful and illegal content, most recently following the tragic mass shooting in New Zealand

These examples could go on at length. Some of the changes have been prompted by regulation, but most have been voluntary moves in an effort to stay ahead of changing user attitudes and public opinion. Looking down this list, it might seem that the outlook is gloomy for technology platforms. This is far from the case, with overall usage continuing to rise, while more and more daily tasks are becoming inextricably bound up with the online world. The increasing complexity and regulatory burden of managing online platforms will also probably benefit the incumbents if they are agile enough to move with the times.

Facebook, Twitter, YouTube and Google executives testify to US House Judiciary Committee hearing on content filtering practices, July 2018 in Washington, DC.
© Getty Images North America.

In the increasingly heated public debate, we must also not lose sight of the very many positive upsides to technology: unprecedented access to information; almost free global communications (which have empowered civil society activism on a range of issues); and disintermediation of many incumbent sectors that were not doing a good job for their customers – from banks and insurers to estate agents and utility providers. Technology also supports more diverse participation in the workforce, and (if used with restraint) can greatly improve work-life balance. Smart sensors, connected devices, AI and the cloud all have the potential to significantly improve the efficiency of resource usage as the global population grows.

But there is now increasing acceptance that we are about 25 years into a great social experiment, where technology is not just providing smart new tools, but is also gradually changing society, sometimes in ways that we don't yet fully understand. Daily screen time amongst teenagers has doubled in the last decade alone, and there appears to be a connection between higher levels of online activity and anxiety and depression, even if causality is unproven. There also appears to be a connection between extremism and the known issue of the echo chamber of online communities of like-minded people. On a more day to day level, 'life editing' by selective posting on social media and image filtering is driving the illusion that everyone is happier and more fulfilled than ever, despite growing evidence to the contrary. Just connecting people in the online world isn't necessarily a net positive for society, and some of the early optimism of the platforms now looks somewhat naïve.

All of the new-found circumspection about technology doesn't present an existential crisis for the industry, but it is part of the coming of age for the technology platforms. One analogy that resonates is that the technology sector today may be akin to the widespread increase of car ownership after World War II, but before the advent of seat belts: an amazing new technology brought unprecedented personal mobility and connectivity, but until society figured out some safety refinements, it came at a social cost. The online world will increasingly dominate the physical world, and there will be unbridled opportunity for growth. However, with increasing power will come increasing responsibility. Until recently, the prevailing view was that data privacy is the defining issue for the technology sector, but privacy considerations will in time be addressed by clearer regulation, better education and user consent. The much bigger challenge for the sector will be ensuring that content is socially responsible and appropriate, in a complex world of diverse views, cultural nuances and polarising opinions. A highly developed and thoughtful approach to content stewardship will be key to long-term success.

For all of the above reasons, we generally factor social-licence considerations into our investment decisions (every platform is different, and some business models are much more suited to the new operating environment), and we are engaging with technology holdings to ensure that management teams are fully addressing the rapidly evolving challenges confronting the sector.

Company	Engagement Report
EnQuest	We met Helmut Langanger, Senior Independent Director (SID). We discussed succession planning as the chairman will, by this year's AGM, have completed nine years as a director of Enquest. The revised UK Corporate Governance Code guidance is that a chairman's tenure should not exceed nine years from the date of appointment to the board. However, the Code allows for a limited extension. The SID is leading the search for a successor and expects a new chairman to be in place by Autumn 2019. We asked about the search process, the skills and experience being sought in a new chairman, succession planning for the wider board and diversity. Other topics of conversation included progress with the Kraken site (a major asset in the company's portfolio), the expected production profile and debt reduction.
Facebook Inc.	We discussed regulatory pressure and public sentiment as part of a broader conversation with CEO Mark Zuckerberg and VP of Global Policy Management, Monica Bickert. Her role is to oversee whether content can remain on Facebook or needs to be removed. Our overall impression is that having attempted to contain issues around content and privacy, Facebook is beginning to grasp them. Three aspects of the discussion were of particular interest. First, it is impossible to create a single set of rules around which content is acceptable and which is not, so a degree of human interpretation (currently handled by 20,000 reviewers) will still be required. Second, partnerships with regulators seem increasingly advanced, open and collaborative with regard to content and issues such as terrorism. Third, Facebook is adopting a policy of radical transparency in addressing the challenges. Rules on what is permissible are openly available, as are reports on what has been removed, and metrics on whether offensive content was identified by Facebook, users or members of the public. This approach seems appropriate and we look forward to continued progress and discussions around these complex issues.
Johnson Matthey Plc	Following a meeting towards the end of 2018 with Robert MacLeod, CEO, we met Patrick Thomas who was appointed as the new chairman last summer. Mr Thomas has worked internationally in various relevant industries, and in both executive and non-executive positions. We discussed his initial thoughts on the board, how he expects it to evolve under his leadership, and succession planning. Since joining the board he has visited group businesses to build his knowledge of operations and culture. He appears to be establishing a good relationship with the executive team. We will continue to monitor this as he settles into the role.
Just Eat plc	In January, we engaged with Mike Evans, Chairman, following the unexpected departure of the company's CEO. We discussed the background to this change, the appointment of Peter Duffy as interim CEO and the succession process. Later in the quarter, we met Mr Duffy and Paul Harrison, CFO, to discuss strategy and progress. We also participated in a lengthy consultation on executive remuneration. During the period an activist investor with a small shareholding continued to agitate for changes to strategy, personnel and executive pay. This sort of activity can be a distraction for any board, particularly for a company operating in a competitive industry. To monitor the evolving situation, we have scheduled a meeting with the chairman for early in the second quarter.
Legal & General Group Plc	In a meeting with Sir John Kingman, Chairman, we discussed the company's board, succession planning in relation to the investment management business (LGIM), Brexit and relations with regulators. It was subsequently announced that Michelle Scrimgeour has been appointed as LGIM's new CEO. Ms Scrimgeour, who has previously worked in senior positions in several financial services companies, will succeed Mark Zinkula who is due to retire in August.
Naspers	For the first time in several years, improved disclosure meant we felt able to support executive remuneration proposals at Naspers' 2018 AGM. But we did so with unease. The executives' incentive plans still lack clear targets and the board retains broad discretion on the exercise price of awarded stock. As part of the company's annual process of consulting significant shareholders on pay, we met Naspers' chief people officer and IR. The company was again receptive to our plea for still better disclosure. We also emphasised that we felt performance conditions must be appropriate for Naspers' business and should not discourage sensible risk-taking. The meeting also gave us an opportunity to discuss other areas of company strategy and governance, including the company's tax liabilities, disclosure of its auditor tender process and the suitability of its board structure. Despite now having only 2% of investments in South Africa, the board of directors remains 70% South African.

Company	Engagement Report
Netflix, Inc.	During a conversation with CEO Reed Hastings, we were intrigued to hear his thoughts on public and regulatory perceptions of Netflix. Hastings stressed that he wants viewers to continue to rave about the great value Netflix provides, so viewing needs to grow ahead of any price increases. Cognisant of the risk of societal backlash in future, he is determined that Netflix should never be perceived by consumers as a 'bad' company. With regards to regulators, Hastings acknowledged that the mere phenomenon of a company growing to great scale draws attention. He is mindful of Netflix's corporate behaviour as it grows. This is also a priority outside the US. For Netflix's executive leadership, this means being well-rounded - entrepreneurial but not overly aggressive - and better understanding the regulatory sensitivities in different markets.
Prudential plc	We met Paul Manduca, Chairman, and separately Philip Remnant, Senior Independent Director (SID). We discussed with the chairman the recent turnover of long-serving senior management, succession planning, matters relating to regional divisions (including US, Indonesia, China), board structure, functioning and diversity. The group is preparing to demerge into two separately listed companies; this is a lengthy and complicated process, so we reviewed progress and timescales. Following discussion with the SID, we expressed support for the proposed extension of the chairman's tenure until the 2021 AGM. This extension means it would exceed the revised UK Corporate Governance Code's guidance of nine years from the date of appointment to the board. However, as the demerger is expected to complete in late 2019 or early 2020, we consider that the extension would provide appropriate continuity and accountability. Anthony Nightingale, Chairman of the Remuneration Committee, also engaged with us in relation to executive pay; limited changes are being made pending the demerger and we indicated support. Towards the end of the quarter, we met Mark Fitzpatrick, CFO. Discussion included matters arising from the recent financial results and longer-term strategy for the two businesses that will become separately listed companies.
Ryanair Holdings plc	At the 2018 AGM, the chair received a 29% oppose vote and the Senior Independent Director (SID) had a 33% oppose vote from shareholders. We opposed the re-election of both due to concerns over tenure, and reservations on the oversight of operational events which had occurred. We met both the chair and SID in January to discuss board succession, the difficulty we experienced when engaging last year on voting shares attached to American Depositary Receipts, and the impact of Brexit on voting rights. Since January the company has announced that the chair and SID will step aside in 2020, the CEO has extended his contract in a new position as group CEO, and there is a new share option programme for executives and non-executives. We are writing to the chair and chair-elect to request a follow up engagement to discuss recent announcements. We are also being updated on a meeting with the SID being organised via the Investor Forum as part of improving shareholder relations.
Samsung Electronics Co., Ltd.	Ahead of the Samsung Electronics AGM in March, we had a call with IR and a member of the company's corporate sustainability team to clarify issues surrounding the board of directors. We queried the relationship between Sungkyunkwan University, which employs an independent director up for re-election at the AGM, and Samsung, which supports the university financially. The company's response reassured us that the director, Bahk Jae-Wan, has limited responsibility for the relationship. We do not believe the situation is detrimental to shareholders. We also requested an update on the legal proceedings against the company's Vice Chairman, JY Lee, whose initial sentence for corruption was suspended in February 2018 on appeal. The company informed us that a High Court decision is expected in the first half of 2019. If found guilty, he will resign from the board; and if found innocent, he is likely to be reinstated to the board. We support the company presuming his innocence until proven guilty, but will monitor the case closely. We were pleased to see Samsung propose two new independent directors for the board at the 2019 AGM - one female and one internationally experienced financial expert. We also discussed how the company will educate the new directors and its continuing focus on board diversity. We plan to have a separate call to discuss environmental matters with Samsung's sustainability team.

Company	Engagement Report
Tesla, Inc.	We met the new Chair, Robyn Denholm, the CFO, Zach Kirkhorn, and Sanjay Shah, the VP of Energy Deliveries. Denholm is aware of the challenges that need to be addressed. We believe she has a good chance of being an effective chair, leading a board that provides stability and support to Tesla's mercurial founder. Invited to share our views, we advised a longer-term focus, fewer targets for the stock market and a more Amazon-like detachment from the media noise. Kirkhorn shared his thoughts on the company's future margin structures, the importance of devolving the leadership of the Shanghai manufacturing plant and the burgeoning opportunity in autonomous driving, while Shah explained how his previous experience in leading Amazon's fulfilment strategy would be applied to the scaling of Tesla's energy business, describing energy as "Tesla's AWS". These three individuals, along with Jerome Guillen (President of Automotive) and JB Straubel (Chief Technical Officer), lead us to believe that Tesla has a markedly more cohesive and impressive management team than widely perceived by the stock market whose focus remains, almost entirely, on Elon Musk.
Zalando SE	We met the chairman as part of the company's governance roadshow ahead of the 2019 AGM. This provided the opportunity to reiterate our rationale for withholding support on remuneration at the 20-18 shareholder meeting, primarily related to reservations regarding the alignment between pay and performance. We were also able to discuss upcoming governance changes - the chief technology officer and chief financial officer are joining the three Co-CEOs on the management board. In addition, we touched on the progress and potential impact of the consultation in Germany on the Corporate Governance Code which began last year and is ongoing. The agenda for Zalando's AGM is due to be published in the coming weeks and we will be back in touch with our intended voting action once we analyse it.

Votes Cast in Favour

Companies	Voting Rationale
Asahi Group Holdings, Avanza Bank Holding, Banco Bradesco Pref, Bank Rakyat Indonesia, Bridgestone, Carl Zeiss Meditec, CatCo Reinsurance Opportunities Fund C Shares 2017, CatCo Reinsurance Opportunity Fund, Cemex ADR, Compass, Credit Suisse Nova (Lux) Global Senior Loan Fund, DSV, Ediston Property Investment Company, Euromoney Institutional Investor, Geely Automobile Holdings, Greencoat UK Wind, Impact Healthcare REIT, Infineon Technologies AG, IntegraFin, Just Group, Keppel Infrastructure Trust, Korea Electric Power, Local Shopping REIT, Mitchells & Butlers, NAVER Corp, Netmarble Games, Novozymes, Renewables Infrastructure Group, SK Hynix Inc, Samsung Electronics, Sartorius Stedim Biotech, Shimano, Shiseido, Svenska Handelsbanken, TD Ameritrade Holding Corp, Terra Catalyst Fund, Victrex	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
Asahi Group Holdings	AGM 26/03/19	8	We opposed a shareholder proposal to appoint a new statutory auditor as we do not believe a change to the statutory auditor board is necessary at this time.
HICL Infrastructure Co.	EGM 26/03/19	1	We opposed matters relating to the Scheme of Reconstruction.
HICL Infrastructure Co.	EGM 26/03/19	3	We opposed the authorisation of Legal Formalities.
HICL Infrastructure Co.	EGM 26/03/19	4	We opposed the amendment to the Investment Management Agreement.
Keppel Infrastructure Trust	EGM 12/02/19	2	We opposed the authority to issue equity at a discount to Net Asset Value.
Shimano	AGM 26/03/19	2.4	We opposed the election of a new inside director given the absence of independent outsiders on the Board.
Svenska Handelsbanken	AGM 27/03/19	22	We opposed a shareholder resolution requesting an investigation into the asset allocation of Svenska Handelsbanken's pension scheme as we believe the company, not shareholders, are best placed to decide on this matter.

Companies	Voting Rationale
HICL Infrastructure Co.	We opposed the amendments to the Articles of Association.
Shimano	We opposed the low dividend payment as we believe the company's capital strategy is not in the interests of shareholders.
Compass, Euromoney Institutional Investor, IntegraFin, Victrex	We opposed the proposal that gave the company the right to issue up to two-thirds of its issued share capital via a rights issue under Section 551 of the Companies Act 2006. We do not believe that it is in our clients' best interests to forego the right to vote on a large rights issue at an EGM.
Compass	We opposed the resolution to approve the Remuneration Report.
Compass, Euromoney Institutional Investor, IntegraFin, Victrex	We opposed the resolution which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.

Votes Abstained

Company	Meeting Details	Resolution(s)	Voting Rationale
Bank Rakyat Indonesia	EGM 03/01/19	2	We abstained on the election of directors due to a lack of information.
Keppel Infrastructure Trust	EGM 12/02/19	1	We abstained on the proposed acquisition as through-the-cycle earnings data was not available to assess the relationship with other economically sensitive industries.
Korea Electric Power	AGM 22/03/19	1	We abstained on the financial statements as an audited version of the statements is not available.
Local Shopping REIT	AGM 29/03/19	3	We abstained on the re-election of the senior independent director given the small size of the board and their non-independence.

Companies	Voting Rationale
Netmarble Games	We abstained on the financial statements as the annual report, including the auditor's opinion, was not disclosed ahead of the voting deadline.

Votes Withheld

We did not withhold on any resolutions during the period.

Fees Paid from NAV and Explicit Transaction Costs

	Fees Paid from NAV (%)					Explicit Transaction Costs (%)	
	Manager's Fees	Expenses	Custody Transaction Fee	Total	Other Indirect Fees	Transaction Taxes	Broker Commissions
Baillie Gifford Diversified Growth Fund B2 Acc	0.65	0.31	0.00	0.96	0.00	0.01	0.01
Baillie Gifford Managed Fund B Accum	0.40	0.03	0.00	0.43	0.00	0.02	0.01

Fees Paid from NAV and Explicit Transaction Costs are disclosed as a % of the Pooled Fund(s) on a historical rolling 12 month basis and will only include Pooled Fund(s) held at the end of the quarter. These have been rounded to the nearest two decimal places.
For a Pooled Fund that has not been in existence for at least a year, we will be reflecting actual incurred explicit transaction costs during the relevant period as opposed to annualised costs.

Manager's Fees represent the standard annual investment management fee for the Pooled Fund(s) listed and may not represent the fee actually paid by you. Please refer to either your Terms & Conditions or Management Agreement, as applicable.

Expenses are calculated in accordance with 'Authorised Funds: Guidance on the ongoing charges calculations' issued by the Investment Management Association in October 2011 and include, but are not limited to, depositary fees, custody safe keeping fees, professional fees (e.g. audit fees) and relevant expenses deducted from the net asset values of holdings of other open-ended pooled funds (indirect fees).
Investments are also made in other investment companies, none of which are managed by Baillie Gifford. The underlying expenses of these companies, like the underlying expenses of listed companies, have not been included in Expenses. See Other Indirect Fees below for more details.

Custody Transaction Fees are charged by the custodian for transacting in a market. These flat fees vary by market being transacted. Please note these are different from the custody safe keeping fees, which are charged on a monthly basis and are included in Expenses.

Total is the sum of Manager's Fees, Expenses, and Custody Transaction Fees set out above. The investments held by the Pooled Fund(s) change from time to time and so the figure quoted is an estimate based on the latest available data and asset allocation. The methodology is consistent with that of the Pooled Fund's quoted Ongoing Charges Figure ('OCF').

Other Indirect Fees are expenses of investment companies that have not been included in Expenses.
We are fully committed to cost transparency so we are disclosing this figure as, under Europe's Markets in Financial Instruments Directive (MiFID II), management fees and underlying expenses of investment products should all be included as part of Fees Paid from NAV.
Some of the companies which we identify as investment companies - rather than investment products - also produce cost disclosures. We view these expenses in the same category as expenses incurred by any listed company rather than investment management costs and, consistent with the expenses incurred by other listed companies, we have excluded these from Fees Paid from NAV. However, where these investment companies disclose costs, we have included these in the interest of transparency.

Explicit Transaction Costs (Transaction Taxes and Broker Commissions) arise when buying or selling stocks in the market. Buying or selling of stocks may result from: individual stock considerations, portfolio changes due to broader implementation of Baillie Gifford's investment policy and from both investment inflows and outflows from the Pooled Fund(s). When the Pooled Fund(s) buys or sells investments in response to investment inflows and outflows an estimate of the Transaction Costs is passed onto the incoming/outgoing investor through the pricing mechanism by means of a dilution adjustment.

A more detailed Costs & Charges disclosure is available upon request.

Comparative Analysis

Fund	Average Commission Rate (%)	Firm-Wide Comparator	Average Commission Rate (%)
Diversified Growth Fund	0.06%	Global	0.04%
Managed Fund	0.05%	Global	0.04%
British Smaller Companies Fund	0.06%	UK	0.04%
Global Alpha Growth Fund	0.04%	Global	0.04%
Global Income Growth Fund	0.03%	Global	0.04%
Worldwide Japanese Fund	0.03%	Japan	0.04%
Japanese Smaller Companies Fund	0.04%	Japan	0.04%
Pacific Fund	0.08%	Pacific (ex Japan)	0.05%
Long Term Global Growth Investment Fund	0.04%	Global	0.04%

Baillie Gifford Pooled Funds gain exposure to equity and bond markets in a number of different ways. Some invest directly, some invest in other Pooled Funds (underlying funds) and some hold a combination of these. Where your Scheme invests in Pooled Funds which have direct investments we have shown an analysis of the commission rates paid by those Pooled Funds. Where your scheme invests in Pooled Funds which have exposure to any underlying funds, we have shown an analysis of the commission rates paid by each of the underlying funds. For comparison purposes, we have also shown the average commission rate for similar asset classes across the firm. This should provide a meaningful breakdown of the commission costs borne by your fund.
If further detail is required, full analysis of commission expenditure for any Baillie Gifford Pooled Fund to which you have exposure is available on request.

IA Pension Fund Disclosure Code (Third Edition)	The Pension Fund Disclosure Code was first adopted in May 2002 and was drawn up by a Joint Working Party of Members of the Investment Association (IA) and the National Association of Pension Funds (NAPF). The purpose of the Code is to promote accountability of fund managers to their clients through increased transparency and to assist clients in their understanding of the charges and costs levied on the fund assets for which they have responsibility. Under the Code, fund managers are required to provide clients with information on how they make choices between trading counterparties and trading venues, more detailed information on how the resulting commission spend is built up, and what services are met out of commission spend, in particular such execution and research services as are permitted by the Financial Conduct Authority (FCA). It also provides a comparison of client specific information on costs and trading with similar firm-wide information. Although the Code was initially drawn up with pension funds in mind, we provide the disclosures for all our clients in compliance with relevant regulatory requirements. There are two distinct types of disclosure required by the Code:- Level 1 requires disclosure of Baillie Gifford's policies, processes and procedures in relation to the management of trading costs incurred on behalf of clients. This disclosure is provided annually to clients and is called the "Trading Procedures and Control Processes" document. This document is also available on request. Level 2 requires client specific information to be provided and is contained within this quarterly report. Level 2 aims to provide comprehensive, clear and standardised disclosure of information from which clients and their advisers can compare and monitor trading costs incurred during the fund management process and the services received in exchange for these commissions. We have included disclosure of transactions and commissions for Equities, Bonds, Currencies and Derivatives, where relevant.
Broker Commission	This page gives information by geographic region on the commission paid by the fund on all commission bearing transactions in directly held equities.
Equity Trading Analysis and Commissions	The trading and commissions analysis on the previous pages represents trading and commissions incurred by the fund over the quarter. Portfolio transactions are analysed by counterparty and type of trade. Transactions listed under "Other Rates" include programme trades, direct market access or algorithmic trades where commission rates may be lower. Commissions have been shown by counterparty where the fund holds stocks directly and relate to the purchase of execution only (no payment for research services). Where the fund gains exposure to equities via Open Ended Investment Companies (OEICs), transactions and commission analysis have been provided at the total fund level. A full disaggregation by counterparty for each of these funds is available on request. Where relevant, the proportion of commissions paid under directed or recapture arrangements is also shown. The fund's analysis of transactions and commissions paid is compared with Baillie Gifford's total transactions and commissions paid across all trading in the same asset classes. The fund's average commission rate is compared with Baillie Gifford's average commission rate across all trading in the same asset classes. A similar analysis for OEIC holdings is shown, at the total fund level.
Non-Equity Trading Analysis	The trading report for bonds shows trading volume by the fund over the quarter, analysed by counterparty. As all trades are executed on a net basis, no commission figures are available. Where derivative transactions are permitted, and executed, these are analysed by counterparty (executing broker) and show market value, underlying exposure and (execution) commission. Where the fund gains exposure to bonds via OEICs, transaction volume by counterparty, is available for each of these funds on request. All foreign exchange activity, for the entire portfolio is analysed by counterparty, distinguishing between spot and forward transactions. As all trades are executed on a net basis, no commission figures are available. Where the fund gains exposure to markets via OEICs, currency transaction volume by counterparty, is available for each of these funds on request.
Income and Costs Summary	This shows costs deducted from the fund on an actual basis. Fund management fees and VAT are included during the period when the invoice is raised. Custody costs are included when the sum is debited from the funds managed by Baillie Gifford. Any holdings of in-house pooled funds are shown together with their total expenses on a rolling yearly basis, expressed as a percentage of fund value. Expenses include broker commission on transactions dealt within the fund, bank charges, audit, registrar, depository and Regulatory fees. Any tax paid by the fund is not included. For A and B class OEIC shares investment management fees are also included. A dilution levy may also be charged on OEIC purchases and sales in the case of large transactions. If the portfolio has a holding in a stock that is not covered by the code, such as third party funds or investment trusts, this is also shown.

Important Note - In view of the new disclosure requirements introduced by MiFID II, the IA has withdrawn the Code effective 3 January 2018. MiFID II requires new disclosures setting out how asset managers and AFMs achieve best execution for their clients. These disclosures are considerably more detailed than the existing order execution policies in the Code ("level one" disclosures). We intend to phase out the existing disclosures (as currently included in your quarterly report) and replace with revised disclosures. A more detailed Costs & Charges disclosure is available on request.

	Proceeds (GBP)	Book Cost (GBP)	Profit/Loss (GBP)
Total Purchases		1,448,198	
Accrued Interest		0	
		1,448,198	
Total Sales	0	0	0
Accrued Interest	0		
	0	0	0
Total Net Investment/Disinvestment			1,448,198
Net Accrued Interest			0
Total			1,448,198

Trade Date Settlement Date	Asset Name Sedol Code	Quantity Price	Proceeds (GBP)	Book Cost (GBP)	Profit/Loss (GBP)	Quantity Balance	Book Cost Balance (GBP)
Equities							
UK							
Purchases							
31/03/19 31/03/19	Baillie Gifford Managed Fund B Accum 0601016 *(Accumulation Units' Bookcost)*	0.000 GBP 0.00		521,217		5,160,566.004	52,784,849
Total Purchases				521,217			
Total Net Investment/Disinvestment UK							521,217
Total Net Investment/Disinvestment Equities							521,217

Trade Date Settlement Date	Asset Name Sedol Code	Quantity Price	Proceeds (GBP)	Book Cost (GBP)	Profit/Loss (GBP)	Quantity Balance	Book Cost Balance (GBP)
Diversified Growth							
Other							
UK							
Purchases							
21/01/19 24/01/19	Baillie Gifford Diversified Growth Fund B2 Acc BYQCYV6	75,343.817 GBP 2.04		153,551		12,231,862.971	24,739,315
25/01/19 30/01/19	Baillie Gifford Diversified Growth Fund B2 Acc BYQCYV6	7,508.008 GBP 2.05		15,376		12,239,370.979	24,754,691
14/02/19 19/02/19	Baillie Gifford Diversified Growth Fund B2 Acc BYQCYV6	70,046.310 GBP 2.08		145,416		12,309,417.289	24,900,107
28/02/19 28/02/19	Baillie Gifford Diversified Growth Fund B2 Acc BYQCYV6 *(Equalisation)*	0.000 GBP 0.00		-1,794		12,309,417.289	25,406,456
28/02/19 28/02/19	Baillie Gifford Diversified Growth Fund B2 Acc BYQCYV6 *(Accumulation Units' Bookcost)*	0.000 GBP 0.00		76,586		12,309,417.289	24,976,694
28/02/19 28/02/19	Baillie Gifford Diversified Growth Fund B2 Acc BYQCYV6 *(Equalisation)*	0.000 GBP 0.00		-4,943		12,309,417.289	25,401,513
28/02/19 28/02/19	Baillie Gifford Diversified Growth Fund B2 Acc BYQCYV6 *(Accumulation Units' Bookcost)*	0.000 GBP 0.00		431,556		12,309,417.289	25,408,250
11/03/19 14/03/19	Baillie Gifford Diversified Growth Fund B2 Acc BYQCYV6	53,271.997 GBP 2.09		111,232		12,362,689.286	25,512,745
Total Purchases				926,981			
Total Net Investment/Disinvestment UK							926,981
Total Net Investment/Disinvestment Other							926,981
Total Net Investment/Disinvestment Diversified Growth							926,981
Total							1,448,198

Asset Name	Nominal Holding	Market Price	Book Cost (GBP)	Market Value (GBP)	Fund (%)
Equities					
Baillie Gifford Managed Fund B Accum	5,160,566.004	GBP 10.67	52,784,849	55,063,239	67.8
Total Equities			52,784,849	55,063,239	67.8
Diversified Growth					
Baillie Gifford Diversified Growth Fund B2 Acc	12,362,689.286	GBP 2.11	25,512,745	26,097,637	32.2
Total Diversified Growth			25,512,745	26,097,637	32.2
Total			78,297,595	81,160,876	100.0

Valuation of securities	Holdings in Baillie Gifford Pooled Funds are valued at month end using a single price which reflects closing prices of the underlying assets in the funds. This month end price may differ from the price used for transactions in the funds which is calculated daily at 10am and uses intra-day prices. This provides a consistent basis for reporting.

	Market Value 31 December 2018 (GBP)	Net Investment/ Disinvestment (GBP)	Capital Gain/Loss (GBP)	Market Value 31 March 2019 (GBP)
Equities				
Baillie Gifford Managed Fund B Accum	50,568,386	521,217	3,973,636	55,063,239
Total Equities	50,568,386	521,217	3,973,636	55,063,239
Diversified Growth				
Baillie Gifford Diversified Growth Fund B2 Acc	24,203,630	926,981	967,026	26,097,637
Total Diversified Growth	24,203,630	926,981	967,026	26,097,637
Total	74,772,016	1,448,198	4,940,662	81,160,876

	(GBP)	Book Cost (GBP)	Market Value (GBP)
As at 31 December 2018			
Equities		52,263,632.20	50,568,386.27
Diversified Growth		24,585,764.19	24,203,629.64
		76,849,396.39	74,772,015.91
Income			
Income from Shares and Securities	1,022,623.22		
Management Fee Rebate	15,376.40		
	1,037,999.62		
Net Total Income and Charges		1,037,999.62	1,037,999.62
Change in Market Value of Investments		0.00	4,940,662.04
Cash transferred to/from Portfolio		410,198.77	410,198.77
As at 31 March 2019		78,297,594.78	81,160,876.34
Of which:			
Equities		52,784,849.37	55,063,239.26
Diversified Growth		25,512,745.41	26,097,637.08
Total		78,297,594.78	81,160,876.34

Cash Transfer Detail	
Date	Amount (GBP)
January 2019	153,550.70
February 2019	145,416.14
March 2019	111,231.93
	410,198.77

Holdings Information	Please note the fund portfolio information contained within this report is confidential, proprietary information and should be maintained as such and not disseminated. The content is intended for information purposes only and should not be disclosed to other third parties or used for the purposes of market timing or seeking to gain an unfair advantage
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Mr Gil Paterson	gil.paterson@scottish.parliament.uk	The Scottish Parliament
Mr Tavish Scott	tavish.scott@scottish.parliament.uk	The Scottish Parliament
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Telephone +44 (0)131 275 2000