

# BAILLIE GIFFORD UK GROWTH TRUST PLC

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## Investor Disclosure Document

The UK Alternative Investment Fund Managers Regulations requires certain information to be made available to investors prior to their investment in the Company. The Company's Investor Disclosure Document is available for viewing at [bgukgrowthtrust.com](https://bgukgrowthtrust.com).

### Notes

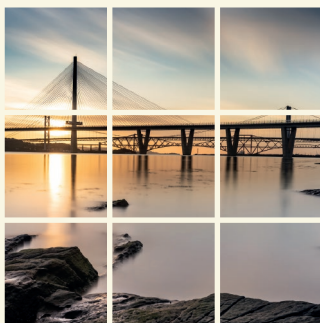
None of the views expressed in this document should be construed as advice to buy or sell a particular investment. Investment trusts are UK public listed companies and as such comply with the requirements of the Financial Conduct Authority. They are not authorised or regulated by the Financial Conduct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

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

### **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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

If you have sold or otherwise transferred all of your holding in Baillie Gifford UK Growth Trust plc, please forward this document, together with accompanying documents, but not your personalised Form of Proxy, as soon as possible to the purchaser of transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was or is being effected for delivery to the purchaser or transferee.



The principal investment objective of the Company is to achieve capital growth predominantly from investment in UK equities, with the aim of providing a total return in excess of the FTSE All-Share Index.

## Financial Highlights – Year to 30 April 2023

Share Price -1.3%

NAV 1.1%

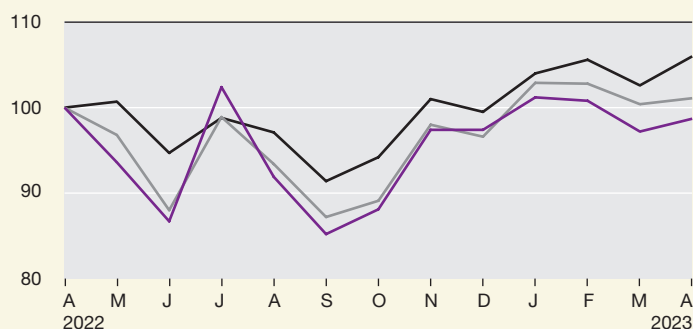
Benchmark\* 6.0%

Source: Refinitiv/Baillie Gifford. All figures are stated on a total return basis. Total return is an Alternative Performance Measure – see Glossary of Terms and Alternative Performance Measures on pages 62 and 63. Comparatives for 2022 can be found on page 4.

### NAV, Share Price and Benchmark Total Return†

(figures rebased to 100 at 30 April 2022)

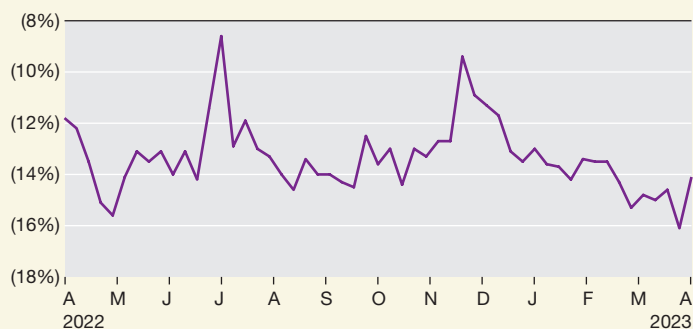
- Share price
- NAV
- Benchmark\*



### Discount† to Net Asset Value

(figures plotted on a weekly basis)

- Discount



\* The benchmark is the FTSE All-Share Index.

† Alternative performance measure – see Glossary of Terms and Alternative Performance Measures on pages 62 and 63.

Source: Refinitiv/Baillie Gifford and relevant underlying index providers. See disclaimer on page 61.

Past performance is not a guide to future performance.

## Strategic Report

The Strategic Report, which includes pages 2 to 17 and incorporates the Chairman's Statement has been prepared in accordance with the Companies Act 2006.

## Chairman's Statement



Carolan Dobson, Chairman

### Performance

For the year to 30 April 2023, the Company's net asset value ('NAV') total return (capital and income) was 1.1% compared to 6.0% for the FTSE All-Share Index total return. Whilst the wild divergence of performance in the share prices of companies perceived to offer either growth or value was more muted this year compared to last, it still persisted, resulting in a disappointing return from a portfolio focused on growth companies. There were also some disappointing individual company outcomes, see the Managers' Report on pages 11 and 12, but no more than might be normally expected. The Company's share price total return over the same period was negative 1.3%.

Examining in detail the current profits and turnover and the portfolio managers' expectations for future trading for the companies in the portfolio shows that the majority of the companies at the profits and revenue level are performing as expected against a backdrop of a difficult UK economy with interest rates and inflation sharply higher than for the last 15 years. The portfolio managers continue to be enthused by the long term prospects of the companies held, as evidenced by the low level of portfolio turnover over the year, of 5%.

### Share Issuance and Buy-backs

There has been little investor appetite to invest in UK equities over the past year and this, coupled with some disappointing performance, has resulted in the shares standing at the financial year end at a 14.1% discount to the Company's NAV compared to 11.8% a year earlier. The discount on the AIC UK All Companies sector was 11.9% compared to 10.6% for the same period last year.

The Company's share buy-back policy seeks to operate in the best interests of shareholders by taking into account the relative level of the Company's share price discount to NAV when compared with peer group trusts, the absolute level of discount, volatility in the level of discount and the impact from share buy-back activity on the long-term liquidity of the Company's issued shares.

The Company has steadily bought back shares throughout the year, buying into treasury 2,975,000 shares, which represents 1.9% of the Company's issued share capital as at 30 April 2022. Since the financial year end, a further 105,000 shares have been bought back into treasury. However, it needs more investor demand for UK growth equities to materially narrow the Company's discount.

The Company benefits from the flexibility of being able to issue new shares or to re-issue any shares that might be held in treasury when there is sufficient demand at a premium to NAV as this helps to improve trading liquidity and reduces ongoing costs by being asset accretive. The Company is seeking to renew the annual issuance authority at its Annual General Meeting ('AGM'). To avoid any dilution to existing investors, shares held in treasury and any new shares would only be re-issued/issued at a premium to NAV and after associated costs.

### Gearing

During the year, the Company replaced its one-year £20m revolving credit facility with The Royal Bank of Scotland International Limited with a one-year £30m revolving credit facility with the same counterparty. Drawn and invested gearing stood at 5% and 3% of shareholders' funds as at the Company's year end compared to 2% for both a year earlier.

The Board sets internal guidelines for the portfolio managers' use of gearing which are altered from time to time but are subject to the absolute amount of any gearing not representing more than 20% of net asset value of the Company at the time of drawdown. Should the level be subsequently breached, then the portfolio managers would be asked to make sales should there be insufficient cash available to reduce the absolute amount of any gearing to below 20%.

### Earnings and Dividends

The net revenue return per share for the year was 4.05p, versus 4.39p in 2022. A final dividend of 3.60p per share, payable on 15 September 2023 to shareholders on the register as at 18 August 2023, is being recommended to shareholders.

The Company's priority is capital growth so shareholders should not rely on receiving a regular or growing level of income from their investment in this Company. Any dividend paid is by way of a single final payment and the Board expects that such dividends would represent approximately the minimum permissible to maintain investment trust status after taking account of variables.

### Board Composition

I intend to step down from the Board no later than next year's AGM and, in line with good corporate governance, will play no role in the recruitment of my successor. Accordingly, I have asked Mr Andrew Westenberger to chair a Nomination Committee to appoint my successor.



An external recruitment consultant will be engaged shortly to undertake the selection of a list of suitable candidates for consideration by the Nomination Committee, after which a recommendation will be put to the Board for approval. The external recruitment consultant will be asked to put forward candidates with the desired skillset and also with a diverse range of characteristics. The Board is ambitious to meet and support the Listing Rule diversity targets and will take these and any other best practice matters into account when determining the appropriateness of a candidate and final appointment. The importance of diversity will be an important factor in the candidate shortlist.

### TCFD and Consumer Duty

The Board welcomes the new FCA regulation which requires Managers of UK based investment vehicles, including investment trusts such as Baillie Gifford UK Growth Trust managed by Baillie Gifford, to produce product-level TCFD (Task Force on Climate-related Financial Disclosures) reports. These reports are a framework designed to disclose information to investors and other stakeholders about the climate-related risks and opportunities in the respective investment vehicle and are a snapshot in time. The Board sees this as a valuable addition to the detailed information already provided by Baillie Gifford to help shareholders assess the climate impact of the investment portfolio. The report produced by Baillie Gifford for our Company, as at end December 2022 and which will be updated annually, can be found at [bgukgrowthtrust.com](https://www.bgukgrowthtrust.com). It shows the portfolio measuring favourably across a number of metrics when compared to the FTSE All-Share benchmark.

The FCA has also introduced new regulations designed to place the interests of consumers at the heart of the businesses it regulates. Investment trusts that are externally managed and not authorised by the FCA, like Baillie Gifford UK Growth Trust plc, are not themselves in scope for the new Consumer Duty regulations, although they and their boards continue to be subject to duties under the Companies Act, the Listing Rules and the Corporate Governance Code. Baillie Gifford as the Company's Manager is subject to the Consumer Duty regulations in respect of a number of its investment products, including shares in the Company. One of its obligations is to undertake an Assessment of Value on these 'products' on a regular basis appropriate to the nature and duration of the product. This assessment is similar, though not identical, to the annual evaluation conducted by the Board of performance and quality of service, costs and shareholder interest. Baillie Gifford has conducted its initial Assessment of Value on Baillie Gifford UK Growth Trust plc and has concluded that the Company does provide value. This Assessment of Value will enable distributors of the Company's shares (such as platforms) to undertake their own assessments under the Consumer Duty regulations and continue to make shares in Baillie Gifford UK Growth Trust plc available to current and potential shareholders.

### Annual General Meeting

It is intended that the Company's AGM will be held on Thursday 7 September 2023 at 12.00 noon at the Institute of Directors, 116 Pall Mall, London SW1Y 5ED. Shareholders are warmly invited to attend. Should the situation change, further information will be made available through the Company's website at [bgukgrowthtrust.com](https://www.bgukgrowthtrust.com) and the London Stock Exchange regulatory news service. The meeting will include a presentation by the portfolio managers on the prospects for UK equities and the positioning of the portfolio. They and the Board will be available to answer any questions. Light refreshments will be available.

### Outlook

Whilst the broader macro-economic environment is undoubtedly uncertain, the vast majority of holdings in the portfolio are expected to grow well in excess of the market and are high quality and resilient. The portfolio managers aim to hold future winners through the cycle, so financial resilience is particularly important. This is why they do not typically invest in highly indebted companies, which means that the portfolio has a lower net debt-to-equity ratio compared to the broader index.

The portfolio managers' approach remains one of patient investment in a portfolio of growth companies, with strong competitive positions, run by sensible management teams. As long-term stock pickers, the portfolio managers are well placed to assess and invest in such names.

Carolyn Dobson  
Chairman  
15 June 2023

For a definition of terms, see Glossary of Terms and Alternative Performance Measures on pages 62 and 63.  
Past performance is not a guide to future performance.

## One Year Summary

	30 April 2023	30 April 2022	% change
Shareholders' funds	£294.4m	£302.9m	
Net asset value per share	195.6p	197.4p	(0.9)
Share price	168.0p	174.2p	(3.6)
FTSE All-Share Index			2.4
Revenue earnings per ordinary share	4.05p	4.39p	(7.7)
Dividends paid and payable in respect of the year	3.60p	3.91p	(7.9)
Ongoing charges*	0.70%	0.63%	
Discount*	(14.1%)	(11.8%)	
Active share*	85%	85%	
Invested gearing*	3%	2%	

Year to 30 April	2023	2022
<b>Total returns (%)*</b>		
Net asset value	1.1	(16.0)
Share price	(1.3)	(27.9)
FTSE All-Share Index	6.0	8.7

Year to 30 April	2023	2023	2022	2022
<b>Year's high and low</b>	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>
Net asset value per share	207.3p	164.5p	258.0p	183.5p
Share price	179.0p	141.5p	255.0p	166.5p
Discount*	(8.6%)	(17.2%)	3.7%	(12.2%)

	30 April 2023	30 April 2022
<b>Net return per ordinary share</b>		
Revenue	4.05p	4.39p
Capital	(2.57p)	(41.89p)
<b>Total</b>	<b>1.48p</b>	<b>(37.50p)</b>

For a definition of terms see Glossary of Terms and Alternative Performance Measures on pages 62 and 63.

\* Alternative performance measure – see Glossary of Terms and Alternative Performance Measures on pages 62 and 63.

Source: Refinitiv/Baillie Gifford and relevant underlying index providers. See disclaimer on page 61.

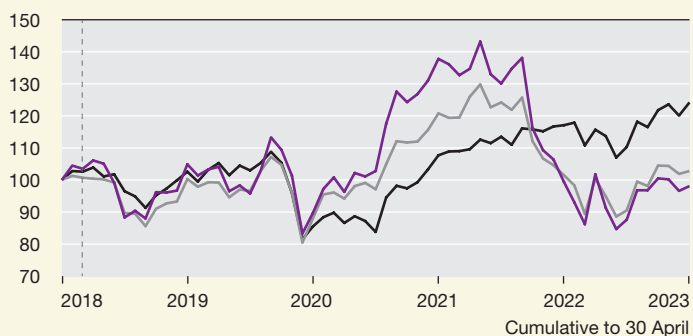
Past performance is not a guide to future performance.

## Five Year Summary

The following charts indicate how an investment in Baillie Gifford UK Growth Trust has performed relative to its benchmark and its underlying net asset value over the five year period to 30 April 2023.

### Five Year Total Return\* Performance

(figures rebased to 100 at 30 April 2018)

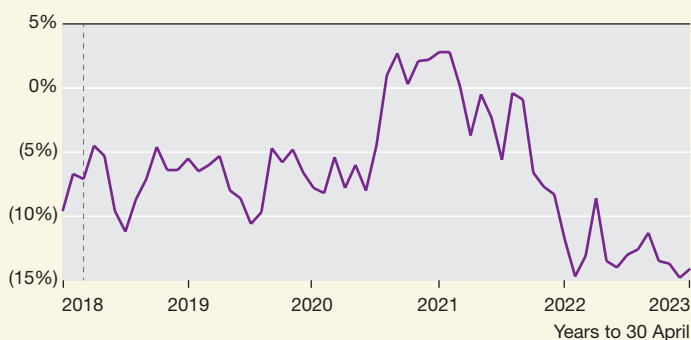


Source: Refinitiv/Baillie Gifford and relevant underlying index providers†.

- Share price
- NAV
- Benchmark#

### (Discount)/Premium\* to Net Asset Value

(figures plotted on a monthly basis)

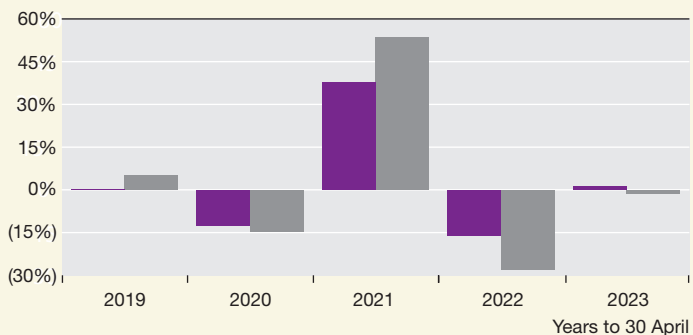


Source: Refinitiv/Baillie Gifford and relevant underlying index providers†.

- (Discount)/premium

The (discount)/premium is the difference between UK Growth's quoted share price and its underlying net asset value.

### Annual Net Asset Value and Share Price Total Returns\*

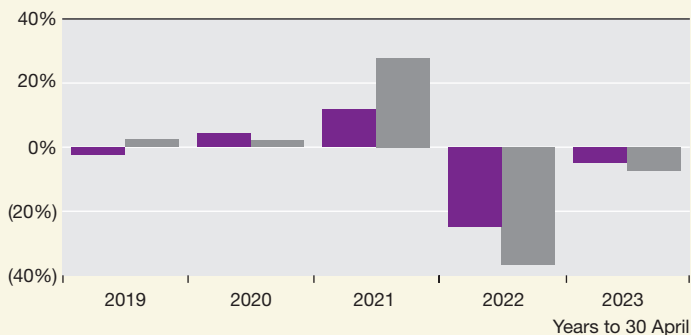


Source: Refinitiv/Baillie Gifford and relevant underlying index providers†.

- NAV return
- Share price return

### Annual Net Asset Value and Share Price Total Returns\*

(relative to the benchmark# total returns)



Source: Refinitiv/Baillie Gifford and relevant underlying index providers†.

- NAV return
- Share price return

\* See Glossary of Terms and Alternative Performance Measures on pages 62 and 63.

† See disclaimer on page 61.

# The benchmark is the FTSE All-Share Index.

The vertical dotted line at 30 June 2018 represents the appointment of Baillie Gifford & Co Limited as Managers and Secretaries.

Past performance is not a guide to future performance.

## Ten Year Record

### Capital

At 30 April	Total assets £'000	Borrowings £'000	Shareholders' funds £'000	Net asset value per share* p	Share price p	(Discount)/premium † %
2013	301,074	25,000	276,074	171.6	157.0	(8.5)
2014	332,917	30,000	302,917	188.2	178.5	(5.2)
2015	298,837	–	298,837	185.7	167.0	(10.1)
2016	274,880	–	274,880	171.4	152.9	(10.8)
2017	304,372	–	304,372	195.6	168.5	(13.9)
2018	324,252	12,000	312,252	207.5	187.5	(9.6)
2019	305,735	–	305,735	203.1	192.0	(5.5)
2020	263,659	–	263,659	175.2	161.5	(7.8)
2021	365,503	2,450	363,053	237.3	244.0	2.8
2022	309,383	6,450	302,933	197.4	174.2	(11.8)
<b>2023</b>	<b>308,872</b>	<b>14,450</b>	<b>294,422</b>	<b>195.6</b>	<b>168.0</b>	<b>(14.1)</b>

Source: Baillie Gifford/Refinitiv. See disclaimer on page 61.

\* Net asset value per ordinary share has been calculated after deducting borrowings. See Glossary of Terms and Alternative Performance Measures on pages 62 and 63.

† (Discount)/premium is the difference between the Company's quoted share price and its underlying net asset value expressed as a percentage of net asset value.

See Glossary of Terms and Alternative Performance Measures on pages 62 and 63.

### Revenue

Year to 30 April	Gross revenue £'000	Available for ordinary shareholders £'000	Revenue earnings per ordinary share p	Dividends paid and proposed per ordinary share p	Ongoing charges ratio # %
2013	7,737	6,666	4.14	4.00	0.86
2014	10,758	9,843	6.12	5.50 §	0.47
2015	10,372	9,475	5.89	6.00 §	0.47
2016	9,839	9,262	5.77	5.20	0.32
2017	10,069	9,248	5.83	5.40	0.62
2018	10,980	10,099	6.58	6.00	0.63
2019	8,658	7,710	5.12	4.45	0.51 **
2020	6,562	5,644	3.75	3.10	0.66
2021	5,297	4,351	2.88	2.42	0.65
2022	7,787	6,737	4.39	3.91	0.63
<b>2023</b>	<b>7,260</b>	<b>6,145</b>	<b>4.05</b>	<b>3.60</b>	<b>0.70</b>

Source: Baillie Gifford.

# Total operating costs divided by average net asset value. See Glossary of Terms and Alternative Performance Measures on pages 62 and 63.

‡ Borrowings less all cash and cash equivalents divided by shareholders' funds. See Glossary of Terms and Alternative Performance Measures on pages 62 and 63.

¶ Borrowings divided by shareholders' funds. See Glossary of Terms and Alternative Performance Measures on pages 62 and 63.

§ Includes a special dividend of 1.00p per ordinary share.

\*\* Baillie Gifford & Co Limited was appointed Manager in 2018 and agreed to waive the management fee for the year ended 30 April 2019 to the extent of £732,000.

Without the management fee waiver, the ongoing charges for the year to 30 April 2019 would have been 0.76%.

### Gearing Ratios

Invested gearing ‡ %	Drawn gearing ¶ %
5	9
9	10
(4)	–
(2)	–
(1)	–
3	4
(1)	–
(1)	–
–	1
2	2
<b>3</b>	<b>5</b>

### Cumulative Performance (taking 2013 as 100)

At 30 April	Net asset value per share	Net asset value total return*	Share price	Share price total return*	Benchmark ^	Benchmark total return*	Revenue earnings per ordinary share	Dividends paid and proposed per ordinary share
2013	100	100	100	100	100	100	100	100
2014	110	112	114	117	107	111	148	138
2015	108	114	106	113	111	119	142	150
2016	100	109	97	107	101	112	139	130
2017	114	128	107	122	117	135	141	135
2018	121	140	119	141	122	146	159	150
2019	118	141	122	148	120	149	124	111
2020	102	123	103	126	96	124	91	78
2021	138	169	155	194	118	157	70	61
2022	115	142	111	140	123	170	106	98
<b>2023</b>	<b>114</b>	<b>144</b>	<b>107</b>	<b>138</b>	<b>126</b>	<b>181</b>	<b>98</b>	<b>90</b>

### Compound annual returns

5 year	(1.2%)	0.6%	(2.2%)	(0.4%)	0.6%	4.4%	(9.2%)	(9.7%)
10 year	1.3%	3.7%	0.7%	3.3%	2.3%	6.1%	(0.2%)	(1.0%)

Source: Baillie Gifford/Refinitiv and relevant underlying index providers. See disclaimer on page 61.

\* See Glossary of Terms and Alternative Performance Measures on pages 62 and 63.

^ FTSE All-Share Index.

Past performance is not a guide to future performance.



## Business Review

### Business Model

#### Business and Status

Baillie Gifford UK Growth Trust plc ('the Company') is a public company limited by shares and is incorporated in England. The Company is an investment company within the meaning of section 833 of the Companies Act 2006 and carries on business as an investment trust. Investment trusts are UK public listed companies and their shares are traded on the London Stock Exchange. They invest in a portfolio of assets in order to spread risk. The Company has a fixed share capital, although, subject to shareholder approval sought annually, it may purchase its own shares or issue shares. The price of the Company's shares is determined, like other listed shares, by supply and demand. The Company has been approved as an investment trust by HM Revenue & Customs subject to the Company continuing to meet the eligibility conditions. The Directors are of the opinion that the Company has continued to conduct its affairs so as to enable it to comply with the ongoing requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011.

The Company is an Alternative Investment Fund (AIF) for the purposes of the UK Alternative Investment Fund Managers Regulations.

#### Investment Objective

The principal investment objective of the Company is to achieve capital growth predominantly from investment in UK equities, with the aim of providing a total return in excess of the FTSE All-Share Index.

#### Investment Policy

The Company invests in a portfolio of between 35 and 65 companies selected for their potential to provide, in aggregate, attractive returns relative to the total return of the FTSE All-Share Index.

The portfolio is invested primarily in listed equities but may also invest in unlisted investments, including private companies, convertible securities, and equity-related derivatives.

On acquisition of any unlisted investment, the Company's aggregate holding in unlisted investments shall not exceed 10% of the total asset value of the Company.

The Company may also use derivatives for efficient portfolio management purposes.

The majority of investments are constituents of the FTSE 350 Index although constituents of other UK FTSE indices may be held.

The Company is also permitted to make investments outside of the UK where these investments have a meaningful connection with the UK.

The size of individual stock holdings depends on the Managers' degree of conviction, not the stock's weight in any index.

The Company may not invest more than 15% of its total assets in any one single company measured at the time of investment.

The maximum permitted investment in other listed investment companies (including investment trusts) is 10% of total assets at the time of purchase unless such companies have a stated investment policy not to invest more than 15% of their total assets in other listed investment companies, in which case the limit is 15%.

The level of gearing within the portfolio is agreed by the Board and the absolute amount of any gearing should not exceed 20% of the net asset value of the Company at the time of drawdown.

The Company can also hold up to 20% of total assets in cash or cash equivalents.

### Performance

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

#### Key Performance Indicators

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

- the movement in net asset value total return per ordinary share relative to the benchmark total return over the longer term;
- the movement in the share price total return relative to the benchmark total return over the longer term;
- the absolute level of movement in the net asset value total return over the longer term;
- the absolute level of movement in the share price total return over the longer term;
- the premium/discount of the share price to the net asset value per share;
- management fee; and
- ongoing charges.

An explanation of these measures can be found in the Glossary of Terms and Alternative Performance Measures on pages 62 and 63.

The one, five and ten year records of the KPIs can be found on pages 4, 5 and 6.

In addition to the above, the Board considers peer group comparative performance.

### Borrowings

The Company has a one year £30 million unsecured revolving credit loan facility with The Royal Bank of Scotland International Limited which is due to expire on 6 July 2023 and negotiations are underway to replace this facility. At 30 April 2023, £14,450,000 had been drawn down (2022 – £6,450,000). Further details of the Company's borrowings are set out in note 11 on page 48.

### Principal and Emerging Risks

As explained on pages 25 and 26 there is an ongoing process for identifying, evaluating and managing the risks faced by the Company on a regular basis. The Directors have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, regulatory compliance, solvency or liquidity. There have been no significant changes to the principal risks during the year. A description of these risks and how they are being managed or mitigated is set out below.

The Board considers heightened macroeconomic and geopolitical concerns to be factors which exacerbate existing areas of risk as categorised and further explained below.

**Financial Risk** – the Company's assets consist mainly of listed securities and its principal and emerging risks are therefore market related and include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. An explanation of those risks and how they are managed is contained in note 18 on pages 50 to 53. The Board has, in particular, considered the impact of heightened market volatility since the Covid-19 pandemic and over recent months due to macroeconomic factors such as higher inflation and interest rates and geopolitical concerns, including the Russia-Ukraine conflict. To monitor and, where possible, mitigate these risks the Board considers at each meeting various portfolio metrics including individual stock performance, the composition and diversification of the portfolio by sector, purchases and sales of investments and the top and bottom contributors to performance. The Managers provide rationale for stock selection decisions. A strategy meeting is held annually.

**Investment Strategy Risk** – pursuing an investment strategy to fulfil the Company's objective which the market perceives to be unattractive or inappropriate, or the ineffective implementation of an attractive or appropriate strategy, may lead to reduced returns for shareholders and, as a result, a decreased demand for the Company's shares. This may lead to the Company's shares trading at a widening discount to their net asset value. To mitigate this risk, the Board regularly reviews and monitors: the Company's objective and investment policy and strategy; the investment portfolio and its performance; the level of discount/premium to net asset value at which the shares trade; and movements in the share register.

**Climate and Governance Risk** – as investors place increased emphasis on Environmental, Social and Governance (ESG) issues, perceived problems on ESG matters in an investee company could lead to that company's shares being less attractive to investors, adversely affecting its share price, in addition to potential valuation issues arising from any direct impact of the failure to address the ESG weakness on the operations or management of the investee company (for example in the event of an industrial accident or spillage). Repeated failure by the Investment Manager to identify ESG weaknesses in investee companies could lead to the Company's own shares being less attractive to investors, adversely affecting its own share price. This is mitigated by the Investment Managers' thorough ESG stewardship and engagement policies, which are available to view on the Managers' website: [bailliegifford.com](https://www.bailliegifford.com) and have been reviewed and endorsed by the Company, and are fully integrated into the investment process as well as the extensive upfront and ongoing due diligence which the Investment Managers undertake on each investee company. This due diligence includes assessment of the risks inherent in climate change (see page 27).

**Discount Risk** – the discount/premium at which the Company's shares trade relative to its net asset value can change. The risk of a widening discount is that it may undermine investor confidence in the Company. To manage this risk, the Board monitors the level of discount/premium at which the shares trade and the Company has authority to buy back its existing shares when deemed by the Board to be in the best interests of the Company and its shareholders.

**Regulatory Risk** – failure to comply with applicable legal and regulatory requirements such as the tax rules for investment trust companies, the FCA Listing Rules and the Companies Act could lead to suspension of the Company's Stock Exchange listing, financial penalties, a qualified audit report or the Company being subject to tax on capital gains. To mitigate this risk, Baillie Gifford's Business Risk, Internal Audit and Compliance Departments provide regular reports to the Audit Committee on Baillie Gifford's monitoring programmes. Major regulatory change could impose disproportionate compliance burdens on the Company. In such circumstances representation is made to ensure that the special circumstances of investment trusts are recognised. Shareholder documents and announcements, including the Company's published Interim and Annual Report and Financial Statements, are subject to stringent review processes, and procedures are in place to ensure adherence to the Transparency Directive and the Market Abuse Directive with reference to inside information.

**Custody and Depositary Risk** – safe custody of the Company's assets may be compromised through control failures by the Depositary, including cyber security incidents. To mitigate this risk, the Audit Committee receives six monthly reports from the Depositary confirming safe custody of the Company's assets held by the Custodian. Cash and portfolio holdings are independently reconciled to the Custodian's records by the Managers. The Custodian's assured internal controls reports are reviewed by Baillie Gifford's Business Risk Department and a summary of the key points is reported to the Audit Committee and any concerns investigated. In addition, the existence of assets is subject to annual external audit.

**Operational Risk** – failure of Baillie Gifford's systems or those of other third party service providers could lead to an inability to provide accurate reporting and monitoring or a misappropriation of assets. To mitigate this risk, Baillie Gifford has a comprehensive business continuity plan which facilitates continued operation of the business in the event of a service disruption or major disaster. The Audit Committee reviews Baillie Gifford's Report on Internal Controls and the reports by other key third party providers are reviewed by Baillie Gifford on behalf of the Board. The other key third party service providers have not experienced significant operational difficulties affecting their respective services to the Company.

**Cyber Security Risk** – a cyber attack on Baillie Gifford's network or that of a third party service provider could impact the confidentiality, integrity or availability of data and systems. To mitigate this risk, the Audit Committee reviews Reports on Internal Controls published by Baillie Gifford and other third party service providers. Baillie Gifford's Business Risk Department report to the Audit Committee on the effectiveness of information security controls in place at Baillie Gifford and its business continuity framework. Cyber security due diligence is performed by Baillie Gifford on third party service providers which includes a review of crisis management and business continuity frameworks.

**Leverage Risk** – the Company may borrow money for investment purposes (sometimes known as ‘gearing’ or ‘leverage’). If the investments fall in value, any borrowings will magnify the impact of this loss. If borrowing facilities are not renewed, the Company may have to sell investments to repay borrowings. To mitigate this risk, all borrowing facilities require the prior approval of the Board and leverage levels are discussed by the Board and Managers at every meeting. Covenant levels are monitored regularly. The Company’s investments are in listed securities that are readily realisable. Further information on leverage can be found on page 61 and in the Glossary of Terms and Alternative Performance Measures on pages 62 and 63.

**Political Risk** – political developments are monitored and considered by the Board. Following the departure of the UK from the European Union, the Board continues to assess the potential consequences for the Company’s future activities including those that may arise from further constitutional change.

**Emerging Risks** – as explained on pages 25 and 26, the Board has regular discussions on principal risks and uncertainties, including any risks which are not an immediate threat but could arise in the longer term. The Board considers that the key emerging risks arise from the interconnectedness of the global economy and the related exposure of the investment portfolio to external and emerging threats such as the societal and financial implications of an escalation of geopolitical tensions, cyber risk, new coronavirus variants or similar public health threats. This is mitigated by the Investment Managers’ close links to the investee companies and their ability to ask questions on contingency plans. The Investment Managers believe the impact of such events may be to slow the pace of growth rather than to invalidate the investment rationale over the long term.

### Viability Statement

Notwithstanding that the continuation of the Company is subject to approval by shareholders every five years, with the next vote at the Annual General Meeting in 2024, the Directors have, in accordance with provision 31 of the UK Corporate Governance Code, assessed the prospects of the Company over a five year period. The Directors continue to believe this period to be appropriate as it reflects the Company’s longer term investment strategy and to be a period during which, in the absence of any adverse change to the regulatory environment and to the tax treatment afforded to UK investment trusts, they do not expect there to be any significant change to the current principal risks facing the Company nor to the effectiveness of the controls employed to mitigate those risks. Furthermore, the Directors do not reasonably envisage any change in strategy or any events which would prevent the Company from operating over a period of five years.

In considering the viability of the Company, the Directors have conducted a robust assessment of each of the principal and emerging risks and uncertainties, including climate change, detailed on pages 7 to 9 and in particular the impact of market risk where a significant fall in UK equity markets would adversely impact the value of the investment portfolio. The vast majority of the Company’s investments are listed and readily realisable and can be sold to meet its liabilities as they fall due. The Directors

have also considered the Company’s leverage and liquidity in the context of the unsecured revolving credit loan facility of £30 million expiring in July 2023, which had £14,450,000 drawn down at 30 April 2023 and £16,350,000 drawn down as at 14 June 2023. Negotiations are underway to replace this facility. Specific leverage and liquidity stress testing was conducted during the year, including consideration of the risk of further market deterioration resulting from heightened macroeconomic and geopolitical concerns. The stress testing did not indicate any matters of concern. In addition, all of the key operations required by the Company are outsourced to third party service providers and it is reasonably considered that alternative providers could be engaged at relatively short notice where necessary.

Based on the Company’s processes for monitoring revenue projections and operating costs, share price discount/premium, the Managers’ compliance with the investment objective, asset allocation, the portfolio risk profile, leverage, counterparty exposure, liquidity risk, financial controls and the Managers’ operational resilience, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years subject to passing the continuation vote at the Annual General Meeting in 2024.

### Section 172 Statement

Under section 172 of the Companies Act 2006, the directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters and to the extent applicable) to:

- (a) the likely consequences of any decision in the long-term;
- (b) the interests of the company’s employees;
- (c) the need to foster the company’s business relationships with suppliers, customers and others;
- (d) the impact of the company’s operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the company.

In this context and having regard to the Company being an externally-managed investment company with no employees, the Board considers that the Company’s key stakeholders are its existing and potential new shareholders, its externally-appointed managers (Baillie Gifford) and other professional service providers (corporate broker, registrar, auditor and depositary), lenders, wider society and the environment.

Great importance is placed by the Board on communication with shareholders and the Annual General Meeting provides the key forum for the Board and Managers to present to shareholders on the performance of the Company and on the future plans/prospects for the Company (see Notice of Meeting on page 54). It also allows shareholders the opportunity to meet with the Board and Managers and to raise questions and concerns. The Chairman is available to meet with shareholders as appropriate and the Managers meet regularly with shareholders and their

respective representatives, reporting back on views to the Board. Shareholders may also communicate with the Board at any time by writing to them at the Company's registered office, writing to the Company's broker or emailing the Managers at [trustinquiries@bailliegifford.com](mailto:trustinquiries@bailliegifford.com). These communication opportunities help inform the Board when considering how best to promote the success of the Company for the benefit of all shareholders over the long-term.

The Board seeks to engage with its Managers and other service providers in a collaborative and collegiate manner, with open and respectful discussion and debate being encouraged, whilst also ensuring that appropriate and regular challenge is brought and evaluation is conducted. The aim of this approach is to enhance service levels and strengthen relationships with the Company's providers with a view to ensuring the interests of the Company's shareholders and other stakeholders are best served by keeping cost levels proportionate and competitive, by maintaining the highest standards of business conduct and by upholding the Company's values.

Whilst the Company's operations are limited (with all substantive operations being conducted by the Company's third party service providers), the Board is keenly aware of the need to consider the impact of the Company's investment strategy and policy on wider society and the environment. The Board considers that its oversight of environmental, social and governance (ESG) matters is an important part of its responsibility to all stakeholders and that proper consideration of ESG factors sits naturally with the Company's long-term approach to investment. The Board monitors the Managers' response to the current and anticipated global impact of climate change on its investment strategy. Further details on the Managers' engagement on these matters can be found in its annual Stewardship Report which is available on the Managers' website at [bailliegifford.com](http://bailliegifford.com) and also on pages 14 and 15. The Board's approach to matters of diversity is set out on pages 24 and 25.

The Board recognises the importance of keeping the interests of the Company's shareholders, and of acting fairly between them, firmly front of mind in its key decision making and the Company Secretaries are at all times available to the Board to ensure that suitable consideration is given to the range of factors to which the Directors should have regard. In addition to ensuring that the Company's stated investment objective was being pursued, key decisions and actions during the year which have required the Directors to have regard to applicable section 172 factors include:

- In July 2022, the Company replaced its one year £20 million revolving credit facility with The Royal Bank of Scotland International Limited with a £30 million revolving one year credit facility which provides the Company a borrowing capacity in order to generate improved returns to shareholders through the deployment of gearing;

- The decision to commence a recruitment process for a new Director, seeking to identify candidates that meet the Nomination Committee's objective of developing a diverse pipeline for Board succession. The importance of diversity will be a factor in the candidate short list; and
- The buying back of £4.8 million of the Company's own shares into treasury for subsequent reissue at a later date, at a discount to net asset value, in order to ensure the Company's shareholders found liquidity for their shares when natural market demand was insufficient, and on terms that enhance NAV/share for remaining shareholders.

### Employees, Human Rights and Community Issues

The Board recognises the requirement to provide information about employees, human rights and community issues. As the Company has no employees, all its Directors are non-executive and all its functions are outsourced, there are no disclosures to be made in respect of employees, human rights and community issues. Further information on the Company's approach to environmental, social and governance (ESG) matters is provided on page 27.

### Gender Representation

The Board comprises four Directors, two female and two male. The Company has no employees. The Board's policy on diversity is set out on page 24.

### Environmental, Social and Governance Policy

Details of the Company's policy on socially responsible investment can be found under Corporate Governance and Stewardship on page 27.

The Company considers that it does not fall within the scope of the Modern Slavery Act 2015 and it is not, therefore, obliged to make a slavery and human trafficking statement. In any event, the Company considers its supply chains to be of low risk as its suppliers are typically professional advisers. A statement by the Managers under the Act has been published on the Managers' website at [bailliegifford.com](http://bailliegifford.com).

### Future Developments of the Company

The outlook for the Company for the next 12 months is set out in the Chairman's Statement on pages 2 and 3 and the Managers' Report on pages 11 and 12.

The Strategic Report, which includes pages 2 to 17 was approved by the Board of Directors and signed on its behalf on 15 June 2023.

Carolyn Dobson  
Chairman



## Managers' Report

We are disappointed and sorry to be writing to fellow shareholders about a poor year of relative performance for the portfolio. While we totally understand that you might be despondent or frustrated, we remain firmly of the view that the portfolio is well positioned for the future and as a consequence portfolio turnover has remained low at 5%.

If one thinks in terms of half-year periods, the Company has endured a difficult period of performance since November 2021 up to the end of October 2022. The principal reasons for that were a toxic combination of our 'Growth style' falling out of favour and a few large UK mega-cap stocks such as big oil and big pharma performing better in tougher or more uncertain times. Of course, some of our stock picking hasn't been ideal either but the data is pretty unambiguous. The style headwinds we have encountered are the biggest factor for the underperformance. For example, the biggest detractor to performance over the year to end April 2023 was Molten Ventures, the investor in private growth businesses. Unsurprisingly, given the fall in valuations of private companies globally, it recently announced that its unaudited net asset value had declined by 17% in the year to 31 March 2023. So yes, a tougher year for Molten but its share price declined by 59% meaning that at our year-end Molten traded at a 60% discount to this lower valuation. Clearly the stockmarket expects further valuation declines but this extreme pessimism seems at odds with the underlying progress Molten has seen in most of its main investments.

It begs the question of whether our growth style is simply misguided and we need to adapt to different times? We can only address the question with humility as we cannot be sure that we 'know' the correct answer. Our experience tells us two things: firstly, many people want simple answers to complex problems, which explains the rise of populist politicians in many countries. This type of thinking is seductive and persuasive after poor periods of performance and probably explains why 'style drift' is the biggest 'killer' of fund managers. We are not complacent and have debated between ourselves, and also with the Board (one of the great benefits of the investment trust structure), as to whether we could or should have done things differently in the last two years. The answer in both cases is that, as bottom-up stock pickers, we should continue to back our judgement. Indeed, to be blunt, had we tried to chase short term performance, it would have meant endorsing a skill that we have repeatedly said we lack and also abandoning our investment principles. Attempting both would have created more problems and concerns without necessarily having improved performance.

The second observation from experience is that as individual managers we have been through long patches of underperformance before and the key lesson learnt is to stay true to one's beliefs and investment style, no matter the temptation. Thus, we have tried to remain focussed, stay long term in our investment horizon and to keep appraising the stocks in the portfolio as to whether we think they will be additive to its performance. We probably sound like a

broken record, but we believe that share prices follow fundamentals and the latter are good in this portfolio. Again, this is probably only of partial reassurance. The elephant in the room is of course when will growth as a style come back into favour? It would give us no greater pleasure to answer that positively but we have to be honest and say that we simply have no idea when this will happen. At least we can report that in the second half of the financial year being reported on, the portfolio modestly outperformed the index that itself rose by a healthy 13%.

Of course, we have absolutely no idea if this is a turning point or a random event, but at the very least this gives us a little encouragement that some of the domestic doom and gloom that we reported on at the half-year has started to lift as the aftershocks of the Truss administration fade and the economic data proves not to be as dire as widely predicted.

Perhaps understandably there has been a focus on top-down factors such as political instability, the war in Ukraine, rising inflation and, more recently, the banking crisis in both the US and Europe. But as some of these factors fade, or at least are 'managed' by both businesses and consumers, we suspect that at some point there will be a return to focussing on company fundamentals and growth prospects, and here we remain greatly encouraged.

### Portfolio

As noted above, portfolio activity remained low. In addition to Just Eat Takeaway.com, our two main sales, as reported at the half-year, were the takeovers of Euromoney Institutional Investor and Homeserve, both of which we reluctantly accepted. In the interim report we also talked about new purchases in the IT suppliers Softcat and Kainos and in the second half we added to both; they have continued to report robust growth. We also added to the heat treatment business Bodycote, as we thought the market was too preoccupied with the undoubted cyclical nature of some of its end markets, such as automotive and general industrial, and is underappreciating the restructuring of the business by management into a far more focussed and profitable business with some interesting growth angles. We also added to the financial platforms AJ Bell and Integrafyn having previously reduced our position in Hargreaves Lansdown. This reflects our conviction that the first two businesses have clearer propositions in their end markets (both deal with IFA customers with AJ Bell also serving the direct-to-consumer market). Both suffered share price weakness due to tougher markets which brought their ratings down to even more attractive levels.

Elsewhere, we resisted the temptation to tinker with the portfolio. Looking at growth, or sometimes the lack of it, has been made tricky by the pandemic, the recovery from pandemic and now the gloom about a deteriorating economic picture across many countries. Throw in the impact of soaring inflation, higher interest rates and taxes, and optically you have an uncertain and unattractive backdrop for businesses. Yet that is not what the vast majority of our companies are reporting. For sure, they all have to



navigate the challenges listed above and it would be irresponsibly naïve to think one's portfolio is immune to short-term challenges, but it is also important to note that good companies can manage the challenges and find new opportunities, whether it be: the plant hire business Ashtead finding new areas to rent (very lucratively in the case of hiring out floor cleaning equipment for example); the platform business Autotrader offering additional services and thus deriving more revenue streams from second-hand car sales; or, hobbyist retailer Games Workshop making progress in potentially monetising, with Amazon TV, some of its vast intellectual IP. There are reasons to be optimistic. Finally, on unlisted investments, we made no new investments in the year and our only exposure here is through Wayve, an autonomous vehicle technology business.

### Outlook

It has been a challenging time for investors and, as we've already noted, there are many economic and geopolitical worries and issues. Despite this, we look at the portfolio of companies held and most have strong market positions, healthy balance sheets and good management teams. We are therefore reassured and excited about its prospects. While we understand that performance has to improve to warrant this optimism, we believe the attractive growth fundamentals of the portfolio remain in place and we have the necessary patience to see them reflected.

Iain McCombie and Milena Mileva  
Baillie Gifford & Co  
15 June 2023

## The Managers' Core Investment Principles

### Investment Philosophy

The following are the three core principles underpinning our investment philosophy. We have a consistent, differentiated long-term investment approach to managing UK equities that should stand investors in the Company in good stead:

#### Growth

We search for the few companies which have the potential to grow substantially and profitably over many years. Whilst we have no insight into the short-term direction of a company's share price, we believe that, over the longer term, those companies which deliver above average growth in cash flows will be rewarded with above average share price performance and that the power of compounding is often under-appreciated by investors. Successful investments will benefit from a rising share price and also from income accumulated over long periods of time.

#### Patience

Great growth companies are not built in a day. We firmly believe that investors need to be patient to fully benefit from the scale of the potential. Our investment time horizon, therefore, spans decades rather than quarters and our portfolio turnover\*, at 5.1%, is significantly below the UK industry average. This patient, long-term approach affords a greater chance for the superior growth and competitive traits of companies to emerge as the dominant influence on their share prices and allows compounding to work in the investors' favour.

#### Active Investment Management

It is our observation that too much attention is paid to the composition of market indices and active managers should make meaningful investments in their best ideas regardless of the weightings of the index. For example, we would never invest in a company just because it is large or to reduce risk. As a result, shareholders should expect the composition of the portfolio to be significantly different from the benchmark. This differentiation is a necessary condition for delivering superior returns over time and shareholders should be comfortable tolerating the inevitable ups and downs in short-term relative performance that will follow from that.

Portfolio construction flows from the investment beliefs stated above.

## The Managers' Stewardship Principles

We have a responsibility to behave as supportive and constructively engaged long-term investors. Our approach favours a small number of simple principles which help shape our interactions with companies:

### Prioritisation of Long-term Value Creation

We encourage company management and their boards to be ambitious and focus their investments on long-term value creation.

### Sustainable Business Practices

We look for companies to act as responsible corporate citizens, working within the spirit and not just the letter of the laws and regulations that govern them.

### Fair Treatment of Stakeholders

We believe it is in the long-term interests of companies to maintain strong relationships with all stakeholders, treating employees, customers, suppliers, governments and regulators in a fair and transparent manner.

### A Constructive and Purposeful Board

We believe that boards play a key role in supporting corporate success and representing the interests of minority shareholders.

### Long-term Focused Remuneration with Stretching Targets

We look for remuneration policies that are simple, transparent and reward superior strategic and operational endeavour.

## Climate Transition Framework

The Managers use a four-question Climate Transition Framework (outlined below) to undertake detailed climate specific analysis on the highest emitting companies in the portfolio. The answers to these questions help determine decisions about the weightings of holdings within the portfolio, engagement priorities and decisions around potential divestments.

1. Are the company's products or services essential?
  - Do cleaner alternatives exist?
2. Does the company have a credible strategy to decarbonise and mitigate its impact consistent with limiting global temperature increases to 1.5°C above pre-industrial levels?
  - Does the corporate culture support this strategy?
3. Is it a climate solution provider?
  - Is it likely to be a direct player, or material influencer, in the transition to a net zero economy?
  - How will it contribute to the transition?
4. How is it exposed to broader transitional and physical risks associated with climate change and the transition to net zero?

\* Alternative Performance Measure – see Glossary of Terms and Alternative Performance Measures on pages 62 and 63.

## ESG Engagement

By engaging with companies, we seek to build constructive relationships with them, to better inform our investment activities and, where necessary, effect change within our holdings, ultimately with the goal of achieving better returns for our shareholders. The three examples below demonstrate our stewardship approach through constructive, ongoing engagement.

### Hargreaves Lansdown

#### Objectives

Engagement on a number of key areas throughout the year, namely:

- the Chair's appointment to an additional chairmanship
- board changes and investment priorities
- CEO departure and succession management

#### Discussions and Outcomes

We had several meetings with relevant stakeholders to discuss each of these areas. With regards to the Chair's appointment to an additional chairmanship, we met with the general counsel and company secretary in early 2022, who assured us that the board had undertaken a formal assessment process to review the Chair's additional appointment. They confirmed that she would not be joining any board committees in her new role and that she will be giving up several of her private commitments in order to reduce the risk of over-boarding.

In the second quarter of 2022, we met with the Chair to discuss board changes and investment priorities. The non-executive element of the board has changed significantly under her leadership and additional executives have been appointed. We were reassured that the new appointments have strengthened technological expertise given the company's significant investment in technology. However, we suggested that communication about the progress of key investment projects would be helpful to our monitoring of execution and progress.

Later in the year, Hargreaves Lansdown announced that its CEO, Chris Hill, would be stepping down in 2023, after six years in the role. We met with the Chair in October to discuss the CEO's decision, the process for appointing a successor, and the implications for the group's strategy.

In December, Hargreaves Lansdown announced that Dan Olley will replace Chris Hill as CEO. Therefore, we engaged with the Chair again in December to discuss the reasons for the selection of Mr Olley as CEO. He has been serving as a non-executive director on the Hargreaves Lansdown board since June 2019 and we are satisfied that he has the skills and experience to accelerate the execution of the group's digital strategy. We expect to meet with him soon after he transfers to the CEO role.

### St. James's Place

#### Objectives

Engagement to learn about the company's decarbonisation pathway. Particularly, how St. James's Place ('SJP') will achieve net zero greenhouse gas emissions across its very significant investment portfolio.

#### Discussions

We spoke with various people from SJP's Responsible Investment ('RI') Team, who provided information about its decarbonisation commitment.

SJP is a signatory to several financial industry initiatives, including the Net Zero Asset Owner Alliance and the UN's Race to Zero Campaign. These initiatives have encouraged SJP to set both near and long-term targets for reducing emissions from the portfolio of investments managed on its clients' behalf. Along with a commitment to reach net zero by 2050, SJP has previously set an interim 2025 target for emissions reduction by 25 per cent, which it has reached early. The company is now considering setting a new emissions reduction target for 2030.

SJP annually reviews the performance of each of its underlying fund managers to determine progress on its decarbonisation pathway for its financed emissions. This process requires an assessment of credible ESG engagement, including climate-related concerns. The RI team highlighted a recent decision to remove a fund manager they assessed failing to meet minimum engagement requirements, despite warnings. The company also spent some time detailing its clear preference for engagement rather than divestment when considering investments in high emitting industries. SJP also provided detail on both the near-term and long-term objectives for Robeco's recent appointment as a company engagement specialist.

#### Outcome

We were pleased to hear about SJP's thoughtful approach as it seeks to decarbonise the significant emissions footprint from its investment portfolio. We await the setting of a new 2030 reduction target and will review in due course. We will also continue to monitor decarbonisation progress, particularly where investments relate to companies with significant emissions that are hard to abate.

## Exscientia

### Objectives

We previously supported the company's remuneration policy at the first AGM in 2022 after the IPO at the end of 2021 but communicated certain areas of concern and offered to speak with the company to discuss. This engagement provided the opportunity to articulate specific concerns and encourage the company to be thoughtful in improving alignment.

### Discussion

Exscientia is a relatively young, early-stage biotech. The structure of previous executive compensation included long-term incentives that, unfortunately, focused on the company's share price over short periods of time, had minimal holding requirements and had no links to the company's operational progress. Speaking with individuals who work with the compensation committee directly, we encouraged the company to focus on operational metrics as appropriate indicators of operational progress and to involve time periods that are more aligned to an investment horizon of multiple years. The company highlighted the need to remain competitive to attract and retain talent within the biotech industry. In response, we encouraged the company to avoid reverting to industry conventions and reiterated our willingness to listen to any proposal if there was an interest in speaking with shareholders ahead of the AGM. We recognise the need for the company to attract capable individuals to run the business. However, we emphasised the importance of focusing remuneration on the long-term success of the company's operations rather than on the short-term share price.

### Outcome

We will continue to monitor and appropriately engage with the company when further details are provided of new remuneration proposals.

## List of Investments at 30 April 2023

Name	Business	Fair value £'000	% of total assets
<b>Basic Materials</b>			
<b>Rio Tinto</b>	<b>Metals and mining company</b>	<b>7,628</b>	<b>2.5</b>
Victrex	Speciality high-performance chemicals manufacturer	3,888	1.3
		<b>11,516</b>	<b>3.8</b>
<b>Consumer Discretionary</b>			
<b>Games Workshop</b>	<b>Toy manufacturer and retailer</b>	<b>14,758</b>	<b>4.8</b>
<b>Burberry</b>	<b>Luxury goods retailer</b>	<b>10,349</b>	<b>3.3</b>
<b>Howden Joinery</b>	<b>Manufacturer and distributor of kitchens to trade customers</b>	<b>9,847</b>	<b>3.2</b>
<b>4imprint</b>	<b>Direct marketer of promotional merchandise</b>	<b>7,883</b>	<b>2.6</b>
<b>RELX</b>	<b>Professional publications and information provider</b>	<b>7,636</b>	<b>2.5</b>
Boohoo.com	Online fashion retailer	1,481	0.5
Farfetch	Technology platform for the global fashion industry	1,364	0.4
Naked Wines	Online wine retailer	408	0.1
		<b>53,726</b>	<b>17.4</b>
<b>Consumer Staples</b>			
<b>Diageo</b>	<b>International drinks company</b>	<b>10,304</b>	<b>3.3</b>
		<b>10,304</b>	<b>3.3</b>
<b>Financials</b>			
<b>St. James's Place</b>	<b>UK wealth manager</b>	<b>12,936</b>	<b>4.2</b>
<b>Prudential</b>	<b>International life insurer</b>	<b>9,228</b>	<b>3.0</b>
<b>Legal &amp; General</b>	<b>Insurance and investment management company</b>	<b>7,596</b>	<b>2.5</b>
Lancashire Holdings	General insurance	7,423	2.4
AJ Bell	Investment platform	7,087	2.3
Just Group	Provider of retirement income products and services	6,915	2.2
Hiscox	Property and casualty insurance	5,702	1.8
IntegraFin	Provides platform services to financial clients	5,341	1.7
Hargreaves Lansdown	UK retail investment platform	4,297	1.4
IG Group	Spread betting website	3,155	1.0
Molten Ventures	Technology focused venture capital firm	2,991	1.0
		<b>72,671</b>	<b>23.5</b>
<b>Healthcare</b>			
<b>Abcam</b>	<b>Online platform selling antibodies to life science researchers</b>	<b>11,046</b>	<b>3.6</b>
<b>Genus</b>	<b>World leading animal genetics company</b>	<b>8,580</b>	<b>2.8</b>
Oxford Nanopore	Novel DNA sequencing technology	708	0.2
Exscientia	Biotech company	534	0.2
Creo Medical	Designer and manufacturer of medical equipment	110	–
		<b>20,978</b>	<b>6.8</b>



Name	Business	Fair value £'000	% of total assets
<b>Industrials</b>			
<b>Volution Group</b>	<b>Supplier of ventilation products</b>	<b>13,888</b>	<b>4.5</b>
<b>Experian</b>	<b>Global provider of credit data and analytics</b>	<b>11,376</b>	<b>3.7</b>
<b>Ashtead</b>	<b>Construction equipment rental company</b>	<b>11,014</b>	<b>3.6</b>
<b>Renishaw</b>	<b>World leading metrology company</b>	<b>8,601</b>	<b>2.8</b>
<b>Bunzl</b>	<b>Distributor of consumable products</b>	<b>8,160</b>	<b>2.6</b>
<b>Inchcape</b>	<b>Car wholesaler and retailer</b>	<b>7,921</b>	<b>2.5</b>
<b>Wise</b>	<b>Online platform to send and receive money</b>	<b>7,494</b>	<b>2.4</b>
Halma	Specialist engineer	7,403	2.4
Bodycote	Heat treatment and materials testing	6,416	2.1
FDM Group	Provider of professional services focusing on information technology	5,268	1.7
PageGroup	Recruitment consultancy	4,952	1.6
		<b>92,493</b>	<b>29.9</b>
<b>Real Estate</b>			
Rightmove	UK's leading online property portal	6,106	2.0
Helical	Property developer	5,390	1.7
		<b>11,496</b>	<b>3.7</b>
<b>Technology</b>			
<b>Auto Trader Group</b>	<b>Advertising portal for second hand cars in the UK</b>	<b>13,706</b>	<b>4.4</b>
Softcat	IT reseller and infrastructure solutions provider	5,344	1.7
Kainos Group	IT services and implementer	4,871	1.6
First Derivatives	IT consultant and software developer	4,804	1.6
Wayve Technologies Ltd Series B Pref. <sup>Ⓜ</sup>	Developer of full autonomous driving systems	627	0.2
		<b>29,352</b>	<b>9.5</b>
<b>Total Investments</b>		<b>302,536</b>	<b>97.9</b>
Net Liquid Assets		6,336	2.1
<b>Total Assets</b>		<b>308,872</b>	<b>100.0</b>

<sup>Ⓜ</sup> Denotes unlisted (private company) investment.

Stocks in bold are the 20 largest investments.

## Directors and Management

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

### Directors



**Carolan Dobson was appointed a Director in 2014 and became Chairman in 2016.** She is chairman of Brunner Investment Trust plc and Blackrock Latin American Investment Trust plc. Previously, she was Head of US equities at Murray Johnstone as well as Head of Pan-European equities global sectors and UK equities at Abbey National Asset Managers. She was also Head of Investment Trusts at Murray Johnstone and previously was Chair of JP Morgan European Discovery Trust plc and abrdn Smaller Companies Income Trust plc.



**Andrew Westenberger was appointed a Director in 2017 and became Chairman of the Audit Committee in 2017.** He is Chief Financial Officer of Tysers Insurance Brokers, a leading independent specialist broker and risk management firm. Previously, he was group finance director of Brewin Dolphin Holdings PLC and Evolution Group Plc, a non-executive director and trustee of the Chartered Institute of Securities and Investments and held senior finance roles at Barclays Capital and Deutsche Bank. He is a Chartered Accountant.



**Ruary Neill was appointed a Director in 2018 and became Senior Independent Director in July 2021.** He is currently a director of JP Morgan Emerging Markets Investment Trust plc and is a member of the Advisory Board, SOAS China Institute, London University. Previously, he worked in investment banking at UBS Investment Bank prior to which he spent several years in the financial sector working in Asian Equity Markets for UBS Investment Bank and Schroder Securities.



**Cathy Pitt was appointed a Director in 2021.** She is a former Consultant Partner at international law firm CMS and has over 20 years' experience advising boards and asset managers on a broad range of corporate matters. She is a non-executive director of Gresham House Energy Storage Fund plc and the Association of Investment Companies.

All of the Directors are members of the following Committees: Nomination, Remuneration and Management Engagement.

All Directors are members of the Audit Committee with the exception of Carolan Dobson, who stepped down from the Committee in December 2018.

## Managers and Secretaries

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

Baillie Gifford is one of the largest investment trust managers in the UK and currently manages twelve investment trusts. Baillie Gifford also manage a listed investment company, unit trusts and Open Ended Investment Companies, together with investment portfolios on behalf of pension funds, charities and other institutional clients, both in the UK and overseas. Funds under the management or advice of Baillie Gifford total around £234 billion. Based in Edinburgh, it is one of the leading privately owned investment management firms in the UK, with 57 partners and a staff of around 1,900.

The Managers of Baillie Gifford UK Growth plc's portfolio are Iain McCombie and Milena Mileva. Iain and Milena are both partners at Baillie Gifford.

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

## Directors' Report

The Directors present their Report together with the audited Financial Statements of the Company for the year to 30 April 2023.

### Corporate Governance

The Corporate Governance Report is set out on pages 23 to 27 and forms part of this Report.

### Managers and Company Secretaries

Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, has been appointed as the Company's Alternative Investment Fund Manager ('AIFM') and Company Secretary. Baillie Gifford & Co Limited has delegated portfolio management services to Baillie Gifford & Co. Dealing activity and transaction reporting has been further sub-delegated to Baillie Gifford Overseas Limited and Baillie Gifford Asia (Hong Kong) Limited.

The Investment Management Agreement between the AIFM and the Company sets out the matters over which the Managers have authority in accordance with the policies and directions of, and subject to restrictions imposed by, the Board. The Investment Management Agreement is terminable on not less than six months' notice or on shorter notice in certain circumstances. Compensation would only be payable if termination occurred prior to the expiry of the notice period. The annual management fee is 0.5% of net assets, calculated and payable quarterly.

Careful consideration has been given by the Board as to the basis on which the management fee is charged. The Board considers that maintaining a relatively low ongoing charges ratio is in the best interests of shareholders. The Board is also of the view that calculating the fee with reference to performance would be unlikely to exert a positive influence over the long-term performance.

The Board considers the Company's investment management and secretarial arrangements on an ongoing basis and a formal review is conducted by the Management Engagement Committee annually. The Committee considered, amongst others, the following topics in its review: the quality of the personnel assigned to handle the Company's affairs; the investment process and the results achieved to date; investment performance; the administrative services provided by the Secretaries and the quality of information provided; the marketing efforts undertaken by the Managers; the relationship with the Managers; and, comparative peer group charges and fees.

Following the most recent review, the Management Engagement Committee concluded that the continuing appointment of Baillie Gifford & Co Limited as AIFM and Secretaries, and the delegation of investment management services to Baillie Gifford & Co and the further sub-delegation of dealing activity and transaction reporting to Baillie Gifford Overseas Limited, on the terms agreed, is in the interests of the Company and shareholders as a whole. This was subsequently approved by the Board.

### Depositary

In accordance with the Alternative Investment Fund Managers Regulations, The Bank of New York Mellon (International) Limited has been appointed as Depositary to the Company. The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. The custody function is also undertaken by The Bank of New York Mellon (International) Limited ('the Custodian').

### Directors

Information about the Directors, including their relevant experience, can be found on page 18.

All the Directors will retire at the Annual General Meeting and offer themselves for re-election. Following a formal performance evaluation, the Chairman confirms that the Board considers that their performance continues to be effective and each remains committed to the Company. Their contribution to the Board is greatly valued and the Board recommends their re-election to shareholders.

As detailed in the Chairman's Statement on pages 2 and 3, Ms Dobson intends to step down from the Board no later than the AGM due to be held in 2024.

### Director Indemnification and Insurance

The Company has entered into qualifying third party deeds of indemnity in favour of each of its Directors. The deeds which were in force during the year to 30 April 2023 and up to the date of approval of this report, cover any liabilities that may arise to a third party, other than the Company, for negligence, default or breach of trust or duty. The Directors are not indemnified in respect of liabilities to the Company, any regulatory or criminal fines, any costs incurred in connection with criminal proceedings in which the Director is convicted or civil proceedings brought by the Company in which judgement is given against her or him. In addition, the indemnity does not apply to any liability to the extent that it is recovered from another person.

The Company maintains Directors' and Officers' liability insurance.

### Conflicts of Interest

Each Director submits a list of potential conflicts of interest to the Board for consideration and approval at each meeting. The Board considers these carefully, taking into account the circumstances surrounding them prior to authorisation. Having considered the lists of potential conflicts there were no situations which gave rise to a direct or indirect interest of a Director which conflicted with the interests of the Company.

### Dividend

The Board recommends a final dividend of 3.60p per ordinary share. No interim dividend was declared. Dividends are paid by way of a single final payment and will be at least the minimum permissible to maintain investment trust status after taking account of any variables.

If approved by shareholders at the Annual General Meeting, the recommended final dividend per ordinary share will be paid on 15 September 2023 to shareholders on the register at the close of business on 18 August 2023. The ex-dividend date is 17 August 2023.

## Share Capital

### Capital Structure

The Company's capital structure at 30 April 2023 consists of 160,917,184 ordinary shares of 25p each (2022 – 160,917,184) of which 150,520,484 (2022 – 153,495,484) are allotted and fully paid and 10,396,700 (2022 – 7,421,700) are held in treasury. There are no restrictions concerning the holding or transfer of the Company's ordinary shares and there are no special rights attached to any of the shares.

### Dividend

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

### Capital Entitlement

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

### Voting

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

Information on the deadlines for proxy appointments can be found on pages 56 and 57.

### Major Interests in the Company's Shares

The Company has received notifications in accordance with the Financial Conduct Authority's Disclosure and Transparency Rules of the following interests in the voting rights attached to the Company's issued share capital.

Name	No of ordinary 25p shares held at 30 April 2023	% of issue *
Rathbone Investment Management Ltd & Rathbone Investment Management International Ltd (combined, indirect)	15,402,823	10.2
Tilney Smith & Williamson Limited & Smith & Williamson Holdings Limited (combined, indirect)	15,329,125	10.2
1607 Capital Partners, LLC (indirect)	8,019,929	5.3
City of London Investment Management Company Limited (indirect)	7,701,615	5.1

No changes to the major interests in the Company's shares have been intimated between 1 May and 14 June 2024.

\* Ordinary shares in issue excluding treasury shares.

## Annual General Meeting

### Share Issuance Authority

At the last Annual General Meeting, the Directors were granted shareholders' approval for a general authority to allot shares and also an authority to issue shares or sell shares held in treasury on a non pre-emptive basis (without first offering such shares to existing shareholders pro-rata to their existing holdings). No shares were issued during the year (2022 – 475,000 were issued at a premium to net asset value, raising proceeds of £1,141,000).

Both authorities expire at the forthcoming Annual General Meeting and the Directors are seeking shareholders' approval to renew them for a further year, as detailed below.

Resolution 11 in the Notice of Annual General Meeting seeks a general authority for the Directors to allot shares up to an aggregate nominal amount of £3,760,387. This amount represents 10% of the Company's total ordinary share capital in issue at 14 June 2023 and meets institutional guidelines. This authority will continue until the conclusion of the Annual General Meeting to be held in 2024 or on the expiry of 15 months from the passing of the resolutions, if earlier.

Resolution 12, which is proposed as a special resolution, seeks authority for the Directors to issue shares or sell shares held in treasury on a non pre-emptive basis for cash up to an aggregate nominal amount of £3,760,387 (representing 10% of the issued ordinary share capital of the Company as at 14 June 2023). This authority will only be used to issue shares or sell shares from treasury at a premium to net asset value on the basis of debt valued at par value and only when the Directors believe that it would be in the best interests of the Company to do so. This authority will continue until the conclusion of the Annual General Meeting to be held in 2024 or on the expiry of 15 months from the passing of the resolutions, if earlier.

### Market Purchases of Own Shares

At the last Annual General Meeting the Company was granted authority to purchase up to 22,776,628 ordinary shares (equivalent to 14.99% of its issued share capital), such authority to expire at the 2023 Annual General Meeting. The Directors are seeking shareholders' approval at the Annual General Meeting to renew the authority to make market purchases up to 22,547,281 ordinary shares representing approximately 14.99% of the Company's ordinary shares in issue at the date of passing of the resolution, such authority to expire at the Annual General Meeting of the Company to be held in 2024.

2,975,000 shares (2022 – no shares) were bought back during the year under review and as at 30 April 2023 10,396,700 shares were held in treasury (2022 – 7,421,700). Between 1 May and 14 June 2023, the Company bought back 105,000 shares into treasury at a cost of £176,000. 10,501,700 shares were held in treasury as at 14 June 2023.

The share buy-back policy seeks to operate in the best interests of shareholders by taking into account the relative level of the Company's share price discount when compared with peer group trusts, the absolute level of discount and the impact from share buy-back activity on the long-term liquidity of the Company's issued shares.



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

- (i) sell such shares (or any of them) for cash (or its equivalent under the Companies Act 2006); or
- (ii) cancel the shares (or any of them).

All buy-backs will initially be held in treasury. Shares will only be resold from treasury at a premium to net asset value per ordinary share.

The Company shall not be entitled to exercise the voting rights attaching to treasury shares.

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

- (i) 5 per cent. above the average closing price on the London Stock Exchange of an ordinary share over the five business days immediately preceding the date of purchase; and
- (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy back programmes and stabilisation of financial instruments (No. 2273/2003).

The minimum price (exclusive of expenses) that may be paid will be 25p per share. Purchases of shares will be made within guidelines established, from time to time, by the Board. Your attention is drawn to Resolution 13 in the Notice of Annual General Meeting. This authority, if conferred, will only be exercised if to do so would result in an increase in net asset value per ordinary share for the remaining shareholders and if it is considered in the best interests of shareholders generally.

### Financial Instruments

The Company's financial instruments comprise its investment portfolio, cash balances and debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 18 to the Financial Statements.

### Articles of Association

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

### Disclosure of Information to Auditors

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

### Independent Auditor

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

### Post Balance Sheet Events

The Directors confirm that there have been no significant post Balance Sheet events up to 15 June 2023 that require disclosure in the Financial Statements.

### Stakeholder Engagement

Although the Company has no employees, trade suppliers or customers, the Directors give regular consideration to the need to foster the Company's business relationships with its stakeholders, in particular with shareholders, its externally appointed Managers, other professional service providers and lenders. The effect of this consideration upon the key decisions taken by the Company during the financial year is set out in further detail in the Strategic Report on pages 2 to 17.

### Greenhouse Gas Emissions and Streamlined Energy & Carbon Reporting ('SECR')

All of the Company's activities are outsourced to third parties. The Company therefore has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. For the same reasons as set out above, the Company considers itself to be a low energy user under the SECR regulations and therefore is not required to disclose energy and carbon information.

### Bribery Act

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

### Criminal Finances Act 2017

The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

### Recommendation

The Directors unanimously recommend you vote in favour of the resolutions to be proposed at the Annual General Meeting as it is their view that the resolutions are in the best interests of shareholders as a whole.

On behalf of the Board  
Carolyn Dobson  
Chairman  
15 June 2023

## Corporate Governance Report

The Board is committed to achieving and demonstrating high standards of corporate governance. The Association of Investment Companies ('AIC') Code of Corporate Governance ('AIC Code') provides a framework of best practice for investment companies and can be found at [theaic.co.uk](http://theaic.co.uk). The Financial Reporting Council ('FRC') has confirmed that AIC members who report against the AIC Code, as is the case with the Company, will be meeting their obligations in relation to the 2018 UK Corporate Governance Code ('UK Code') which can be found at [frc.org.uk](http://frc.org.uk).

### Compliance

The Board confirms that the Company has complied throughout the year under review with the relevant provisions of the Code and the recommendation of the AIC Code. The Code includes provisions relating to the role of the chief executive, executive directors' remuneration and the need for an internal audit function. Given that the Company is an externally managed investment trust, the Board considers these provisions are not relevant to the Company. The need for an internal audit function specific to the Company has been addressed on page 28.

### The Board

The Board has overall responsibility for the Company's affairs. It has a number of matters formally reserved for its approval including strategy, investment policy, gearing, share buy-back and issuance policy, treasury matters, dividend and corporate governance policy. A separate meeting devoted to strategy is held each year. The Board seeks to contribute to the delivery of the Company's strategy by engaging with the Managers in a collaborative and collegiate manner with open and respectful discussion and debate being encouraged, whilst also ensuring that appropriate and regular challenge is brought and evaluation is conducted. The Board also reviews the Financial Statements, investment transactions, revenue budgets and performance of the Company. Full and timely information is provided to the Board to enable it to function effectively and to allow Directors to discharge their responsibilities.

The Board comprises four Directors, all of whom are non-executive. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The executive responsibility for investment management has been delegated to the Company's Alternative Investment Fund Manager ('AIFM'), Baillie Gifford & Co Limited, and, in the context of a Board comprising only non-executive Directors, there is no chief executive officer. The Senior Independent Director is Ruary Neill.

The Directors believe that the Board has a balance of skills and experience that enables it to provide effective strategic leadership and proper governance of the Company. Information about the Directors, including their relevant experience, can be found on page 18.

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

### Appointments to the Board

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

Under the provisions of the Company's Articles of Association, a Director appointed during the year is required to retire and seek election by shareholders at the next Annual General Meeting. The Board has agreed that all Directors will retire at each Annual General Meeting and, if appropriate, offer themselves for re-election.

### Independence of Directors

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

The Directors recognise the importance of succession planning for company boards and review the Board composition annually. The Board is of the view that length of service will not necessarily compromise the independence or contribution of Directors of an investment trust company, where continuity and experience can be a benefit to the Board.

### Meetings

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

### Directors' Attendance at Meetings

	Board	Audit Committee	Nomination Committee	Remuneration Committee	Management Engagement Committee
<b>Number of meetings</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>
Carolyn Dobson*	4	–	1	1	1
Ruary Neill	4	2	1	1	1
Cathy Pitt	4	2	1	1	1
Andrew Westenberger	4	2	1	1	1

\* Carolyn Dobson stepped down as a member of the Audit Committee in December 2018 but attends by invitation.

## Nomination Committee

The Nomination Committee consists of all the Directors and Carolan Dobson is the Chairman of the Committee. The Committee meets on an annual basis and at such other times as may be required. The Committee has written terms of reference which include reviewing the composition of the Board, identifying and nominating new candidates for appointment to the Board, Board appraisal, succession planning and training. The Committee also considers whether Directors should be recommended for re-election by shareholders.

As noted in the Chairman's Statement on pages 2 and 3 and in the Diversity of the Board section below, a process for appointing a new Director has begun. For the purposes of appointing a new Director and deciding on the matter of succession to the Chairmanship of the Company, the Nomination Committee is composed of Andrew Westenberger and Cathy Pitt, and chaired by Andrew Westenberger.

The Committee's Terms of Reference are available on request from the Company and on the Company's page of the Managers' website: [bgukgrowthtrust.com](http://bgukgrowthtrust.com).

## Policy on Chairman's Tenure

The Board's policy is that the Chairman will serve for no longer than nine years, other than in exceptional circumstances for the benefit of the Company.

As set out in the Chairman's Statement on pages 2 and 3 and in the Diversity of the Board section below Carolan Dobson intends to step down from the Board no later than the AGM scheduled to be held in 2024, at which point Ms Dobson will have served for ten years after her first election by shareholders to the Board in August 2014. Mr Andrew Westenberger will chair a Nomination Committee to appoint the successor. An external recruitment consultant will be engaged shortly to undertake the selection of a list of suitable candidates for consideration by the Nomination Committee, after which a recommendation will be put to the Board for approval.

## Performance Evaluation

An appraisal of the Chairman, each Director and a performance evaluation and review of the Board as a whole and its Committees was carried out during the year. Each Director and the Chairman responded to an evaluation questionnaire which was discussed appropriately with the Chairman. The Chairman's appraisal was led by Ruary Neill, the Senior Independent Director. The appraisals and evaluations considered, amongst other criteria, the balance of skills of the Board, training and development requirements, the contribution of individual Directors and the overall effectiveness of the Board and its Committees. Following this process it was concluded that there was a diverse range of skills within the

Board, and the performance of each Director, the Chairman, the Board and its Committees continues to be effective and that each Director and the Chairman remain committed to the Company.

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

## Diversity Policy

Appointments to the Board are made on merit with due regard for the benefits of diversity including the requirements of the Listing Rules. The priority in appointing new Directors is to identify the candidate with the best range of skills and experience to complement existing Directors.

The Board believes that maintaining a diversity of thought and experience on the Board and at an operational level within Baillie Gifford represents the best way of discharging its responsibilities to shareholders.

## Diversity of the Board

The Board/Nominations Committee has proactively discussed the matter of Board diversity on a number of occasions in the past financial year.

The Directors consider Board composition in terms of the overall value the Board offers to shareholders; this means that it seeks to ensure that (i) the Directors, between them, have diverse expertise allowing them to bring an appropriate range of skills to the performance of their duties; and (ii) the Directors represent a diverse range of backgrounds and characteristics, which enables a range of perspectives to contribute to governance and decision-making.

The FCA Listing Rules on diversity and inclusion set out the targets which should be met as follows: (i) at least 40% of individuals on a board should be women; (ii) at least one senior board position should be held by a woman; and (iii) at least one individual on its board should be from a minority ethnic background (as defined by the Office of National Statistics (ONS) criteria). As an externally managed investment company with no chief executive officer (CEO) or chief financial officer (CFO), the roles which qualify as senior under FCA guidance are the Chair and Senior Independent Director (SID). The Board considers the Audit Committee Chair to be a senior role.

The current Board comprises an equal number of male and female directors, with no directors from an ethnic minority background. Of the three senior board positions of Chair, SID and Chair of the Audit Committee, one of these is female and two are male.

## Board as at 30 April 2023

Sex	Number of Board Members	Percentage of the Board	Number of Senior Positions on the Board	Number in Executive Management	Percentage of Executive Management
Men	2	50%	2	n/a	n/a
Women	2	50%	1	n/a	n/a
Not specified/prefer not to say	–	–	–	n/a	n/a

Ethnic background	Number of Board Members	Percentage of the Board	Number of Senior Positions on the Board	Number in Executive Management	Percentage of Executive Management
White British or other White (including minority white groups)	4	100%	3	n/a	n/a
Mixed/Multiple Ethnic Groups	–	–	–	n/a	n/a
Asian/Asian British	–	–	–	n/a	n/a
Black/African/Caribbean/Black British	–	–	–	n/a	n/a
Other ethnic group, including Arab	–	–	–	n/a	n/a
Not specified/prefer not to say	–	–	–	n/a	n/a

As shown in the table above, the Company did not meet the target in relation to the ethnic background of the Board. There have been no changes to the Board since 30 April 2023.

The Board is pleased to note that the target for 40% of the individuals on the board to be women was met for the financial year being reported on. The Board considers that its small size is the principal reason why the other Listing Rule targets were not met. The Board supports, and is ambitious to meet, all the Listing Rule diversity targets and will continue to review its size and composition both as part of its refreshment cycle and more widely.

All recruitment for new board members will be external, through the use of search agencies or platforms. Recruitment consultants will be asked to put forward candidates with the desired skillset but also with a diverse range of characteristics.

Carolan Dobson intends to step down from the Board no later than next year's AGM and will play no role in the recruitment of her successor. Accordingly, Andrew Westenberger will chair a Nomination Committee to appoint her successor.

An external recruitment consultant will be engaged shortly to undertake the selection of a list of suitable candidates for consideration by the Nomination Committee, after which a recommendation will be put to the Board for approval. The external recruitment consultant will be asked to put forward candidates with the desired skillset and also with a diverse range of characteristics. The Board is ambitious to meet and support the Listing Rule diversity targets and will take these and any other best practice matters into account when determining the appropriateness of a candidate and final appointment. The importance of diversity will be an important factor in the candidate shortlist.

### Induction and Training

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

### Remuneration Committee

The Remuneration Committee consists of all Directors and Ruary Neill is the Chairman of the Committee. The Remuneration Committee reviews and makes recommendations to the Board in respect of the level of remuneration paid to Directors within the limits approved by shareholders. The Company's policy on remuneration is set out in the Directors' Remuneration Report on pages 30 and 31.

The Committee's Terms of Reference are available on request from the Company and on the Company's page of the Managers' website: [bgukgrowthtrust.com](http://bgukgrowthtrust.com).

### Management Engagement Committee

The role of the Management Engagement Committee is to ensure that the Manager remains suitable to manage the portfolio, that the management contract is competitive and reasonable for shareholders, and that the Company maintains appropriate administrative and company secretarial support. All Directors are members of the Management Engagement Committee which is chaired by the Chairman of the Board. The Board considers each member of the Committee to be independent.

To discharge its duties, the Committee met on one occasion during the year to consider: the performance and suitability of the Manager; the terms and conditions of the AIFM Agreement, including fees; and, the Committee's Terms of Reference.

The Committee's Terms of Reference are available on request from the Company and on the Company's page of the Managers' website: [bgukgrowthtrust.com](http://bgukgrowthtrust.com).

### Audit Committee

The report of the Audit Committee is set out on pages 28 and 29.

### Internal Controls and Risk Management

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

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company in accordance with the FRC guidance 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'.



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

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

A report identifying the material risks faced by the Company and the key controls employed to manage these risks is reviewed by the Audit Committee. These procedures ensure that consideration is given regularly to the nature and extent of risks facing the Company and that they are being actively monitored. Where changes in risk have been identified during the year they also provide a mechanism to assess whether further action is required to manage these risks.

The Directors confirm that they have reviewed the effectiveness of the Company's risk management and internal controls systems, which accord with the FRC 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' and they have procedures in place to review their effectiveness on a regular basis. No significant weaknesses were identified in the year under review and up to the date of this Report.

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

To comply with the Alternative Investment Fund Managers Regulations, The Bank of New York Mellon (International) Limited acts as the Company's Depository and Baillie Gifford & Co Limited as its AIFM.

The Depository's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. The Depository is liable for the loss of financial instruments held in custody. The Depository will ensure that any delegate segregates the assets of the Company. The Company's Depository also acts as the Company's Custodian. The Custodian prepares reports on its key controls and safeguards which are independently reviewed by KPMG LLP. The reports are reviewed by Baillie Gifford's Business Risk Department and a summary of the key points is reported to the Audit Committee and any concerns are investigated.

The Depository provides the Audit Committee with a report on its monitoring activities.

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

The risk limits, which are set by the AIFM and approved by the Board, take into account the objectives, strategy and risk profile of the portfolio. These limits, including leverage (see page 61), are monitored and the sensitivity of the portfolio to key risks is undertaken periodically as appropriate to ascertain the impact of changes in key variables in the portfolio. Exceptions from limits monitoring and stress testing undertaken by Baillie Gifford's Business Risk Department are escalated to the AIFM and reported to the Board along with any remedial measures being taken.

### Going Concern

In accordance with The Financial Reporting Council's guidance on going concern and liquidity risk, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern.

The Company's principal and emerging risks are market related and include market risk, liquidity risk and credit risk. An explanation of these risks and how they are managed is contained in note 18 to the Financial Statements. The Board has, in particular, considered the impact of heightened market volatility over recent months due to macroeconomic and geopolitical concerns, including increased inflation and interest rates and the Russia-Ukraine conflict. It has reviewed specific leverage and liquidity stress testing but does not believe the Company's going concern status is affected. The Company's assets, the vast majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. Details of the Company's one year loan facility with The Royal Bank of Scotland International Limited which is due to be repaid in July 2023 are shown in note 11 on page 48. Negotiations are underway to replace this facility. The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) Regulations 2011.

In accordance with the Company's Articles of Association, shareholders have the right to vote on the continuation of the Company every five years, the next vote being at the Annual General Meeting to be held in 2024.

Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal risks and other matters, as set out in the Viability Statement on page 9 and revenue estimates prepared to 30 June 2024, that the Company will continue in operational existence for a period of at least twelve months from the date of approval of these Financial Statements.



## Relations with Shareholders

The Board places great importance on communication with shareholders. The Chairman meets shareholders independently of the Managers and reports shareholders' views to the Board. Shareholders wishing to communicate with any members of the Board may do so by writing to them at the Company's registered office or through the Company's broker, Winterflood Investment Trusts (see contact details on back cover). All correspondence addressed to the Chairman is dealt with directly by the Chairman. The Company's Managers also meet regularly with shareholders and their representatives.

The Company's Annual General Meeting provides a further forum for communication with all shareholders. The level of proxies lodged for each resolution is announced at the Meeting and is published at [bgukgrowthtrust.com](https://www.bgukgrowthtrust.com) subsequent to the meeting. The notice period for the Annual General Meeting is at least twenty working days. Shareholders and potential investors may obtain up-to-date information on the Company from the Managers' website at [bgukgrowthtrust.com](https://www.bgukgrowthtrust.com).

## Corporate Governance and Stewardship

The Company believes that it is in the shareholders' interests to consider environmental, social and governance ('ESG') factors when selecting and retaining investments and has asked the Managers to take these issues into account. The Managers do not exclude companies from their investment universe purely on the grounds of ESG factors but adopt a positive engagement approach whereby matters are discussed with management with the aim of improving the relevant policies and management systems and enabling the Managers to consider how ESG factors could impact long-term investment returns. The Managers' Stewardship Principles and examples of portfolio company engagement are set out on pages 13 to 15 and the Statement of Compliance with the UK Stewardship Code can be found on the Managers' website: [bailliegifford.com](https://www.bailliegifford.com). The Managers' approach has been reviewed and endorsed by the Board.

The Company has given discretionary voting powers to Baillie Gifford & Co. The Managers vote against resolutions they consider may damage shareholders' rights or economic interests. The Board reviews regular reports on voting and engages with the Managers on these matters.

Baillie Gifford & Co, the Company's Managers, has considered the Sustainable Finance Disclosures Regulation (SFDR) and further details can be found on page 64.

The Managers, Baillie Gifford & Co, are signatories to the United Nations Principles for Responsible Investment and are also members of the International Corporate Governance Network.

## Climate Change

The Board recognises that climate change poses a serious threat to our environment, our society and to economies and companies around the globe. Addressing the underlying causes is likely to result in companies that are high emitters of carbon facing greater societal and regulatory scrutiny and higher costs to account for the true environmental impact of their activities. The Manager has engaged an external provider to map the carbon footprint of the equity portfolio using the information to prioritise engagement and understand what higher emitting companies are doing to manage climate risk better. The carbon intensity of the Company's portfolio is 66.0% lower than the Company's benchmark (FTSE All-Share). This analysis is based on 92.3% of the value of the Company's equity portfolio which reports on carbon emissions and other carbon related characteristics and is measured using data from MSCI via the Factset platform. Carbon intensity measures the carbon efficiency of the portfolio per unit of output and assesses the portfolio's exposure to carbon-intensive companies.

Baillie Gifford's Task Force on Climate-Related Financial Disclosures ('TCFD') Climate Report is available on the Managers' website at [bailliegifford.com](https://www.bailliegifford.com). A Company specific TCFD climate report is also available on the Company's page of the Managers' website at [bgukgrowthtrust.com](https://www.bgukgrowthtrust.com).

The Managers, Baillie Gifford & Co, are signatories to the Carbon Disclosure Project.

On behalf of the Board  
 Carolan Dobson  
 Chairman  
 15 June 2023

## Audit Committee Report

The Audit Committee consists of all independent Directors except for the Chairman of the Board, Carolan Dobson. The members of the Committee consider that they have the requisite financial skills and experience to fulfil the responsibilities of the Committee. Andrew Westenberger, Chairman of the Committee, is a Chartered Accountant. The Committee's authority and duties are clearly defined within its written Terms of Reference which are available on request from the Company and on the Company's page of the Managers' website: [bgukgrowthtrust.com](http://bgukgrowthtrust.com). The Terms of Reference are reviewed annually.

The Committee's effectiveness is reviewed on an annual basis as part of the Board's performance evaluation process (see page 24).

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

### Main Activities of the Committee

The Committee met twice during the year to 30 April 2023 and the external Auditor attended both meetings. Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provided reports on their monitoring programmes for these meetings. The external auditor also met with the Chairman of the Audit Committee separately twice during the year.

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

- the results announcements and the Annual and Interim reports;
- the Company's accounting policies and practices and the implementation of the Managers' valuation policy for investments in unlisted (private) companies;
- the regulatory changes impacting the Company;
- the fairness, balance and understandability of the Annual Report and Financial Statements and whether it provided the information necessary for shareholders to assess the Company's performance, business model and strategy;
- the effectiveness of the Company's internal control environment;
- the appointment/reappointment, remuneration and terms of engagement of the external Auditor;
- whether the audit services contract should be put out to tender;
- the policy on the engagement of the external Auditor to supply non-audit services;
- the independence and objectivity of the external Auditor and the effectiveness of the audit process;
- the need for the Company to have its own internal audit function;
- internal controls reports received from the Managers and other service providers; and
- the arrangements in place within Baillie Gifford & Co whereby its staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

### Internal Audit

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

### Financial Reporting

The Committee considers that the most significant issues likely to affect the Financial Statements are the existence and valuation of investments, as they represent 97.9% of total assets, and the accuracy and completeness of income from investments.

The majority of the investments are in quoted securities and market prices are readily available from independent external pricing sources. The Committee reviewed Baillie Gifford's Report on Internal Controls which details the controls in place regarding the recording and pricing of investments. The Managers agreed the prices of all the listed investments at 30 April 2023 to external price sources and the holdings were agreed to confirmations from the Company's Custodian.

The Committee reviewed the Managers' valuation approach for investments in unlisted companies (as described on pages 42 and 43) and approved the valuation of the unlisted investment following a detailed review of the valuation of the investment and relevant challenge where appropriate. The Managers agreed the holding in certificated form to confirmations from the Company's Custodian.

The Committee reviewed the Managers' Report on Internal Controls which details the controls in place regarding completeness and accurate recording of investment income. The accounting treatment of each special dividend received or receivable during the year was reviewed by the Managers.

The Managers confirmed to the Committee that they were not aware of any material misstatements in the context of the Financial Statements as a whole and that the Financial Statements are in accordance with applicable law and accounting standards.

### Internal Controls and Risk Management

The Committee reviewed the effectiveness of the Company's risk management and internal controls systems as described on pages 25 and 26. No significant weaknesses were identified in the year under review.

### External Auditor

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

- the audit plan for the current year;
- a report from the Auditor describing their arrangements to manage auditor independence and received confirmation of its independence; and
- the extent of non-audit services provided by the external Auditor. There were no non-audit fees for the year to 30 April 2023.

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

- the Auditor’s fulfilment of the agreed audit plan;
- feedback from the Secretaries on the performance of the audit team;
- the Audit Quality Inspection Report on Ernst & Young LLP issued by the FRC’s Audit Quality Review team; and
- detailed discussion with audit personnel to challenge audit processes and deliverables.

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

- the Auditor’s engagement letter;
- the Auditor’s proposed audit strategy;
- the audit fee; and
- a report from the Auditor on the conclusion of the audit.

The audit partner responsible for the audit will be rotated at least every five years in accordance with professional and regulatory standards in order to protect independence and objectivity and to provide fresh challenge to the business. Ms Mercer, the current partner, will continue as audit partner until the conclusion of the 2025 audit. The year under audit represents Ms Mercer’s third year as audit partner.

Ernst & Young LLP has confirmed that it believes it is independent within the meaning of regulatory and professional requirements and that the objectivity of the audit partner and staff is not impaired.

Having carried out the review process described above, the Committee is satisfied that the Auditor has remained independent and effective for the purposes of this year’s audit.

There are no contractual obligations restricting the Committee’s choice of external Auditor.

### **Accountability and Audit**

The respective responsibilities of the Directors and the Auditor in connection with the Financial Statements are set out on pages 32 to 37.

On behalf of the Board  
 Andrew Westenberger  
 Audit Committee Chairman  
 15 June 2023

## Directors' Remuneration Report

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

### Statement by the Chairman

The Remuneration Committee reviewed the level of fees during the year and the Board agreed the Committee's recommendation that, with effect from 1 May 2023 the Directors' fees should be increased from £29,100 to £30,000, the fee for the Chairman of the Board should be increased from £40,600 to £42,500, the additional fee for the Chairman of the Audit Committee should be increased from £4,000 to £5,000 and the additional fee for the Senior Independent Director should remain unchanged at £1,500. The increases in Directors' fees reflect the Board's policy to determine the level of Directors' remuneration having regard to amounts payable to non-executive Directors in the industry generally. To that end independent research on the fee levels of directors of peer group companies, as well as industry norms, has been considered. The fees were last increased on 1 May 2022.

### Vote on Directors' Remuneration Report

The Directors' Remuneration Policy is subject to shareholder approval every three years or sooner if an alteration to the policy is proposed. The Remuneration Policy which is set out below was last approved at the Annual General Meeting in August 2020 and so an ordinary resolution for the approval of the Remuneration Policy will be put to the members at the forthcoming Annual General Meeting currently scheduled to be held on 7 September 2023. No changes are proposed to the Policy.

### Directors' Remuneration Policy

The determination of the Directors' fees is a matter considered by the Remuneration Committee and recommended to the Board for adoption.

It is the Board's policy to determine the level of Directors' remuneration having regard to amounts payable to non-executive Directors in the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities, and time committed to the Company's affairs, taking into account the aggregate limit of fees set out in the Company's Articles of Association. This aggregate limit of Directors' fees is currently set at £200,000 per annum and any increase in this level requires approval by the Board and the Company's shareholders. The Chairman of the Board, the Chairman of the Audit Committee and the Senior Independent Director each receive fees at a higher rate than the other Directors to reflect their additional responsibilities. Directors' fees are set at a level to recruit and retain individuals of sufficient calibre, with the level of knowledge, experience and expertise necessary to promote the success of the Company in reaching its short and long-term strategic objectives.

The Board and its Committees exclusively comprise non-executive Directors. No Director past or present has an entitlement to a Company pension, and the Company has not, and does not intend to operate a share scheme for Directors or to award any share options or long-term performance incentives to any Director. No Director has a service contract with the Company. However, Directors have a letter of appointment. Directors do not receive exit payments and are not provided with any compensation for loss of office. No other payments are made to Directors other than the reimbursement of reasonable out-of-pocket expenses incurred in attending to the Company's business.

The terms of Directors' letters of appointment are available for inspection at the Company's registered office address during normal business hours and during the Annual General Meeting at the location of such meeting.

The Board did not seek the views of shareholders in setting this Remuneration Policy. Any comments on the Policy received from shareholders would be considered on a case-by-case basis.

As the Company does not have any employees, no employee pay and employment conditions were taken into account when setting this Remuneration Policy and no employees were consulted in its construction.

Directors' fees are reviewed annually and take into account research from third parties on the fee levels of directors of peer group companies, as well as industry norms and factors affecting the time commitment expected of the Directors. New Directors are subject to the provisions set out in this Remuneration Policy.

### Limits on Directors' Remuneration

The fees for the non-executive Directors are payable monthly in arrears and the fees paid in respect of the year ended 30 April 2023 together with the expected fees payable in respect of the year ending 30 April 2024 are set out in the table below. The fees payable to the Directors in the subsequent financial years will be determined following an annual review of the Directors' fees.

	Expected fees for year ending 30 April 2024 £	Fees paid for the year to 30 April 2023 £
Carolyn Dobson	42,500	40,600
Ruary Neill	31,500	30,600
Cathy Pitt	30,000	29,100
Andrew Westenberg	35,000	33,100
Total aggregate annual fees that can be paid to the Directors in any year under the Directors' Remuneration Policy, as set out in the Company's Articles of Association	200,000	200,000

### Annual Report on Remuneration

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

The law requires the Company's Auditor to audit certain disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in the Independent Auditor's Report on pages 33 to 37.

### Statement of Voting at Annual General Meeting

At the last Annual General Meeting, of the proxy votes received in respect of the Directors' Remuneration Report, 99.74% were in favour, 0.17% were against and votes withheld were 0.09%. At the last Annual General Meeting at which the Directors' Remuneration Policy was considered (August 2020), 99.81% of the proxy votes received were in favour, 0.10% were against and 0.09% votes were withheld.

## Directors' Remuneration for the Year (audited)

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

Name	2023 Fees £	2023 Taxable benefits* £	2023 Total £	2022 Fees £	2022 Taxable benefits* £	2022 Total £
Carolyn Dobson	40,600	2,605	<b>43,205</b>	38,400	660	<b>39,060</b>
Scott Cochrane (retired 30 June 2021)	–	–	–	4,833	–	<b>4,833</b>
Ruary Neill	30,600	2,747	<b>33,347</b>	28,750	124	<b>28,874</b>
Cathy Pitt (appointed 5 August 2021)	29,100	1,965	<b>31,065</b>	20,343	1,340	<b>21,683</b>
Andrew Westenberger	33,100	3,290	<b>36,390</b>	30,700	433	<b>31,133</b>
	<b>133,400</b>	<b>10,607</b>	<b>144,007</b>	<b>123,026</b>	<b>2,557</b>	<b>125,583</b>

\* Comprises expenses incurred by Directors in the course of travel to attend Board and Committee meetings held at the normal place of business. These amounts have been grossed up for applicable income tax and national insurance.

## Annual Percentage Change in Remuneration

This represents the annual percentage change in the remuneration paid to the Directors.

Name	2023 Fees %	2023 Taxable benefits %	2022 Fees %	2022 Taxable benefits %	2021 Fees %	2021 Taxable benefits %
Carolyn Dobson	5.7	294.7	1.6	n/a	0.8	(100.0)
Ruary Neill	6.4	2,115.3	6.5	n/a	0.7	(100.0)
Cathy Pitt (appointed 5 August 2021)	43.0	46.6	n/a	n/a	n/a	n/a
Andrew Westenberger	7.8	659.8	1.7	n/a	0.7	(100.0)

Due to Covid-19 restrictions, there was no travel for the financial year to 30 April 2021. In person Board and committee meetings resumed partway through the financial year to 30 April 2022.

## Directors' Interests (audited)

The Directors at the end of the year under review, and their interests in the Company, are shown in the following table. There have been no changes intimated in the Directors' interests up to 14 June 2023.

Name	Nature of interest	Ordinary 25p shares held at 30 April 2023	Ordinary 25p shares held at 30 April 2022
Carolyn Dobson	Beneficial	26,949	26,949
Ruary Neill	Beneficial	20,000	20,000
Cathy Pitt	Beneficial	5,362	5,362
Andrew Westenberger	Beneficial	20,000	20,000

## Relative Importance of Spend on Pay

The table below shows the actual expenditure during the year in relation to Directors' remuneration and distributions to shareholders.

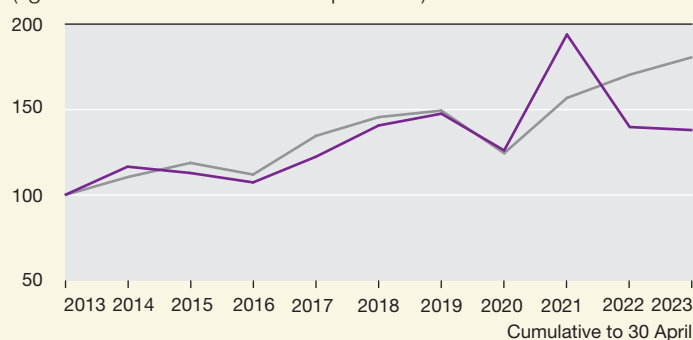
	2023 £'000	2022 £'000	Change %
Directors' remuneration	144	126	14.3
Dividends	5,951	3,715	60.2

## Company Performance

The following graph compares the share price total return (assuming all dividends are reinvested) to ordinary shareholders compared with the total shareholder return on a notional investment made up of shares in the component parts of the FTSE All-Share Index. This index was chosen for comparison purposes as it is a widely used measure of performance for UK listed companies and also the index against which the Company measures its performance.

## Performance Graph

(figures rebased to 100 at 30 April 2013)



Source: Refinitiv and relevant underlying index providers. See disclaimer on page 61.

— Baillie Gifford UK Growth's share price

— FTSE All-Share Index

All figures are total returns (assuming net dividends are reinvested). See Glossary of Terms and Alternative Performance Measures on pages 62 and 63.

Past performance is not a guide to future performance.

## Approval

The Directors' Remuneration Report on pages 30 and 31 was approved by the Board of Directors and signed on its behalf on 15 June 2023.

Ruary Neill  
Remuneration Committee Chairman



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

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that year. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general authority for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

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

### Responsibility Statement of the Directors in Respect of the Annual Financial Report

We confirm that, to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties they face; and
- the Annual Report and Financial Statements taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board  
Carolyn Dobson  
15 June 2023

### Notes

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

- The maintenance and integrity of the Baillie Gifford & Co website is the responsibility of Baillie Gifford & Co; the work carried out by the auditor does not involve consideration of these matters and accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Independent Auditor's Report

### to the members of Baillie Gifford UK Growth Trust plc

#### Opinion

We have audited the financial statements of Baillie Gifford UK Growth Trust plc ("the Company") for the year ended 30 April 2023 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 30 April 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Confirmation of our understanding of the Company's going concern assessment process and engaged with the directors and the company secretary to determine if all key factors that we have become aware of during our audit were considered in their assessment.
- Inspection of the directors' assessment of going concern, including the revenue forecast, for the period to 30 June 2024 which is at least twelve months from the date the financial statements were authorised for issue. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.

- Review of the factors and assumptions, including the impact of the current economic environment, as applied to the revenue forecast and the liquidity assessment of the investments. We considered the appropriateness of the methods used to calculate the revenue forecast and the liquidity assessment and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment for the Company.
- Assessment of the risk of breaching the debt covenants as a result of a reduction in the value of the Company's portfolio. We calculated the Company's compliance with debt covenants and we performed reverse stress testing in order to identify what factors would lead to the Company breaching the financial covenants.
- Consideration of the mitigating factors included in the revenue forecasts and covenant calculations that are within the control of the Company. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments in order to cover working capital requirements should revenue decline significantly.
- Review of the Company's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period to 30 June 2024.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

#### Overview of Our Audit Approach

<b>Key audit matters</b>	Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement Risk of incorrect valuation or ownership of the investment portfolio
<b>Materiality</b>	Overall materiality of £2.94m which represents 1% of shareholders' funds.

## An Overview of the Scope of Our Audit

### Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team and relevant specialists.

### Climate change

Stakeholders have been increasingly interested as to how climate change will impact companies. The Company has determined that the impact of climate change could affect the Company's investments and the overall investment process. This is explained on page 8 in the principal and emerging risks section, which form part of the "Other information", rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially consistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the financial statements as set out in Note 1a and concluded that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing as required by FRS 102, and unquoted investments are valued with reference to listed comparable companies therefore reflective of market participants views. We also challenged the directors' considerations of climate change in their assessment of viability and associated disclosures.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement</b> Refer to the Audit Committee Report (page 28); Accounting policies (page 43); and Note 2 of the Financial Statements (page 44)</p> <p>The total revenue for the year to 30 April 2023 was £7.26m (2022 – £7.79m), consisting primarily of dividend income from listed equity investments.</p> <p>The investment income receivable by the Company during the year directly affects the Company's revenue return. There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment.</p> <p>In addition, the directors may be required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Income Statement</p>	<p><b>We have performed the following procedures:</b></p> <p>We obtained an understanding of Baillie Gifford's processes and controls surrounding revenue recognition including the classification of special dividends by performing walkthrough procedures.</p> <p>For all dividends received and accrued, we recalculated the dividend income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share, which was agreed to an independent data vendor. For a sample of dividends received and accrued we also agreed amounts to bank statements.</p> <p>For all dividends accrued, we reviewed the investee Company announcements to assess whether the dividend obligations arose prior to 30 April 2023.</p> <p>To test completeness of recorded income, we verified that dividends had been recorded for each investee Company held during the year with reference to investee Company announcements obtained from an independent data vendor.</p> <p>We performed a review of the income and acquisition and disposal reports produced by Baillie Gifford to identify all special dividends received and accrued during the period above our testing threshold. We confirmed two special dividends were received during the year, consistent with the dividends recognised by Baillie Gifford. For the one dividend above our testing threshold, we assessed the appropriateness of Baillie Gifford's classification as revenue by reviewing the underlying rationale for the distribution.</p>	<p>The results of our procedures identified no material misstatement in relation to the risk of incomplete or inaccurate revenue recognition, including incorrect classification of special dividends as revenue or capital items in the Income Statement.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Incorrect valuation or ownership of the investment portfolio</b></p> <p>Refer to the Audit Committee Report (page 28); Accounting policies (page 43); and Note 9 of the Financial Statements (page 46)</p> <p>The valuation of the investment portfolio at 30 April 2023 was £302.54m (2022 – £306.59m) consisting of quoted investments with a value of £301.91m (2022 – £305.19m) and unquoted investments with a value of £0.63m (2022 – £1.40m).</p> <p>The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title to the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders.</p> <p>The fair value of quoted investments is determined by reference to bid value.</p> <p>Unquoted investments are valued at fair value by the directors following a detailed review and appropriate challenge of the valuations proposed by the Baillie Gifford Fair Value Pricing Group. The unquoted investment policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation guidelines 'IPEV').</p>	<p><b>We have performed the following procedures:</b></p> <p>We obtained an understanding of Baillie Gifford's processes and controls surrounding legal title and pricing of quoted and unquoted investments by performing walkthrough procedures.</p> <p>For all quoted investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the year-end.</p> <p>We inspected the stale pricing reports produced by Baillie Gifford to identify prices that have not changed within one business day and verified whether the quoted price is a valid fair value.</p> <p>For the unquoted investment in the portfolio, our valuation specialists obtained and assessed the valuation papers to support the valuation of the investments as at 30 April 2023; assessed the appropriateness of the data inputs; challenged the assumptions used to support the valuations; and assessed other facts and circumstances, such as market movement and comparative Company information, that may have had an impact on the fair market value of the investment.</p> <p>We compared the Company's investment holdings at 30 April 2023 to independent confirmations received directly from the Company's Depository.</p>	<p>The results of our procedures identified no material misstatement in relation to the risk of incorrect valuation or ownership of the investment portfolio.</p>

## Our Application of Materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

### Materiality

*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the Company to be £2.94m (2022 – £3.03m), which is 1% (2022: 1%) of shareholders' funds. We believe that shareholders' funds provides us with a materiality aligned to the key measure of the Company's performance.

### Performance materiality

*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2022 – 75%) of our planning materiality, namely £2.21m (2022 – £2.27m). We have set performance materiality at this percentage due to our experience of working with the Company that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for investment trusts, we have also applied a separate testing threshold for the revenue column of the Income Statement of £0.31m (2022 – £0.34m), being 5% of the net revenue return on ordinary activities before taxation.

### Reporting threshold

*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.15m (2022 – £0.15m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

### Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on Other Matters Prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' reports have been prepared in accordance with applicable legal requirements.

### Matters on Which we are Required to Report by Exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 26;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 9;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 26;
- Directors' statement on fair, balanced and understandable set out on page 32;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 7 to 9;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 25 and 26; and
- The section describing the work of the audit committee set out on page 28.



## Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 32, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Explanation as to What Extent the Audit was Considered Capable of Detecting Irregularities, Including Fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, the Listing Rules, UK Corporate Governance Code, the Association of Investment Companies' Code and Statement of Recommended Practice, Section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of Board minutes and the Company's documented policies and procedures.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to the incomplete or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital items in the Income Statement. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Other Matters we are Required to Address

- Following the recommendation from the audit committee, we were appointed by the Company on 5 August 2020 to audit the financial statements for the year ending 30 April 2021 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is three years, covering the years ending 30 April 2021 to 30 April 2023.
- The audit opinion is consistent with the additional report to the audit committee.

## Use of Our Report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Caroline Mercer (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Edinburgh  
15 June 2023

## Income Statement

For the year ended 30 April

	Notes	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Net losses on investments	9	–	(2,542)	<b>(2,542)</b>	–	(63,036)	<b>(63,036)</b>
Currency gains		–	–	–	–	40	<b>40</b>
Income	2	7,260	–	<b>7,260</b>	7,787	–	<b>7,787</b>
Investment management fee	3	(432)	(1,009)	<b>(1,441)</b>	(519)	(1,211)	<b>(1,730)</b>
Other administrative expenses	4	(533)	–	<b>(533)</b>	(498)	–	<b>(498)</b>
<b>Net return before finance costs and taxation</b>		<b>6,295</b>	<b>(3,551)</b>	<b>2,744</b>	<b>6,770</b>	<b>(64,207)</b>	<b>(57,437)</b>
Finance costs of borrowings	5	(150)	(349)	<b>(499)</b>	(33)	(76)	<b>(109)</b>
<b>Net return on ordinary activities before taxation</b>		<b>6,145</b>	<b>(3,900)</b>	<b>2,245</b>	<b>6,737</b>	<b>(64,283)</b>	<b>(57,546)</b>
Tax on ordinary activities	6	–	–	–	–	–	–
<b>Net return on ordinary activities after taxation</b>		<b>6,145</b>	<b>(3,900)</b>	<b>2,245</b>	<b>6,737</b>	<b>(64,283)</b>	<b>(57,546)</b>
<b>Net return per ordinary share</b>	7	<b>4.05p</b>	<b>(2.57p)</b>	<b>1.48p</b>	<b>4.39p</b>	<b>(41.89p)</b>	<b>(37.50p)</b>

Dividends declared in respect of the financial year ended 30 April 2023 amount to 3.60p (2022 – 3.91p). Further information on dividend distributions can be found in note 8 on page 46.

The total column of this statement is the profit and loss account of the Company. The supplementary revenue and capital return columns are prepared under guidance published by the Association of Investment Companies.

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

A Statement of Comprehensive Income is not required as all gains and losses of the Company have been reflected in the above statement.

The accompanying notes on pages 42 to 53 are an integral part of the Financial Statements.

## Balance Sheet

As at 30 April

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
<b>Fixed assets</b>					
Investments held at fair value through profit or loss	9		302,536		306,585
<b>Current assets</b>					
Debtors	10	1,479		1,824	
Cash and cash equivalents	18	5,512		1,491	
			6,991		3,315
<b>Creditors</b>					
Amounts falling due within one year	11	(15,105)		(6,967)	
<b>Net current liabilities</b>			(8,114)		(3,652)
<b>Net assets</b>			<b>294,422</b>		<b>302,933</b>
<b>Capital and reserves</b>					
Share capital	12		40,229		40,229
Share premium account	13		11,664		11,664
Capital redemption reserve	13		19,759		19,759
Warrant exercise reserve	13		417		417
Share purchase reserve	13		55,628		60,433
Capital reserve	13		151,603		155,503
Revenue reserve	13		15,122		14,928
<b>Shareholders' funds</b>			<b>294,422</b>		<b>302,933</b>
<b>Net asset value per ordinary share*</b>			<b>195.6p</b>		<b>197.4p</b>

The Financial Statements of Baillie Gifford UK Growth Trust plc (Company registration number 2894077) were approved and authorised for issue by the Board and were signed on 15 June 2023.

Carolan Dobson  
Chairman

The accompanying notes on pages 42 to 53 are an integral part of the Financial Statements.

\*See Glossary of Terms and Alternative Performance Measures on pages 62 and 63.

## Statement of Changes in Equity

### For the year ended 30 April 2023

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Warrant exercise reserve £'000	Share purchase reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 May 2022		40,229	11,664	19,759	417	60,433	155,503	14,928	<b>302,933</b>
Ordinary shares bought back into treasury	12	–	–	–	–	(4,805)	–	–	<b>(4,805)</b>
Dividends paid during the year	8	–	–	–	–	–	–	(5,951)	<b>(5,951)</b>
Net return on ordinary activities after taxation	7	–	–	–	–	–	(3,900)	6,145	<b>2,245</b>
<b>Shareholders' funds at 30 April 2023</b>		<b>40,229</b>	<b>11,664</b>	<b>19,759</b>	<b>417</b>	<b>55,628</b>	<b>151,603</b>	<b>15,122</b>	<b>294,422</b>

### For the year ended 30 April 2022

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Warrant exercise reserve £'000	Share purchase reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 May 2021		40,229	11,328	19,759	417	60,433	218,981	11,906	<b>363,053</b>
Ordinary shares sold from treasury	12	–	336	–	–	–	805	–	<b>1,141</b>
Dividends paid during the year	8	–	–	–	–	–	–	(3,715)	<b>(3,715)</b>
Net return on ordinary activities after taxation	7	–	–	–	–	–	(64,283)	6,737	<b>(57,546)</b>
<b>Shareholders' funds at 30 April 2022</b>		<b>40,229</b>	<b>11,664</b>	<b>19,759</b>	<b>417</b>	<b>60,433</b>	<b>155,503</b>	<b>14,928</b>	<b>302,933</b>

The accompanying notes on pages 42 to 53 are an integral part of the Financial Statements.

## Cash Flow Statement

For the year ended 30 April

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
<b>Cash flows from operating activities</b>					
Net return on ordinary activities before taxation		2,245		(57,546)	
Net losses on investments		2,542		63,036	
Currency gains		–		(40)	
Finance costs of borrowings		499		109	
Changes in debtors		344		(372)	
Changes in creditors		(3)		(83)	
<b>Cash from operations†</b>			5,627		5,104
Interest paid			(357)		(97)
<b>Net cash inflow from operating activities</b>			5,270		5,007
<b>Cash flows from investing activities</b>					
Acquisitions of investments		(24,014)		(24,632)	
Disposals of investments		25,521		17,778	
<b>Net cash inflow/(outflow) from investing activities</b>			1,507		(6,854)
<b>Cash flows from financing activities</b>					
Bank loan drawn down		8,000		6,450	
Bank loan repaid		–		(2,450)	
Equity dividends paid	8	(5,951)		(3,715)	
Ordinary shares sold from treasury	12	–		1,141	
Ordinary shares bought back into treasury and stamp duty thereon	12	(4,805)		–	
<b>Net cash (outflow)/inflow from financing activities</b>			(2,756)		1,426
<b>Increase/(decrease) in cash and cash equivalents</b>					
Exchange movements			–		40
Cash and cash equivalents at start of year	15		1,491		1,872
<b>Cash and cash equivalents at end of year*</b>	15		<b>5,512</b>		<b>1,491</b>

\* Cash and cash equivalents represent cash at bank and short-term deposits repayable on demand.

† Cash from operations includes dividends received of £7,523,000 (2022 – £7,420,000) and £77,000 deposit interest (2022 – nil).

The accompanying notes on pages 42 to 53 are an integral part of the Financial Statements.



## Notes to the Financial Statements

### 1 Principal Accounting Policies

The Financial Statements for the year to 30 April 2023 have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' on the basis of the accounting policies set out below which are consistent with those applied for the year ended 30 April 2022.

#### (a) Basis of Accounting

All of the Company's operations are of a continuing nature and the Financial Statements are prepared on a going concern basis under the historical cost convention, modified to include the revaluation of fixed asset investments at fair value through profit or loss and on the assumption that approval as an investment trust under section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011 will be retained. The Board has, in particular, considered the impact of heightened market volatility over recent months due to macroeconomic and geopolitical concerns, including increased inflation and interest rates and the Russia-Ukraine conflict. It has reviewed the results of specific leverage and liquidity stress testing, but does not believe the Company's going concern status is affected. The Company's assets, which are primarily investments in quoted securities and are readily realisable (Level 1) exceed its liabilities significantly and could be sold to repay borrowings if required.

All borrowings require the prior approval of the Board. Gearing levels and compliance with loan covenants are reviewed by the Board on a regular basis. The Royal Bank of Scotland International Limited one year revolving credit facility which was due for repayment in July 2022 was replaced with another The Royal Bank of Scotland International Limited one year revolving credit facility as shown in note 11 on page 48.

The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) Regulations 2011.

Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal and emerging risks and other matters, as set out in the Viability Statement on page 9, that the Company will continue in operational existence until 30 June 2024, which is for a period of at least twelve months from the date of approval of these Financial Statements.

The Financial Statements have been prepared in accordance with the Companies Act 2006, applicable United Kingdom Accounting Standards and with the AIC's Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in November 2014 and updated in July 2022 with consequential amendments. In order to better reflect the activities of the Company and in accordance with guidance issued by the AIC, supplementary information which analyses the profit and loss account between items of a revenue and capital nature has been presented in the Income Statement.

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

In preparing these Financial Statements the Directors have considered the impact of climate change risk as a principal risk as set out on page 8. In line with FRS 102 investments are valued at fair value, which for the Company are quoted bid prices for investments in active markets at the balance sheet date and therefore reflect market participants view of climate change risk. The unlisted investment has been valued in reference to a recent purchase price adjusted for market movements in comparable companies (see 1(b) below) which similarly reflect market participants view of climate change risk.

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

The Company has only one material segment being that of an investment trust company investing in a portfolio of long term investments.

#### (b) Significant Accounting Estimates and Judgements

The preparation of the Financial Statements requires the use of estimates, assumptions and judgements. These estimates, assumptions and judgements affect the reported amounts of assets and liabilities, at the reporting date. While estimates are based on best judgement using information and financial data available, the actual outcome may differ from these estimates. The key sources of estimation and uncertainty relate to the assumptions used in the determination of the fair value of the unlisted investment.

##### Judgements

The Directors consider that the preparation of the Financial Statements involves the key judgements in relation to the fair valuation of the unlisted investment.

The key judgements in the fair valuation process are:

- (i) the Managers' determination of the appropriate application of the International Private Equity and Venture Capital Guidelines 2018 ('IPEV Guidelines') to each unlisted investment; and
- (ii) the Directors' consideration of whether each fair value is appropriate following detailed review and challenge. The judgement applied in the selection of the methodology used for determining the fair value of each unlisted investment can have a significant impact upon the valuation.

##### Estimates

The key estimate in the Financial Statements is the determination of the fair value of the unlisted investment by the Managers for consideration by the Directors. This estimate is key as it significantly impacts the valuation of the unlisted investment at the Balance Sheet date. The fair valuation process involves estimation using subjective inputs that are unobservable (for which market data is unavailable). The main estimates involved in the selection of the valuation process inputs are:

- (i) the selection of appropriate comparable companies to assist with the valuation validation or the application of valuation adjustments. Comparable companies are chosen on the basis of their business characteristics and growth patterns; and
- (ii) the estimation of the probability assigned to an exit being through an initial public offering ('IPO') or a company sale.

**(c) Investments**

The Company's investments are classified as held at fair value through profit and loss in accordance with sections 11 and 12 of FRS 102.

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

Upon initial recognition investments in securities are recognised at fair value. Subsequently, investments are included at fair value which are quoted bid prices for investments traded in active markets. Changes in the fair value of investments and gains and losses on disposal are recognised as capital items in the Income Statement.

Unlisted investments are valued at fair value following a detailed review and appropriate challenge of the valuations. The Managers' unlisted investment policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation guidelines ('IPEV'). These methodologies can be categorised as follows: (a) market approach (multiples, industry valuation benchmarks and available market prices); (b) income approach (discounted cash flows); and (c) replacement cost approach (net assets). The valuation process recognises also, as stated in the IPEV Guidelines, that the price of a recent investment may be an appropriate starting point for estimating fair value, however it should be evaluated using the techniques described above.

**(d) Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand and deposits repayable on demand. Deposits are repayable on demand if they can be withdrawn at any time without notice and without penalty or if they have a maturity or period of notice of not more than one working day.

**(e) Income**

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

**(f) Expenses**

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue account except as follows:

- (i) Where they relate directly to the acquisition or disposal of an investment, in which case they are charged to capital. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty.
- (ii) The management fee is allocated 30% to revenue and 70% to capital in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio.

**(g) Borrowings and Finance Costs**

Finance costs are accounted for on an accruals basis. Finance costs are allocated 30% to revenue and 70% to capital in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio.

**(h) Deferred Taxation**

In accordance with FRS 102, deferred taxation is provided on all timing differences which have originated but not reversed by the Balance Sheet date, calculated on a non-discounted basis at the tax rates expected to apply when the timing differences reverse, based on what has been enacted or substantially enacted, relevant to the benefit or liability. Deferred tax assets are recognised only to the extent that it is more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

**(i) Value Added Tax (VAT)**

Expenses are disclosed inclusive of the related irrecoverable VAT.

**(j) Dividend Distributions**

Final dividends are recognised in the year in which the dividends are approved by the Company's shareholders.

**(k) Share Premium Account**

The balance classified as share premium represents:

- the proceeds of sales of shares held in treasury in excess of the weighted average purchase price paid by the Company to repurchase the shares; and
- the excess of the proceeds of issuance of new shares over the nominal value.

**(l) Capital Redemption Reserve**

The nominal value of ordinary share capital repurchased and cancelled is transferred out of the called-up share capital and into the capital redemption reserve.

**(m) Warrant Exercise Reserve**

The premium arising on issue of shares where there were warrants attached was apportioned between shares and warrants as part of shareholders' funds on the basis of the market values of the shares and warrants on the first day of dealing. The warrant element was referred to as the warrant reserve. On exercise of these warrants, the premium relating to the warrants exercised is transferred from the warrant reserve to a warrant exercise reserve.

**(n) Share Purchase Reserve**

The cost of repurchasing ordinary shares including related stamp duty and transaction costs are taken directly to share purchase reserve. Share purchase transactions are accounted for on a trade date basis.

**(o) Capital Reserve**

Gains and losses on disposal of investments, changes in the fair value of investments held, exchange differences of a capital nature and the amount by which other assets and liabilities valued at fair value differ from their book cost are dealt with in the capital reserve. The sales proceeds of treasury shares reissued are treated as a realised profit up to the amount of the weighted average purchase price of those shares and is transferred to capital reserves.

**(p) Revenue Reserve**

The revenue profit or loss for the year is taken to or from this reserve. The revenue reserve may be distributed by way of a dividend.

## 2 Income

	2023 £'000	2022 £'000
<b>Income from investments</b>		
UK dividends	7,183	7,787
<b>Other income</b>		
Deposit interest	77	–
<b>Total income</b>	<b>7,260</b>	<b>7,787</b>

Special dividends received in the year amounted to £311,000 (2022 – £919,000) with £311,000 (2022 – £919,000) classified to revenue and nil (2022 – nil) classified to capital.

## 3 Investment Management Fee

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Investment management fee	432	1,009	1,441	519	1,211	1,730

Details of the Investment Management Agreement are disclosed on page 20. Baillie Gifford & Co Limited's annual management fee is 0.5% of net asset value, calculated on a quarterly basis.

## 4 Other Administrative Expenses – all charged to revenue

	2023 £'000	2022 £'000
General administrative expenses	238	255
Directors' fees (see Directors' Remuneration Report on page 31)	133	123
Marketing	103	82
Auditor's remuneration – statutory audit of the Company's Annual Financial Statements*	59	38
	<b>533</b>	<b>498</b>

\* Includes irrecoverable VAT of £9,800 (2022 – £6,400).

The Company is part of a marketing programme which includes all the Investment Trusts managed by the Manager. The marketing strategy has an ongoing objective to stimulate demand for the Company's shares. The cost of this marketing strategy is borne in partnership by the Company and the Manager. The Manager matches the Company's marketing contribution and provides the resource to manage and run the programme.

## 5 Finance Costs of Borrowings

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Interest on bank loans	150	349	499	33	76	109

## 6 Tax on Ordinary Activities

	2023 £'000	2022 £'000
<b>Analysis of charge in year</b>		
Tax charge for the year	–	–
	–	–
<b>Factors affecting tax charge for year</b>		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19.5%* (2022 – 19%)		
The differences are explained below:		
Net return on ordinary activities before taxation	2,245	(57,546)
Net return on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.5% (2022 – 19%)	438	(10,934)
Effects of:		
Capital returns not taxable/allowable	495	11,969
Income not taxable	(1,400)	(1,480)
Taxable losses in year not utilised	467	445
Tax charge for the year	–	–

\* A tax rate of 19.5% reflects the increase in the UK corporation tax rate from 19% to 25% from 1 April 2023.

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

### Factors that may affect future tax charges

At 30 April 2023 the Company had surplus management expenses and losses on non-trading loan relationships of £54,073,000 (2022 – £51,677,000) which have not been recognised as a deferred tax asset. This is because the Company is not expected to generate taxable income in a future period in excess of the deductible expenses of that future period and, accordingly, it is unlikely that the Company will be able to reduce future tax liabilities through the use of existing surplus expenses.

Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

## 7 Net Return per Ordinary Share

	2023 Revenue	2023 Capital	2023 Total	2022 Revenue	2022 Capital	2022 Total
Net return per ordinary share	<b>4.05p</b>	<b>(2.57p)</b>	<b>1.48p</b>	<b>4.39p</b>	<b>(41.89p)</b>	<b>(37.50p)</b>

Revenue return per ordinary share is based on the net revenue return on ordinary activities after taxation of £6,145,000 (2022 – £6,737,000), and on 151,603,018 (2022 – 153,457,607) ordinary shares, being the weighted average number of ordinary shares in issue during each year.

Capital return per ordinary share is based on the net capital loss for the financial year of £3,900,000 (2022 – net capital loss of £64,283,000), and on 151,603,018 (2022 – 153,457,607) ordinary shares, being the weighted average number of ordinary shares in issue during each year.

There are no dilutive or potentially dilutive shares in issue.

## 8 Ordinary Dividends

	2023	2022	2023 £'000	2022 £'000
<b>Amounts recognised as distributions in the year:</b>				
Previous year's final dividend (paid 16 September 2022)	3.91p	2.42p	5,951	3,715

Also set out below are the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of section 1158 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £6,145,000 (2022 – £6,737,000).

	2023	2022	2023 £'000	2022 £'000
<b>Dividends paid and payable in respect of the year:</b>				
Proposed final dividend (payable 15 September 2023)	3.60p	3.91p	5,419	5,951

## 9 Fixed Assets – Investments

Investments in securities are financial assets classified as held at fair value through profit or loss. In accordance with Financial Reporting Standard 102, the following tables provide an analysis of these investments based on the fair value hierarchy described below, which reflects the reliability and significance of the information used to measure their fair value.

As at 30 April 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	301,909	–	–	<b>301,909</b>
Unlisted preference shares*	–	–	627	<b>627</b>
Total financial asset investments	<b>301,909</b>	<b>–</b>	<b>627</b>	<b>302,536</b>

As at 30 April 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	305,193	–	–	<b>305,193</b>
Unlisted preference shares*	–	–	1,392	<b>1,392</b>
Total financial asset investments	<b>305,193</b>	<b>–</b>	<b>1,392</b>	<b>306,585</b>

\* The unlisted preference shares investment represents a holding in Wayve Technologies Ltd.

### Fair Value Hierarchy

The fair value hierarchy used to analyse the basis on which the fair values of financial instruments held at fair value through the profit and loss account are measured is described below. Fair value measurements are categorised on the basis of the lowest level input that is significant to the fair value measurement.

**Level 1** – using unadjusted quoted prices for identical instruments in an active market;

**Level 2** – using inputs, other than quoted prices included within Level 1, that are directly or indirectly observable (based on market data); and

**Level 3** – using inputs that are unobservable (for which market data is unavailable).

The Company's unlisted investment at 30 April 2023 was valued using a recent purchase price adjusted for market movements in comparable companies. A sensitivity analysis of the unlisted security's valuation is on page 51.



## 9 Fixed Assets – Investments (continued)

	2023 Listed securities £'000	2023 Unlisted securities* £'000	2023 Total £'000	2022 Total £'000
Cost of investments held at start of year	309,639	1,516	311,155	299,842
Investment holding (losses)/gains at start of year	(4,446)	(124)	(4,570)	62,925
Value of investments held at start of year	<b>305,193</b>	<b>1,392</b>	<b>306,585</b>	<b>362,767</b>
Analysis of transactions during the year:				
Purchases at cost	24,014	–	24,014	24,632
Sales – proceeds received	(25,521)	–	(25,521)	(17,778)
Losses on investments	(1,777)	(765)	(2,542)	(63,036)
Value of investments held at end of year	<b>301,909</b>	<b>627</b>	<b>302,536</b>	<b>306,585</b>
Cost of investments held at end of year	307,534	1,516	309,050	311,155
Investment holding losses at end of year	(5,625)	(889)	(6,514)	(4,570)
Fair value of investments held at end of year	<b>301,909</b>	<b>627</b>	<b>302,536</b>	<b>306,585</b>

\* The unlisted securities investment represents a holding in Wayve Technologies Ltd.

The Company received proceeds of £25,521,000 (2022 – £17,778,000) from investments sold in the year. The book cost of these investments when they were purchased was £26,119,000 (2022 – £13,319,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Transaction costs of £115,000 (2022 – £62,000) and £10,000 (2022 – £3,000) were suffered on purchases and sales respectively.

	2023 £'000	2022 £'000
<b>Net (losses)/gains on investments classified as held at fair value through profit or loss</b>		
(Losses)/gains on sales	(598)	4,459
Changes in investment holding losses	(1,944)	(67,495)
	<b>(2,542)</b>	<b>(63,036)</b>

## 10 Debtors

	2023 £'000	2022 £'000
<b>Amounts falling due within one year:</b>		
Accrued income and prepaid expenses	<b>1,479</b>	<b>1,824</b>

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

## 11 Creditors – amounts falling due within one year

	2023 £'000	2022 £'000
Bank loans	14,450	6,450
Other creditors and accruals	655	517
	<b>15,105</b>	<b>6,967</b>

None of the above creditors are financial liabilities held at fair value through profit or loss. Included in other creditors is £368,000 (2022 – £379,000) in respect of the investment management fee.

At 30 April 2023, the Company had a one year £30 million unsecured revolving credit loan facility with The Royal Bank of Scotland International Limited which expires in July 2023. At 30 April 2023, £14,450,000 was drawn down under this facility. At 30 April 2022, £6,450,000 was drawn down under a one year £20 million unsecured revolving credit loan facility with The Royal Bank of Scotland International Limited which expired in July 2022.

The main covenant relating to the above loan is that total borrowings shall not exceed 30% of adjusted portfolio value. There were no breaches of loan covenants during the year.

## 12 Share Capital

	2023 Number	2023 £'000	2022 Number	2022 £'000
Allotted, called up and fully paid ordinary shares of 25p each	150,520,484	37,630	153,495,484	38,374
Treasury shares of 25p each	10,396,700	2,599	7,421,700	1,855
Total	<b>160,917,184</b>	<b>40,229</b>	<b>160,917,184</b>	<b>40,229</b>

The Company's shareholder authority permits it to hold shares bought back 'in treasury'. Under such authority, treasury shares may be subsequently either sold for cash (at a premium to net asset value per ordinary share) or cancelled. At 30 April 2023 the Company had authority to buy back 21,351,628 ordinary shares. During the year to 30 April 2023, 2,975,000 shares were bought back into treasury at a total cost of £4,805,000 (2022 – no ordinary shares were bought back).

In the year to 30 April 2023, no shares were sold from treasury (2022 – the Company sold from treasury 475,000 ordinary shares at a premium to net asset value, with a nominal value of £119,000 raising net proceeds of £1,141,000). At 30 April 2023 the Company had authority to issue or sell from treasury 15,299,548 ordinary shares.

### 13 Capital and Reserves

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Warrant exercise reserve £'000	Share purchase reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
At 1 May 2022	40,229	11,664	19,759	417	60,433	155,503	14,928	<b>302,933</b>
Losses on investments	–	–	–	–	–	(2,542)	–	<b>(2,542)</b>
Ordinary shares bought back into treasury	–	–	–	–	(4,805)	–	–	<b>(4,805)</b>
Investment management fee charged to capital	–	–	–	–	–	(1,009)	–	<b>(1,009)</b>
Finance costs of borrowings charged to capital	–	–	–	–	–	(349)	–	<b>(349)</b>
Dividends paid in year	–	–	–	–	–	–	(5,951)	<b>(5,951)</b>
Revenue return on ordinary activities after taxation	–	–	–	–	–	–	6,145	<b>6,145</b>
At 30 April 2023	<b>40,229</b>	<b>11,664</b>	<b>19,759</b>	<b>417</b>	<b>55,628</b>	<b>151,603</b>	<b>15,122</b>	<b>294,422</b>

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Warrant exercise reserve £'000	Share purchase reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
At 1 May 2021	40,229	11,328	19,759	417	60,433	218,981	11,906	<b>363,053</b>
Losses on investments	–	–	–	–	–	(63,036)	–	<b>(63,036)</b>
Ordinary shares sold from treasury	–	336	–	–	–	805	–	<b>1,141</b>
Investment management fee charged to capital	–	–	–	–	–	(1,211)	–	<b>(1,211)</b>
Finance costs of borrowings charged to capital	–	–	–	–	–	(76)	–	<b>(76)</b>
Other exchange differences	–	–	–	–	–	40	–	<b>40</b>
Dividends paid in year	–	–	–	–	–	–	(3,715)	<b>(3,715)</b>
Revenue return on ordinary activities after taxation	–	–	–	–	–	–	6,737	<b>6,737</b>
At 30 April 2022	<b>40,229</b>	<b>11,664</b>	<b>19,759</b>	<b>417</b>	<b>60,433</b>	<b>155,503</b>	<b>14,928</b>	<b>302,933</b>

The capital reserve includes investment holding losses of £6,514,000 (2022 – losses of £4,570,000) as disclosed in note 9. The revenue reserve and the capital reserve (to the extent it constitutes realised profits) are distributable.

### 14 Net Asset Value per Ordinary Share

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

	2023	2022	2023 £'000	2022 £'000
Ordinary shares of 25p	<b>195.6p</b>	<b>197.4p</b>	<b>294,422</b>	<b>302,933</b>

Net asset value per ordinary share is based on the net assets as shown above and 150,520,484 (2022 – 153,495,484) ordinary shares, being the number of ordinary shares in issue at the year end, excluding shares held in treasury.

## 15 Analysis of Change in Net Debt

	1 May 2022 £'000	Cash flows £'000	Exchange movement £'000	30 April 2023 £'000
Cash and cash equivalents	1,491	4,021	–	5,512
Loans due within one year	(6,450)	(8,000)	–	(14,450)
<b>Total</b>	<b>(4,959)</b>	<b>(3,979)</b>	<b>–</b>	<b>(8,938)</b>

	1 May 2021 £'000	Cash flows £'000	Exchange movement £'000	30 April 2022 £'000
Cash and cash equivalents	1,872	(421)	40	<b>1,491</b>
Loans due within one year	(2,450)	(4,000)	–	<b>(6,450)</b>
<b>Total</b>	<b>(578)</b>	<b>(4,421)</b>	<b>40</b>	<b>(4,959)</b>

## 16 Contingent Liabilities, Guarantees and Financial Commitments

There were no contingent liabilities, guarantees or financial commitments at either year end.

## 17 Transactions with the Managers and Related Parties

The Directors' fees for the year and interests in the Company's shares at the end of the year are detailed in the Directors' Remuneration Report on pages 30 and 31. No Director has a contract of service with the Company. During the years reported, no Director was interested in any contract or other matter requiring disclosure under section 412 of the Companies Act 2006.

The Management fee due to Baillie Gifford & Co Limited is set out in note 3 on page 44 and the amount accrued at 30 April 2023 is set out in note 11 on page 48. Details of the Investment Management Agreement are set out on page 20.

## 18 Financial Instruments

The Company invests in equities for the long term so as to achieve its investment objective of long-term capital growth with the aim of providing a total return in excess of the FTSE All-Share Index. The Company borrows money when the Board and Managers have sufficient conviction that the assets funded by borrowed monies will generate a return in excess of the cost of borrowing. In pursuing its investment objective, the Company is exposed to various types of risk that are associated with the financial instruments and markets in which it invests and could result in either a reduction in the Company's net assets or a reduction in the profits available for dividend.

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

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

### Market Risk

The fair value or future cash flows of a financial instrument or other investment held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – interest rate risk, market price risk and currency risk. The Board of Directors reviews and agrees policies for managing these risks and the Company's Investment Manager assesses the exposure to market risk when making individual investment decisions as well as monitoring the overall level of market risk across the investment portfolio on an ongoing basis. Details of the Company's investment portfolio are shown on pages 16 and 17.

#### (i) Interest Rate Risk

Interest rate movements may affect the level of income receivable on cash deposits and interest payable on variable rate borrowings. They may also impact upon the market value of the Company's investments as the effect of interest rate movements upon the earnings of a company may have a significant impact upon the valuation of that company's equity.

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

The Board reviews on a regular basis the amount of investments in cash and the income receivable on cash deposits.

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

### Financial Assets

Cash deposits generally comprise overnight call or short-term deposits and earn interest at floating rates based on prevailing bank base rates.

## 18 Financial Instruments (continued)

### Financial Liabilities

The interest risk profile of the Company's financial assets and financial liabilities and the maturity profile of the undiscounted future cash flows in respect of the Company's contractual financial liabilities at 30 April are shown below:

#### Interest Rate Risk Profile

	2023 £'000	2022 £'000
The interest rate risk profile of the Company's financial assets at 30 April was:		
Cash – sterling	5,512	1,491
The interest rate risk profile of the Company's financial liabilities at 30 April was:		
Floating rate – sterling denominated	14,450	6,450

All short term floating rate borrowings are stated at book cost which is considered to be equal to their fair value given the facilities are revolving credit facilities.

#### Maturity Profile

	2023 £'000	2022 £'000
The maturity profile of the Company's financial liabilities at 30 April was:		
In less than one year		
– repayment of loans	14,450	6,450
– accumulated interest	298	46
	<b>14,748</b>	<b>6,496</b>

#### Interest Rate Risk Sensitivity

An increase of 100 basis points in interest rates, with all other variables held constant, would have decreased the Company's total net assets and total return on ordinary activities for the year ended 30 April 2023 by £124,000 (2022 – £36,000). A decrease of 100 basis points would have had an equal but opposite effect.

#### (ii) Market Price Risk

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

The Board manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Investment Manager. The Board meets regularly and at each meeting reviews investment performance, the investment portfolio and the rationale for the current investment positioning to ensure consistency with the Company's objectives and investment policies.

#### (iii) Currency Risk

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

#### Other Price Risk Sensitivity

A full list of the Company's investments is shown on pages 16 and 17. There is a concentration of exposure to the UK, though it should be noted that the Company's investment may not be entirely exposed to economic conditions in the UK, as many UK listed companies do much of their business overseas.

102.5% (2022 – 100.7%) of the Company's net assets are invested in quoted equities. A 10% increase in quoted equity valuations at 30 April 2023 would have increased total net assets by £30,191,000 (2022 – £30,519,000). A decrease of 10% would have had an equal but opposite effect.

0.2% (2022 – 0.5%) of the Company's net assets are invested in unlisted (private) company investments. The fair valuation of the private company investment is influenced by the estimates, assumptions and judgements made in the fair valuation process (see 1(b) on page 42). A sensitivity analysis is provided below which recognises that the valuation methodologies employed involve subjectivity in their significant unobservable inputs and illustrates the sensitivity of the valuations to these inputs.

As at 30 April 2023 Valuation approach	Fair value as at 30 April 2023 £'000	Key unobservable inputs	Sensitivity %	Sensitivity to changes in significant unobservable inputs
Comparable company performance	627	Selection of comparable companies	10	If input comparable company performance changed by +/-10%, the fair value would change by £25,000 and -£33,000.



## 18 Financial Instruments (continued)

As at 30 April 2022 Valuation approach	Fair value as at 30 April 2022 £'000	Key unobservable inputs	Sensitivity %	Sensitivity to changes in significant unobservable inputs
Comparable company performance	1,392	Selection of comparable companies	10	If input comparable company performance changed by +/-10%, the fair value would change by £63,000 and -£63,000

The variable inputs applicable to a broad category of valuation basis will vary dependent on the particular circumstances of a private company valuation. An explanation of each of the relevant key variable inputs is provided below.

**(a) Application of valuation basis**

The valuation basis applied to a private company investment will vary depending on the circumstances of the investment. When an investment is pre-revenue, the focus of the valuation will be on assessing the recent transaction and the achievement of key milestones since investment. Adjustments may also be made depending on the performance of comparable benchmarks and companies. For those investments where a trading multiples approach can be taken, the methodology will factor in revenue, earnings or net assets as appropriate for the investment, and where a suitable correlation can be identified with the comparable companies then a regression analysis will be performed. Discounted cash flows will also be considered where appropriate forecasts are available.

**(b) Probability estimation of liquidation events**

The probability of a liquidation event such as a company sale, or alternatively an initial public offering ('IPO'), is a key variable input in the transaction-based and multiples-based valuation techniques. The probability of an IPO versus a company sale is typically estimated from the outset to be 50:50 if there has been no indication by the company of pursuing either of these routes. If the company has indicated an intention to IPO, the probability is increased accordingly to 75% and if an IPO has become a certainty the probability is increased to 100%. Likewise, in a scenario where a company is pursuing a trade sale the weightings will be adjusted accordingly in favour of a sale scenario, or in a situation where a company is underperforming expectations significantly and therefore deemed very unlikely to pursue an IPO.

**(c) Selection of comparable companies**

The selection of comparable companies is assessed individually for each investment at the point of investment, and the relevance of the comparable companies is continually evaluated at each valuation. The key criteria used in selecting appropriate comparable companies are the industry sector in which they operate, the geography of the company's operations, the respective revenue and earnings growth rates and the operating margins. Typically, between 4 and 10 comparable companies will be selected for each investment, depending on how many relevant comparable companies are identified. The resultant revenue or earnings multiples or share price movements derived will vary depending on the companies selected and the industries they operate in.

**(d) Selection of appropriate benchmarks**

The selection of appropriate benchmarks is assessed individually for each investment. The industry and geography of each company are key inputs to the benchmark selection, with either one or two key indices or benchmarks being used for comparison.

**Liquidity Risk**

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is not significant as the majority of the Company's assets are in investments that are readily realisable.

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

The maturity profile of the Company's financial liabilities due in less than one year at 30 April was:

	2023 £'000	2022 £'000
Bank loans	14,450	6,450
Other creditors and accruals	655	517
	<b>15,105</b>	<b>6,967</b>

## 18 Financial Instruments (continued)

### Credit Risk

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

- where the Investment Manager makes an investment in a bond or other security with credit risk, that credit risk is assessed and then compared to the prospective investment return of the security in question;
- the Depositary is liable for the loss of financial instruments held in custody. The Depositary will ensure that any delegate segregates the assets of the Company. The Depositary has delegated the custody function to The Bank of New York Mellon (International) Limited. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Investment Manager monitors the Company's risk by reviewing the custodian's internal control reports and reporting its findings to the Board;
- investment transactions are carried out with a large number of brokers whose creditworthiness is reviewed by the Investment Manager. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations before any transfer of cash or securities away from the Company is completed;
- the creditworthiness of the counterparty to transactions involving derivatives, structured notes and other arrangements, wherein the creditworthiness of the entity acting as broker or counterparty to the transaction is likely to be of sustained interest, are subject to rigorous assessment by the Investment Manager; and
- cash is only held at banks that are regularly reviewed by the Investment Manager.

### Credit Risk Exposure

The exposure to credit risk at 30 April was:

	2023 £'000	2022 £'000
Cash and cash equivalents	5,512	1,491
Debtors	1,479	1,824
	<b>6,991</b>	<b>3,315</b>

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

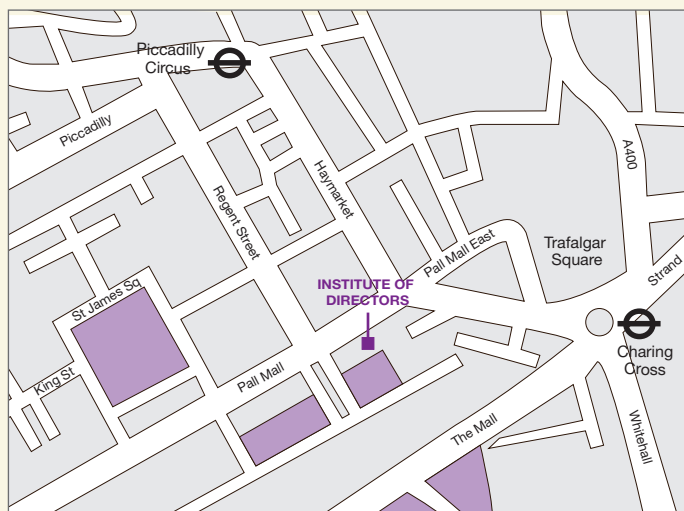
### Fair Value of Financial Assets and Financial Liabilities

The Company's investments are stated at fair value and the Directors are of the opinion that the reported values of the Company's other financial assets and liabilities approximate to fair value.

## 19 Capital Management

The objectives of the Company are to ensure that it will continue as a going concern and to maximise the capital return to its equity shareholders through an appropriate level of gearing. Its borrowings are set out on note 11 on page 48. The Company does not have any externally imposed capital requirements. The capital of the Company is the ordinary share capital as detailed in note 12. It is managed in accordance with its investment policy in pursuit of its investment objective, both of which are detailed on page 7, and shares may be repurchased or issued as explained on pages 21 and 22.

## Notice of Annual General Meeting



The Annual General Meeting of the Company will be held at the Institute of Directors, 116 Pall Mall, London SW1Y 5ED on Thursday 7 September 2023, at 12.00 noon.

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

Baillie Gifford may record your call.

The Board encourages all shareholders to submit proxy voting forms as soon as possible and, in any event, by no later than 12.00 noon on 5 September 2023. We would encourage shareholders to monitor the Company's website at [bgukgrowthtrust.com](http://bgukgrowthtrust.com). Should shareholders have questions for the Board or the Managers or any queries as to how to vote, they are welcome as always to submit them by email to [trustenquiries@bailliegifford.com](mailto:trustenquiries@bailliegifford.com) or call 0800 917 2112. Baillie Gifford may record your call.

Notice is hereby given that an Annual General Meeting of Baillie Gifford UK Growth Trust plc will be held at the Institute of Directors, 116 Pall Mall, London SW1Y 5ED on Thursday, 7 September 2023 at 12.00 noon for the following purposes.

### Ordinary Business

To consider and, if thought fit, to pass the following Resolutions as Ordinary Resolutions.

1. To receive and adopt the Financial Statements of the Company for the year to 30 April 2023 with the Reports of the Directors and of the Independent Auditor thereon.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Annual Report on Remuneration for the year to 30 April 2023.
4. To declare a final dividend of 3.60p per ordinary share.
5. To re-elect Carolan Dobson as a Director.
6. To re-elect Andrew Westenberger as a Director.
7. To re-elect Ruary Neill as a Director.
8. To re-elect Cathy Pitt as a Director.

9. To re-appoint Ernst & Young LLP as Independent Auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at which the Financial Statements are laid before the Company.
10. To authorise the Directors to determine the remuneration of the Independent Auditor of the Company.

### Special Business

To consider and, if thought fit, to pass Resolution 11 as an Ordinary Resolution and Resolutions 12 and 13 as Special Resolutions.

11. That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ('Securities') provided that such authority shall be limited to the allotment of shares and the grant of rights in respect of shares with an aggregate nominal value of up to £3,760,387, such authority to expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, unless previously revoked, varied or extended by the Company in a general meeting, save that the Company may at any time prior to the expiry of this authority make an offer or enter into an agreement which would or might require Securities to be allotted or granted after the expiry of such authority and the Directors shall be entitled to allot or grant Securities in pursuance of such an offer or agreement as if such authority had not expired.

12. That, subject to the passing of Resolution 11 above, and in substitution for any existing power but without prejudice to the exercise of any such power prior to the date hereof, the Directors of the Company be and they are hereby generally empowered, pursuant to sections 570 and 573 of the Companies Act 2006 (the 'Act'), to allot equity securities (within the meaning of section 560(1) of the Act), for cash pursuant to the authority given by Resolution 11 above, and to sell treasury shares for cash, as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power:
- (a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or on the expiry of 15 months from the passing of this Resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry and the Directors may allot equity securities or sell treasury shares in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and
  - (b) shall be limited to the allotment of equity securities or the sale of treasury shares up to an aggregate nominal value of £3,760,387, being approximately 10% of the nominal value of the issued share capital of the Company, as at 14 June 2023.
13. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of section 693(4) of the Act) of fully paid ordinary shares of 25 pence each in the capital of the Company ('ordinary shares') (either for retention as treasury shares for future reissue, resale, transfer or cancellation), provided that:
- (a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 22,547,281, or, if less, the number representing approximately 14.99% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution;
  - (b) the minimum price (excluding expenses) which may be paid for each ordinary share is 25 pence;
  - (c) the maximum price (excluding expenses) which may be paid for each ordinary share shall not be more than the higher of:
    - (i) 5 per cent above the average closing price on the London Stock Exchange of an ordinary share over the five business days immediately preceding the date of purchase; and
    - (ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy back programmes and stabilisation of financial instruments (No. 2273/2003); and
  - (d) unless previously varied, revoked or renewed by the Company in a general meeting, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in respect of the year ending 30 April 2024, save that the Company may, prior to such expiry, enter into a contract to purchase ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.

By order of the Board  
Baillie Gifford & Co Limited  
Managers and Secretaries  
6 July 2023

### Notes

1. As a member you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the AGM. A proxy need not be a member of the Company but must attend the AGM to represent you. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You can only appoint a proxy using the procedure set out in these notes and the notes to the proxy form. You may not use any electronic address provided either in this notice or any related documents (including the circular and proxy form) to communicate with the Company for any purpose other than those expressly stated.
2. To be valid any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand at the Registrars of the Company at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or [eproxyappointment.com](http://eproxyappointment.com) no later than 2 days (excluding non-working days) before the time of the meeting or any adjourned meeting.
3. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and/or by logging on to the website [euroclear.com/CREST](http://euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
4. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrar (ID 3RA50) no later than two days (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
5. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
6. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
7. The return of a completed proxy form or other instrument of proxy will not prevent you attending the AGM and voting in person if you wish.
8. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and section 311 of the Companies Act 2006 the Company specifies that to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company no later than 2 days (excluding non-working days) prior to the commencement of the AGM or any adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
9. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
10. The statement of the rights of shareholders in relation to the appointment of proxies in Notes 1 and 2 above does not apply to Nominated Persons. The rights described in those Notes can only be exercised by shareholders of the Company.



11. Under section 338 of the Companies Act 2006, members meeting the qualification criteria set out in note 14 below may, subject to certain conditions, require the Company to circulate to members notice of a resolution which may properly be moved and is intended to be moved at that meeting. The conditions are that: (a) the resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); (b) the resolution must not be defamatory of any person, frivolous or vexatious; and (c) the request: (i) may be in hard copy form or in electronic form; (ii) must identify the resolution of which notice is to be given by either setting out the resolution in full or, if supporting a resolution sent by another member, clearly identifying the resolution which is being supported; (iii) must be authenticated by the person or persons making it; and (iv) must be received by the Company no later than 26 July 2023.
12. Under section 338A of the Companies Act 2006, members meeting the qualification criteria set out at note 14 below may require the Company to include in the business to be dealt with at the Annual General Meeting a matter (other than a proposed resolution) which may properly be included in the business (a matter of business). The request must have been received by the Company not later than 26 July 2023. The conditions are that the matter of business must not be defamatory of any person, frivolous or vexatious. The request must identify the matter of business by either setting it out in full or, if supporting a statement sent by another member, clearly identify the matter of business which is being supported. The request must be accompanied by a statement setting out the grounds for the request. Members seeking to do this should write to the Company providing their full name and address.
13. Under section 527 of the Companies Act 2006, members meeting the qualification criteria set out in note 14 below may require the Company to publish, on its website, (without payment) a statement (which is also passed to the Auditor) setting out any matter relating to the audit of the Company's Financial Statements, including the Auditor's Report and the conduct of the audit. Such requests must be made in writing and must state your full name and address.
14. In order to be able to exercise the members' rights in notes 11 to 13, the relevant request must be made by: (a) members representing at least 5% of the total voting rights of all the members who have a right to vote on the resolution to which the requests relate; or (b) at least 100 members who have a right to vote on the resolution to which the requests relate and hold shares in the Company on which there has been paid up an average sum, per member, of at least £100. Such requests should be sent to the Company at Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN. Electronic requests permitted under section 338 (see note 11) should be sent to [trustinquiries@bailliegifford.com](mailto:trustinquiries@bailliegifford.com).
15. Information regarding the Annual General Meeting, including information required by section 311A of the Companies Act 2006, is available from the Company's page of the Managers' website at [bgukgrowthtrust.com](http://bgukgrowthtrust.com).
16. Members have the right to have questions raised at the meeting in accordance with section 319A of the Companies Act 2006.
17. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
18. As at 14 June 2023 (being the last practicable day prior to the publication of this notice) the Company's issued share capital consisted of 150,415,484 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 14 June 2023 were 150,415,484 votes.
19. Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the meeting as his/her proxy will need to ensure that both he/she and his/her proxy complies with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
20. No Director has a contract of service with the Company.

## Further Shareholder Information

### Baillie Gifford UK Growth Trust is an investment trust. Investment trusts offer investors the following:

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

### How to Invest

The Company's shares are traded on the London Stock Exchange. They can be bought by placing an order with a stockbroker, or by asking a professional adviser to do so. If you are interested in investing directly in Baillie Gifford UK Growth Trust, you can do so online. There are a number of companies offering real time online dealing services. Find out more by visiting the investment trust pages at [bailliegifford.com](http://bailliegifford.com).

### Sources of Further Information on the Company

The price of shares is quoted daily in the Financial Times and can also be found on the Company's page of the Managers' website at [bgukgrowthtrust.com](http://bgukgrowthtrust.com), Trustnet at [trustnet.com](http://trustnet.com) and on other financial websites. Company factsheets are also available on the Baillie Gifford website and are updated monthly. These are available from Baillie Gifford on request.

### Baillie Gifford UK Growth Trust Identifiers

ISIN	GB0007913485
Sedol	0791348
Ticker	BGUK
Legal Entity Identifier	549300XX386SYWX8XW22

The ordinary shares of the Company are listed on the London Stock Exchange and their price is shown in the Financial Times.

### Key Dates

Ordinary shareholders normally receive one dividend in respect of each financial year paid in September. The Annual Report and Financial Statements are normally issued in July and the AGM is held in September.

### Capital Gains Tax

The cost for capital gains taxation purposes to shareholders.

### Share Register Enquiries

Computershare Investor Services PLC maintains the share register on behalf of the Company. In the event of queries regarding shares registered in your own name, please contact the Registrars on 0370 703 0025.

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

- hear the latest share price;
- confirm your current share holding balance; and
- order Change of Address and Stock Transfer forms.

You can also check your holding on the Registrars' website at [investorcentre.co.uk](http://investorcentre.co.uk). They also offer a free, secure share management website service which allows you to:

- view your share portfolio and see the latest market price of your shares;
- calculate the total market price of each shareholding;
- view price histories and trading graphs;
- change address details; and
- use online dealing services.

To take advantage of this service, please log in at [investorcentre.co.uk](http://investorcentre.co.uk) and enter your Shareholder Reference Number and Company Code (this information can be found on your share certificate).

### Electronic Proxy Voting

If you hold stock in your own name you can choose to vote by returning proxies electronically at [eproxyappointment.com](http://eproxyappointment.com).

If you have any questions about this service please contact Computershare on 0370 703 0025.

### CREST Proxy Voting

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

### Analysis of Shareholders at 30 April

	2023 Number of shares held	2023 %	2022 Number of shares held	2022 %
Institutions	37,186,797	24.7	27,044,798	17.6
Intermediaries/ Retail Savings Platforms	101,232,343	67.3	115,230,593	75.1
Individuals	8,050,122	5.3	8,392,357	5.5
Marketmakers	4,051,222	2.7	2,827,736	1.8
	<b>150,520,484</b>	<b>100.0</b>	<b>153,495,484</b>	<b>100.0</b>

These Financial Statements have been approved by the Directors of Baillie Gifford UK Growth Trust plc. Baillie Gifford only provides information about its products and does not provide investment advice. The staff of Baillie Gifford and Baillie Gifford UK Growth's Directors may hold shares in Baillie Gifford UK Growth and may buy or sell such shares from time to time.

## Cost-effective Ways to Buy and Hold Shares in Baillie Gifford UK Growth Trust

Information on how to invest in Baillie Gifford UK Growth Trust can be found at [bgukgrowthtrust.com](https://bgukgrowthtrust.com).

### Risks

- Past performance is not a guide to future performance.
- Baillie Gifford UK Growth Trust is a listed UK Company. As a result, the value of the shares and, any income from those shares, can fall as well as rise and investors may not get back the amount invested.
- The Company's risk could be increased by investing in private companies. These assets may be more difficult to sell, so changes in their prices may be greater.
- Baillie Gifford UK Growth Trust can borrow money to make further investments (sometimes known as 'gearing' or 'leverage'). The risk is that when this money is repaid by the Company, the value of the investments may not be enough to cover the borrowing and interest costs, and the Company will make a loss. If the Company's investments fall in value, any borrowings will increase the amount of this loss.
- Baillie Gifford UK Growth Trust can buy back its own shares. The risks from borrowing, referred to above, are increased when the Company buys back its own shares.
- Market values for securities which have become difficult to trade may not be readily available, and there can be no assurance that any value assigned to such securities will accurately reflect the price the Company might receive upon their sale.
- The Company's risk is increased as it holds fewer investments than a typical investment trust and the effect of this, together with its long term approach to investment, could result in large movements in the share price.
- Baillie Gifford UK Growth Trust's exposure to a single market may increase risk.
- Share prices may either be below (at a discount) or above (at a premium) the net asset value (NAV). The Company may issue new shares when the price is at a premium which may reduce the share price. Shares bought at a premium may have a greater risk of loss than those bought at a discount.
- Baillie Gifford UK Growth Trust can make use of derivatives which may impact on its performance. Currently the Company does not make use of derivatives.
- Baillie Gifford UK Growth Trust charges 70% of its investment management fee and borrowing costs to capital, which reduces the capital value. Also, where income is low, the remaining expenses may be greater than the total income received, meaning the Company may not pay a dividend and the capital value would be further reduced.

- The aim of Baillie Gifford UK Growth Trust is to achieve capital growth. You should not expect a significant, or steady, annual income from the Company.
- Shareholders in Baillie Gifford UK Growth Trust have the right to vote every five years on whether to continue the Company, or wind it up. If the shareholders decide to wind the Company up, the assets will be sold and you will receive a cash sum in relation to your shareholding. The next vote will be held at the Annual General Meeting in 2024.

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

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

Further details of the risks associated with investing in the Company can be found at [bgukgrowthtrust.com](https://bgukgrowthtrust.com) or by calling Baillie Gifford on 0800 917 2112.

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

## Communicating with Shareholders



Trust Magazine

### Trust Magazine

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

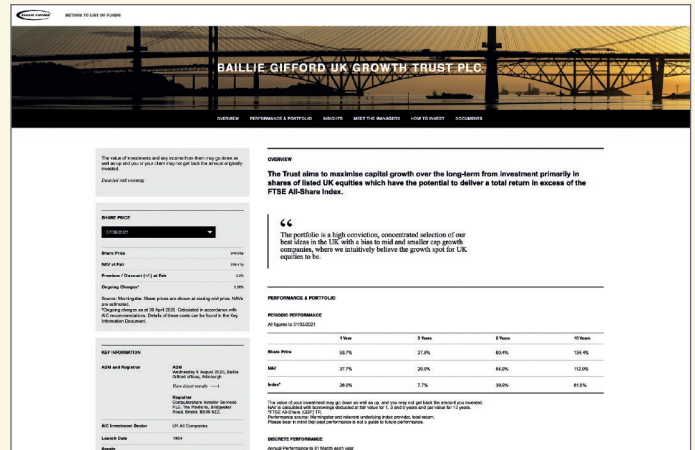
An online version of Trust can be found at [bailliegifford.com/trust](https://bailliegifford.com/trust)

### Baillie Gifford UK Growth Trust on the Web

Up-to-date information about Baillie Gifford UK Growth Trust, is on the Baillie Gifford UK Growth Trust pages of the Managers' website at [bgukgrowthtrust.com](https://bgukgrowthtrust.com). You will find full details of Baillie Gifford UK Growth Trust, including recent portfolio information and performance figures.

### Suggestions and Questions

Any suggestions on how communications with shareholders can be improved are welcomed, so please contact the Baillie Gifford Client Relations Team and give them your suggestions. They will also be very happy to answer questions that you may have about Baillie Gifford UK Growth Trust.



A Baillie Gifford UK Growth Trust web page at [bgukgrowthtrust.com](https://bgukgrowthtrust.com)

### Client Relations Team Contact Details

You can contact the Baillie Gifford Client Relations Team by telephone, email or post:

**Telephone:** 0800 917 2112

Your call may be recorded for training or monitoring purposes.

**Email:** [trustinquiries@bailliegifford.com](mailto:trustinquiries@bailliegifford.com)

**Website:** [bailliegifford.com](https://bailliegifford.com)

Baillie Gifford Client Relations Team  
 Calton Square  
 1 Greenside Row  
 Edinburgh EH1 3AN

## Alternative Investment Fund Managers (AIFM) Regulations

In accordance with the AIFM Regulations, information in relation to the Company's leverage and the remuneration of the Company's AIFM, Baillie Gifford & Co Limited, is required to be made available to investors.

### AIFM Remuneration

In accordance with the Regulations, the AIFM remuneration policy is available at [bailliegifford.com](http://bailliegifford.com) or on request (see contact details on the back cover). The numerical remuneration disclosures in respect of the AIFM's reporting period are available at [bailliegifford.com](http://bailliegifford.com).

## Automatic Exchange of Information

In order to fulfil its obligations under UK Tax Legislation relating to the automatic exchange of information, the Company is required to collect and report certain information about certain shareholders.

The legislation will require investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. As an affected company, Baillie Gifford UK Growth Trust plc will have to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

## Third Party Data Provider Disclaimer

No third party data provider ('Provider') makes any warranty, express or implied, as to the accuracy, completeness or timeliness of the data contained herewith nor as to the results to be obtained by recipients of the data.

No Provider shall in any way be liable to any recipient of the data for any inaccuracies, errors or omissions in the index data included in this document, regardless of cause, or for any damages (whether direct or indirect) resulting therefrom. No Provider has any obligation to update, modify or amend the data or to otherwise notify a recipient thereof in the event that any matter stated herein changes or subsequently becomes inaccurate.

## FTSE Index Data

London Stock Exchange Group plc and its group undertakings (collectively, the 'LSE Group'). © LSE Group 2023. FTSE Russell is a trading name of certain of the LSE Group companies. 'FTSE®' 'Russell®', 'FTSE Russell®', is/are a trade mark(s) of the relevant LSE Group companies and is/are used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which

### Leverage

The Company's maximum and actual leverage levels (see Glossary of Terms and Alternative Performance Measures on pages 62 and 63) at 30 April 2023 are shown below:

	Gross method	Commitment method
Maximum limit	2.00:1	2.00:1
Actual	1.03:1	1.05:1

Shareholders, excluding those whose shares are held in CREST, who come on to the share register will be sent a certification form for the purposes of collecting this information.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders [gov.uk/government/publications/exchange-of-information-account-holders](http://gov.uk/government/publications/exchange-of-information-account-holders).

Without limiting the foregoing, no Provider shall have any liability whatsoever to you, whether in contract (including under an indemnity), in tort (including negligence), under a warranty, under statute or otherwise, in respect of any loss or damage suffered by you as a result of or in connection with any opinions, recommendations, forecasts, judgements, or any other conclusions, or any course of action determined, by you or any third party, whether or not based on the content, information or materials contained herein.

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## Glossary of Terms and Alternative Performance Measures (APM)

An alternative performance measure ('APM') is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. The APMs noted below are commonly used measures within the investment trust industry and serve to improve comparability between investment trusts.

### Total Assets

This is the Company's definition of Adjusted Total Assets, being the total value of all assets held less all liabilities (other than liabilities in the form of borrowings).

### Net Asset Value

Net Asset Value (NAV) is the value of total assets less liabilities (including borrowings). The NAV per share is calculated by dividing this amount by the number of ordinary shares in issue (excluding treasury shares).

### Net Liquid Assets

Net liquid assets comprise current assets less current liabilities, excluding borrowings.

### Discount/Premium (APM)

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

	2023	2022
Closing NAV per share	195.6p	197.4p
Closing share price	168.0p	174.2p
<b>Discount</b>	<b>(14.1%)</b>	<b>(11.8%)</b>

### Total Return (APM)

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

		2023 NAV	2023 Share price	2022 NAV	2022 Share price
Closing NAV per share/share price	(a)	195.6p	168.0p	197.4p	174.2p
Dividend adjustment factor*	(b)	1.0204	1.0232	1.0096	1.0098
Adjusted closing NAV per share/share price	(c = a x b)	199.6p	171.9p	199.3p	175.9p
Opening NAV per share/share price	(d)	197.4p	174.2p	237.3p	244.0p
<b>Total return</b>	(c ÷ d) - 1	<b>1.1%</b>	<b>(1.3%)</b>	<b>(16.0%)</b>	<b>(27.9%)</b>

\* The dividend adjustment factor is calculated on the assumption that the dividend of 3.91p (2022 – 2.42p) paid by the Company during the year were reinvested into shares of the Company at the cum income NAV per share/share price, as appropriate, at the ex-dividend date.

### Ongoing Charges (APM)

The total expenses (excluding borrowing costs) incurred by the Company as a percentage of the average net asset value. The ongoing charges have been calculated on the basis prescribed by the Association of Investment Companies.

A reconciliation from the expenses detailed in the Income Statement on page 38 is provided below.

		2023	2022
Investment management fee		£1,441,000	£1,730,000
Other administrative expenses		£533,000	£498,000
Total expenses	(a)	£1,974,000	£2,228,000
Average net asset value	(b)	£283,920,000	£354,588,000
<b>Ongoing charges ((a) ÷ (b) expressed as a percentage)</b>		<b>0.70%</b>	<b>0.63%</b>

### Turnover (APM)

Annual turnover is a measure of portfolio change or trading activity in a portfolio. Turnover is calculated as the minimum of purchases and sales in a month, divided by the average market value of the portfolio, summed to get rolling 12 month turnover data.

### Gearing (APM)

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

Invested gearing is the Company's borrowings adjusted for cash and cash equivalents expressed as a percentage of shareholders' funds.

	2023	2022
Borrowings	£14,450,000	£6,450,000
Less: cash and cash equivalents	(£5,512,000)	(£1,491,000)
Adjusted borrowings	£8,938,000	£4,959,000
Shareholders' funds	£294,422,000	£302,933,000
<b>Invested gearing</b>	<b>3%</b>	<b>2%</b>

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

	2023	2022
Borrowings	£14,450,000	£6,450,000
Shareholders' funds	£294,422,000	£302,933,000
<b>Drawn gearing</b>	<b>5%</b>	<b>2%</b>

### Leverage (APM)

For the purposes of the Alternative Investment Fund Managers (AIFM) Regulations, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other. The Company's maximum and actual leverage as at the year end are set out on page 61.

### Active Share (APM)

Active share, a measure of how actively a portfolio is managed, is the percentage of the portfolio that differs from its comparative index. It is calculated by deducting from 100 the percentage of the portfolio that overlaps with the comparative index. An active share of 100 indicates no overlap with the index and an active share of zero indicates a portfolio that tracks the index.

### Unlisted (Private) Company

An unlisted (private) company means a company whose shares are not available to the general public for trading and not listed on a stock exchange.

## Sustainable Finance Disclosure Regulation ('SFDR')

### Sustainable Finance Disclosure Regulation ('SFDR')

The EU Sustainable Finance Disclosure Regulation ('SFDR') does not have a direct impact in the UK due to Brexit, however, it applies to third-country products marketed in the EU. As Baillie Gifford UK Growth Trust plc is marketed in the EU by the AIFM, BG & Co Limited, via the National Private Placement Regime (NPPR) the following disclosures have been provided to comply with the high-level requirements of SFDR.

The AIFM has adopted Baillie Gifford & Co's Governance and Sustainable Principles and Guidelines as its policy on integration of sustainability risks in investment decisions.

Baillie Gifford & Co's approach to investment is based on identifying and holding high quality growth businesses that enjoy sustainable competitive advantages in their marketplace. To do this it looks beyond current financial performance, undertaking proprietary research to build up an in-depth knowledge of an individual company and a view on its long-term prospects. This includes the consideration of sustainability factors (environmental, social and/or governance matters) which it believes will positively or negatively influence the financial returns of an investment.

More detail on the Investment Managers' approach to sustainability can be found in the Governance and Sustainability Principles and Guidelines document, available publicly on the Baillie Gifford website ([bailliegifford.com](https://www.bailliegifford.com)).

### Taxonomy Regulation

The Taxonomy Regulation establishes an EU-wide framework or criteria for environmentally sustainable economic activities in respect of six environmental objectives. It builds on the disclosure requirements under SFDR by introducing additional disclosure obligations in respect of AIFs that invest in an economic activity that contributes to an environmental objective.

The Company does not commit to make sustainable investments as defined under SFDR. As such, the underlying investments do not take into account the EU criteria for environmentally sustainable economic activities.

## Directors

Chairman:  
Carolyn Dobson

Ruary Neill  
Cathy Pitt  
Andrew Westenberger

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