Interim
Financial Report

31 October 2023

Baillie Gifford UK Growth Trust plc

Managed by

Baillie Gifford™

Baillie Gifford UK Growth Trust's objective 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.

Benchmark

The portfolio benchmark against which performance has been measured is the FTSE All-Share Index total return.

Principal risks and uncertainties

The principal risks facing the Company are financial risk, investment strategy risk, climate and governance risk, discount risk, regulatory risk, custody and depositary risk, operational risk, cyber security risk, leverage risk, political risk and emerging risks. An explanation of these risks and how they are managed is set out on pages 7 to 9 of the Company's Annual Report and Financial Statements for the year to 30 April 2023 which is available on the Company's website: **bgukgrowthtrust.com**. The principal risks and uncertainties have not changed since the date of that report.

Responsibility statement

We confirm that to the best of our knowledge:

a. the condensed set of Financial Statements has been prepared in accordance with FRS 104 'Interim Financial Reporting';

b. the Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months, their impact on the Financial Statements and a description of the principal risks and uncertainties for the remaining six months of the year); and

c. the Interim Financial Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

On behalf of the Board
Carolan Dobson
Chairman
30 November 2023

Baillie Gifford™

Summary of unaudited results*

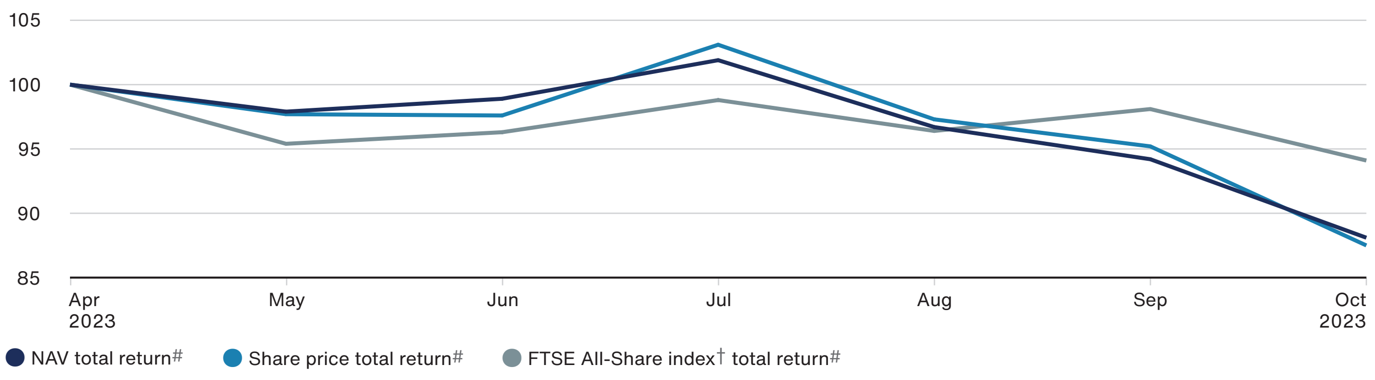
	31 October 2023	30 April 2023 (audited)	% change
Shareholders' funds	£253.5m	£294.4m	
Net asset value per ordinary share	169.0p	195.6p	(13.6)
Share price	143.7p	168.0p	(14.5)
FTSE All-Share Index†			(7.7)
Discount#	(15.0%)	(14.1%)	
Active share#	85%	85%	
Invested gearing#	4%	3%	

	Six months to 31 October 2023	Six months to 31 October 2022	% change
Revenue earnings per share	2.78p	2.22p	25.2

	Six months to 31 October 2023	Year to 30 April 2023
Total returns (%)#		
Net asset value	(11.9)	1.1
Share price	(12.5)	(1.3)
FTSE All-Share Index†	(5.9)	6.0

Six months performance

(figures plotted on a monthly basis and rebased to 100 at 30 April 2023)



* For a definition of terms see Glossary of terms and Alternative Performance Measures on pages 18 and 19.

† Source: LSEG/Baillie Gifford and relevant underlying data providers. See disclaimers on pages 21 and 22.

Alternative Performance Measure, see Glossary of terms and Alternative Performance Measures on pages 18 and 19.

Past performance is not a guide to future performance.

Interim management report

Over the six months to 31 October 2023, the Company's net asset value ('NAV') total return per share declined by 11.9% which compares to a 5.9% decrease in the FTSE All-Share Index, total return, over the same period. The share price total return over the six months declined by 12.5% as the shares moved from a discount of 14.1% to the NAV per share to a discount of 15.0%. 538,500 shares were bought back for treasury in the period in a total of twelve tranches. Invested gearing stood at 4% at the end of the period having been 3% at its start.

It is disappointing to report on another period of poor portfolio performance. The main detractors in the period were the holdings in St James's Place, FD Technologies (both discussed below) and Burberry (concerns about slowing growth in the luxury fashion industry). Not owning either Shell or HSBC, which both performed well, also hurt. The portfolio's main positive contributor to performance was the life science supplies business Abcam which agreed to a takeover. Other notable positives were Wise (money transfers) and 4imprint (specialist marketing services) where the continuation of stronger than expected trading at both companies was well received by the market.

As the economic clouds have darkened as higher interest rates start to bite, alongside the stalemate in Ukraine and the horrifying recent events in the Middle East, it has been a gloomy time for equity investors and the stock market alike. For growth investors it has been doubly difficult as the market is seemingly more interested in what is happening now rather than in a few years' time. We will go on to explain why we actually remain very upbeat about the portfolio, but first we need to cover the performance.

Nobody likes it when a stock you own performs poorly. Moreover, we are in the difficult part of the performance cycle when stock markets punish companies severely if they report disappointing news, as has been the case for some of the holdings. The difficulty is that it is not unreasonable to use the said stocks as examples of why the portfolio managers' philosophy and process might be flawed. We understand this concern given performance, but we would strongly refute it. To attempt to outperform a benchmark one has to accept, whether as a portfolio manager or a shareholder, that investing carries with it risk. It's totally reasonable to expect a portfolio manager, with a well-established investment process to carry out careful analysis of any existing or potential investment. Ultimately though, everyone has to accept that when we invest we are investing in future outcomes, and they are unknowable. Mistakes in investment are therefore an unfortunate fact of life for an investor in good times as well as bad.

What we have to focus on is whether a poor share price is signalling that we have fundamentally made a mistake in an individual investment, whether it is random noise or if there is something broader going on. In regard to the latter, what we mean is something we have referenced previously, namely that our pronounced 'growth' style is out of favour in an environment of higher interest rates. We have written at length about this before and we continue to believe that it is the main factor affecting our performance. When digging into the data we can point to many companies that have had respectable, or better, operating performance that has not been reflected in their share price. Nevertheless, it is also true that we have seen some individual disappointments in the portfolio over the period and our actions have varied depending on the circumstances.

The principal risks and uncertainties facing the Company are set out on the inside front cover. Related party transaction disclosures are set out in note 9 on page 17.

A couple of stocks that we decided to exit recently were Farfetch and Naked Wines. We have to admit that both investments have proven to be mistakes. In both cases, there was a long-term growth opportunity from using technology and an interesting business model to disrupt traditional forms of distribution in their respective markets. The challenge for the management teams was to capitalise and execute on the opportunities. Both companies fell short of our expectations. We did recognise this as a risk in both cases and had, therefore, reflected it in the relatively modest position sizing. In the case of Farfetch, the online marketplace for luxury goods, the issue which became increasingly clear to us was that the business, through a series of deals and new initiatives, had become too complex and management, despite its admirable vision and ambition, appeared to be struggling with execution. This really mattered as, after years of heavy investment, the business required a clear path to profitability.

In the case of Naked Wines, an online wine subscription business, we made the mistake of assuming a step change in consumer habits during the pandemic (and hence the ability of the company to acquire customers efficiently) would continue and underestimated the normalisation of demand that followed. Unfortunately, the post Covid period threw the business significantly off course and it suffered from a weak balance sheet that carried too much inventory. The company faced an unattractive choice of trying to stem the red ink and potentially sacrificing the future value of the business by not fully committing to new, and more promising, avenues of growing the customer base. The significant board and management turmoil that ensued made the situation more challenging.

With hindsight, we were overly patient in both cases. However, patience is a key part of our process and we have exercised similar patience with other companies which have gone on to successfully manage their way through tricky situations. To us, these undoubted mistakes are painful but ones that we ultimately recognised and dealt with as part of our investment process.

There are other businesses in the portfolio which were hard hit in the period in share price terms but where we continue to believe the investment thesis remains intact. For example, the technology and IT services business FD Technologies was hit hard by the announcement that it was going to spend significant money on further developing its database business KX. Although this is a hit to profits in the short term, to us it was a deliberate action of investment for future business growth in high-performance software which has a rapidly expanding set of growth opportunities. Is there a risk that this investment does not pay off? The answer is ‘of course’ but we think management has done a decent job in establishing the case for allocating resource to this division and deserves our support.

Perhaps the trickiest assessment of a stock detractor is where there is genuine doubt in our belief. The shares of wealth manager St James’s Place slid following reporting of both a slowdown in new business inflows, and more importantly, a package of fee reduction changes that will eat into cash flow and profits in the short term when the changes are fully implemented in 2025. The main point of the changes is to lower costs for clients. The controversy for many years for the company has been whether the fees for a fully advised business model were too high. The positive case is that the company has addressed this issue without impacting its very important self-employed partner salesforce. Surely, management should be applauded for taking a tough decision to benefit clients. The business continues to grow successfully after all. The bear case is that this is only just the beginning of pressure on fees and therefore profits. The announcement of a new CEO starting imminently from outside the business (the former well regarded finance director of Prudential) comes at a critical time for the company and we will be engaging with him to understand his thoughts and plans for the future. In the meantime, the very low rating which discounts a very pessimistic scenario provides breathing space to take stock.

It is probably natural to sound defensive or despondent following what up until now has sounded like a tale of woes. This is not our position though. While we are truly cognisant of the difficult time for shareholders in recent years, we hope that we tried to be both open and frank about what has happened. It is our style and we certainly do not think glib spin cuts it. But here is the great paradox: despite all you have read so far, both of your portfolio managers, who are shareholders themselves, are actually feeling as upbeat about the portfolio as we can remember. This is not bravado. Be assured that our feet are firmly on the ground, and we continue to challenge ourselves on what we are doing. However, we see a pattern of short-term, cyclical concerns overshadow what we view as strengthening long-term prospects of the majority of the companies held and where the operational and strategic progress remains in line or ahead of expectations. We view this as a real opportunity for patient investors.

Although the Abcam takeover is likely to complete next year, we elected to sell because we saw the opportunity to use the sales proceeds to add to a range of existing holdings in portfolio such as the life insurers Prudential and Legal & General, the animal genetics business Genus, the specialist engineer Renishaw, the investment platform AJ Bell and the IT services provider Kainos. All strike us as businesses with fantastic market positions and sensible management teams whose valuations look very attractive at these levels. Moreover, despite this relatively modest level of portfolio activity, there are a handful of potential new investments on our radar.

As bottom up stock pickers, our low level of portfolio activity is the most telling signal that we strongly believe that there is a lot of latent potential and upside in the portfolio if you are prepared to look through the current uncertainty.

Iain McCombie and Milena Mileva
Baillie Gifford & Co
30 November 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 6.1%, 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 many investors pay too much attention 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.

* Alternative Performance Measure, see Glossary of terms and Alternative Performance Measures on pages 18 and 19. This reflects a rolling 12 month period to 31 October 2023.

Past performance is not a guide to future performance.

Baillie Gifford statement on stewardship

Baillie Gifford's overarching ethos is that we are 'Actual' investors. We have a responsibility to behave as supportive and constructively engaged long-term investors. We invest in companies at different stages of their evolution, across many different industries and geographies, and we focus on their unique circumstances and opportunities. Consequently, we are wary of prescriptive policies and rules, believing that these often run counter to thoughtful and beneficial corporate stewardship. Our approach favours a small number of simple principles which help shape our interactions with companies and give appropriate latitude to diverse processes of our different investment teams. These principles do not all have to be positively reflected in each holding our teams acquire.

Prioritisation of long-term value creation

We encourage our holdings to be ambitious, focusing on long-term value creation and capital deployment for growth. Helping management to resist demands from shareholders with shorter horizons than ours can at times be an important way to achieve better investment outcomes.
We regard it as our responsibility to encourage holdings away from destructive financial engineering and towards activities that create genuine economic and stakeholder value over the long run. We are happy that our value will often be in supporting management when others don't.

A constructive and purposeful board

We believe that boards play a key role in supporting corporate success and representing the interests of all capital providers. There is no fixed formula, but we expect boards to have the resources, information, cognitive and experiential diversity they need to fulfil these responsibilities. We believe good governance works best when there are diverse skill sets and perspectives, paired with an inclusive culture and strong independent representation with sufficient time to assist, advise and constructively challenge the thinking of management.

Long-term focused remuneration with stretching targets

We look for remuneration policies that are simple, transparent and reward superior strategic and operational endeavour. We believe incentive schemes can be important drivers of behaviour, and encourage policies which create genuine long-term alignment with external capital providers. We are accepting of significant payouts to executives if these are commensurate with outstanding long-run value creation, but plans should not reward mediocre outcomes or short-termism. We generally think that performance hurdles should be skewed towards long-term results and that remuneration plans should be subject to shareholder approval.

Fair treatment of stakeholders

We believe it is in the long-term interests of all companies to maintain strong relationships with stakeholders – including employees, customers, suppliers, regulators and the communities they work within. We do not believe in one-size fits-all policies and recognise that operating policies, governance and ownership structures may need to vary according to circumstance. Nonetheless, we believe the principles of fairness, transparency and accountability should be prioritised at all appropriate times.

Sustainable business practices

We believe an entity's long-term success is dependent on maintaining its social licence to operate and look for holdings to work within the spirit and not just the letter of the laws and regulations that govern them. We expect all holdings to consider how their actions impact society, both directly and indirectly, and how such actions may impact their long-term success. Environmental practices should recognise the current pace of change in opportunities, risks and societal expectations. Climate change, environmental impact, social inclusion, tax and fair treatment of workers should be addressed at board level, with appropriately ambitious policies and targets focused on the relevant material dimensions. Boards and senior management with superior prospects for long-term value creation should understand, regularly review and disclose information relevant to such targets publicly, alongside plans for ongoing improvement.

List of investments

as at 31 October 2023 (unaudited)

Name	Business	Value £'000	% of total assets
Basic materials			
Rio Tinto	**Metals and mining company**	**7,939**	**2.9**
Victrex	Speciality high-performance chemicals manufacturer	3,196	1.2
		11,135	**4.1**
Consumer discretionary			
Games Workshop	**Toy manufacturer and retailer**	**14,698**	**5.4**
4imprint	**Direct marketer of promotional merchandise**	**9,508**	**3.5**
Howden Joinery	**Manufacturer and distributor of kitchens to trade customers**	**9,171**	**3.4**
RELX	**Professional publications and information provider**	**8,280**	**3.1**
Burberry	Luxury goods retailer	6,761	2.5
Boohoo.com	Online fashion retailer	944	0.4
Naked Wines	Online wine retailer	60	–
		49,422	**18.3**
Consumer staples			
Diageo	**International drinks company**	**8,837**	**3.3**
		8,837	**3.3**
Financials			
Legal & General	**UK wealth manager**	**8,231**	**3.0**
Prudential	**International life insurer**	**7,911**	**2.9**
AJ Bell	**Investment platform**	**7,473**	**2.8**
Lancashire Holdings	**General insurance**	**6,889**	**2.6**
St. James's Place	UK wealth manager	6,856	2.5
Just Group	Provider of retirement income products and services	5,905	2.2
Hiscox	Property and casualty insurance	4,538	1.7
IntegraFin	Provides platform services to financial clients	4,296	1.6
Hargreaves Lansdown	UK retail investment platform	3,781	1.4
IG Group	Spread betting website	2,742	1.0
Molten Ventures	Technology focused venture capital firm	2,503	0.9
		61,125	**22.6**
Healthcare			
Genus	**World leading animal genetics company**	**8,540**	**3.2**
Creo Medical	Designer and manufacturer of medical equipment	675	0.3
Oxford Nanopore	Novel DNA sequencing technology	631	0.2
Exscientia	Biotech company	582	0.2
		10,428	**3.9**

Name	Business	Value £'000	% of total assets
Industrials			
Volution Group	**Supplier of ventilation products**	**11,605**	**4.3**
Experian	**Global provider of credit data and analytics**	**11,363**	**4.2**
Ashtead	**Construction equipment rental company**	**11,318**	**4.2**
Wise	**Online platform to send and receive money**	**9,072**	**3.4**
Renishaw	**World leading metrology company**	**7,845**	**2.9**
Bunzl	**Distributor of consumable products**	**7,551**	**2.8**
Inchcape	Car wholesaler and retailer	6,525	2.4
Halma	Specialist engineer	5,916	2.2
Bodycote	Heat treatment and materials testing	5,338	2.0
PageGroup	Recruitment consultancy	4,100	1.5
FDM Group	Provider of professional services focusing on information technology	3,417	1.2
		84,050	**31.1**
Real estate			
Rightmove	UK's leading online property portal	5,030	1.9
Helical	Property developer	3,480	1.3
		8,510	**3.2**
Technology			
Auto Trader Group	**Advertising portal for second hand cars in the UK**	**13,396**	**5.0**
Kainos Group	**IT services and implementer**	**8,389**	**3.1**
Softcat	**IT reseller and infrastructure solutions provider**	**7,831**	**2.9**
First Derivatives	IT consultant and software developer	2,188	0.8
Wayve Technologies Ltd Series B Pref.[U]	Developer of full autonomous driving systems	582	0.2
		32,386	**12.0**
Total equities		**265,893**	**98.5**
Net liquid assets		3,990	1.5
Total assets		**269,883**	**100.0**

[U] Denotes unlisted investment (private company).

Stocks highlighted in bold are the 20 largest holdings.

Income statement (unaudited)

	Notes	For the six months ended 31 October 2023		
		Revenue £'000	Capital £'000	Total £'000
Losses on investments		–	(38,005)	**(38,005)**
Currency gains		–	54	**54**
Income from investments and interest receivable		4,812	–	**4,812**
Investment management fee	3	(208)	(484)	**(692)**
Other administrative expenses		(267)	–	**(267)**
Net return before finance costs and taxation		4,337	(38,435)	**(34,098)**
Finance cost of borrowings		(155)	(361)	**(516)**
Net return on ordinary activities before taxation		4,182	(38,796)	**(34,614)**
Tax on ordinary activities		–	–	**–**
Net return on ordinary activities after taxation		**4,182**	**(38,796)**	**(34,614)**
Net return per ordinary share	4	**2.78p**	**(25.81p)**	**(23.03p)**
Note: **Dividends paid and payable per share**	5	**–**		

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

All revenue and capital items in the above statements 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 15 to 17 are an integral part of the Financial Statements.

For the six months to 31 October 2022 Revenue £'000	Capital £'000	Total £'000	For the year ended 30 April 2023 (audited) Revenue £'000	Capital £'000	Total £'000
–	(35,463)	**(35,463)**	–	(2,542)	**(2,542)**
–	–	**–**	–	–	**–**
3,912	–	**3,912**	7,260	–	**7,260**
(209)	(489)	**(698)**	(432)	(1,009)	**(1,441)**
(265)	–	**(265)**	(533)	–	**(533)**
3,438	(35,952)	**(32,514)**	6,295	(3,551)	**2,744**
(50)	(118)	**(168)**	(150)	(349)	**(499)**
3,388	(36,070)	**(32,682)**	6,145	(3,900)	**2,245**
–	–	**–**	–	–	**–**
3,388	**(36,070)**	**(32,682)**	**6,145**	**(3,900)**	**2,245**
2.22p	**(23.66p)**	**(21.44p)**	**4.05p**	**(2.57p)**	**1.48p**
–			**3.60p**		

Balance sheet (unaudited)

	Notes	At 31 October 2023 £'000	At 30 April 2023 £'000
Fixed assets			
Investments held at fair value through profit or loss	6	265,893	302,536
Current assets			
Debtors		216	1,479
Cash and cash equivalents		5,248	5,512
		5,464	6,991
Creditors			
Amounts falling due within one year:			
Bank loan	7	(16,350)	(14,450)
Other creditors		(1,474)	(655)
		(17,824)	(15,105)
Net current liabilities		(12,360)	(8,114)
Net assets		**253,533**	**294,422**
Capital and reserves			
Share capital		40,229	40,229
Share premium account		11,664	11,664
Capital redemption reserve		19,759	19,759
Warrant exercise reserve		417	417
Share purchase reserve		54,763	55,628
Capital reserve		112,807	151,603
Revenue reserve		13,894	15,122
Shareholders' funds		**253,533**	**294,422**
Net asset value per ordinary share*		169.0p	195.6p
Ordinary shares in issue	8	149,981,984	150,520,484

* See Glossary of Terms and Alternative Performance Measures on pages 18 and 19.

The accompanying notes on pages 15 to 17 are an integral part of the Financial Statements.

Statement of changes in equity (unaudited)

Six months to 31 October 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 2023		40,229	11,664	19,759	417	55,628	151,603	15,122	**294,422**
Net return on ordinary activities after taxation		–	–	–	–	–	(38,796)	4,182	**(34,614)**
Ordinary shares bought back into treasury		–	–	–	–	(865)	–	–	**(865)**
Dividends paid	5	–	–	–	–	–	–	(5,410)	**(5,410)**
Shareholders' funds at 31 October 2023		**40,229**	**11,664**	**19,759**	**417**	**54,763**	**112,807**	**13,894**	**253,533**

Six months to 31 October 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 2022		40,229	11,664	19,759	417	60,433	155,503	14,928	**302,933**
Net return on ordinary activities after taxation		–	–	–	–	–	(36,070)	3,388	**(32,682)**
Ordinary shares bought back into treasury		–	–	–	–	(3,317)	–	–	**(3,317)**
Dividends paid	5	–	–	–	–	–	–	(5,951)	**(5,951)**
Shareholders' funds at 31 October 2022		**40,229**	**11,664**	**19,759**	**417**	**57,116**	**119,433**	**12,365**	**260,983**

* The Capital Reserve balance at 31 October 2023 includes investment holding losses of £41,156,000 (31 October 2022 – losses of £38,250,000).

The accompanying notes on pages 15 to 17 are an integral part of the Financial Statements.

Cash flow statement (unaudited)

	Six months to 31 October 2023 £'000	Six months to 31 October 2022 £'000
Cash flows from operating activities		
Net return on ordinary activities before taxation	(34,614)	(32,682)
Net losses on investments	38,005	35,463
Currency gains	(54)	–
Finance costs of borrowings	516	168
Changes in debtors	1,264	1,588
Changes in creditors	(84)	(87)
Cash from operations*	5,033	4,450
Interest paid	(361)	(100)
Net cash inflow from operating activities	**4,672**	**4,350**
Cash flows from investing activities		
Acquisitions of investments	(16,732)	(13,289)
Disposals of investments	16,117	13,970
Net cash (outflow)/inflow from investing activities	**(615)**	**681**
Cash flows from financing activities		
Bank loan drawn down	1,900	8,000
Equity dividends paid	(5,410)	(5,951)
Ordinary shares bought back into treasury and stamp duty thereon	(865)	(3,242)
Net cash outflow from financing activities	**(4,375)**	**(1,193)**
(Decrease)/increase in cash and cash equivalents	(318)	3,838
Exchange movements	54	–
Cash and cash equivalents at start of period	5,512	1,491
Cash and cash equivalents at end of period†	**5,248**	**5,329**

* Cash from operations includes dividends received of £5,994,000 (2022 – £5,470,000) and £65,000 deposit interest (2022 – £13,000).

† Cash and cash equivalents represent cash at bank.

The accompanying notes on pages 15 to 17 are an integral part of the Financial Statements.

Notes to the Financial Statements (unaudited)

01 Basis of accounting

The condensed Financial Statements for the six months to 31 October 2023 comprise the statements set out on the previous pages together with the related notes below. They have been prepared in accordance with FRS 104 'Interim Financial Reporting' and the AIC's Statement of Recommended Practice issued in November 2014 and updated in July 2022 with consequential amendments and have not been audited or reviewed by the Auditor pursuant to the Auditing Practices Board Guidance 'Review of Interim Financial Information'. The Financial Statements for the six months to 31 October 2023 have been prepared on the basis of the same accounting policies as set out in the Company's Annual Report and Financial Statements at 30 April 2023.

Going concern

Having considered the nature of the Company's principal risks and uncertainties, as set out on the inside front cover, together with its current position, investment objective and policy, its assets and liabilities and projected income and expenditure, together with the Company's dividend policy, it is the Directors' opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. 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, but does not believe the Company's going concern status is affected. The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly and could be sold to repay borrowings if required. All borrowing facilities require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. In accordance with the Company's Articles of Association, shareholders have a right to vote on the continuation of the Company every five years, the next vote being in 2024. The Directors have considered the continuation vote to be held at the 2024 Annual General Meeting, along with the other factors set out above, and are satisfied that it is appropriate to adopt the going concern basis of accounting in preparing these Financial Statements and confirm that they are not aware of any material uncertainties which may affect the Company's ability to continue to do so over a period of at least twelve months from the date of approval of these Financial Statements.

02 Financial information

The financial information contained within this Interim Financial Report does not constitute statutory accounts as defined in sections 434 to 436 of the Companies Act 2006. The financial information for the year ended 30 April 2023 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The Auditor's Report on those accounts was not qualified, did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report, and did not contain a statement under sections 498(2) or (3) of the Companies Act 2006.

03 Investment manager

Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, has been appointed by the Company as its Alternative Investment Fund Manager ('AIFM') and Company Secretary. The investment management function has been delegated to Baillie Gifford & Co. The management agreement can be terminated on six months' notice.
The annual fee is 0.5% of net asset value, calculated and payable quarterly.

04 Net return per ordinary share

	Six months to 31 October 2023 £'000	Six months to 31 October 2022 £'000
Revenue return on ordinary activities after taxation	4,182	3,388
Capital return on ordinary activities after taxation	(38,796)	(36,070)
Total net return	**(34,614)**	**(32,682)**
Weighted average number of ordinary shares in issue	**150,285,181**	**152,402,008**

Net return per ordinary share is based on the above totals of revenue and capital and the weighted average number of ordinary shares in issue during each period.

There are no dilutive or potentially dilutive shares in issue.

05 Dividends

	Six months to 31 October 2023 £'000	Six months to 31 October 2022 £'000
Amounts recognised as distributions in the period: Previous year's final dividend of 3.60p (2022 – 3.91p), paid 15 September 2023	5,410	5,951

06 Fixed assets – investments

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 or 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).

As at 31 October 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	265,311	–	–	**265,311**
Unlisted preference shares*	–	–	582	**582**
Total financial asset investments	**265,311**	**–**	**582**	**265,893**

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

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

06 Fixed assets – investments (continued)

Fair value hierarchy (continued)

The fair value of listed investments is quoted bid price. Listed investments are categorised as Level 1 if they are valued using unadjusted quoted prices for identical instruments in an active market and as Level 2 if they do not meet all these criteria but are, nonetheless, valued using market data. Unlisted investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by the Managers. The Managers' unlisted investment policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation Guidelines 2022 ('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 Company's holding in an unlisted investment is categorised as Level 3 as unobservable data is a significant input to its fair value measurement.

07 Bank loans

At 31 October 2023 the Company had borrowings of £16,350,000 (30 April 2023 – £14,450,000).

This was drawn down under the one year £30 million unsecured revolving credit loan facility with The Royal Bank of Scotland International Limited which expires in July 2024.

08 Share capital

At 31 October 2023, the Company had the authority to buy back 22,305,053 ordinary shares and to allot or sell from treasury 15,041,548 ordinary shares without application of pre-emption rights in accordance with the authorities granted at the AGM in September 2023. During the six months to 31 October 2023, no shares were sold from treasury (year to 30 April 2023 – no shares were sold from treasury). During the six months to 31 October 2023, 538,500 ordinary shares with a nominal value of £135,000 were bought back at a total cost of £865,000 and held in treasury (year to 30 April 2023 – 2,975,000 ordinary shares with a nominal value of £744,000 were bought back at a total cost of £4,805,000 and held in treasury).

09 Related party transactions

There have been no transactions with related parties during the first six months of the current financial year that have materially affected the financial position or the performance of the Company during that period and there have been no changes in the related party transactions described in the last Annual Report and Financial Statements that could have had such an effect on the Company during that period.

None of the views expressed in this document should be construed as advice to buy or sell a particular investment.

Glossary of terms and Alternative Performance Measures (‘APM’)

An alternative performance measure 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.

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 net asset value. When the share price is lower than the net asset value 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 net asset value per share and is usually expressed as a percentage of the net asset value per share. If the share price is higher than the net asset value per share, this situation is called a premium.

	31 October 2023	30 April 2023
Closing NAV per share	169.0p	195.6p
Closing share price	143.7p	168.0p
Discount	**(15.0%)**	**(14.1%)**

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 are calculated on the basis prescribed by the Association of Investment Companies.

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.

		31 October 2023 NAV	31 October 2023 Share price	30 April 2023 NAV	30 April 2023 Share price
Closing NAV per share/share price	(a)	169.0p	143.7p	195.6p	168.0p
Dividend adjustment factor*	(b)	1.0195	1.0230	1.0204	1.0232
Adjusted closing NAV per share/share price	(c = a x b)	172.3p	147.0p	199.6p	171.9p
Opening NAV per share/share price	(d)	195.6p	168.0p	197.4p	174.2p
Total return	**(c ÷ d) -1**	**(11.9%)**	**(12.5%)**	**1.1%**	**(1.3%)**

* The dividend adjustment factor is calculated on the assumption that the dividends of 3.60p (2022 – 3.91p) 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.

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.

	31 October 2023	30 April 2023
Borrowings	£16,350,000	£14,450,000
Less: cash and cash equivalents	(£5,248,000)	(£5,512,000)
Adjusted borrowings	£11,102,000	£8,938,000
Shareholders' funds	£253,533,000	£294,422,000
Invested gearing	**4%**	**3%**

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

	31 October 2023	30 April 2023
Borrowings	£16,350,000	£14,450,000
Shareholders' funds	£253,533,000	£294,422,000
Drawn gearing	**6%**	**5%**

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.

Private (unlisted) company

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

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.

Leverage (APM)

For the purposes of the UK 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.

Further shareholder information

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 requires 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.

New 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**.

Risk warnings

Past performance is not a guide to future performance.

Baillie Gifford UK Growth Trust plc is a listed UK company. The value of its shares and any income from them can fall as well as rise and investors may not get back the amount invested.

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 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.

The Company is listed on the London Stock Exchange and is not authorised or regulated by the Financial Conduct Authority.

The staff of Baillie Gifford & Co and Baillie Gifford UK Growth Trust Directors may hold shares in Baillie Gifford UK Growth Trust and may buy or sell such shares from time to time.

Further details of the risks associated with investing in the Company, including a Key Information Document and how charges are applied, can be found at **bgukgrowthtrust.com**, or by calling Baillie Gifford on 0800 917 2112.

The information and opinions expressed within this Interim Financial Report 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.

How to invest

The Company's shares are traded on the London Stock Exchange. They can be bought through a stockbroker or by asking a professional adviser to do so. If you are interested in investing directly in Baillie Gifford UK Growth Trust plc 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**.

Client relations team contact details

You can contact the Baillie Gifford Client Relations Team by telephone (your call may be recorded for training or monitoring purposes), email or post. See contact details in the 'Further Information' box on page 24.

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.

Third party data providers 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.

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FTSE index data

Sustainable Finance Disclosure Regulation ('SFDR')

The EU 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, Baillie Gifford & 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 ESG Principles and Guidelines as its policy on integration of sustainability risks in investment decisions.

Baillie Gifford & Co believes that a company cannot be financially sustainable in the long run if its approach to business is fundamentally out of line with changing societal expectations. It defines 'sustainability' as a deliberately broad concept which encapsulates a company's purpose, values, business model, culture, and operating practices.

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 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.

The likely impact on the return of the portfolio from a potential or actual material decline in the value of investment due to the occurrence of an environmental, social or governance event or condition will vary and will depend on several factors including but not limited to the type, extent, complexity and duration of an event or condition, prevailing market conditions and existence of any mitigating factors.

Whilst consideration is given to sustainability matters, there are no restrictions on the investment universe of the Company, unless otherwise stated within in its Investment Objective & Policy. Baillie Gifford & Co can invest in any companies it believes could create beneficial long-term returns for investors. However, this might result in investments being made in companies that ultimately cause a negative outcome for the environment or society.

More detail on the Investment Manager's approach to sustainability can be found in the ESG Principles and Guidelines document, available publicly on the Baillie Gifford website **bailliegifford.com**.

The underlying investments do not take into account the EU criteria for environmentally sustainable economic activities established under the EU Taxonomy Regulation.

Company information

Directors

Chairman: Carolan Dobson
Ruary Neill
Cathy Pitt
Andrew Westenberger

Depositary

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bailliegifford.com

Company broker

Winterflood Investment Trusts

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Independent auditor

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Company details

bgukgrowthtrust.com

Company Registration No. 02894077

ISIN: GB0007913485

Sedol: 0791348

Ticker: BGUK

Legal Entity Identifier
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Further information

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