

BAILLIE GIFFORD

Baillie Gifford Investment Funds II ICVC

Interim Report and Financial Statements (Unaudited)
for the six months ended 31 December 2023



Contents

About the Company*	1
Statement of Authorised Corporate Director's Responsibilities	3
Baillie Gifford Health Innovation Fund*	5
Baillie Gifford Japanese Income Growth Fund*	19
Baillie Gifford Sterling Aggregate Bond Fund*	33
Baillie Gifford Sustainable Growth Fund*	53
Baillie Gifford Sustainable Income Fund*	69
Baillie Gifford UK Equity Core Fund*	91
General Information	105
The Group's Funds	112

*Collectively these comprise the Authorised Corporate Director's Report as required by the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("COLL").

About the Company

Baillie Gifford Investment Funds II ICVC (Investment Company with Variable Capital) ('the Company') is an umbrella UK Open-Ended Investment Company ('OEIC') under regulation 14 (Authorisation) of the Open-Ended Investment Companies Regulations 2001. An OEIC is a collective investment vehicle in which your funds are pooled with those of other investors and spread across a portfolio of investments, thus reducing risk.

At 31 December 2023 the Company offered six sub-funds, and the range may be varied in the future. Each sub-fund is valued on a daily basis and is subject to different charging structures and subscription limits. All shares are single priced. Details of the sub-funds and the share classes are contained in the Prospectus, along with details of the switching facility available between sub-funds. The Prospectus was last revised on 18 December 2023 and the Instrument of Incorporation was last revised on 31 March 2023. Copies of the Prospectus or Instrument of Incorporation can be obtained from Baillie Gifford & Co Limited, the Authorised Corporate Director ('ACD') by contacting Client Relations.

The Company is registered in England and Wales, registered number IC001040, and the address of its Head Office is 1st Floor, Grimaldi House, 28 St James's Square, London SW1Y 4JH. The operation of the Company is governed by the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL') ('the Regulations'), its Instrument of Incorporation and its Prospectus.

The Company's shareholders are not liable for its debts beyond the amount subscribed. Each sub-fund is classed as a UK UCITS retail scheme under COLL.

Any comments expressed in this report should not be taken as a recommendation or advice.

Amendment to the Annual Management Charge

The annual management charge of Class Y Shares increased from 0.25% to 0.50% on the third anniversary of the launch of the Baillie Gifford Health Innovation Fund (being 15 December 2023).

Sub-fund Cross-holdings

At 31 December 2023 none of the shares in the sub-funds were held by any other sub-funds of the Company.

Assessment of Value for the Sub-funds

Under COLL 6.6.20R (1), Baillie Gifford & Co Limited, the ACD of the Company, must conduct an assessment at least annually for each UK authorised sub-fund it manages, of whether the payments out of the sub-funds set out in the prospectus are justified in the context of the overall value delivered to shareholders. This assessment of value must, as a minimum, consider seven criteria, namely: quality of service, performance, authorised fund manager costs, economies of scale, comparable market rates, comparable services and classes of shares. The latest report as at 31 July 2023 is available on the website at www.bailliegifford.com.

About the Company cont.

Authorised Corporate Director

Baillie Gifford & Co Limited
(Authorised & regulated by the Financial Conduct Authority, Financial Services Register No. 119179)
Calton Square
1 Greenside Row
Edinburgh EH1 3AN
Telephone: 0800 917 2113
Fax: 0131 275 3955

Directors of the ACD

Executive

M J C Wylie (Chairman)
E Delaney
C M Fraser
L B S Haddow
D S McGowan
C M Murphy (appointed 22 November 2023)
A J Telfer (resigned 22 November 2023)

Independent Non-Executive

K B M Bolsover
D R Buckley
C R S Turpin (appointed 22 November 2023)

Investment Adviser

Baillie Gifford & Co
(Authorised & regulated by the Financial Conduct Authority, Financial Services Register No. 142597)
Calton Square
1 Greenside Row
Edinburgh EH1 3AN

Depositary

NatWest Trustee and Depositary Services Limited
(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, Financial Services Register No. 794152)
Trustee & Depositary Services
House A, Floor 0
175 Glasgow Road
Gogarburn
Edinburgh EH12 1HQ

Registrar

Baillie Gifford & Co Limited
(Authorised & regulated by the Financial Conduct Authority, Financial Services Register No. 119179)
Calton Square
1 Greenside Row
Edinburgh EH1 3AN

Auditor

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh EH3 8EX

Baillie Gifford & Co Limited, the Authorised Corporate Director of the OEIC, is wholly owned by Baillie Gifford & Co. We only provide information about our products and do not provide investment advice.

Statement of Authorised Corporate Director's Responsibilities

The Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL') requires the Authorised Corporate Director to prepare financial statements for each interim and annual accounting period which give a true and fair view of the financial position of the Company and of its revenue and expenditure and of its net gains and losses on the property of the Company for the period. In preparing the financial statements the Authorised Corporate Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to the Financial Statements of UK Authorised Funds issued in 2014;
- follow generally accepted accounting principles and applicable accounting standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland";
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation; and
- take reasonable steps for the prevention and detection of fraud and irregularities.

The Authorised Corporate Director is responsible for the management of the Company in accordance with the Instrument of Incorporation, the Prospectus and the Regulations.

The Interim Report and Financial Statements were approved by the Authorised Corporate Director and signed on its behalf by:

*M J C Wylie, Chairman
C M Fraser, Director
Baillie Gifford & Co Limited
29 February 2024*

BAILLIE GIFFORD

Baillie Gifford Health Innovation Fund

a sub-fund of Baillie Gifford Investment Funds II ICVC

*Interim Report & Financial Statements (Unaudited)
for the six months ended 31 December 2023*



Baillie Gifford Health Innovation Fund

Investment Objective

The Fund aims to outperform (after deduction of costs) the MSCI ACWI Index, as stated in sterling, by at least 2.5% per annum over rolling five-year periods.

Investment Policy

The Fund will invest at least 90% in shares of companies that through bringing innovation to human health, have the potential to deliver substantial improvements to health, lengthen lifespans and reduce healthcare costs. The Fund will invest in companies anywhere in the world and will not be restricted to companies in the healthcare sector as defined by any index. The Fund will be actively managed and will be concentrated typically comprising between 25 and 50 holdings.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund’s ranking on the Risk and Reward Indicator.



Market conditions can change rapidly and a fund in any rank can lose you your investment. The Fund is classified as above as it invests in company shares.

As returns are not available for all of the past five years we’ve used the comparative index in their place to calculate the indicator.

The indicator does not take into account the following relevant material risks:

The Fund is actively managed meaning the Investment Manager selects investments of their own choosing with the aim of achieving the Fund’s objectives. This is done without seeking to replicate any index in either of performance or portfolio composition. This investment style, selecting companies with perceived greater long-term growth potential ahead of any short-term returns, in combination with the relative concentration of the Fund, may lead to prolonged periods of underperformance in certain market conditions, both in relation to the Fund’s benchmark and in absolute terms.

Over shorter time periods the Fund’s share price can be volatile and returns can be much higher or lower than our five-year average target. There is no guarantee this objective will be achieved over any time period.

Investing in China may harm your investment due to difficulties with market volatility, political and economic instability including the risk of market shutdown, trading, liquidity, settlement, corporate governance, regulation, legislation and taxation.

In adverse market conditions it may be difficult to sell investments held by the Fund in a timely manner and their value may fall significantly. This could affect how much money you receive and even delay the selling of your shares if dealing in the Fund is suspended.

Custody of assets involves a risk of loss if a custodian becomes insolvent or breaches duties of care.

You could lose your investment due to global factors like natural disasters, pandemics, or through developments such as military conflict, or changes in government policies.

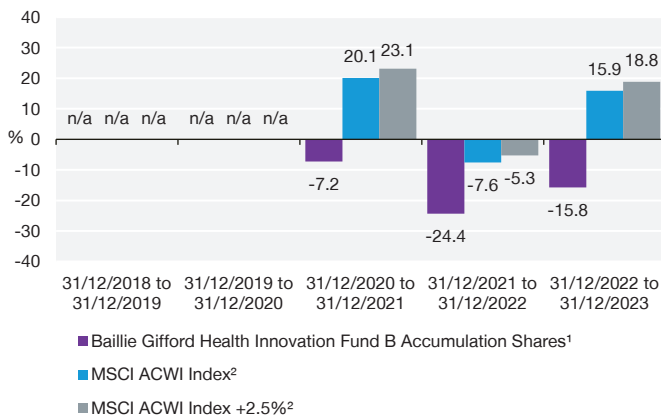
Where possible, charges are taken from income. If insufficient, the rest will be taken from capital, reducing the capital value of the Fund.

Baillie Gifford Health Innovation Fund cont.

For a more detailed explanation of the risks, please see the “Risk Warnings” section of the prospectus.

Investment Report

Past Performance



The performance figures shown in this graph are for Class B Accumulation Shares. Performance figures reflect the annual management charge of 0.50%. There are not five full years of performance shown as the Fund was launched on 15 December 2020. Performance figures for the other share classes in issue can be obtained by contacting Client Relations. You should be aware that past performance is not a guide to future performance.

Past performance

The investment objective of the Fund is to outperform (after deduction of costs) the MSCI ACWI Index (the 'Index') by at least 2.5% per annum (the 'target return') over rolling five-year periods. For the six months to 31 December 2023, the return on B Accumulation Shares was -10.7%¹ compared to the Index of 7.2%² and the target return of 8.5%². We fully appreciate that this is disappointing whether you are a longstanding client or a newer investor in the Fund. While periods of underperformance are inevitable given our style of investment, none of us enjoy these. We believe that short-term performance measurements are of limited relevance in assessing investment ability and would suggest that five years is a more sensible timeframe over which to judge performance, a period in line with the Fund's objectives. We look forward to reporting to you on more meaningful performance time periods over the years to come.

Market environment

In the second half of 2023, some positive market sentiment returned, as falling inflation increased optimism that central bank interest rates will be cut in 2024. Despite the sentiment shift, headwinds to healthcare remained, with scarcer capital for biotechnology companies, budget tightening at healthcare systems and post-pandemic cyclical adjustments ongoing. Additionally, the perceived impact of the anti-obesity drugs weighed heavily on the healthcare equipment industry. However, positive economic news and tentative signs of a recovery in the sector boosted stock prices in the final months of 2023.

Performance

Scepticism remains for innovative companies driving a revolution in human health. Whether it be companies creating new types of drugs, novel devices or using technology to deliver efficiencies, we believe the market is discounting their potential. The Fund fell in absolute terms and underperformed the benchmark in the period.

¹Source: FE, 10am dealing prices, income accumulated. ²Source: Revolution and MSCI, total return in sterling terms. The target return outperformance is compounded daily therefore the index return plus the outperformance will not equal the target return. Please see Disclaimer on page 108. You should be aware that past performance is not a guide to future performance.

Investment Report cont.

Regardless of short-term sentiment changes, we believe the underlying fundamental strength of the portfolio will be rewarded in share price returns over the long term.

The top contributors to performance over the period were Alk-Abello, Ascendis, and Ionis. Alk-Abello develops immunotherapy drugs to stop allergic reactions. The company's stock price rose on strong European tablet sales in its third-quarter results. Alk-Abello also completed two positive paediatric studies in 2023, in house dust mites and tree pollen, which will help it expand in the US and Canada. With an early-stage trial in peanut allergies due to announce results in 2024, the company has a portfolio that can propel growth over the next decade.

Ascendis is a drug developer whose primary technology, 'TransCon', enables the more controlled release of a drug in the body. The company had a strong end to 2023, buoyed by improving capital markets activity and clear clinical and commercial progress. Its first drug, Skytrofa, for human growth hormone deficiency, is increasing sales, and after positive trials in hypoparathyroidism and achondroplasia, the company is well-positioned heading into 2024.

Ionis was another contributor to performance in the last six months of 2023. It specialises in producing antisense drugs that selectively silence genes in the body. The broad applicability of this approach is evident in its extensive pipeline of over 40 drugs. Its drug, Wainua, was approved for the nerve condition amyloidosis polyneuropathy in December in the US. It announced several other positive trial results, including in familial chylomicronaemia, a debilitating genetic condition.

The top detractors from performance were ShockWave, Genmab, and Exact Sciences. Shockwave has developed an intravascular lithotripsy (IVL) device which uses pressurised sound waves to remove calcified plaques in veins and arteries. It underperformed despite continued operational progress. Its full-year 2023 guidance is for revenue growth of 48% and operating margins to expand to 20%. However, after an article alleged certain medical procedures were being overutilised in the US, some insurers have made it harder

to pre-authorise their procedure. We believe this is a temporary obstacle, and back the company's track record of execution.

Genmab had a weak end to 2023, as its blood cancer drug, Darzalex, underperformed sales expectations and its lung cancer drug, Rybrevant, succeeded in a trial, but the results were not as strong as hoped compared to the existing standard of care. However, we believe Genmab's antibody expertise, existing partnerships and broad pipeline have set a strong foundation for future success.

Exact Sciences, the developer of tests to diagnose and inform cancer treatment, continued to execute well despite a sell-off in the third quarter. Its core product, Cologuard, is the leading non-invasive test for colorectal cancer (CRC) and is growing sales at over 20%. With its CRC blood test in trials and its minimal residual disease test, which assesses if cancer has returned, launching imminently, we see several positive developments in 2024 as the company moves closer to profitability.

Notable transactions

We decided to sell Oscar Health in September. The company's vision was to disrupt the US health insurance industry through the use of technology, which would empower patients and carers to find the best treatment at the lowest cost. However, the difficult environment impacted the company's ability to reach the scale required to be successful and decreased its upside. We sold to use the proceeds for companies we have higher conviction in.

Baillie Gifford & Co, 15 January 2024

Principal Holdings as at 31 December 2023

Investment	Percentage of total Fund
Alnylam Pharmaceuticals	6.89
Genmab	6.58
Moderna Inc	6.51
argenx	5.50
Dexcom Inc	5.31
Sartorius Pref.	5.25
Ambu	4.97
ShockWave Medical Inc	4.69
10X Genomics Inc Class A	4.66
Exact Sciences	4.41

Material Portfolio Changes for the six months ended 31 December 2023

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
Wuxi Biologics Cayman Inc	826	argenx	3,437
Moderna Inc	599	ShockWave Medical Inc	1,724
Veeva Systems Inc Class A	584	Genmab	1,357
Genmab	204	Alnylam Pharmaceuticals	1,244
Alnylam Pharmaceuticals	186	Ambu	967
Sartorius Pref.	165	Moderna Inc	961
Ambu	146	Sartorius Pref.	915
Exact Sciences	139	10X Genomics Inc Class A	837
ShockWave Medical Inc	133	Exact Sciences	819
Dexcom Inc	125	Dexcom Inc	692

Portfolio Statement as at 31 December 2023

Stock description	Holding	Market value £'000	% of total net assets
China - 3.65% (2.62%)			
Wuxi Biologics Cayman Inc	472,500	1,405	2.79
Zai Lab HK Line	201,380	434	0.86
Denmark - 17.31% (15.38%)			
ALK-Abello	145,748	1,711	3.40
Ambu	205,133	2,505	4.97
Ascendis Pharma ADR 1:1	12,066	1,190	2.36
Genmab	13,299	3,316	6.58
Germany - 5.25% (4.37%)			
Sartorius Pref.	9,199	2,644	5.25
Japan - 2.73% (3.10%)			
M3	106,000	1,376	2.73
Netherlands - 5.50% (7.14%)			
argenx	9,312	2,770	5.50
UK - 1.08% (0.86%)			
Exscientia Ltd ADR	108,266	543	1.08
United States - 63.39% (65.68%)			
10X Genomics Inc Class A	53,443	2,346	4.66
Alector Inc	51,302	321	0.64
Alnylam Pharmaceuticals	23,138	3,474	6.89
Denali Therapeutics	43,586	733	1.45
Dexcom Inc	27,481	2,675	5.31
Doximity Inc	64,557	1,419	2.82
Edwards Lifesciences Corp	33,772	2,020	4.01
Exact Sciences	38,260	2,220	4.41
Health Catalyst Inc	75,013	544	1.08
Illumina	15,043	1,643	3.26
Ionis Pharmaceuticals	43,794	1,736	3.44
Lyell Immunopharma Inc	94,807	144	0.29

Portfolio Statement as at 31 December 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Masimo Corp	12,602	1,158	2.30
Moderna Inc	42,033	3,279	6.51
Novocure Ltd	25,177	295	0.59
Recursion Pharmaceuticals Inc	123,031	950	1.88
Relay Therapeutics Inc	55,164	476	0.94
ResMed	8,759	1,182	2.35
Sage Therapeutics Inc	11,625	197	0.39
Sana Biotechnology Inc	22,406	72	0.14
ShockWave Medical Inc	15,828	2,366	4.69
Staar Surgical	23,844	583	1.16
Teladoc	36,768	622	1.23
Veeva Systems Inc Class A	8,651	1,307	2.59
Vir Biotechnology Inc	23,396	184	0.36
Portfolio of investments		49,840	98.91
Net other assets - 1.09% (0.85%)		551	1.09
Net assets		50,391	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules, unless otherwise stated.

Figures in brackets refer to 30 June 2023.

Fund Information

Fund and Share Information	31.12.23	30.06.23	30.06.22	30.06.21
Total net asset value of scheme property (£'000)	50,391	75,568	74,670	114,258
Synthetic Risk and Reward Indicator¹	6	6	6	6
Net asset value per share (pence)				
B Accumulation	59.00	66.78	65.98	111.93
B Income	59.00	66.78	65.98	111.93
C Accumulation	59.91	67.64	66.49	112.23
C Income	59.85	67.57	66.46	112.21
Y Accumulation	59.45	67.21	66.23	112.08
Y Income	59.45	67.21	66.23	112.08
Number of shares in issue				
B Accumulation	63,551,100	66,997,869	70,421,771	61,298,305
B Income	12,758,227	15,385,894	16,107,741	9,182,602
C Accumulation	1,000	1,000	1,000	1,000
C Income	1,000	1,000	1,000	1,000
Y Accumulation	8,372,390	28,300,370	24,839,542	30,531,755
Y Income	656,187	2,277,531	1,698,022	1,023,837
Annual Income Record	Period to 31.12.23 (pence)	Year to 30.06.23 (pence)	Year to 30.06.22 (pence)	Period to 30.06.21 (pence)
Income per share (financial period)				
B Accumulation	n/a	0.00	0.00	0.00
B Income	n/a	0.00	0.00	0.00
C Accumulation	n/a	0.03	0.02	0.02
C Income	n/a	0.03	0.02	0.02
Y Accumulation	n/a	0.00	0.00	0.00
Y Income	n/a	0.00	0.00	0.00

Fund Information cont.

Yearly Highest and Lowest Prices	Period to 31.12.23 (pence)	Year to 30.06.23 (pence)	Year to 30.06.22 (pence)	Period to 30.06.21 (pence)
Highest (financial period)				
B Accumulation	69.71	81.50	118.1	117.2
B Income	69.71	81.50	118.1	117.2
C Accumulation	70.63	82.20	118.5	117.3
C Income	70.56	82.10	118.5	117.3
Y Accumulation	70.17	81.80	118.3	117.3
Y Income	70.17	81.80	118.3	117.3
Lowest (financial period)				
B Accumulation	51.60	65.46	57.83	88.92
B Income	51.60	65.46	57.83	88.92
C Accumulation	52.35	66.29	58.24	89.10
C Income	52.30	66.26	58.23	89.10
Y Accumulation	51.97	65.87	58.03	89.01
Y Income	51.97	65.87	58.03	89.01
Ongoing Charges Figures	31.12.23 (%)	30.06.23 (%)	30.06.22 (%)	30.06.21 (%)
Ongoing Charges Figures²				
B Accumulation	0.56	0.53	0.54	0.54
B Income	0.56	0.53	0.54	0.57 ⁴
C Accumulation	0.06	0.03	0.04	0.05
C Income	0.06	0.03	0.04	0.05
Y Accumulation	0.31 ³	0.28	0.28	0.29
Y Income	0.31 ³	0.28	0.29	0.29

You should be aware that past performance is not a guide to future performance.

¹The Synthetic Risk and Reward Indicator demonstrates where the Fund ranks in terms of its potential risk and reward on a scale from 1 (lowest) to 7 (highest). The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. Further information is included in the Risk and Reward Profile section of the Fund's interim report.

²The Ongoing Charges Figure is based on the expenses for the financial period and may vary from year to year. It excludes the cost of buying and selling assets for the Fund although custodian transaction costs are included. For further details on the costs associated with investing in the Fund please see the Enhanced Disclosure of Fund Costs and Charges document and Baillie Gifford's Funds Costs and Charges Summary, both of which are available on the website www.bailliegifford.com.

³On 16 December 2023, following the ending of an initial discount period, the annual management charge for Y class shares increased to 0.50%. As a result, as at 31 December 2023 the ACD considered 0.56% to be a more indicative rate for ongoing charges for Class Y Shares.

⁴As at 30 June 2021 the ACD considered 0.55% to be a more indicative rate for ongoing charges for Class B Shares.

Interim Financial Statements (Unaudited)

Statement of Total Return for the six months ended 31 December 2023

	31 December 2023		31 December 2022	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		(8,736)		6,055
Revenue	11		15	
Expenses	(144)		(200)	
Net expense before taxation	(133)		(185)	
Taxation	(1)		(1)	
Net expense after taxation		(134)		(186)
Total return before distributions		(8,870)		5,869
Distributions		13		(2)
Change in net assets attributable to shareholders from investment activities		(8,857)		5,867

Statement of Change in Net Assets Attributable to Shareholders for the six months ended 31 December 2023

	31 December 2023		31 December 2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		75,568		74,670
Amounts receivable on issue of shares	5,123		10,307	
Amounts payable on cancellation of shares	(21,466)		(6,473)	
		(16,343)		3,834
Dilution adjustment		23		12
Change in net assets attributable to shareholders from investment activities		(8,857)		5,867
Closing net assets attributable to shareholders		50,391		84,383

Interim Financial Statements (Unaudited) cont.

Balance Sheet as at 31 December 2023

	31 December 2023 £'000	30 June 2023 £'000
Assets:		
Fixed assets:		
Investments	49,840	74,925
Current assets:		
Debtors	32	57
Cash and bank balances	657	933
Total assets	50,529	75,915
Liabilities:		
Creditors:		
Bank overdrafts	(99)	(285)
Other creditors	(39)	(62)
Total liabilities	(138)	(347)
Net assets attributable to shareholders	50,391	75,568

Basis for preparation

The interim financial statements have been prepared in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014.

The accounting policies applied are consistent with those in the annual financial statements for the year ended 30 June 2023 and are described in those annual financial statements.

BAILLIE GIFFORD

Baillie Gifford Japanese Income Growth Fund

a sub-fund of Baillie Gifford Investment Funds II ICVC

*Interim Report & Financial Statements (Unaudited)
for the six months ended 31 December 2023*



Baillie Gifford Japanese Income Growth Fund

Investment Objective

The Fund aims to outperform (after deduction of costs) the TOPIX, as stated in Sterling, by at least 1% per annum over rolling five-year periods through a combination of income and capital growth whilst maintaining a yield higher than the TOPIX.

Investment Policy

The Fund will invest at least 90% in shares of Japanese companies of any size and in any sector. Japanese companies are companies which are listed, incorporated, domiciled or conduct a significant portion of their business in Japan. The Fund will be actively managed.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.



Market conditions can change rapidly and a fund in any rank can lose you your investment. The Fund is classified as above as it invests in company shares.

The indicator does not take into account the following relevant material risks:

The Fund is actively managed meaning the Investment Manager selects investments of their own choosing with the aim of achieving the Fund's objectives. This is done without seeking to replicate any index in either of performance or portfolio composition. This investment style, selecting companies with perceived greater long-term growth potential ahead of any short-term

returns, in combination with the relative concentration of the Fund, may lead to prolonged periods of underperformance in certain market conditions, both in relation to the Fund's benchmark and in absolute terms.

Over shorter time periods the Fund's share price can be volatile and returns can be much higher or lower than our five-year average target. There is no guarantee this objective will be achieved over any time period.

In adverse market conditions it may be difficult to sell investments held by the Fund in a timely manner and their value may fall significantly. This could affect how much money you receive and even delay the selling of your shares if dealing in the Fund is suspended.

Custody of assets involves a risk of loss if a custodian becomes insolvent or breaches duties of care.

You could lose your investment due to global factors like natural disasters, pandemics, or through developments such as military conflict, or changes in government policies.

The manager can charge some, or all, expenses to the Fund's capital, reducing its value. This amount can vary from year to year.

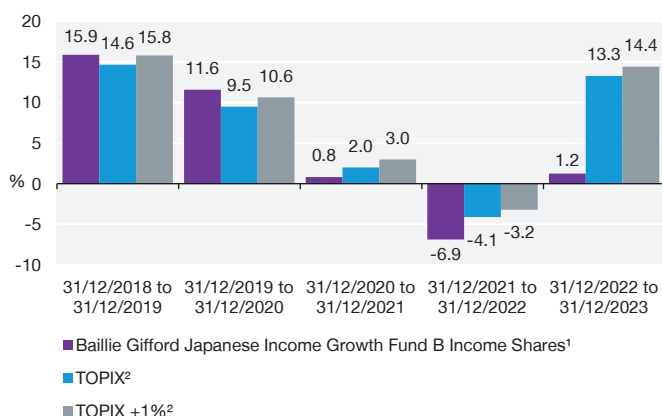
For a more detailed explanation of the risks, please see the "Risk Warnings" section of the prospectus.

Fees Allocated to Capital

With effect from 1 September 2023 the ACD has, for distribution purposes, the facility to charge some or all expenses to capital. Prior to this only some or all of the annual management charge could be allocated to capital. For year to 30 June 2023 100% of the annual management charge was allocated to capital. This will reduce the capital value of the Fund. This number may vary from year to year. The figure for the current financial period has not yet been determined.

Investment Report

Past Performance



The performance figures shown in this graph are for Class B Income Shares. Performance figures reflect the annual management charge of 0.60%. Performance figures for the other share classes in issue can be obtained by contacting Client Relations. You should be aware that past performance is not a guide to future performance.

Past performance

The investment objective of the Fund is to outperform (after deduction of costs) the TOPIX (the ‘Index’) by at least 1% per annum (the ‘target return’) over rolling five-year periods through a combination of income and capital growth whilst maintaining a portfolio yield higher than the TOPIX. For the six months to 31 December 2023 the return on B Income Shares was 1.6%¹ compared to the return on the Index of 6.9%² and the target return of 7.4%². The yield on the portfolio was 2.7%³ compared to the yield on the Index of 2.5%³. We fully appreciate that this is disappointing whether you are a longstanding client or a newer investor in the Fund. While periods of underperformance are inevitable given our style of investment, none of us enjoy these. We believe that short-term performance measurements are of limited relevance in assessing investment ability and would suggest that five years is a more sensible timeframe over which to judge performance, a period in line with the Fund’s objectives. Over that period, the annualised return on B Income Shares was 4.2%¹ compared to the Index of 6.8%² and the target return of

7.9%². It is disappointing that over this period the Fund has underperformed its target return. Returns have been impacted by recent, short-term weakness.

Market environment

2023 was mostly dominated by rising prices, prospects of a tighter monetary policy and a weak currency. Towards the end of 2023, we saw welcoming signs of these trends reversing; although there was little change to domestic monetary policy, the Fed’s dovish pivot resulted in greater risk appetite into year-end. Banks sold off as investors shifted towards growth, such as internet names like GMO Internet, which had been shunned for most of the year.

We continue to examine the fundamentals of our holdings and the strength of our investment theses. In aggregate, we remain confident of the longer-term structural trends that underpin the Fund.

¹Source: FE, 10am dealing prices, income reinvested. ²Source: Revolution and TOPIX, total return in sterling terms. The target return out-performance is compounded daily therefore the index return plus the outperformance will not equal the target return. Please see Disclaimer on page 108. ³Source: Style Analytics and Tokyo Stock Exchange, forecast dividend yield, reweighted to 100% to exclude stocks without yield data. You should be aware that past performance is not a guide to future performance.

Investment Report cont.

Performance

During the six-month period, the Fund delivered a positive return but underperformed the Index and target return. We remain encouraged that most companies in the Fund are performing well operationally, as this will be the dominant influence on long-term returns.

Among the top contributors to performance were Benefit One, Infomart and SBI Holdings.

Benefit One is a fringe benefits platform for employees. We initiated a new position in October on the assumption that it was attractively valued for a very cash-generative business with an excellent competitive position. However, the company's appeal has not gone unnoticed as two firms, M3 and Dai-Ichi Life, have since made tender offers to acquire a majority of Benefit One shares. After a significant rerating, and rumours that one of the bidders may take the company private, we decided to lock in a profit and sell the position.

Infomart, an online food ordering platform for restaurants has started to recover following the reopening of the hospitality industry and influx of visitors to Japan. Sales are growing at 20% year-over-year, driven by strong momentum from its invoice software service, reflecting an increase in paid users. Infomart provides much needed efficiency to an industry beset by staff shortages and rising wages. We expect further growth through margin expansion, as it uses its dominant market position to raise prices now that the industry shows strong growth.

SBI Holdings, Japan's leading online broker, has been buoyed by the broader market enthusiasm for financials this year. It reported record-high revenue, an increase of 28% year-over-year, boosted by the Financial Services Business. SBI are the first in Japan to offer commission-free online trading of domestic stocks from the end of September 2023. Since the announcement, it has experienced a surge in account openings for NISA tax-exempt accounts and transfers from other platforms, which the government hopes will encourage the cash-rich populace that holds 55% of their assets in cash to invest more in financial assets.

Among the bottom detractors from performance were Shiseido, Pola Orbis, and FANUC, who all saw Chinese exposure as a common area of weakness.

Shiseido, the beauty and cosmetics company, continues to struggle due to weaker demand from Chinese consumers post Covid-19. Despite Japan seeing an influx of foreign visitors, the recovery in the number of visitors from mainland China has been much slower and is still 65% below October 2019 figures. This was reflected in Shiseido's recent results, which reported a decline in sales. Concerns over the Fukushima water release also decreased consumer demand for Japanese products. We view these challenges as short-term and believe Shiseido is well-positioned to benefit from structural trends, such as Asia's rising middle-class wealth.

Pola Orbis, the beauty and cosmetics company, has faced the same struggles as Shiseido. Its share price was down despite releasing solid results, with operating profit up 55% for the first nine months of 2023 (albeit from a low Covid-19 induced base). This was primarily thanks to strong sales of its Orbis brand and a recovery emerging in department store sales.

FANUC, the global industrial automation company, has suffered from the cautious economic outlook of China, which is one of its core markets. The global semiconductor shortage has also led to a decline in the production of autos and other electronic devices, further impacting demand. This is the nature of a cyclical business like FANUC. However, in the long term it is well-placed to benefit from Japan's labour shortage, which will help drive demand for robotics.

Notable transactions

We took a position in Olympus, a world leader in the manufacture of endoscopes for gastrointestinal and other surgical procedures. Endoscopy continues to expand by developing new markets, both geographical and procedural, meaning that there remains a sizeable opportunity for future growth and profit margin expansion.

Investment Report cont.

This was funded from the complete sale of three companies: Toyota Tsusho, the trading company that has benefited from high commodity prices; Makita, a manufacturer of power tools that was adversely impacted by supply issues and inventory build-up during Covid-19 and Sompo, one of the largest non-life insurers in Japan that has performed strongly over the past year, affecting our assessment of further upside from here.

As mentioned, Benefit One was bought and sold for the Fund during the period. The sale was driven by material changes to the investment case due to two tender offers to acquire stakes in the company. During our short holding, the share price was close to doubling.

Baillie Gifford & Co, 17 January 2024

Principal Holdings as at 31 December 2023

Investment	Percentage of total Fund
SoftBank Group	4.60
SBI Holdings	4.05
GMO Internet	3.88
Sumitomo Mitsui Trust	3.64
FANUC	3.40
DMG Mori	3.32
Tokio Marine Holdings Inc	3.32
MS&AD Insurance	3.22
Nintendo	2.96
Bridgestone	2.94

Material Portfolio Changes for the six months ended 31 December 2023

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
Olympus	6,792	Itochu Corp	14,698
Milbon	4,569	Denso	14,095
Benefit One	2,527	Mitsui	10,452
Nihon M&A	2,336	DMG Mori	9,700
Park24 Co Ltd	2,154	Bridgestone	9,487
MonotaRO Co	1,977	Sumitomo Mitsui Trust	9,254
Seria Co Ltd	1,828	MS&AD Insurance	8,907
Shiseido	1,460	SBI Holdings	8,042
SoftBank Group	1,098	FANUC	8,014
Industrial & Infrastructure Fund	726	Tokio Marine Holdings Inc	7,598

Portfolio Statement as at 31 December 2023

Stock description	Holding	Market value £'000	% of total net assets
Commerce - 8.53% (10.49%)			
Itochu Corp	385,500	12,370	2.37
Misumi	317,100	4,216	0.81
Mitsui	160,200	4,723	0.90
MonotaRO Co	894,600	7,663	1.47
Seria Co Ltd	677,100	9,905	1.90
Sugi Holdings	157,000	5,662	1.08
Finance & Insurance - 18.05% (18.23%)			
Japan Exchange Group	513,700	8,526	1.63
Kyoto Financial Group Inc	937,000	11,452	2.19
MS&AD Insurance	545,800	16,843	3.22
SBI Holdings	1,197,300	21,132	4.05
Sumitomo Mitsui Trust	1,261,300	18,991	3.64
Tokio Marine Holdings Inc	883,600	17,350	3.32
Manufacturing - 48.55% (49.60%)			
Bridgestone	472,800	15,364	2.94
Calbee Inc	850,100	13,403	2.57
Denso	899,200	10,642	2.04
DMG Mori	1,155,000	17,355	3.32
FANUC	770,200	17,772	3.40
Kao	332,600	10,734	2.05
Kubota	1,233,400	14,566	2.79
Kyocera	666,400	7,631	1.46
Milbon	294,400	6,051	1.16
Murata	645,500	10,750	2.06
Nidec	114,600	3,631	0.69
Nintendo	377,900	15,474	2.96
Nippon Electric Glass	286,900	4,839	0.93
Olympus	671,100	7,619	1.46
OSG Corp	613,800	6,906	1.32
Pigeon	859,600	7,768	1.49
Pola Orbis Holdings Inc	1,637,600	14,433	2.76
Sato Holdings	623,500	7,341	1.41

Portfolio Statement as at 31 December 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Sawai Group Holdings Co Ltd	113,500	3,290	0.63
Shiseido	444,700	10,521	2.01
SMC	14,800	6,239	1.19
Sumitomo Metal Mining Co Ltd	439,200	10,376	1.99
Sysmex Corp	216,700	9,475	1.81
Unicharm	398,900	11,315	2.17
Wacom Co Ltd	2,770,000	10,126	1.94
Real Estate - 4.77% (4.19%)			
Industrial & Infrastructure Fund	11,314	8,788	1.68
Park24 Co Ltd	968,900	9,739	1.87
Tokyo Tatemono	544,100	6,394	1.22
Services - 8.15% (7.38%)			
CyberAgent Inc	936,700	4,613	0.88
Infomart Corp	2,946,000	8,131	1.56
Kakaku.com	601,600	5,845	1.12
Mixi Inc	839,100	11,023	2.11
Nihon M&A	1,055,500	4,567	0.87
Rakuten	1,933,000	6,755	1.29
USS Co	105,600	1,666	0.32

Portfolio Statement as at 31 December 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Transport And Communications - 10.95% (9.33%)			
Broadleaf	1,271,100	4,081	0.78
Colopl Inc	1,299,400	4,273	0.82
GMO Internet	1,422,800	20,290	3.88
LY Corp	1,629,900	4,532	0.87
SoftBank Corp KK	746,600	7,309	1.40
SoftBank Group	476,900	16,699	3.20
Portfolio of investments		517,159	99.00
Net other assets - 1.00% (0.78%)		5,221	1.00
Net assets		522,380	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules, unless otherwise stated.

Figures in brackets refer to 30 June 2023.

Fund Information

Fund and Share Information	31.12.23	30.06.23	30.06.22	30.06.21
Total net asset value of scheme property (£'000)	522,380	726,118	794,408	967,928
Synthetic Risk and Reward Indicator¹	6	6	6	6
Net asset value per share (pence)				
B Accumulation	156.82	152.69	146.40	165.63
B Income	132.75	130.12	127.88	148.58
C Accumulation	134.53	130.60	124.47	139.98
W4 Accumulation	158.83	154.52	147.88	167.00
W4 Income	134.53	131.73	129.23	149.87
Number of shares in issue				
B Accumulation	73,348,919	166,567,828	154,152,931	261,523,213
B Income	39,864,288	56,586,874	68,707,270	104,427,415
C Accumulation	1,000	1,000	1,000	1,000
W4 Accumulation	84,772,617	97,992,037	114,373,528	6,888
W4 Income	163,365,054	187,301,823	236,557,114	248,706,430
Annual Income Record	Period to 31.12.23 (pence)	Year to 30.06.23 (pence)	Year to 30.06.22 (pence)	Year to 30.06.21 (pence)
Income per share (financial period)				
B Accumulation	0.90	3.74	3.96	3.20
B Income	0.90	3.26	3.55	2.92
C Accumulation	0.90	3.19	3.35	2.70
W4 Accumulation	0.90	3.79	3.99	3.22
W4 Income	0.90	3.30	3.58	2.93

Fund Information cont.

Yearly Highest and Lowest Prices	Period to 31.12.23 (pence)	Year to 30.06.23 (pence)	Year to 30.06.22 (pence)	Year to 30.06.21 (pence)
Highest (financial period)				
B Accumulation	157.0	163.3	178.2	175.4
B Income	133.8	141.7	159.9	159.6
C Accumulation	134.3	139.4	150.8	147.9
W4 Accumulation	158.9	165.2	179.7	176.7
W4 Income	135.5	143.4	161.3	160.8
Lowest (financial period)				
B Accumulation	143.5	143.8	140.2	137.3
B Income	122.3	125.6	125.1	125.6
C Accumulation	123.0	122.5	119.2	115.4
W4 Accumulation	145.3	145.4	141.6	138.2
W4 Income	123.9	127.0	126.4	126.5
Ongoing Charges Figures	31.12.23 (%)	30.06.23 (%)	30.06.22 (%)	30.06.21 (%)
Ongoing Charges Figures²				
B Accumulation	0.62	0.62	0.62	0.62
B Income	0.62	0.62	0.62	0.62
C Accumulation	0.03	0.02	0.02	0.02
W4 Accumulation	0.45	0.44	0.43	0.45
W4 Income	0.45	0.44	0.43	0.45

You should be aware that past performance is not a guide to future performance.

¹The Synthetic Risk and Reward Indicator demonstrates where the Fund ranks in terms of its potential risk and reward on a scale from 1 (lowest) to 7 (highest). The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. Further information is included in the Risk and Reward Profile section of the Fund's interim report.

²The Ongoing Charges Figure is based on the expenses for the financial period and may vary from year to year. It excludes the cost of buying and selling assets for the Fund although custodian transaction costs are included. For further details on the costs associated with investing in the Fund please see the Enhanced Disclosure of Fund Costs and Charges document and Baillie Gifford's Funds Costs and Charges Summary, both of which are available on the website www.bailliegifford.com.

Interim Financial Statements (Unaudited)

Statement of Total Return for the six months ended 31 December 2023

	31 December 2023		31 December 2022	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		7,602		38,577
Revenue	6,055		10,467	
Expenses	(1,497)		(2,119)	
Net revenue before taxation	4,558		8,348	
Taxation	(605)		(1,039)	
Net revenue after taxation		3,953		7,309
Total return before distributions		11,555		45,886
Distributions		(3,637)		(5,271)
Change in net assets attributable to shareholders from investment activities		7,918		40,615

Statement of Change in Net Assets Attributable to Shareholders for the six months ended 31 December 2023

	31 December 2023		31 December 2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		726,118		794,408
Amounts receivable on issue of shares	10,058		54,840	
Amounts payable on cancellation of shares	(223,503)		(81,805)	
		(213,445)		(26,965)
Dilution adjustment		366		87
Change in net assets attributable to shareholders from investment activities		7,918		40,615
Retained distributions on accumulation shares		1,423		2,450
Closing net assets attributable to shareholders		522,380		810,595

Interim Financial Statements (Unaudited) cont.

Balance Sheet as at 31 December 2023

	31 December 2023	30 June 2023
	£'000	£'000
Assets:		
Fixed assets:		
Investments	517,159	720,454
Current assets:		
Debtors	2,979	3,221
Cash and bank balances	7,779	14,040
Total assets	527,917	737,715
Liabilities:		
Creditors:		
Bank overdrafts	(2,131)	(4,994)
Distributions payable	(1,829)	(5,830)
Other creditors	(1,577)	(773)
Total liabilities	(5,537)	(11,597)
Net assets attributable to shareholders	522,380	726,118

Basis for preparation

The interim financial statements have been prepared in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014.

The accounting policies applied are consistent with those in the annual financial statements for the year ended 30 June 2023 and are described in those annual financial statements.

BAILLIE GIFFORD

Baillie Gifford Sterling Aggregate Bond Fund

a sub-fund of Baillie Gifford Investment Funds II ICVC

*Interim Report & Financial Statements (Unaudited)
for the six months ended 31 December 2023*



Baillie Gifford Sterling Aggregate Bond Fund

Investment Objective

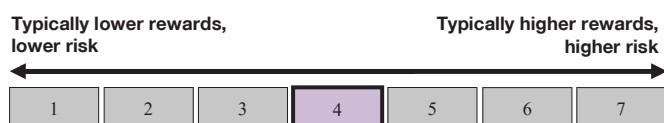
The Fund aims to outperform (after deduction of costs) an index comprising 50% of the FTSE Actuaries UK Conventional Gilts All Stocks Index and 50% of the ICE BofA Sterling Non-Gilt Index by 0.65% per annum over rolling three-year periods.

Investment Policy

The Fund will invest at least 80% in a diversified portfolio of (1) UK government bonds and (2) investment grade bonds issued by corporate issuers, public bodies and supranationals. The Fund may also invest in other developed and emerging market government bonds and sub-investment grade bonds. Currency forwards and derivatives, which are types of financial contracts, are used for both investment purposes and in the management of risk. The Fund will be actively managed and is not constrained by the index.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.



Market conditions can change rapidly and a fund in any rank can lose you your investment. The Fund is classified as above as it invests in government and corporate bonds.

The indicator does not take into account the following relevant material risks:

Bonds are affected by interest rates and inflation trends which may affect the value of the Fund. They could lose value if the issuer's financial health deteriorates.

Derivatives can magnify losses if returns go down.

In adverse market conditions it may be difficult to sell investments held by the Fund in a timely manner and their value may fall significantly. This could affect how much money you receive and even delay the selling of your shares if dealing in the Fund is suspended.

Custody of assets involves a risk of loss if a custodian becomes insolvent or breaches duties of care.

You could lose your investment due to global factors like natural disasters, pandemics, or through developments such as military conflict, or changes in government policies.

The manager can charge some, or all, expenses to the Fund's capital, reducing its value. This amount can vary from year to year.

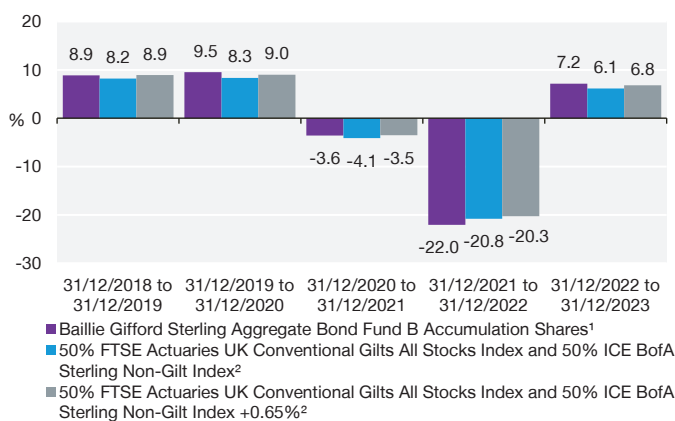
For a more detailed explanation of the risks, please see the "Risk Warnings" section of the prospectus.

Fees Allocated to Capital

For distribution purposes the ACD has the facility to allocate some or all expenses to capital. For the year to 30 June 2023 100% of expenses were allocated to capital. This will reduce the capital value of the Fund. This number may vary from year to year. The figure for the current financial period has not yet been determined.

Investment Report

Past Performance



The performance figures shown in this graph are for Class B Accumulation Shares. Performance figures reflect the annual management charge of 0.35%. Performance figures for the other share classes in issue can be obtained by contacting Client Relations. You should be aware that past performance is not a guide to future performance.

Past performance

The investment objective of the Fund is to outperform (after deduction of costs) an index comprising 50% of the FTSE Actuaries UK Conventional Gilts All Stocks Index and 50% of the ICE BofA Sterling Non-Gilt Index (the 'Index') by at least 0.65% per annum (the 'target return') over rolling three-year periods. For the six months to 31 December 2023 the return on B Accumulation Shares was 9.2%¹ compared to the Index of 8.6%² and the target return of 9.0%². We believe that short-term performance measurements are of limited relevance in assessing investment ability and would suggest that three years is a more sensible timeframe over which to judge performance, a period in line with the Fund's objectives. Over that period, the annualised return on B Accumulation Shares was -7.0%¹ compared to the Index of -7.0%² and the target return of -6.3%².

Market environment

Markets spent much of 2023 grappling with concerns inflation was remaining stubbornly high, and fears that higher interest rates set to combat inflation would lead to a recession. Towards the end of the year, however, what was thought the least plausible scenario gained the most prominence – a 'soft landing' where inflation falls quickly and growth remains resilient. Markets now price several interest rate cuts in 2024 and bond yields fell (prices rose) as a result. There is scope for asset prices to disappoint if central banks do not follow this path.

Although economic growth in the US remains relatively strong, the rest of the world has slowed. Core European markets are moribund, with high energy prices continuing to bite along with decreased demand from overseas, particularly from China. Chinese authorities are adding stimulatory measures but there has been limited visible improvement in either the real economy or financial markets. This is largely because of the issues in their real estate sector, which is a large component of China's economy. Other emerging markets in Central

¹Source: FE, 10am dealing prices, income accumulated. ²Source: Revolution and FTSE and ICE, total return in sterling terms. The target return outperformance is compounded daily therefore the index return plus the outperformance will not equal the target return. Please see Disclaimer on page 108. You should be aware that past performance is not a guide to future performance.

Investment Report cont.

Europe and Latin America continued to cut interest rates towards the end of the year. Their pre-emptive response to rising inflation in 2021 has been largely successful in reducing inflation sooner than in developed markets.

Performance

Sterling bonds performed well during the period, posting strong returns on positive sentiment towards credit risk combined with falling government yields. The Fund exceeded its target return over the six-month period. Corporate bonds performed well relative to government bonds as the growth and inflation outlook became more sanguine. Exposure to the banking sector was a notable part of this, with higher-yielding subordinated bonds helping. Government bond positioning also made a positive contribution where, by and large, the Fund was positioned correctly to benefit from rising yields in developed markets earlier in the period and subsequently capture some of the rally which followed. The Fund has also been positioned for select emerging markets to outperform.

Over 12 months the Fund has outperformed¹ for similar reasons while over three years the return is in line with the index. Asset allocation between corporate and government bonds has made a positive contribution, and the Fund has been positioned to benefit from rising government yields during much of the period. Currency positioning offset some of these gains.

Positioning

Our central view is that inflation may prove stickier than expected and core government bond yields may retrace some of their recent gains. The Fund has a small underweight position in developed markets – largely expressed through UK, US and Japanese markets, with overweights to Australia and Europe partially offsetting these. The position in Japan was opened towards the end of the period as global yields rallied, giving us more

confidence in the view that inflation in Japan is too high to justify ongoing yield curve controls. The Fund retains an overweight to emerging market bonds but we have reduced this further as yields have fallen, trimming Brazil and South Africa and initiating an underweight in Chile where we think interest rates cuts will not be aggressive as the market expects.

Our broad view of corporate bond markets remains unchanged: valuations have steadily risen and we do not believe they fully reflect the risk that tighter financial conditions will bite at some point. At the margin we have continued to trim risk, expecting better valuations to add back in future. However, we do acknowledge that the current benign backdrop could continue in the short term and have been careful to maintain the yield of the Fund a little higher than its benchmark. Our primary strategy has been to reduce exposure to longer-dated bonds which would be more volatile in a sell-off and add to shorter-dated but high-yielding bonds to help drive returns in the near term.

One such purchase during recent months was Ford Motor Co bonds which mature in 2025. Ford has been on an improving trajectory following the challenging Covid-19 years, which pressured its profits and cash flows. Consolidating its internal combustion engine-powered vehicle range has reduced costs and allowed profits to begin a strong recovery. These profits are being applied to make significant investments in electric vehicle production, future-proofing Ford's business. These short-dated bonds offered an appealing yield for this business profile. We also added a number of short-dated bank bonds from issuers including Barclays, Bank of America, JP Morgan, Natwest and Santander.

Baillie Gifford & Co, 10 January 2024

¹For the year to 31 December 2023 the return on B Accumulation Shares was 7.2% compared to the Index of 6.1% and the target return of 6.8%. Source: FE, 10am dealing prices, income accumulated. Revolution and FTSE and ICE, total return in sterling terms. You should be aware that past performance is not a guide to future performance.

Principal Bond Holdings as at 31 December 2023

Investment	Percentage of total Fund
UK Treasury 1.625% 22/10/2028	5.76
UK Treasury 4.75% 07/12/2038	3.79
UK Treasury 3.5% 22/01/2045	3.56
UK T Bill 22/01/2024	3.32
Bund 2.4% 19/10/2028	2.87
UK Treasury 0.625% 31/07/2035	2.12
UK Treasury 4.25% 7/12/2055	2.06
UK Treasury 0.125% IL 22/03/2051	2.03
UK T Bill 05/02/2024	1.90
UK T Bill 04/03/2024	1.90

Material Portfolio Changes for the six months ended 31 December 2023

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
UK T Bill 22/01/2024	11,292	UK T Bill 22/01/2024	5,813
Bund 2.4% 19/10/2028	4,720	Colombia 7% 26/03/2031	4,011
UK Treasury 0.875% 31/07/2033	3,443	Indonesia 6.375% 15/04/2032	3,794
UK Treasury 0.125% IL 22/03/2051	3,297	UK Treasury 0.875% 31/07/2033	3,563
UK T Bill 05/02/2024	3,259	KFW 1.25% 2023	2,498
UK T Bill 04/03/2024	3,246	South Africa 8.875% 28/02/2035	2,194
UK T Bill 08/04/2024	3,230	Admiral Group 5.5% 2024	1,884
KFW 0.875% 2024	1,837	Enel 5.75% 2040	1,327
UK Treasury 4% 22/01/2060	1,617	Peru 6.9% 12/08/2037	1,226
Volkswagen 1.875% 2024	1,507	Volkswagen 1.125% 2023	1,200

The largest purchases and sales of bonds have been shown.

Portfolio Statement as at 31 December 2023

Stock description	Holding	Market value £'000	% of total net assets
Fixed Income - 96.58% (89.74%)			
Sovereign Bonds - 53.17% (46.10%)			
Overseas Government Bonds - 5.84% (10.40%)			
Bund 2.4% 19/10/2028	5,600,000	4,952	2.87
Mexico 7.75% 23/11/2034	308,300	1,304	0.76
Peru 6.9% 12/08/2037	5,620	1,199	0.69
South Africa 8.875% 28/02/2035	72,238,200	2,614	1.52
Quasi Government Bonds - 11.06% (10.95%)			
Canada Pension Plan 1.25% 07/12/2027	500,000	451	0.26
Canada Pension Plan 1.625% 22/10/2071	1,000,000	445	0.26
EBRD 0% 10/11/2030	425,000,000	790	0.46
EIB 0.75% 2024	800,000	772	0.45
EIB 1.375% 2025	1,000,000	963	0.56
EIB 5.625% 2032	1,350,000	1,538	0.89
IBRD 0.25% 2026	1,550,000	1,411	0.82
IBRD 0.875% 2024	800,000	770	0.45
KFW 0.875% 2024	2,900,000	2,831	1.64
KFW 5% 2036	950,000	1,052	0.61
Network Rail 4.75% 2035	1,250,000	1,325	0.77
Ontario Teachers' Pension Plan Board 1.125% 2026	400,000	370	0.21
SNCF Reseau 5.25% 2035	550,000	594	0.34
Swedish Export Credit 0.125% 15/12/2025	400,000	369	0.21
TCV 2% 20/11/2037	5,110,000	1,899	1.10
TCV 2.25% 20/11/2042	7,700,000	2,683	1.56
Temasek 5.125% 2040	750,000	808	0.47
UK Government Bond - 36.27% (24.75%)			
UK T Bill 04/03/2024	3,300,000	3,269	1.90
UK T Bill 05/02/2024	3,300,000	3,282	1.90
UK T Bill 08/04/2024	3,300,000	3,252	1.89
UK T Bill 22/01/2024	5,740,000	5,720	3.32
UK T Bill 26/02/2024	970,000	962	0.56

Portfolio Statement as at 31 December 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
UK Treasury 0.125% IL 22/03/2051	3,400,000	3,498	2.03
UK Treasury 0.625% 31/07/2035	5,100,000	3,654	2.12
UK Treasury 0.875% 31/07/2033	2,200,000	1,732	1.00
UK Treasury 1.625% 22/10/2028	10,721,218	9,937	5.76
UK Treasury 2.5% 22/07/2065	1,338,000	946	0.55
UK Treasury 3.25% 22/01/2044	1,829,150	1,622	0.94
UK Treasury 3.5% 22/01/2045	6,684,650	6,129	3.56
UK Treasury 3.5% 22/07/2068	1,307,500	1,187	0.69
UK Treasury 4% 22/01/2060	2,919,350	2,916	1.69
UK Treasury 4.25% 07/03/2036	1,839,750	1,944	1.13
UK Treasury 4.25% 07/12/2049	2,323,100	2,379	1.38
UK Treasury 4.25% 7/12/2055	3,437,910	3,550	2.06
UK Treasury 4.75% 07/12/2038	5,935,000	6,532	3.79
Corporate Bonds - 43.41% (43.64%)			
Asset Backed - 3.85% (2.11%)			
Anglian Water 6% 2039	200,000	216	0.13
Arqiva Group 7.21% 2028	800,000	866	0.50
Center Parcs 5.876% 2027	878,000	898	0.52
Center Parcs 6.136% 2031	200,000	208	0.12
Heathrow Airport 2.75% 2049	247,000	163	0.09
Heathrow Airport 4.625% 2046	750,000	689	0.40
Heathrow Airport 7.125% 2024	1,100,000	1,101	0.64
Lunar Funding 1 5.75% 2033	750,000	801	0.46
Welsh Water 2.375% 2034	950,000	711	0.41
Yorkshire Water 5.5% 2035	236,000	233	0.14
Yorkshire Water 6.601% 2031	700,000	751	0.44
Automotive - 2.08% (1.95%)			
Ford Motor Co 4.535% 2025	800,000	788	0.46
Volkswagen 1.875% 2024	2,100,000	2,028	1.18
Volkswagen 3.375% 2026	800,000	766	0.44

Portfolio Statement as at 31 December 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Banking - 12.10% (10.37%)			
Banco Santander 2.92% 2026	450,000	430	0.25
Bank of America 2.3% 2025	700,000	671	0.39
Bank of America Corp 1.667% 2029	650,000	571	0.33
Barclays 1.7% 2026	400,000	374	0.22
Barclays 3.75% 2025-30 T2	400,000	380	0.22
Barclays 5.75% 2026 opco T2	110,000	112	0.07
Barclays 7.09% 2029	402,000	428	0.25
Barclays 7.125% 2025 Perp AT1	787,000	764	0.44
Barclays 8.407% 2027-32 T2	550,000	586	0.34
Caixabank 5.875% 2027 Perp AT1	400,000	335	0.19
CaixaBank 6.875% 2028-33 T2	1,200,000	1,223	0.71
Citigroup 5.875% 2024	750,000	749	0.44
DNB Bank 4% 2026/27	1,650,000	1,608	0.93
HSBC Bank 5.844% 2031 Perp	519,000	540	0.31
ING Groep 5% 2026	800,000	798	0.46
Intesa Sanpaolo 5.874% 2031 Perp	300,000	234	0.14
Intesa Sanpaolo 6.5% 2029	970,000	985	0.57
J.P Morgan 0.991% 2026	700,000	661	0.38
Nationwide 5.875% 2024 Perp AT1	850,000	833	0.48
Nationwide Building Society 6.125% 2028	900,000	960	0.56
Natwest 3.125% 2027	600,000	570	0.33
Natwest 3.622% 2025-30 T2	800,000	765	0.44
Natwest 5.125% 2027 Perp AT1	850,000	763	0.44
NatWest Gp 2.875% 2026	800,000	766	0.45
Rabobank 6.5% Perp	590,000	511	0.30
Santander 1.5% 2026	700,000	646	0.38
Santander 3.125% 2026	800,000	768	0.45
Santander 6.75% 2024 Perp AT1	1,400,000	1,396	0.81
Santander UK 7.098% 2027 SnrNP	800,000	831	0.48
Yorkshire Building Society 3.375% 2027/28	650,000	588	0.34

Portfolio Statement as at 31 December 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Basic Industry - 0.08% (0.51%)			
Holcim 2.25% 2034	173,000	133	0.08
Capital Goods - 1.11% (0.63%)			
Carrier Global 4.5% 2032	930,000	862	0.50
Weir Group 6.875% 2028	1,000,000	1,053	0.61
Commercial Mortgage Backed - 2.47% (2.60%)			
Telereal (B7) FRN 2031	1,050,000	818	0.47
Telereal 1.3657% 2031 (A6)	550,000	329	0.19
Telereal 1.963% 2033 (B2) ¹	350,000	325	0.19
Telereal 3.5625% 2031/36 (A3)	1,400,000	1,283	0.74
Tesco Property Finance 1 7.6227% 2039	900,000	801	0.47
Tesco Property Finance 4 5.801% 2040	750,000	700	0.41
Financial Services - 2.87% (3.69%)			
Abrdn 5.25% 2026 Perp AT1	1,050,000	885	0.51
Blackstone Private Credit 4.875% 2026	1,450,000	1,385	0.80
Burford Capital 6.25% 2028 (144a)	872,000	656	0.38
Burford Capital 9.25% 2031 (144A)	600,000	500	0.29
Investec 1.875% 2028	700,000	599	0.35
Investor 5.5% 2037	300,000	325	0.19
LeasePlan 7.375% 2024 Perp AT1	500,000	435	0.25
Motability 5.625% 2035	155,000	168	0.10
Health Care - 1.09% (1.49%)			
Amgen 5.65% 2053	200,000	166	0.10
Amgen 5.75% 2063	1,000,000	827	0.48
Amgen Inc 4% 2029	600,000	590	0.34
Teva Pharma Ind 7.875% 2031	300,000	294	0.17
Insurance - 5.34% (5.86%)			
Abrdn 4.25% 2028 T2	1,301,000	899	0.52
Admiral Group 8.5% 2034 T2	1,000,000	1,098	0.64

Portfolio Statement as at 31 December 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Aviva 6.875% 2038-58 T2	600,000	620	0.36
Legal & General 5.375% 2025-45 T2	550,000	546	0.32
MetLife 4.125% 2025	1,591,000	1,576	0.91
New York Life Insurance 4.95% 2029	1,200,000	1,245	0.72
Pension Insurance 3.625% 2032 T2	400,000	322	0.19
Pension Insurance 4.625% 2031 T2	450,000	399	0.23
Phoenix Group 7.75% 2053	750,000	784	0.45
Phoenix Life 5.625% 2031 T2	500,000	472	0.27
Zurich Financial Services 5.125% 2032-52 T2	1,300,000	1,250	0.73
Media - 0.00% (0.33%)			
Real Estate - 4.66% (3.94%)			
Annington Finance 3.935% 2047	600,000	466	0.27
Annington Funding 2.924% 2051	1,170,000	720	0.42
Annington Funding 3.685% 2034	200,000	168	0.10
Annington Funding 4.75% 2033	1,300,000	1,211	0.70
Berkeley Group 2.5% 2031	1,650,000	1,271	0.74
CPI Property 2.75% 2028	400,000	280	0.16
Housing & Care 3.288% 2049	1,150,000	852	0.50
Longhurst Libra 3.25% 2043	350,000	264	0.15
Realty Income 1.125% 2027	300,000	265	0.15
Realty Income 1.75% 2033	600,000	455	0.26
Realty Income 6% 2039	820,000	881	0.51
Sovereign Housing Capital 4.768% 2043	300,000	291	0.17
Tritax Big Box 1.5% 2033	1,250,000	907	0.53
Retail - 0.97% (0.56%)			
Inchcape 6.5% 2028	900,000	936	0.54
Kering 5% 2032	700,000	731	0.43
Services - 0.17% (0.51%)			
Wellcome Trust 2.517% 2118	500,000	295	0.17

Portfolio Statement as at 31 December 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Technology & Electronics - 0.00% (0.43%)			
Telecommunications - 1.87% (2.15%)			
AT&T 4.25% 2043	650,000	560	0.32
AT&T 4.875% 2044	600,000	557	0.32
AT&T 7% 2040	1,400,000	1,631	0.95
Vodafone 3% 2056	750,000	480	0.28
Transportation - 0.62% (0.81%)			
National Express Group 2.375% 2028	850,000	745	0.43
National Express Group 4.25% Perp	368,000	323	0.19
Utilities - 4.13% (5.70%)			
E.ON 5.875% 2037	400,000	427	0.25
E.ON 6.75% 2039	800,000	924	0.53
EDF 5.5% 2041	300,000	294	0.17
EDF 6% 2114	600,000	584	0.34
Enel 2.875% 2029	900,000	825	0.48
National Grid 5.625% 2025 Perp	750,000	738	0.43
National Grid 6% 2025	1,200,000	1,206	0.70
PPL Corporation 3.5% 2026	950,000	917	0.53
Yorkshire Power 7.25% 2028	1,100,000	1,207	0.70
Derivatives - 0.42% (-0.75%)			
Forward currency contracts (see Table 1)		56	0.03
Futures contracts (see Table 2)		-	0.00
Interest rate swap contracts (see Table 3)		669	0.39

Portfolio Statement as at 31 December 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Portfolio of investments		167,197	97.00
Net other assets - 3.00% (11.01%)		5,168	3.00
Net assets		172,365	100.00

¹This stock has been valued using a single broker quote.

Please note: figures are based on market values rather than economic exposure.

Unless otherwise stated the above holdings are in fixed interest securities.

Figures in brackets in the investment category headings refer to 30 June 2023.

Portfolio Statement as at 31 December 2023 cont.

Table 1: Unrealised gains/(losses) on open forward currency contracts

Counterparty	Settlement	Buy	Buy Amount	Sell	Sell Amount	Unrealised gains/(losses) £'000	% of total net assets
Barclays	25/01/24	GBP	1,336,210	MXN	30,100,000	(52)	(0.03)
Barclays	08/02/24	GBP	2,435,537	CNH	21,760,000	32	0.02
Citigroup	25/01/24	GBP	1,216,300	PEN	5,671,000	16	0.01
Citigroup	25/01/24	JPY	340,050,000	GBP	1,883,347	16	0.01
Citigroup	25/01/24	THB	101,000,000	GBP	2,291,298	35	0.02
Citigroup	08/02/24	GBP	1,681,016	EUR	1,940,000	(2)	0.00
Citigroup	08/02/24	GBP	2,720,843	ZAR	61,900,000	75	0.04
Citigroup	21/03/24	GBP	1,450,547	CLP	1,600,000,000	20	0.01
Goldman Sachs	25/01/24	GBP	262,136	AUD	500,000	(6)	0.00
Goldman Sachs	22/02/24	GBP	2,356,104	TWD	92,000,000	(26)	(0.02)
HSBC	25/01/24	JPY	262,000,000	GBP	1,451,071	12	0.01
HSBC	08/02/24	GBP	1,689,682	EUR	1,950,000	(2)	0.00
HSBC	22/02/24	GBP	883,539	TWD	34,500,000	(10)	(0.01)
JP Morgan Chase	08/02/24	GBP	4,405,303	EUR	5,084,000	(6)	(0.01)
JP Morgan Chase	13/06/24	GBP	1,784,777	CZK	51,000,000	-	0.00
JP Morgan Chase	13/06/24	PLN	8,400,000	GBP	1,657,818	12	0.01
Merrill Lynch	25/01/24	THB	85,000,000	GBP	1,928,320	30	0.02
National Australia Bank	25/01/24	GBP	4,132,044	AUD	7,881,500	(90)	(0.05)
Royal Bank of Canada	25/01/24	GBP	67,133	USD	82,000	3	0.00
Royal Bank of Canada	08/02/24	GBP	1,681,016	EUR	1,940,000	(2)	0.00
Unrealised gains/(losses) on open forward currency contracts						56	0.03

Portfolio Statement as at 31 December 2023 cont.

Table 2: Unrealised gains/(losses) on futures contracts

Futures	Maturity	Notional	Unrealised gains/(losses) £'000	% of total net assets
Euro-Bobl Future March 24	11/03/24	7	-	0.00
Euro-BTP Future March 24	11/03/24	(16)	-	0.00
Euro-Bund Future March 24	11/03/24	(4)	-	0.00
Long Gilt Future 10Year March 24	28/03/24	66	-	0.00
US 5Year Note March 24	03/04/24	(27)	-	0.00
US Ultra Long (CBT) March 24	28/03/24	(15)	-	0.00
Unrealised gains/(losses) on futures contracts			-	0.00

Portfolio Statement as at 31 December 2023 cont.

Table 3: Unrealised gains/(losses) on open interest rate swap contracts

Counterparty	Ccy	Termination	Notional	Fund pays	Fund receives	Unrealised gains/(losses) £'000	% of total net assets
Barclays	EUR	08/05/33	5,700,000	Euribor 6 Month	2.881%	164	0.10
Barclays	EUR	08/05/53	2,300,000	2.5297%	Euribor 6 Month	(78)	(0.04)
Barclays	PLN	07/06/33	23,100,000	5.275%	GPW Benchmark WIBOR PLN 6M	(281)	(0.16)
BNP Paribas	KRW	21/04/35	5,300,000,000	KRW CD 3 MO	3.1647%	52	0.03
Citigroup	BRL	04/01/27	20,000,000	Brazil Cetip Interbank Deposit Rate	11.76%	210	0.12
Deutsche Bank	GBP	19/04/25	13,000,000	SONIA Interest Rate Benchmark	4.5799%	14	0.01
Goldman Sachs	CLP	16/11/26	10,000,000,000	5.69%	ABIF Chile Interbank Rate Avg	(197)	(0.11)
J.P. Morgan	CZK	28/08/28	223,000,000	Czech Interbank Rates 6 Month Intraday	4.4177%	275	0.16
Lloyds Bank	GBP	27/02/25	33,000,000	4.5393%	SONIA Interest Rate Benchmark	22	0.01
Lloyds Bank	GBP	27/02/25	51,000,000	SONIA Interest Rate Benchmark	4.5393%	(34)	(0.02)
Morgan Stanley	GBP	21/08/28	3,550,000	5.122%	SONIA Interest Rate Benchmark	(253)	(0.15)
Morgan Stanley	PLN	07/06/33	11,550,000	GPW Benchmark WIBOR PLN 6M	5.275%	140	0.08
NatWest	GBP	19/04/27	9,000,000	SONIA Interest Rate Benchmark	4.1967%	156	0.09
Nomura	JPY	24/11/33	610,000,000	0.92395%	MUTAN Uncollateralised Overnight Call Rate	(28)	(0.02)
UBS	GBP	21/08/28	7,100,000	SONIA Interest Rate Benchmark	5.122%	507	0.29
Unrealised gains/(losses) on open interest rate swap contracts						669	0.39

Fund Information

Fund and Share Information	31.12.23	30.06.23	30.06.22	30.06.21
Total net asset value of scheme property (£'000)	172,365	155,706	1,146,840	1,447,929
Synthetic Risk and Reward Indicator¹	4	4	4	4
Net asset value per share (pence)				
B Accumulation	109.43	100.10	111.05	129.51
B Income	97.56	90.59	104.32	125.03
C Accumulation	112.42	102.66	113.49	131.90
Number of shares in issue				
B Accumulation	24,006,949	22,234,695	18,499,269	21,906,166
B Income	500	500	500	500
C Accumulation	129,951,146	129,983,302	992,397,514	1,076,262,435
Annual Income Record	Period to 31.12.23 (pence)	Year to 30.06.23 (pence)	Year to 30.06.22 (pence)	Year to 30.06.21 (pence)
Income per share (financial period)				
B Accumulation	1.40	3.71	3.16	2.70
B Income	1.40	3.47	3.03	2.71
C Accumulation	1.40	3.81	3.22	2.74
Yearly Highest and Lowest Prices	Period to 31.12.23 (pence)	Year to 30.06.23 (pence)	Year to 30.06.22 (pence)	Year to 30.06.21 (pence)
Highest (financial period)				
B Accumulation	109.9	116.0	133.4	136.1
B Income	98.71	109.0	128.6	133.6
C Accumulation	112.9	118.6	136.1	138.4
Lowest (financial period)				
B Accumulation	98.76	93.12	109.6	126.9
B Income	89.36	87.47	105.0	124.2
C Accumulation	101.3	95.25	112.0	129.2

Fund Information cont.

Ongoing Charges Figures	31.12.23 (%)	30.06.23 (%)	30.06.22 (%)	30.06.21 (%)
Ongoing Charges Figures²				
B Accumulation	0.38	0.38	0.38	0.37
B Income	0.38	0.38	0.38	0.35 ³
C Accumulation	0.04	0.03	0.03	0.02

You should be aware that past performance is not a guide to future performance.

¹The Synthetic Risk and Reward Indicator demonstrates where the Fund ranks in terms of its potential risk and reward on a scale from 1 (lowest) to 7 (highest). The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. Further information is included in the Risk and Reward Profile section of the Fund's interim report.

²The Ongoing Charges Figure is based on the expenses for the financial period and may vary from year to year. It excludes the cost of buying and selling assets for the Fund although custodian transaction costs are included. For further details on the costs associated with investing in the Fund please see the Enhanced Disclosure of Fund Costs and Charges document and Baillie Gifford's Funds Costs and Charges Summary, both of which are available on the website www.bailliegifford.com.

³As at 30 June 2021 the ACD considered 0.37% to be a more indicative rate for the ongoing charges figure for Class B Shares.

Interim Financial Statements (Unaudited)

Statement of Total Return for the six months ended 31 December 2023

	31 December 2023		31 December 2022	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		11,605		(107,674)
Revenue	3,422		16,562	
Expenses	(62)		(150)	
Net revenue before taxation	3,360		16,412	
Taxation	5		(25)	
Net revenue after taxation		3,365		16,387
Total return before distributions		14,970		(91,287)
Distributions		(2,164)		(7,266)
Change in net assets attributable to shareholders from investment activities		12,806		(98,553)

Statement of Change in Net Assets Attributable to Shareholders for the six months ended 31 December 2023

	31 December 2023		31 December 2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		155,706		1,146,840
Amounts receivable on issue of shares	2,437		2,896	
Amounts payable on cancellation of shares	(751)		(147,702)	
		1,686		(144,806)
Dilution adjustment		7		624
Change in net assets attributable to shareholders from investment activities		12,806		(98,553)
Retained distributions on accumulation shares		2,160		6,106
Closing net assets attributable to shareholders		172,365		910,211

Interim Financial Statements (Unaudited) cont.

Balance Sheet as at 31 December 2023

	31 December 2023 £'000	30 June 2023 £'000
Assets:		
Fixed assets:		
Investments	168,262	141,007
Current assets:		
Debtors	3,963	7,365
Cash and bank balances	4,105	13,387
Total assets	176,330	161,759
Liabilities:		
Investment liabilities	(1,065)	(2,442)
Creditors:		
Bank overdrafts	(96)	(169)
Other creditors	(2,804)	(3,442)
Total liabilities	(3,965)	(6,053)
Net assets attributable to shareholders	172,365	155,706

Basis for preparation

The interim financial statements have been prepared in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014.

The accounting policies applied are consistent with those in the annual financial statements for the year ended 30 June 2023 and are described in those annual financial statements.

BAILLIE GIFFORD

Baillie Gifford Sustainable Growth Fund

a sub-fund of Baillie Gifford Investment Funds II ICVC

*Interim Report & Financial Statements (Unaudited)
for the six months ended 31 December 2023*



Baillie Gifford Sustainable Growth Fund

Investment Objective

The Fund aims to outperform (after deduction of costs) the MSCI ACWI Index, as stated in sterling, by at least 2% per annum over rolling five-year periods.

Investment Policy

The Fund will invest at least 90% in shares of companies anywhere in the world and of any size and in any sector which, in the investment manager’s opinion, demonstrate long-term Sustainable Growth prospects. The investment manager defines “Sustainable Growth” as the potential a company has to (i) deliver enduring growth, being a decade or more of profitable growth, and (ii) make a difference to society by, for example, producing products or services which have a clear positive influence, or promoting business practices that help shape industry standards and inspire wider change. The investment manager applies a proprietary qualitative investment process to assess companies’ Sustainable Growth prospects. The Fund applies a revenue-based screen that excludes companies with a defined level of activity in certain sectors, details of which are disclosed in the Prospectus. Companies the Fund directly invests in will be selected following a norms-based evaluation. The Fund will comply with the Investment Advisor’s policy on assessing breaches of the United Nations Global Compact as outlined in its ESG Principles and Guidelines document. The Fund will be actively managed.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund’s ranking on the Risk and Reward Indicator.



Market conditions can change rapidly and a fund in any rank can lose you your investment. The Fund is classified as above as it invests in company shares.

The indicator does not take into account the following relevant material risks:

The Fund is actively managed meaning the Investment Manager selects investments of their own choosing with the aim of achieving the Fund’s objectives. This is done without seeking to replicate any index in either of performance or portfolio composition. This investment style, selecting companies with perceived greater long-term growth potential ahead of any short-term returns, in combination with the relative concentration of the Fund, may lead to prolonged periods of underperformance in certain market conditions, both in relation to the Fund’s benchmark and in absolute terms.

Over shorter time periods the Fund’s share price can be volatile and returns can be much higher or lower than our five-year average target. There is no guarantee this objective will be achieved over any time period.

The Fund’s ESG investment policy limits the type of companies it can hold. The Fund may have different returns from funds with no such restrictions.

The limitations of third party data, which may be backward looking or estimated, may impact on the Funds ability to achieve any non-financial considerations.

In adverse market conditions it may be difficult to sell investments held by the Fund in a timely manner and their value may fall significantly. This could affect how much money you receive and even delay the selling of your shares if dealing in the Fund is suspended.

Custody of assets involves a risk of loss if a custodian becomes insolvent or breaches duties of care.

You could lose your investment due to global factors like natural disasters, pandemics, or through developments such as military conflict, or changes in government policies.

Where possible, charges are taken from income. If insufficient, the rest will be taken from capital, reducing the capital value of the Fund.

For a more detailed explanation of the risks, please see the “Risk Warnings” section of the prospectus.

Baillie Gifford Sustainable Growth Fund cont.

Adoption of Net Zero Asset Managers initiative

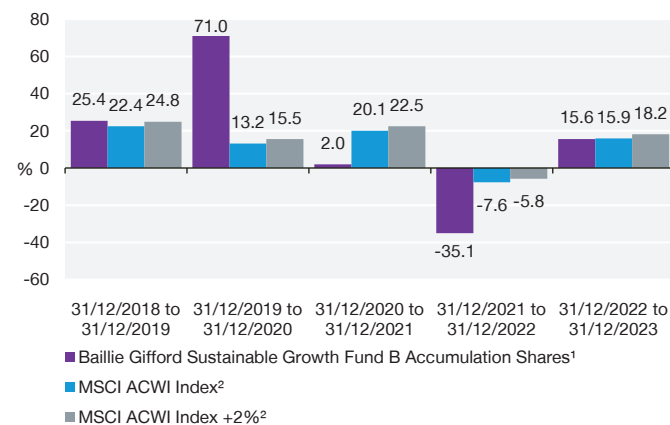
Baillie Gifford & Co, the Fund's Investment Manager, has joined the Net Zero Asset Managers initiative (NZAM), as part of the Investment Manager's commitment to support the goal of net zero greenhouse gas emissions by 2050, in line with global efforts to limit warming to 1.5°C.

This commitment includes supporting investing aligned with net zero emissions by 2050 or sooner, and the Fund has been managed in line with and counted towards the Investment Manager's net zero commitment.

As a long-term investor, the Investment Manager's investment process takes into account the long-term prospects (including long-term sustainability) of an investment. Consideration of climate-related factors, including NZAM commitments, and the impact of these on a company's competitive positioning form an integral part of this process.

Investment Report

Past Performance



The performance figures shown in this graph are for Class B Accumulation Shares. Performance figures reflect the annual management charge of 0.50%. Performance figures for the other share classes in issue can be obtained by contacting Client Relations. You should be aware that past performance is not a guide to future performance.

Past performance

The investment objective of the Fund is to outperform (after deduction of costs) the MSCI ACWI Index (the 'Index') by at least 2% per annum (the 'target return') over rolling five-year periods. For the six months to 31 December 2023 the return on B Accumulation Shares was 5.8%¹ compared to the Index of 7.2%² and the target return of 8.3%². We fully appreciate that this is disappointing whether you are a longstanding client or a newer investor in the Fund. While periods of underperformance are inevitable given our style of investment, none of us enjoy these. We believe that short-term performance measurements are of limited relevance in assessing investment ability and would suggest that five years is a more sensible timeframe over which to judge performance, a period in line with the Fund's objectives. Over that period, the annualised return on B Accumulation Shares was 10.4%¹ compared to the Index of 12.3%² and the target return of 14.5%². It is disappointing that over this period the Fund has underperformed its target return. Returns have been impacted by recent, short-term weakness.

Market environment

Global stock markets made a strong comeback in 2023, recovering the loss sustained in 2022. Breakthroughs in artificial intelligence earlier in the year restored a sense of optimism, and the widely forecast recession failed to materialise. Meanwhile, inflationary pressures subsided, and the Fed's rate tightening cycle was put on hold. In the latter part of the year, the market looked forward to pricing-in interest rate cuts in 2024, rather than increases.

Over the period, the MSCI ACWI index returned 7.2%, while the Fund returned 5.8%. The headline number masked an unusually narrow market recovery, whereby a handful of the largest technology-led firms (now referred to as the 'Magnificent Seven') accounted for much of the market's rise.

Performance

Looking beyond sentiment-driven gyrations, strong company results contributed to the positive relative performance of the Fund, with many reporting strong earnings and revenue results for the period.

¹Source: FE, 10am dealing prices, income accumulated. ²Source: Revolution and MSCI, total return in sterling terms. The target return outperformance is compounded daily therefore the index return plus the outperformance will not equal the target return. Please see Disclaimer on page 108. You should be aware that past performance is not a guide to future performance.

Investment Report cont.

Top contributors include two disruptive companies, MercadoLibre and Workday. The Latin-American ecommerce, fintech, and logistics company, MercadoLibre, continues to see growth across all parts of its business, expanding margins and generating strong profits. Annual revenues over the last five years have grown at a compound annual growth rate of 50 per cent, with double and triple-digit growth in gross merchandise volume driving most of this across its main marketplaces of Brazil, Mexico, and Argentina. Despite serving more than 135 million individual users over the first half of the year, this still only represents one-fifth of the total population of the marketplaces in which it operates. We believe that due to its first-mover advantage, ever-improving logistics network, and penetration in its payments arm, MercadoLibre can continue to expand its customer-base and maintain an established position as the platform of choice for many.

Similarly, human capital management platform Workday's results exceeded analyst expectations, reporting a revenue increase of 17% year-over-year, and strong growth in subscription revenues. It partners with customers to promote fairer, more inclusive working practices, for example in the realm of diversity and inclusion.

On the other hand, Danish freight-forwarding and logistics giant, DSV, has faced a more challenging period. As well as concerns surrounding economic weakness – dampening demand for air and sea freight – it has also faced challenges brought by its 2019 acquisition of handling company, Panalpina. Higher-than-expected costs and integration delays have impacted investor confidence. Despite these challenges, DSV remains a major player in the global logistics industry with a strong track record. It continues to use this scale to help reduce the carbon intensity of its customers' logistics networks, with a significant influence on both customers and shippers.

Another detractor from performance is Asian-insurer Prudential. After suffering share price weakness over the last couple of years due to extended lockdowns in China – impacting new business sales – the company continued to experience negative sentiment as a result of the challenges in Chinese economic growth over the year. In

spite of these headwinds, we believe there to be a positive outlook for the company. It recently sold off its US and UK insurance arms, evidencing its commitment to the faster-growing market in Asia. We have also been encouraged by the new CEO who has displayed a clear focus and strategic direction for the company, with emphasis on cross-market efficiencies. And finally, we are drawn to its differentiated approach to the healthcare market in China, partnering with healthcare providers and therefore benefiting from an asset-light approach.

Notable transactions

The Fund has been through a period of change over the last 18 months following the creation of a centralised team, and enhancements made to the process and philosophy reflecting both our clients, and our own, increasing expectations on what constitutes a sustainable fund. As such, the Fund experienced higher turnover earlier in 2023 which has since fallen back to more normal levels.

One area we continued to take advantage of was finding new opportunities at compelling valuations. An example of this is new buy, MSA Safety. It is a purposeful company that exists to protect workers in the most hazardous environments with its flagship product being the V-Gard hard hat – a product that dominates the industry, selling over 10 million units per year. Despite having over a 100-year long heritage, it remains innovative. Over a third of sales are from products launched in the last five years, including breathing apparatus designed for the London Fire Brigade. More recently, it has been adding connectivity to its products which will improve safety, as well as margins.

In order to Fund this purchase, we sold a handful of lower conviction holdings where we had questions about resilience. UK companies, Ocado and ITM Power were two of these – both of which had negative earnings and free cashflow, making the chances of thriving through uncertain macro-environments more challenging.

Investment Report cont.

ESG

For further details of how the Fund invests in companies that are sustainable in both senses of the word, in the investment manager's opinion, please refer to the Sustainable Growth Sustainability Report 2023, which is available on the website www.bailliegifford.com. This publication aims to show clearly how the Fund's holdings are making a difference for society and; addressing the challenges of people, the planet, and prosperity. It is a comprehensive review of our engagement activities and progress towards our net zero commitment. It also details our sustainability hypothesis for every holding in the Fund.

Baillie Gifford & Co, 12 January 2024

Principal Holdings as at 31 December 2023

Investment	Percentage of total Fund
Workday Inc	3.87
MercadoLibre	3.51
Atlas Copco B	3.08
TSMC	2.88
Beijer Ref	2.85
Shopify 'A'	2.85
UnitedHealth	2.75
Recruit Holdings	2.62
IMCD Group N.V.	2.58
Alphabet Inc Class A	2.56

Material Portfolio Changes for the six months ended 31 December 2023

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
Metso Corp	9,293	Adevinta	7,212
YETI Holdings	6,303	Upwork Inc	6,427
MSA Safety	5,995	Pacira BioSciences	5,640
Sartorius Stedim Biotech	3,486	Progyny	5,581
Beijer Ref	3,393	Zoom	3,825
Prudential	3,213	Watsco Inc	3,468
Illumina	3,075	AIA Group	3,375
Warby Parker Inc	2,640	Staar Surgical	3,200
New York Times Co	2,306	NVIDIA	3,133
Mastercard	2,228	FANUC	3,113

Portfolio Statement as at 31 December 2023

Stock description	Holding	Market value £'000	% of total net assets
Brazil - 3.51% (2.77%)			
MercadoLibre	18,941	23,321	3.51
Canada - 2.85% (2.49%)			
Shopify 'A'	310,414	18,961	2.85
China - 0.87% (1.61%)			
JD.com	249,632	2,819	0.43
Meituan	357,500	2,941	0.44
Denmark - 2.10% (2.65%)			
DSV	101,579	13,980	2.10
Finland - 1.29% (0.00%)			
Metso Corp	1,077,770	8,566	1.29
France - 6.65% (5.89%)			
Dassault Systemes	241,055	9,236	1.39
L'Oreal	41,887	16,348	2.46
Sartorius Stedim Biotech	55,921	11,557	1.74
Schneider Electric SE	45,099	7,090	1.06
Germany - 1.55% (1.67%)			
adidas	47,036	7,504	1.13
Zalando SE	148,397	2,780	0.42
Hong Kong - 1.62% (2.47%)			
AIA Group	1,576,600	10,778	1.62
India - 1.42% (1.53%)			
HDFC Life Insurance Co Ltd	1,552,717	9,466	1.42
Japan - 8.60% (9.17%)			
Bridgestone	289,400	9,404	1.41
FANUC	314,300	7,252	1.09

Portfolio Statement as at 31 December 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Kubota	962,300	11,365	1.71
Nintendo	167,500	6,858	1.03
Rakuten	1,413,200	4,938	0.74
Recruit Holdings	525,200	17,426	2.62
Luxembourg - 1.41% (1.45%)			
Eurofins	183,914	9,396	1.41
Netherlands - 2.58% (2.28%)			
IMCD Group N.V.	126,565	17,169	2.58
Norway - 0.00% (0.70%)			
South Korea - 0.81% (1.66%)			
Samsung SDI Co Ltd	18,883	5,423	0.81
Sweden - 9.14% (8.46%)			
Atlas Copco B	1,763,961	20,458	3.08
Beijer Ref	1,818,055	18,991	2.85
Nibe Industrier AB 'B' Shares	1,212,617	6,674	1.00
Spotify Technology SA	99,551	14,674	2.21
Taiwan - 2.88% (2.89%)			
TSMC	1,267,000	19,171	2.88
UK - 6.76% (6.62%)			
Experian	362,714	11,611	1.74
Prudential	1,392,119	12,348	1.86
Spirax-Sarco	105,780	11,112	1.67
Wise Plc	1,130,902	9,884	1.49
United States - 43.78% (44.88%)			
10X Genomics Inc Class A	160,638	7,050	1.06
Advanced Drainage Systems	101,663	11,220	1.69
Alphabet Inc Class A	155,462	17,036	2.56

Portfolio Statement as at 31 December 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Amazon.com	87,867	10,473	1.57
Cognex Corp	221,173	7,237	1.09
Denali Therapeutics	259,062	4,357	0.66
Exact Sciences	107,596	6,244	0.94
Illumina	99,157	10,829	1.63
MarketAxess Holdings	70,032	16,088	2.42
Mastercard	48,664	16,282	2.45
Moderna Inc	53,863	4,202	0.63
MSA Safety	44,847	5,943	0.89
New York Times Co	310,611	11,937	1.79
NVIDIA	39,794	15,457	2.32
Staar Surgical	146,436	3,582	0.54
Starbucks Corp	132,714	9,995	1.50
Tesla Inc	62,896	12,259	1.84
Texas Instruments	113,254	15,142	2.28
The Trade Desk	238,523	13,462	2.02
UnitedHealth	44,208	18,273	2.75
Wabtec	110,758	11,025	1.66
Warby Parker Inc	634,523	7,018	1.05
Waters	31,573	8,150	1.23
Watsco Inc	44,496	14,978	2.25
Workday Inc	118,941	25,756	3.87
YETI Holdings	178,818	7,263	1.09
Portfolio of investments		650,759	97.82
Net other assets - 2.18% (0.81%)		14,492	2.18
Net assets		665,251	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules, unless otherwise stated.

Figures in brackets refer to 30 June 2023.

Fund Information

Fund and Share Information	31.12.23	30.06.23	30.06.22	30.06.21
Total net asset value of scheme property (£'000)	665,251	632,790	546,254	812,518
Synthetic Risk and Reward Indicator¹	6	6	6	6
Net asset value per share (pence)				
B Accumulation	692.00	659.62	610.83	979.54
B Income	683.32	651.34	604.86	971.98
C Accumulation	694.25	660.11	608.24	970.52
J Accumulation	694.76	661.75	611.89	979.77
J Income	683.42	650.96	604.46	971.90
Y Accumulation	701.57	668.58	618.80	991.56
Number of shares in issue				
B Accumulation	38,192,192	40,358,711	36,907,054	36,808,894
B Income	8,804,431	7,160,494	5,141,726	520,021
C Accumulation	35,379,245	34,254,189	32,405,594	30,337,338
J Accumulation	301,941	316,003	365,241	266,176
J Income	1,663	3,477	4,156	4,529
Y Accumulation	13,265,625	13,716,731	14,601,009	15,109,807
Annual Income Record	Period to 31.12.23 (pence)	Year to 30.06.23 (pence)	Year to 30.06.22 (pence)	Year to 30.06.21 (pence)
Income per share (financial period)				
B Accumulation	n/a	1.85	1.26	0.00
B Income	n/a	1.83	1.24	0.00
C Accumulation	n/a	5.05	5.46	4.29
J Accumulation	n/a	2.82	2.54	1.27
J Income	n/a	2.77	2.52	1.27
Y Accumulation	n/a	2.21	1.96	0.73

Fund Information cont.

Yearly Highest and Lowest Prices	Period to 31.12.23 (pence)	Year to 30.06.23 (pence)	Year to 30.06.22 (pence)	Year to 30.06.21 (pence)
Highest (financial period)				
B Accumulation	697.3	714.1	1,018	1,041
B Income	688.6	707.1	1,010	1,033
C Accumulation	699.6	711.5	1,010	1,030
J Accumulation	700.1	715.4	1,019	1,041
J Income	688.7	706.8	1,010	1,034
Y Accumulation	707.0	723.4	1,031	1,054
Lowest (financial period)				
B Accumulation	590.8	579.5	587.3	712.6
B Income	583.4	573.8	582.7	707.1
C Accumulation	592.2	577.9	584.7	702.5
J Accumulation	593.0	580.7	588.3	711.7
J Income	583.3	573.7	583.5	706.9
Y Accumulation	598.9	587.1	594.9	720.7
Ongoing Charges Figures	31.12.23 (%)	30.06.23 (%)	30.06.22 (%)	30.06.21 (%)
Ongoing Charges Figures²				
B Accumulation	0.52	0.53	0.52	0.52
B Income	0.52	0.53	0.53	0.53
C Accumulation	0.02	0.03	0.03	0.03
J Accumulation	0.37	0.37	0.37	0.38
J Income	0.37	0.37	0.38	0.38
Y Accumulation	0.47	0.47	0.44	0.44

You should be aware that past performance is not a guide to future performance.

¹The Synthetic Risk and Reward Indicator demonstrates where the Fund ranks in terms of its potential risk and reward on a scale from 1 (lowest) to 7 (highest). The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. Further information is included in the Risk and Reward Profile section of the Fund's interim report.

²The Ongoing Charges Figure is based on the expenses for the financial period and may vary from year to year. It excludes the cost of buying and selling assets for the Fund although custodian transaction costs are included. For further details on the costs associated with investing in the Fund please see the Enhanced Disclosure of Fund Costs and Charges document and Baillie Gifford's Funds Costs and Charges Summary, both of which are available on the website www.bailliegifford.com.

Interim Financial Statements (Unaudited)

Statement of Total Return for the six months ended 31 December 2023

	31 December 2023		31 December 2022	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		30,837		(13,557)
Revenue	2,286		2,304	
Expenses	(1,019)		(1,081)	
Net revenue before taxation	1,267		1,223	
Taxation	(231)		(230)	
Net revenue after taxation		1,036		993
Total return before distributions		31,873		(12,564)
Distributions		1		(15)
Change in net assets attributable to shareholders from investment activities		31,874		(12,579)

Statement of Change in Net Assets Attributable to Shareholders for the six months ended 31 December 2023

	31 December 2023		31 December 2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		632,790		546,254
Amounts receivable on issue of shares	22,607		22,971	
Amounts payable on cancellation of shares	(22,060)		(39,244)	
Creation of shares settled by transfer of stocks	-		61,916	
		547		45,643
Dilution adjustment		40		52
Change in net assets attributable to shareholders from investment activities		31,874		(12,579)
Closing net assets attributable to shareholders		665,251		579,370

Interim Financial Statements (Unaudited) cont.

Balance Sheet as at 31 December 2023

	31 December 2023 £'000	30 June 2023 £'000
Assets:		
Fixed assets:		
Investments	650,759	627,670
Current assets:		
Debtors	323	649
Cash and bank balances	14,533	6,801
Total assets	665,615	635,120
Liabilities:		
Creditors:		
Bank overdrafts	-	(1,315)
Distributions payable	-	(131)
Other creditors	(364)	(884)
Total liabilities	(364)	(2,330)
Net assets attributable to shareholders	665,251	632,790

Basis for preparation

The interim financial statements have been prepared in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014.

The accounting policies applied are consistent with those in the annual financial statements for the year ended 30 June 2023 and are described in those annual financial statements.

BAILLIE GIFFORD

Baillie Gifford Sustainable Income Fund

a sub-fund of Baillie Gifford Investment Funds II ICVC

*Interim Report & Financial Statements (Unaudited)
for the six months ended 31 December 2023*



Baillie Gifford Sustainable Income Fund

Investment Objective

The Fund aims to produce monthly income, whilst seeking to maintain the value of that income and of capital in line with inflation (UK CPI) over five-year periods.

Investment Policy

The Fund will gain exposure to a wide range of asset classes in any country or sector, subject to exclusion's identified by the Investment Manager's sustainable investment process. At any one time, the Fund may be invested in any one or more of the following: shares, bonds, money market instruments, deposits, and cash. This exposure may be achieved directly or indirectly through collective investment schemes. The Fund may also invest indirectly in property, infrastructure, commodities and loans. The purpose of the sustainable investment process, which is applied to all assets except cash and cash-like instruments, is to ensure that the Fund invests in a way which is, in the Investment Manager's opinion, compatible with a sustainable economy. The Fund applies a revenue-based screen that excludes companies with a defined level of activity in certain sectors, details of which are disclosed in the Prospectus. The Fund will comply with the Investment Advisor's policy on assessing breaches of the United Nations Global Compact as outlined in its ESG Principles and Guidelines document. Currency forwards and derivatives, which are types of financial contracts, are used for both investment purposes and in the management of risk. The Fund will be exposed to foreign currencies and the Fund will be actively managed.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The

shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.



Market conditions can change rapidly and a fund in any rank can lose you your investment. The Fund is classified as above as it invests in a range of assets.

The indicator does not take into account the following relevant material risks:

The Fund aims to maintain capital value in line with inflation. Neither this nor positive returns are guaranteed.

Bonds are affected by interest rates and inflation trends which may affect the value of the Fund. They could lose value if the issuer's financial health deteriorates.

Derivatives can magnify losses if returns go down.

In adverse market conditions it may be difficult to sell investments held by the Fund in a timely manner and their value may fall significantly. This could affect how much money you receive and even delay the selling of your shares if dealing in the Fund is suspended.

Custody of assets involves a risk of loss if a custodian becomes insolvent or breaches duties of care.

You could lose your investment due to global factors like natural disasters, pandemics, or through developments such as military conflict, or changes in government policies.

The manager can charge some, or all, expenses to the Fund's capital, reducing its value. This amount can vary from year to year.

For a more detailed explanation of the risks, please see the "Risk Warnings" section of the prospectus.

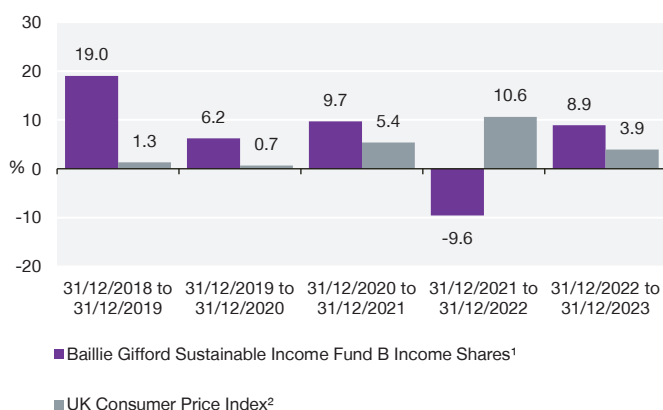
Baillie Gifford Sustainable Income Fund cont.

Fees Allocated to Capital

For distribution purposes the ACD has the facility to allocate some or all expenses to capital. For the year to 30 June 2023 100% of expenses were allocated to capital. This will reduce the capital value of the Fund. This number may vary from year to year. The figure for the current financial period has not yet been determined.

Investment Report

Past Performance



The performance figures shown in this graph are for Class B Income Shares. Performance figures reflect the annual management charge of 0.50%. Performance figures for the other share classes in issue can be obtained by contacting Client Relations. You should be aware that past performance is not a guide to future performance.

Past performance

The investment objective of the Fund is to produce monthly income, whilst seeking to maintain the value of that income and of capital in line with inflation (UK Consumer Price Index) over five-year periods. For the six months to 31 December 2023 the capital return on B Income Shares was 2.9%³ compared to the rise in UK Consumer Price Index (UK CPI) of 0.5%². The Fund paid a monthly stream of income totalling 1.93 pence per share. We believe that short-term performance measurements are of limited relevance in assessing investment ability and would suggest that five years is a more sensible timeframe over which to judge performance, a period in line with the Fund's objective. Over that period, the capital return on B Income Shares was 6.4%¹ compared to the rise in UK CPI of 4.3%². The Fund paid a monthly stream of income totalling 20.01 pence per share.

Market environment

While the market outcomes in the last two quarters of 2023 could not have been more different from each other, they had one thing in common: high correlation of performance across asset classes driven by changing assessment of whether central banks can walk the tightrope between bringing inflation under control and keeping the economy going.

In the third quarter, the prevailing market narrative was that robust growth in the US would lead to interest rates staying higher for longer. This led to weakness in most bond markets, with US 10-year bond yields rising to their highest level since 2007. From late October, the story morphed into 'immaculate disinflation' as we saw inflation rates fall without a dramatic growth slowdown. Several benign inflation data releases in the US and Europe prompted this shift in opinion among central bankers and investors towards a view that inflation is indeed falling towards target levels quickly.

¹Source: FE, 10am dealing prices, income reinvested. ²Source: Revolution and the Office for National Statistics. Please see Disclaimer on page 108. ³Source: Baillie Gifford & Co Limited, 10am dealing prices, excluding income, after charges. You should be aware that past performance is not a guide to future performance.

Investment Report cont.

This led to a relief rally in sovereign and corporate bond markets, as the market priced in multiple interest rate cuts in 2024. Risk assets were well supported by the powerful combination of lower bond yields and a reduced probability of recession.

In conclusion, recent events have been fundamentally positive for financial markets, with growing evidence that inflation is under control in developed and emerging markets. However, markets are now pricing in rapid interest rate cuts in 2024, and there is scope for asset prices to disappoint if central banks do not proceed down this path.

Performance

The Fund delivered a positive performance over this volatile period, spread well across asset classes. This was especially true for global equities and property, as both benefited from lower interest rate expectations and a better outlook for the health of the economy. Within equities, it was therefore the more cyclical industrial names that performed particularly well: a Swedish industrial machinery manufacturer, Atlas Copco, a French company specialising in digital automation and energy management, Schneider Electric and the largest fastener distributor in North America, Fastenal.

The income paid by the Fund in 2023 experienced healthy growth of 4.4% compared to 2022, which was ahead of the latest UK inflation data of 3.9%¹ in the 12 months to December 2023.

Notable transactions

Following the stock market rally in the first half of 2023, we believed that equities were getting quite fully valued as we entered the third quarter. While we were optimistic about the operational performance and dividend growth of companies we invest in, we felt that valuations had caught up with fundamentals and reduced allocation to the asset class closer to the long-term target. Similarly,

local currency emerging market bonds rallied sharply this year and the difference in yield compared to developed market government bonds has narrowed significantly. With increased concerns over the global outlook, we increased the holding in UK T Bills that offer appealing yields and allow us to retain some “dry powder”. During the period, we added to the Fund’s allocation in property and infrastructure. Both asset classes struggled this year and we saw it as an opportunity to add to the Fund’s holdings in companies with good dividend growth prospects at a cheaper valuation.

Within the equity portfolio, we bought shares of Home Depot, the US home improvement retailer. We believe that their strategy to build up services to large professional clients will support a long-term growth in revenues and the dividend and we took advantage of a recent price correction. We acknowledged that the company has room for improvement on sustainability and we plan to engage on timber sourcing.

Within the property portfolio, we bought shares of Montea, a Belgium based owner and operator of logistics assets. Montea is the “smaller brother” of another holding in the Fund, Warehouses De Pauw (WDP). Like WDP, Montea also owns enviable assets in a very tight logistics market and has best-in-class environmental credentials, helping to future-proof their portfolio. In a tough market for property companies, Montea shares were trading at discount compared to WDP so we took advantage of the dislocation to establish a position for the Fund.

Overall, we still retain a fairly neutral asset allocation, with a small overweight in cash and underweight in infrastructure. We believe that most of the outperformance potential in the Fund comes from bottom-up stock selection. And we are excited about the prospects of the underlying investments to thrive in the years ahead and deliver good operational performance, coupled with a growing income.

Baillie Gifford & Co, 10 January 2024

¹Source: Revolution and the Office for National Statistics. You should be aware that past performance is not a guide to future performance.

Principal Holdings as at 31 December 2023

Investment	Percentage of total Fund
US Treasury 4.125% 15/11/2032	3.45
Novo Nordisk	1.67
Microsoft	1.67
Watsco Inc	1.57
Greencoat UK Wind	1.52
Fastenal	1.38
WEC Energy Group	1.32
Terna	1.22
Schneider Electric SE	1.16
TSMC	1.16

Material Portfolio Changes for the six months ended 31 December 2023

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
US Treasury 4.125% 15/11/2032	1,456	Agnico Eagle Mines	1,677
WEC Energy Group	1,210	Newmont Mining	1,388
Transurban Group	1,072	Wheaton Precious Metals	1,257
Exelon Corporation	1,053	Peru 6.15% 12/08/2032	707
NextEra Energy	1,007	Foresight Solar Fund	646
Poland 2.5% 25/07/2027	714	Novo Nordisk	640
Greencoat Renewables	711	Romania 4.25% 28/04/2036	568
Terna	610	Birkenstock 5.25% 2029	553
Eversource Energy	573	Ziggo 4.875% 2030 (144A)	539
Texas Instruments	524	NextEnergy Solar Fund	526

The largest purchases and sales have been shown, with the exception of UK Treasury Bills, which are used for cash management purposes, and derivatives.

Portfolio Statement as at 31 December 2023

Stock description	Holding	Market value £'000	% of total net assets
Commodities - 0.00% (3.00%)			
Alrosa ¹	240,540	-	0.00
Developed Government Bonds - 3.45% (2.72%)			
US Treasury 4.125% 15/11/2032	6,880,000	5,496	3.45
Emerging Market Bonds Hard Currency - 7.56% (7.44%)			
Angola 9.375% 08/05/2048 (USD)	220,000	143	0.09
Bharti Airtel 5.65% 2025 Perp	920,000	711	0.45
Chile 3.5% 25/01/2050 (USD)	400,000	238	0.15
Chile 4.34% 07/03/2042 (USD)	400,000	280	0.18
Colombia 7.5% 02/02/2034 (USD)	600,000	497	0.31
Dominican Republic 5.875% 30/01/2060 (USD)	450,000	304	0.19
Dominican Republic 6% 19/07/2028 (USD)	150,000	118	0.07
Dominican Republic 6.875% 29/1/2026 (USD)	400,000	319	0.20
Dominican Republic 7.45% 30/04/2044 (USD)	210,000	174	0.11
DP World 6.85% 2037	300,000	259	0.16
Georgia 2.75% 22/04/2026 (USD)	200,000	147	0.09
Globo Comunicacao E Participacoes 5.5% 2032	200,000	135	0.08
Greenko Energy 3.85% 2026	200,000	135	0.08
HDFC 3.7% Perp	200,000	143	0.09
Hungary 5.5% 16/06/2034 (USD)	200,000	159	0.10
Hungary 6.75% 25/09/2052 (USD)	200,000	175	0.11
IHS Hdg 5.625% 2026	400,000	272	0.17
Indonesia 4.45% 15/04/2070 (USD)	300,000	213	0.13
Indonesia 5.25% 17/01/2042 (USD)	400,000	326	0.20
Inkia Energy 5.875% 2027	229,000	171	0.11
Instituto Costarricense de Electricidad 6.375% 2043	400,000	280	0.18
Ivory Coast 5.25% 2030 (EUR)	400,000	310	0.19
Ivory Coast 6.625% 2048 (EUR)	500,000	344	0.22
Mexico 4.75% 27/04/2032 (USD)	200,000	151	0.09
Mexico 5.75% 12/10/2110 (USD)	1,020,000	716	0.45
Nigeria 7.625% 28/11/2047 (USD)	200,000	124	0.08
North Macedonia 3.675% 03/06/2026 (EUR)	500,000	420	0.26
Oman 6.5% 08/03/2047 (USD)	200,000	160	0.10

Portfolio Statement as at 31 December 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Oman 7.375% 28/10/2032 (USD)	200,000	178	0.11
OTP Bank Nyrt. 8.75% 2033	247,000	199	0.13
Panama 4.5% 16/04/2050 (USD)	200,000	109	0.07
Peru 3.23% 28/07/2121 (USD)	100,000	49	0.03
Peru 8.75% 21/11/2033 (USD)	457,000	450	0.28
Poland 4.875% 04/10/2033 (USD)	200,000	159	0.10
Poland 5.5% 04/04/2053 (USD)	150,000	122	0.08
ReNew Energy Global 4.5% 2027	400,000	275	0.17
Romania 2% 28/01/2032 (EUR)	664,000	444	0.28
Senegal 5.375% 08/06/2037	700,000	447	0.28
Senegal 6.25% 23/05/2033 (USD)	220,000	154	0.10
Serbia 2.05% 23/09/2036 (EUR)	570,000	343	0.22
Serbia 3.125% 15/05/2027 (EUR)	300,000	248	0.16
South Africa 5.875% 2030 (USD)	600,000	457	0.29
Sweihan 3.625% 2049	400,000	250	0.16
Tajikistan 7.125% 14/09/2027 (USD)	200,000	136	0.09
Turkcell Iletisim Hizmetleri AS 5.8% 2028	200,000	148	0.09
Ukraine 4.375% 27/01/2030 (EUR)	300,000	53	0.03
Ukraine 7.75% 01/09/2027 (USD)	360,000	77	0.05
Unigel 8.75% 2026	200,000	45	0.03
Uruguay 4.975% 20/04/2055 (USD)	162,000	124	0.08
Uzbekistan 5.375% 20/02/2029 (USD)	200,000	148	0.09
Emerging Market Bonds Local Currency - 8.17% (10.74%)			
Brazil 10% 01/01/2025	1,580	255	0.16
Brazil 10% 01/01/2027	3,397	551	0.35
Brazil 10% 01/01/2029	700	113	0.07
Brazil CPI Linked 6% 15/05/2027	248	171	0.11
Brazil CPI Linked 6% 15/05/2045	320	230	0.14
Brazil CPI Linked 6% 15/08/2024	331	222	0.14
Chile 1.9% IL 01/09/2030	6,000	195	0.12
Chile 2.3% 01/10/2028	210,000,000	166	0.10
Chile 5% 01/03/2035	285,000,000	255	0.16
Colombia 3% IL 25/03/2033	6,180,000	411	0.26
Colombia 7% 26/03/2031	1,563,000,000	273	0.17

Portfolio Statement as at 31 December 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Colombia 7.25% 18/10/2034	1,685,000,000	280	0.18
Czech Republic 2% 13/10/2033	1,010,000	30	0.02
Czech Republic 6% 26/02/2026	4,610,000	168	0.11
Dominican Republic 11.25% 15/09/2035	11,500,000	167	0.11
Dominican Republic 13.625% 03/02/2033	38,300,000	624	0.39
Hungary 4.5% 23/03/2028	155,700,000	336	0.21
Hungary 4.75% 24/11/2032	151,140,000	316	0.20
Indonesia 6.125% 15/05/2028	6,140,000,000	309	0.19
Indonesia 7.5% 15/08/2032	4,240,000,000	228	0.14
Indonesia 8.25% 15/05/2036	5,741,000,000	329	0.21
Indonesia 9% 15/03/2029	19,859,000,000	1,118	0.70
Malaysia 4.232% 30/06/2031	2,610,000	457	0.29
Mexico 4% IL 30/11/2028	6,500	235	0.15
Mexico 4.5% IL 04/12/2025	5,816	209	0.13
Mexico 7.5% 03/06/2027	117,300	514	0.32
Mexico 7.75% 23/11/2034	32,000	135	0.08
Mexico IL 4% 15/11/2040	12,263	434	0.27
Peru 6.15% 12/08/2032	2,323	480	0.30
Poland 2.5% 25/07/2027	4,250,000	783	0.49
Romania 3.65% 24/09/2031	810,000	118	0.07
Romania 4.85% 22/04/2026	2,210,000	374	0.24
South Africa 1.875% IL 31/03/2029	4,190,000	230	0.14
South Africa 6.25% 31/03/2036	19,200,000	541	0.34
South Africa 8.75% 31/01/2044	16,330,000	519	0.33
Thailand 1.25% IL 12/03/2028	40,070,000	985	0.62
Uruguay 3.875% IL 02/07/2040	9,760,000	259	0.16
Global Equities - 34.69% (37.20%)			
Admiral Group	42,507	1,141	0.72
AJ Gallagher & Co	5,535	976	0.61
Albemarle	5,710	647	0.41
Amadeus IT Group SA	10,839	609	0.38
Analog Devices	9,697	1,510	0.95
ANTA Sports Products	87,600	667	0.42
Apple	11,493	1,735	1.09

Portfolio Statement as at 31 December 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Atlas Copco A	128,272	1,730	1.09
AVI	140,749	495	0.31
B3 S.A.	421,370	990	0.62
Carsales.com	83,169	1,386	0.87
Cisco Systems	18,068	716	0.45
Cognex Corp	14,335	469	0.29
Coloplast AS	7,290	654	0.41
Deutsche Boerse	8,971	1,447	0.91
Dolby Laboratories	8,133	550	0.35
Edenred	24,055	1,128	0.71
Eurofins	5,283	270	0.17
Experian	38,448	1,231	0.77
Fastenal	43,274	2,198	1.38
GSK PLC	22,762	330	0.21
Hargreaves Lansdown	42,328	310	0.19
HKT Trust and HKT	351,000	328	0.21
Home Depot	1,012	275	0.17
Hong Kong Exchanges & Clearing	19,100	514	0.32
Intuit	2,283	1,120	0.70
Kering	1,314	454	0.28
Kuehne & Nagel	3,090	834	0.52
L'Oreal	2,568	1,002	0.63
Medtronic	7,370	476	0.30
Microsoft	9,003	2,655	1.67
Midea Group 'A'	72,600	439	0.28
Mobile Telesystems Ojsc ¹	84,348	-	0.00
Nestle	12,929	1,175	0.74
NetEase HK Line	47,000	664	0.42
Novo Nordisk	32,884	2,663	1.67
Partners Group	1,469	1,660	1.04
Pepsico	11,589	1,544	0.97
Procter & Gamble	15,522	1,784	1.12
Roche	5,970	1,360	0.85
SAP	6,255	756	0.47
Schneider Electric SE	11,786	1,853	1.16

Portfolio Statement as at 31 December 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Sonic Healthcare	79,204	1,360	0.85
Starbucks Corp	9,104	686	0.43
T. Rowe Price	5,253	444	0.28
TCI Co	114,000	498	0.31
Texas Instruments	4,015	537	0.34
TSMC	122,000	1,846	1.16
United Overseas Bank	47,400	802	0.50
UPS	11,441	1,411	0.89
USS Co	36,100	570	0.36
Valmet Oyj	24,745	558	0.35
Watsco Inc	7,433	2,502	1.57
Wolters Kluwer N.V.	11,757	1,307	0.82
High Yield Credit - 9.57% (13.22%)			
Ardagh Packaging 5.25% 2025 (144A)	577,000	440	0.28
B&M European Value Retail 8.125% 2030	245,000	260	0.16
Banjay Gp 8.125% 2029 (144A)	400,000	324	0.20
Burford Capital 9.25% 2031 (144A)	530,000	442	0.28
Canpack 3.125% 2025 (144A)	600,000	446	0.28
CCO Holdings 6.375% 2029 (144A)	630,000	488	0.31
Chart Industries 7.5% 2030 (144A)	490,000	402	0.25
Cheplapharm 5.5% 2028 (144A)	690,000	512	0.32
Cogent Communications Holdings 7% 2027 (144A)	600,000	473	0.30
Cushman & Wakefield 6.75% 2028 (144A)	460,000	359	0.23
Dana 4.25% 2030	535,000	372	0.23
Darling Ingredients 6% 2030 (144A)	230,000	181	0.11
DaVita 4.625% 2030 (144A)	642,000	439	0.28
First Quantum Minerals 6.875% 2026 (144A)	540,000	381	0.24
FMG Resources 6.125% 2032 (144A)	650,000	514	0.32
Grifols 4.75% 2028 (144A)	640,000	455	0.29
Hilton Grand Vacations 4.875% 2031 (144A)	630,000	437	0.27
Iceland Foods 10.875% 2027	400,000	417	0.26
Iliad 7% 2028 (144A)	500,000	390	0.25
ING Group 6.5% 2025 Perp	520,000	397	0.25
IPD 3 8% 2028	400,000	370	0.23

Portfolio Statement as at 31 December 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Italmatch Chemicals 10% 2028	390,000	348	0.22
Liberty Costa Rica 10.875% 2031 (Reg S)	435,000	349	0.22
Liberty Puerto Rico 6.75% 2027 (144A)	400,000	307	0.19
Marks and Spencer 7.125% 2037 (144A)	590,000	465	0.29
Mineral Resources 9.25% 2028 (144A)	410,000	342	0.21
Nationwide 5.75% Perp	450,000	414	0.26
Natwest 4.6% 2031 Perp	400,000	235	0.15
Organon & Co. 5.125% 2031 (144A)	700,000	470	0.30
Perrigo 4.9% 2044	550,000	340	0.21
Pinewood Gp 3.625% 2027	355,000	326	0.20
Santander 9.625% 2029 Perp AT1	400,000	336	0.21
Sealed Air 1.573% 2026 (144A)	320,000	226	0.14
Sirius Media 5% 2027 (144A)	750,000	568	0.36
Solenis 9.625% 2028	496,000	460	0.29
Venture Global Delta LNG 8.125% 2028 (144A)	470,000	372	0.23
Veritext 8.5% 2030 (144A)	600,000	490	0.31
Victoria 3.625% 2026	400,000	276	0.17
Virgin Media RFN 4.875% 2028	205,000	188	0.12
ZF NA Capital 4.75% 2025 (144A)	310,000	240	0.15
Infrastructure - 17.31% (13.54%)			
3i Infrastructure	423,929	1,363	0.86
Aguas Andinas	5,094,642	1,287	0.81
Ameren	13,935	791	0.50
BCE Inc	31,257	970	0.61
Brookfield Renewable	44,817	1,012	0.63
Consolidated Edison	11,628	830	0.52
Eversource Energy	29,909	1,448	0.91
Exelon Corporation	64,779	1,824	1.14
Fortis	41,292	1,336	0.84
Greencoat Renewables	1,945,509	1,662	1.04
Greencoat UK Wind	1,594,254	2,415	1.52
Italgas S.p.A	313,674	1,402	0.88
John Laing Environmental Assets Group	1,473,086	1,494	0.94
NextEra Energy	35,540	1,693	1.06

Portfolio Statement as at 31 December 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Renewables Infrastructure Group	1,158,987	1,317	0.83
Terna	297,720	1,943	1.22
TINC Comm. VA	147,139	1,492	0.94
Transurban Group	160,966	1,181	0.74
WEC Energy Group	31,946	2,109	1.32
Investment Grade Bonds - 8.44% (4.90%)			
Admiral Group 8.5% 2034 T2	270,000	296	0.19
Alcoa 4.125% 2029 (144A)	200,000	145	0.09
Amgen Inc 4% 2029	375,000	369	0.23
Annington Funding 2.308% 2032	575,000	447	0.28
Antofagasta 5.625% 2032	430,000	339	0.21
Ashtead 5.55% 2033 (144A)	450,000	350	0.22
Banco Santander 3.225% 2032	600,000	395	0.25
Barclays 3.811% 2042	730,000	430	0.27
Berkeley Group 2.5% 2031	300,000	231	0.15
CaixaBank 6.875% 2028-33 T2	500,000	510	0.32
Center Parcs 5.876% 2027	355,000	363	0.23
Concentrix 6.65% 2026	355,000	286	0.18
Ctp N.V. 0.625% 2026	340,000	265	0.17
DNB Bank 4% 2026/27	465,000	453	0.28
E.ON 6.65% 2038	288,000	249	0.16
EBRD 0% 10/11/2030	105,400,000	196	0.12
Enel 7.5% 2032 (144A)	567,000	509	0.32
Ford 9.625% 2030	360,000	333	0.21
Inchcape 6.5% 2028	260,000	270	0.17
Investec 9.125% 2033	375,000	393	0.25
IQVIA 6.25% 2029 (144A)	320,000	262	0.17
J.P. Morgan 6.4% 2038	515,000	464	0.29
MSCI Inc 4% 2029 (144A)	500,000	369	0.23
National Express Group 2.375% 2028	660,000	578	0.36
OCI 4.625% 2025 (144A)	610,000	466	0.29
Open Text 6.9% 2027 (144A)	580,000	473	0.30
Orbia Advance Corp 5.875% 2044	205,000	146	0.09
Pension Insurance Corp 8% 2033 T2	460,000	492	0.31

Portfolio Statement as at 31 December 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Pershing Square Holdings 3.25% 2030	250,000	159	0.10
Phoenix 4.375% 2029 T2	460,000	380	0.24
Realty Income 6% 2039	225,000	242	0.15
Telefonica 8.25% 2030	300,000	276	0.17
Tesco 6.15% 2037	432,000	352	0.22
Time Warner 4.5% 2042	560,000	346	0.22
United Rentals 6% 2029 (144A)	625,000	498	0.31
Verisk Analytics 5.75% 2033	290,000	244	0.15
Weir Group 6.875% 2028	490,000	516	0.32
Yara Intl 7.378% 2032 (144A)	405,000	354	0.22
Property - 7.28% (4.94%)			
American Tower Corp REIT	6,196	1,050	0.66
Assura Group	1,631,238	785	0.49
Crown Castle International REIT	7,300	659	0.41
Ctp N.V.	75,200	996	0.63
Digital Realty Trust REIT	4,796	506	0.32
Equinix	983	621	0.39
Equity Residential REIT	13,200	633	0.40
Healthcare Realty Trust REIT	30,694	415	0.26
LondonMetric Property	480,541	920	0.58
Montea NV	4,776	357	0.22
Physicians Realty Trust	44,143	461	0.29
Prologis Inc REIT	7,010	733	0.46
Rexford Industrial Realty REIT	6,610	291	0.18
Segro Plc	53,140	471	0.30
Sun Communities Inc REIT	3,300	346	0.22
Target Healthcare REIT Plc	545,101	469	0.29
Tritax Big Box REIT	324,186	546	0.34
Unite Group	81,495	851	0.53
Warehouses De Pauw	19,687	486	0.31

Portfolio Statement as at 31 December 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Derivatives - 0.38% (0.36%)			
Forward currency contracts (see Table 1)		612	0.38
Portfolio of investments		154,295	96.85
Cash Equivalents - 2.62% (0.00%)			
UK T Bill 26/02/2024	3,100,000	3,074	1.93
UK T Bill 12/02/2024	1,100,000	1,093	0.69
Other Assets - 0.53% (1.94%)		854	0.53
Net assets		159,316	100.00

¹This stock was suspended from trading at the period end due to sanctions imposed by the UK government amid the ongoing conflict in Ukraine. It has been valued at the Investment Adviser's valuation

Please note: figures are based on market values rather than economic exposure.

All investments are listed on recognised stock exchanges or are fixed interest securities and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

Figures in brackets in the investment category headings refer to 30 June 2023.

Portfolio Statement as at 31 December 2023 cont.

Table 1: Unrealised gains/(losses) on open forward currency contracts

Counterparty	Settlement	Buy	Buy Amount	Sell	Sell Amount	Unrealised	% of total
						gains/(losses)	
						£'000	
Barclays	08/02/24	GBP	143,190	ZAR	3,260,000	4	0.00
Citigroup	08/02/24	THB	21,540,000	GBP	495,208	1	0.00
Goldman Sachs	25/01/24	USD	593,000	GBP	484,030	(19)	(0.01)
HSBC	18/01/24	GBP	18,589,750	EUR	21,700,000	(226)	(0.14)
HSBC	25/01/24	GBP	101,885	EUR	116,700	1	0.00
Royal Bank of Canada	25/01/24	GBP	2,530,364	EUR	2,898,300	17	0.01
Royal Bank of Canada	25/01/24	USD	2,703,800	GBP	2,206,947	(86)	(0.06)
Royal Bank of Scotland	18/01/24	GBP	69,362,955	USD	87,260,000	920	0.58
Unrealised gains/(losses) on open forward currency contracts						612	0.38

Breakdown of portfolio of investments

	31 December 2023		30 June 2023	
	Market value £'000	Percentage of total Fund	Market value £'000	Percentage of total Fund
Bonds - Direct	59,252	37.20	58,057	39.02
Commodities - Indirect	-	-	4,466	3.00
Derivatives	612	0.38	544	0.36
Equities - Direct	82,835	51.99	75,506	50.74
Property - Indirect	11,596	7.28	7,360	4.94
Portfolio of investments	154,295	96.85	145,933	98.06

Investments are categorised based on underlying asset class.

Fund Information

Fund and Share Information	31.12.23	30.06.23	30.06.22	30.06.21
Total net asset value of scheme property (£'000)	159,316	148,824	114,773	98,263
Synthetic Risk and Reward Indicator¹	5	5	4	5
Net asset value per share (pence)				
B Accumulation	129.92	124.59	118.75	125.81
B Income	106.16	103.74	102.81	113.03
C Accumulation	132.68	126.98	120.56	127.22
C Income	109.06	106.29	104.82	114.65
H Accumulation	131.48	125.90	119.64	126.49
H Income	106.88	104.33	102.97	112.90
J Accumulation	131.77	126.28	120.22	127.22
J Income	106.36	103.85	102.78	112.80
P Accumulation	130.62	125.18	119.17	126.11
P Income	106.77	104.26	103.18	113.22
Number of shares in issue				
B Accumulation	8,791,900	7,800,881	7,905,751	3,573,538
B Income	103,112,779	100,433,690	93,633,165	80,225,744
C Accumulation	15,460,961	15,768,067	895	895
C Income	705,318	705,318	774,956	1,000
H Accumulation	1,000	1,000	1,000	1,000
H Income	14,132,171	11,882,362	6,923,266	1,930,261
J Accumulation	1,018,307	953,698	753,962	655,136
J Income	656,384	521,377	258,624	64,136
P Accumulation	1,000	1,000	1,000	1,000
P Income	1,000	1,000	1,000	1,000

Fund Information cont.

Annual Income Record	Period to 31.12.23 (pence)	Year to 30.06.23 (pence)	Year to 30.06.22 (pence)	Year to 30.06.21 (pence)
Income per share (financial period)				
B Accumulation	2.33	4.73	4.65	4.17
B Income	1.93	4.03	4.11	3.82
C Accumulation	2.31	4.69	4.58	4.09
C Income	1.92	4.02	4.04	3.75
H Accumulation	2.33	4.69	4.61	4.12
H Income	1.93	3.97	4.04	3.76
J Accumulation	2.34	4.76	4.66	4.18
J Income	1.91	4.01	4.06	3.79
P Accumulation	2.32	4.72	4.62	4.15
P Income	1.92	4.02	4.07	3.79
Yearly Highest and Lowest Prices	Period to 31.12.23 (pence)	Year to 30.06.23 (pence)	Year to 30.06.22 (pence)	Year to 30.06.21 (pence)
Highest (financial period)				
B Accumulation	130.6	127.4	132.6	126.8
B Income	107.0	110.1	117.6	114.4
C Accumulation	133.4	129.4	134.4	128.2
C Income	110.0	112.3	119.6	116.0
H Accumulation	132.2	128.4	133.5	127.4
H Income	107.8	110.3	117.6	114.3
J Accumulation	132.4	129.0	134.2	128.2
J Income	107.2	110.1	117.5	114.2
P Accumulation	131.3	127.9	133.0	127.1
P Income	107.7	110.5	117.9	114.6
Lowest (financial period)				
B Accumulation	118.3	111.4	117.1	108.2
B Income	97.62	95.74	102.0	100.6
C Accumulation	120.7	113.3	118.9	108.9
C Income	100.2	97.74	103.9	101.5
H Accumulation	119.6	112.3	118.0	108.5
H Income	98.22	95.94	102.1	100.2
J Accumulation	119.9	112.9	118.6	109.3
J Income	97.78	95.74	101.9	100.3
P Accumulation	118.9	111.9	117.5	108.3
P Income	98.15	96.12	102.3	100.7

Fund Information cont.

Ongoing Charges Figures	31.12.23 (%)	30.06.23 (%)	30.06.22 (%)	30.06.21 (%)
Ongoing Charges Figures²				
B Accumulation	0.56 ³	0.63 ⁴	0.56 ⁵	0.58 ⁶
B Income	0.56 ³	0.63 ⁴	0.56 ⁵	0.57
C Accumulation	0.06 ³	0.13 ⁴	0.06 ⁵	0.06
C Income	0.06 ³	0.13 ⁴	0.06 ⁵	0.05
H Accumulation	0.22 ^{3,7}	0.30 ⁴	0.30 ⁵	0.29 ⁸
H Income	0.22 ^{3,7}	0.30 ⁴	0.30 ⁵	0.32
J Accumulation	0.41 ³	0.48 ⁴	0.41 ⁵	0.41
J Income	0.41 ³	0.48 ⁴	0.41 ⁵	0.41
P Accumulation	0.41 ³	0.48 ⁴	0.41 ⁵	0.42
P Income	0.41 ³	0.48 ⁴	0.41 ⁵	0.42

You should be aware that past performance is not a guide to future performance.

¹The Synthetic Risk and Reward Indicator demonstrates where the Fund ranks in terms of its potential risk and reward on a scale from 1 (lowest) to 7 (highest). The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. Further information is included in the Risk and Reward Profile section of the Fund's interim report.

²The Ongoing Charges Figure is based on the expenses for the financial period and may vary from year to year. It excludes the cost of buying and selling assets for the Fund although custodian transaction costs are included. For further details on the costs associated with investing in the Fund please see the Enhanced Disclosure of Fund Costs and Charges document and Baillie Gifford's Funds Costs and Charges Summary, both of which are available on the website www.bailliegifford.com.

³In November 2023, following the FCA's statement regarding communications related to PRIIPs and UCITS, the Investment Association amended its Guidance on Disclosure of Fund Charges and Costs, removing the requirement to include indirect costs associated with holding closed-ended investment funds from Ongoing Charges figures. Consequently, these costs are no longer included in the Ongoing Charges figures to 31 December 2023. Had the indirect costs associated with holding closed-ended investment funds been included, the Ongoing Charges figure would have been 0.09% higher.

⁴In July 2020, the Investment Association issued Guidance on Disclosure of Fund Charges and Costs effective from 30 June 2022 which updated the Ongoing Charges disclosure requirements to include indirect costs associated with funds' holdings of closed-ended investment funds. This resulted in an increase of 0.07% in the Ongoing Charges figures disclosed as at 30 June 2023.

⁵As at 30 June 2022, the ongoing charges figure does not reflect the change in methodology referred to in Footnote 4 above. For comparison, the equivalent ongoing charge as at 30 June 2022 for indirect fees associated with holding closed-ended investment funds is 0.16%.

⁶As at 30 June 2021 the ACD considered 0.56% to be a more indicative rate for the ongoing charges figure for Class B Shares.

⁷As at 31 December 2023 the ACD considered 0.30% to be a more indicative rate for the ongoing charges figure for Class H Shares.

⁸As at 30 June 2021 the ACD considered 0.31% to be a more indicative rate for the ongoing charges figure for Class H Shares.

Interim Financial Statements (Unaudited)

Statement of Total Return for the six months ended 31 December 2023

	31 December 2023		31 December 2022	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		3,988		(1,786)
Revenue	3,393		2,492	
Expenses	(333)		(305)	
Net revenue before taxation	3,060		2,187	
Taxation	(494)		(296)	
Net revenue after taxation		2,566		1,891
Total return before distributions		6,554		105
Distributions		(2,816)		(1,991)
Change in net assets attributable to shareholders from investment activities		3,738		(1,886)

Statement of Change in Net Assets Attributable to Shareholders for the six months ended 31 December 2023

	31 December 2023		31 December 2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		148,824		114,773
Amounts receivable on issue of shares	8,800		10,509	
Amounts payable on cancellation of shares	(2,637)		(4,395)	
		6,163		6,114
Dilution adjustment		22		35
Change in net assets attributable to shareholders from investment activities		3,738		(1,886)
Retained distributions on accumulation shares		569		175
Closing net assets attributable to shareholders		159,316		119,211

Interim Financial Statements (Unaudited) cont.

Balance Sheet as at 31 December 2023

	31 December 2023 £'000	30 June 2023 £'000
Assets:		
Fixed assets:		
Investments	154,626	146,028
Current assets:		
Debtors	1,740	1,824
Cash and bank balances	2,055	3,240
Cash equivalents	4,167	0
Total assets	162,588	151,092
Liabilities:		
Investment liabilities	(331)	(95)
Creditors:		
Bank overdrafts	(911)	(487)
Distributions payable	(403)	(572)
Other creditors	(1,627)	(1,114)
Total liabilities	(3,272)	(2,268)
Net assets attributable to shareholders	159,316	148,824

Basis for preparation

The interim financial statements have been prepared in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014.

The accounting policies applied are consistent with those in the annual financial statements for the year ended 30 June 2023 and are described in those annual financial statements.

BAILLIE GIFFORD

Baillie Gifford UK Equity Core Fund

a sub-fund of Baillie Gifford Investment Funds II ICVC

*Interim Report & Financial Statements (Unaudited)
for the six months ended 31 December 2023*



Baillie Gifford UK Equity Core Fund

Investment Objective

The Fund aims to outperform (after deduction of costs) the FTSE All-Share Index by at least 1% per annum over rolling five-year periods.

Investment Policy

The Fund will invest at least 80% directly or indirectly in shares of UK companies of any size and in any sector. The indirect investment will be through collective investment schemes. UK companies are companies which are incorporated, domiciled or conduct a significant portion of their business in the UK. The Fund may also invest in companies which are listed, traded or quoted in the UK. Companies the Fund directly invests in will be selected following a norms-based evaluation. The Fund will comply with the Investment Advisor's policy on assessing breaches of the United Nations Global Compact as outlined in its ESG Principles and Guidelines document. The Fund will be actively managed.

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.



Market conditions can change rapidly and a fund in any rank can lose you your investment. The Fund is classified as above as it invests in company shares.

The indicator does not take into account the following relevant material risks:

The Fund is actively managed meaning the Investment Manager selects investments of their own choosing with the aim of achieving the Fund's objectives. This is done without seeking to replicate any index in either of performance or portfolio composition. This investment style, selecting companies with perceived greater long-term growth potential ahead of any short-term returns, in combination with the relative concentration of the Fund, may lead to prolonged periods of underperformance in certain market conditions, both in relation to the Fund's benchmark and in absolute terms.

Over shorter time periods the Fund's share price can be volatile and returns can be much higher or lower than our five-year average target. There is no guarantee this objective will be achieved over any time period.

The Fund's ESG investment policy limits the type of companies it can hold. The Fund may have different returns from funds with no such restrictions.

The limitations of third party data, which may be backward looking or estimated, may impact on the Funds ability to achieve any non-financial considerations.

In adverse market conditions it may be difficult to sell investments held by the Fund in a timely manner and their value may fall significantly. This could affect how much money you receive and even delay the selling of your shares if dealing in the Fund is suspended.

Custody of assets involves a risk of loss if a custodian becomes insolvent or breaches duties of care

You could lose your investment due to global factors like natural disasters, pandemics, or through developments such as military conflict, or changes in government policies.

Where possible, charges are taken from income. If insufficient, the rest will be taken from capital, reducing the capital value of the Fund.

For a more detailed explanation of the risks, please see the "Risk Warnings" section of the prospectus.

Baillie Gifford UK Equity Core Fund cont.

Adoption of Net Zero Asset Managers initiative

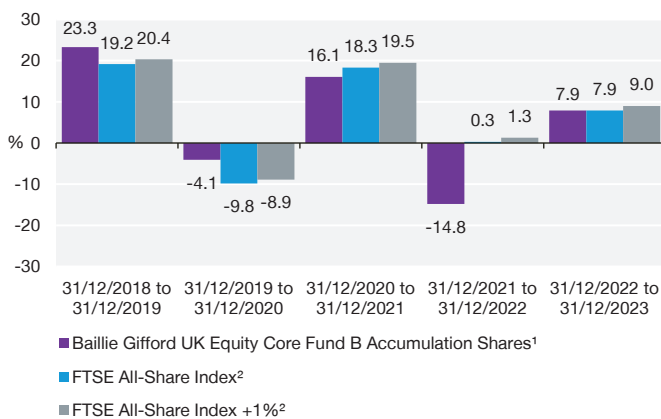
Baillie Gifford & Co, the Fund's Investment Manager, has joined the Net Zero Asset Managers initiative (NZAM), as part of the Investment Manager's commitment to support the goal of net zero greenhouse gas emissions by 2050, in line with global efforts to limit warming to 1.5°C.

This commitment includes supporting investing aligned with net zero emissions by 2050 or sooner, and the Fund has been managed in line with and counted towards the Investment Manager's net zero commitment.

As a long-term investor, the Investment Manager's investment process takes into account the long-term prospects (including long-term sustainability) of an investment. Consideration of climate-related factors, including NZAM commitments, and the impact of these on a company's competitive positioning form an integral part of this process.

Investment Report

Past Performance



The performance figures shown in this graph are for Class B Accumulation Shares. Performance figures reflect the annual management charge of 0.42%. Performance figures for the other share class in issue can be obtained by contacting Client Relations. You should be aware that past performance is not a guide to future performance.

Past performance

The investment objective of the Fund is to outperform (after deduction of costs) the FTSE All-Share Index (the 'Index') by at least 1% per annum (the 'target return') over rolling five-year periods. For the six months to 31 December 2023, the return on B Accumulation Shares was 4.6%¹ compared to the Index of 5.2%² and the target return of 5.7%². We fully appreciate that this is disappointing whether you are a longstanding client or a newer investor in the Fund. While periods of underperformance are inevitable given our style of investment, none of us enjoy these. We believe that short term performance measurements are of limited relevance in assessing investment ability and would suggest that five years is a more sensible timeframe over which to judge performance, a period in line with the Fund's objectives. Over that period, the annualised return on B Accumulation Shares was 4.8%¹ compared to the Index of 6.6%² and the target return of 7.7%². It is disappointing that over this period the Fund has underperformed its target return. Returns have been impacted by recent, short-term weakness.

Market environment

Macroeconomic events continued to drive volatility in the UK equity market. However, the year ended with a stock market rally as UK inflation fell to 3.9%³, its lowest level in over two years. A drop in fuel costs helped to drive the significant fall in inflation at the end of the year and raised hopes that the Bank of England might start to ease interest rates as early as next spring.

Performance

During the very short six-month period, the Fund delivered a positive return but underperformed the index and target. We remain encouraged by the fact that the majority of companies held in the Fund are performing well operationally as we believe this will be the dominant influence on long-term returns.

¹Source: FE, 10am dealing prices, income accumulated. ²Source: Revolution and FTSE, total return. The target return outperformance is compounded daily therefore the index return plus the outperformance will not equal the target return. Please see Disclaimer on page 108. You should be aware that past performance is not a guide to future performance. ³Source: Revolution and the Office for National Statistics.

Investment Report cont.

Your holdings in Marks & Spencer, Howden Joinery and Auto Trader were all notable contributors to six-month performance. In addition, having no exposure to large index constituents, British American Tobacco, Anglo American and Glencore, supported relative returns.

With regards to Marks & Spencer, the high-street retailer reported an encouraging half-year trading update in November, with revenues growing c11% year-over-year. Encouragingly, the management team's cost reduction programme also resulted in over £100 million of cost savings in the past six months, enabling the business to translate strong sales into significant profit growth. Sales have been supported by the company's investment in its store rotation and renewal programme, which has been helping attract new customers and increase its market share in both its Food and Home & Clothing divisions.

Elsewhere, the online car marketplace, Auto Trader, delivered a strong six-month trading update towards the end of the year as it attracted a record number of buyers to its platform. The company's Average Revenue Per Retailer (ARPR) grew by 12% as customers continued to adopt its additional products and services. It also made good progress in scaling its Deal Builder product which allows car buyers to value their part-exchange, apply for finance and reserve their car online. At the end of September, Auto Trader had 500 retailers trialling the service (up from 50 in March) and consumer feedback has been positive. This is encouraging as we expect the continued roll-out of this product to help expand its addressable market over the long term.

In terms of detractors, the share price of St. James's Place (SJP) fell as the company provided details of a meaningful change to its charging structure which is expected to come into effect in the second half of 2025. In summary, the drop in initial charges for Investment Bonds and Pension clients will benefit clients but will have an immediate hit to cash profits in the early years, hence the disappointing share price reaction. However, cash profits from 2026 are expected to grow strongly. In addition, over the longer term, we think the increased transparency and simplification of the fee structures should create a more attractive customer proposition. We

will continue to monitor how the regulatory backdrop impacts SJP's clients and prospective clients through our ongoing engagement with the incoming CEO, Mark Fitzpatrick, who we met in November.

Notable transactions

Portfolio turnover remained low, in line with our long-term investment time horizon. However, competition for capital was high and towards the end of the year we made the decision to sell out of the life sciences company, Abcam, the recruitment firm, FDM and the fund manager, Schroders. We used some of the proceeds to take new positions in the IT consultant, Kainos and value-add distribution group, Diploma. Also having carefully reviewed our existing holdings, we decided to add to a number of long-standing positions, including Auto Trader, Legal & General and Renishaw. The overriding rationale was clear: the stock market's volatility and indifference to the long-term attractions of growth businesses in a high-interest rate environment threw up some valuation anomalies of stocks within the portfolio and also of some businesses that we have been monitoring for some time. We therefore decided to fund these transactions from companies that we had lower levels of conviction in.

Baillie Gifford & Co, 9 January 2024

Principal Holdings as at 31 December 2023

Investment	Percentage of total Fund
Rio Tinto	4.71
AstraZeneca	4.54
Bunzl	4.39
RELX	3.82
Legal & General	3.76
Diageo	3.47
Marks & Spencer	3.41
Prudential	3.38
Unilever	3.25
Auto Trader	3.16

Material Portfolio Changes for the six months ended 31 December 2023

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
Babcock International	2,806	Baillie Gifford British Smaller Companies Fund C Acc ¹	7,361
Prudential	2,256	Abcam Plc ADR	1,794
Diploma	2,121	Schroders Plc	1,445
Legal & General	1,577	FDM Group	956
Auto Trader	1,486	Rio Tinto	481
Kainos Group	1,086	Bunzl	445
Renishaw	753	AstraZeneca	389
Rio Tinto	619	Unilever	384
Greggs	606	Prudential	373
Bunzl	577	Diageo	327

¹Baillie Gifford Investment Funds II ICVC related party.

Portfolio Statement as at 31 December 2023

Stock description	Holding	Market value £'000	% of total net assets
Baillie Gifford Pooled Funds - 0.00% (3.31%)			
Basic Materials - 6.71% (6.21%)			
Bodycote	461,969	2,747	1.17
Rio Tinto	189,198	11,053	4.71
Victrex	128,400	1,954	0.83
Consumer Discretionary - 19.29% (17.40%)			
Bellway	111,362	2,851	1.21
Burberry	256,863	3,637	1.55
Dowlais Group Plc	509,031	544	0.23
Games Workshop Group	28,504	2,805	1.20
Howden Joinery Group	844,411	6,868	2.93
Informa	710,056	5,520	2.35
Marks & Spencer	2,942,898	8,016	3.41
Persimmon	271,802	3,771	1.61
RELX	288,473	8,969	3.82
Trainline Plc	716,571	2,299	0.98
Consumer Staples - 8.16% (8.96%)			
Diageo	285,242	8,147	3.47
Greggs	88,649	2,305	0.98
Ocado	141,975	1,072	0.46
Unilever	200,979	7,636	3.25
Energy - 0.33% (0.34%)			
Enquest	5,154,396	777	0.33
Financials - 23.00% (24.03%)			
Close Brothers	220,871	1,754	0.75
Hargreaves Lansdown	325,918	2,386	1.02
Hiscox	301,358	3,176	1.35
IG Group	374,983	2,871	1.22
IntegraFin	470,193	1,421	0.60
Intermediate Capital Group	208,280	3,499	1.49

Portfolio Statement as at 31 December 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Just Group	4,438,526	3,808	1.62
Lancashire Holdings	867,090	5,406	2.30
Legal & General	3,512,147	8,819	3.76
Molten Ventures	478,616	1,329	0.56
Prudential	893,690	7,927	3.38
Sabre Insurance Gp	513,481	776	0.33
St. James's Place	728,872	4,971	2.12
Standard Chartered	879,609	5,860	2.50
Health Care - 7.68% (9.16%)			
AstraZeneca	100,533	10,654	4.54
Exscientia Ltd ADR	46,937	236	0.10
Genus	74,001	1,606	0.68
Hikma Pharmaceuticals	309,303	5,529	2.36
Industrials - 27.76% (24.51%)			
Ashtead	119,806	6,544	2.79
Babcock International	1,408,268	5,560	2.37
Breedon Group	620,065	2,242	0.96
Bunzl	323,254	10,312	4.39
Diploma	72,397	2,593	1.10
Experian	196,830	6,301	2.68
Fisher (James) & Sons	145,199	447	0.19
Halma	114,421	2,613	1.11
Inchcape	860,112	6,154	2.62
Keller	158,206	1,391	0.59
Melrose Industries	509,031	2,880	1.23
PageGroup	803,565	3,913	1.67
Renishaw	62,753	2,242	0.95
Volution Group	761,129	3,300	1.41
Weir	295,384	5,572	2.37
Wise Plc	356,189	3,113	1.33
Real Estate - 2.46% (2.37%)			
Helical	303,230	671	0.29

Portfolio Statement as at 31 December 2023 cont.

Stock description	Holding	Market value £'000	% of total net assets
Rightmove	885,123	5,095	2.17
Technology - 3.70% (2.28%)			
Auto Trader	1,031,997	7,428	3.16
Kainos Group	112,395	1,258	0.54
Portfolio of investments		232,628	99.09
Net other assets - 0.91% (1.43%)		2,135	0.91
Net assets		234,763	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules, unless otherwise stated.

Figures in brackets refer to 30 June 2023.

Fund Information

Fund and Share Information	31.12.23	30.06.23	30.06.22	30.06.21
Total net asset value of scheme property (£'000)	234,763	224,577	223,651	323,353
Synthetic Risk and Reward Indicator¹	6	6	6	6
Net asset value per share (pence)				
B Accumulation	112.24	107.22	97.27	113.82
C Accumulation	115.09	109.71	99.11	115.49
Number of shares in issue				
B Accumulation	11,289,335	13,235,254	25,649,529	27,789,038
C Accumulation	192,970,916	191,759,557	200,485,868	252,602,735
Annual Income Record	Period to 31.12.23 (pence)	Year to 30.06.23 (pence)	Year to 30.06.22 (pence)	Year to 30.06.21 (pence)
Income per share (financial period)				
B Accumulation	0.90	2.02	3.26	2.06
C Accumulation	1.00	2.43	3.80	2.53
Yearly Highest and Lowest Prices	Period to 31.12.23 (pence)	Year to 30.06.23 (pence)	Year to 30.06.22 (pence)	Year to 30.06.21 (pence)
Highest (financial period)				
B Accumulation	112.9	113.0	126.1	117.6
C Accumulation	115.7	115.5	128.1	119.3
Lowest (financial period)				
B Accumulation	99.10	91.10	96.56	88.35
C Accumulation	101.5	92.93	98.38	89.31

Fund Information cont.

Ongoing Charges Figures	31.12.23 (%)	30.06.23 (%)	30.06.22 (%)	30.06.21 (%)
Ongoing Charges Figures²				
B Accumulation	0.44	0.44	0.44	0.44
C Accumulation	0.02	0.02	0.02	0.02

You should be aware that past performance is not a guide to future performance.

¹The Synthetic Risk and Reward Indicator demonstrates where the Fund ranks in terms of its potential risk and reward on a scale from 1 (lowest) to 7 (highest). The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. Further information is included in the Risk and Reward Profile section of the Fund's interim report.

²The Ongoing Charges Figure is based on the expenses for the financial period and may vary from year to year. It excludes the cost of buying and selling assets for the Fund although custodian transaction costs are included. For further details on the costs associated with investing in the Fund please see the Enhanced Disclosure of Fund Costs and Charges document and Baillie Gifford's Funds Costs and Charges Summary, both of which are available on the website www.bailliegifford.com.

Interim Financial Statements (Unaudited)

Statement of Total Return for the six months ended 31 December 2023

	31 December 2023		31 December 2022	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		7,800		11,221
Revenue	3,174		2,849	
Expenses	(45)		(61)	
Net revenue before taxation	3,129		2,788	
Taxation	-		-	
Net revenue after taxation		3,129		2,788
Total return before distributions		10,929		14,009
Distributions		(2,013)		(1,715)
Change in net assets attributable to shareholders from investment activities		8,916		12,294

Statement of Change in Net Assets Attributable to Shareholders for the six months ended 31 December 2023

	31 December 2023		31 December 2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		224,577		223,651
Amounts receivable on issue of shares	15,998		7,642	
Amounts payable on cancellation of shares	(16,866)		(23,040)	
		(868)		(15,398)
Dilution adjustment		107		73
Change in net assets attributable to shareholders from investment activities		8,916		12,294
Retained distributions on accumulation shares		2,031		1,563
Closing net assets attributable to shareholders		234,763		222,183

Interim Financial Statements (Unaudited) cont.

Balance Sheet as at 31 December 2023

	31 December 2023 £'000	30 June 2023 £'000
Assets:		
Fixed assets:		
Investments	232,628	221,375
Current assets:		
Debtors	391	870
Cash and bank balances	2,788	4,375
Total assets	235,807	226,620
Liabilities:		
Creditors:		
Bank overdrafts	(707)	(1,667)
Other creditors	(337)	(376)
Total liabilities	(1,044)	(2,043)
Net assets attributable to shareholders	234,763	224,577

Basis for preparation

The interim financial statements have been prepared in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014.

The accounting policies applied are consistent with those in the annual financial statements for the year ended 30 June 2023 and are described in those annual financial statements.

General Information

Dilution Adjustment

A sub-fund suffers dilution (reduction) in the value of the Scheme Property attributable to it because the actual costs of buying or selling investments for the sub-fund deviate from the mid-market values generally used in calculating the price of shares in the sub-fund. Such deviation may occur as a result of the costs (which may include dealing charges and taxes) incurred in dealing in such investments and of any spread between the buying and selling prices of such investments. It is not possible to predict accurately whether dilution is likely to occur.

The COLL Rules allow the cost of dilution to be (1) met directly from the Scheme Property attributable to the sub-fund or (2) addressed by the imposition on investors of a dilution levy on the issue by the Company, subscriptions facilitated by the ACD, cancellation by the Company or redemption by the ACD of shares in the sub-fund or (3) dealt with by means of a dilution adjustment, which is the policy which has been adopted by the ACD in relation to the sub-funds of the Company. With a view to mitigating the effects of dilution, the ACD therefore reserves the right, at its sole discretion, to make a dilution adjustment in the calculation of the dealing price, and thereby swing the dealing price, of shares in any sub-fund of the Company if in its opinion the existing shareholders (for net purchases of shares) or remaining shareholders (for net redemptions of shares) might otherwise be adversely affected. By 'purchases' of shares we mean issues by the Company and subscriptions facilitated by the ACD and by 'redemptions' of shares we mean cancellations by the Company and redemptions by the ACD.

The COLL Rules acknowledge that the need to make a dilution adjustment may depend on the volume of purchases of shares or redemptions of shares. Accordingly, the ACD reserves the right at its sole discretion to impose a dilution adjustment in the following circumstances:

- (a) If the sub-fund is experiencing steady decline (net outflow of investment).
- (b) If the sub-fund is experiencing steady growth (net inflow of investment).

- (c) If the sub-fund is experiencing large levels of net purchases or net redemptions relative to its size.
- (d) Where the sub-fund experiences net purchases or net redemptions on any Dealing Day exceeding a particular value or a particular percentage of the value of the sub-fund.
- (e) In any other circumstances where the ACD believes it will be in the interests of shareholders to make a dilution adjustment.

The ACD is currently of the opinion that it is in the best interests of shareholders in the Company to make a dilution adjustment whenever dealings in the shares of any sub-fund result in shares in that sub-fund being issued or cancelled by the Company. The ACD believes that this policy should result in no significant dilution occurring. The adjustment will take account of any spread between the buying and selling prices of the relevant sub-fund's investments and the costs (which may include dealing charges and taxes) of acquiring or disposing of such investments, as the case may be.

The level of the dilution adjustment is set by the ACD based on prevailing market conditions. Where liquidity is restricted and trading in size in the portfolio's investments results in significant movement in the prices of these investments the ACD may adjust the level of the dilution adjustment to protect the interests of the ongoing investors in a sub-fund. The ACD has thresholds for the sub-funds for daily net inflows or outflows of cash into or out of the sub-funds. Above these thresholds, which vary by sub-fund and according to market conditions, the ACD will increase the dilution adjustment to reflect the increased dealing costs incurred by the sub-funds as a result of larger inflows and outflows. A consequence of this policy is, however, that smaller transactions made on any day that the relevant threshold is exceeded will also trade at the price incorporating the higher adjustment and this may lead to increased dealing costs. Whether an adjustment may be necessary will depend upon the net movement into or out of a sub-fund on any given day and on the underlying market conditions on that day and it is therefore not possible to predict when an adjustment may be made.

General Information cont.

Dilution Adjustment cont.

On any Dealing Day when the Company neither issues nor cancels shares in a sub-fund the price of shares in that sub-fund will not contain any dilution adjustment.

This policy to swing the dealing price will be subject to regular review and may change. The ACD's decision on whether or not to make a dilution adjustment, and on what level of adjustment to make in particular circumstances or generally, will not prevent it from making a different decision in similar circumstances in the future.

Where a dilution adjustment is applied, it will increase the dealing price when there are net inflows into the relevant sub-fund and decrease the dealing price when there are net outflows. The dealing price of each class of share in a sub-fund will be calculated separately but any dilution adjustment will in percentage terms affect the dealing price of shares of each class identically.

On the occasions when no dilution adjustment is made there may be an adverse impact on the value of the Scheme Property attributable to the relevant sub-fund.

Stamp Duty Reserve Tax (SDRT)

Generally, there will be no charge to SDRT when shareholders surrender or redeem shares. However, where the redemption is satisfied by a non-pro rata in specie redemption, then a charge of SDRT may apply.

Taxation Reporting

In order to fulfil its legal obligations, the ACD is required to collect and report certain information about shareholders (and in some circumstances the shareholder's controlling persons), including their identity, tax residency, tax status and financial information relating to their shareholding. Shareholders must provide the ACD with any information required to meet these obligations, and may also be asked to provide self-certifications and tax reference numbers or the equivalent. The ACD reserves the right to refuse an

application for shares or a transfer of shares until it receives a declaration as to the shareholder's tax residency or status in the form prescribed by the ACD.

The ACD is also required to provide to HMRC certain information regarding shareholders, payments made to shareholders and proceeds arising on the disposal of shares, and HMRC may pass such information on to the tax authorities of another jurisdiction.

Share Classes

The net asset value of each sub-fund, net asset value per share and the number of shares in each class are shown in the Fund Information sections of the relevant sub-fund. In each sub-fund all share classes have the same rights on winding up.

Where Class C Shares are available, they are only available to persons to whom an associate of the ACD provides services under an investment management agreement or who has a separate fee arrangement with the ACD or one of its associates.

Class H Shares are only available to persons who have, or whose agent or associate has a separate agreement in place with the ACD or one of its associates.

Class J Shares are only available to persons who have, or whose agent or associate has, a separate agreement, governing aggregate investment flows and marketing activity, in place with the ACD or one of its associate.

Class P Shares are available to persons who: (i) are considered by the ACD to be institutional pension platforms and who have a relevant agreement with the ACD or an associate of the ACD; or (ii) are otherwise considered appropriate by the ACD at its sole discretion.

Class W Shares are only available to persons who have, or whose agent has, a separate fee arrangement with the ACD or one of its associates in relation to the relevant Class W Shares.

General Information cont.

Share Classes cont.

Class Y Shares of Baillie Gifford Sustainable Growth Fund are only available to former unitholders of Phoenix Global Growth Fund which merged into Baillie Gifford Sustainable Growth Fund on 5 December 2015 via a scheme of arrangement or such other persons as the ACD may permit as its sole discretion.

Class Y Shares of Baillie Gifford Health Innovation Fund are only available to persons who: (i) have an agreement with the ACD or one of its associates; and (ii) make their initial investment in the sub-fund within the first six months of the sub-fund's launch (being 15 December 2020).

The minimum lump sum investment amounts are shown in the table on page 110.

Equalisation

The Company will operate grouping for equalisation. Each class of shares will operate its own equalisation account. Shares subscribed for during a distribution period are called Group 2 shares. Shares subscribed for during any previous distribution period are called Group 1 shares. Group 2 shares contain in their subscription price an amount called equalisation which represents a proportion of the net income of the sub-fund that has accrued up to the date of subscription. The amount of equalisation is averaged across all the shareholders of Group 2 shares and is refunded to them as part of their first distribution and is treated as a return of capital for tax purposes. Being capital it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

An 'income equalisation-like' mechanism will be operated by the ACD for conversions. The ACD will ensure that the mechanism is operated to ensure fair treatment of those converting their shares and other shareholders in the affected classes.

Fund Charges and Costs

For further details on the costs associated with investing in the sub-funds of the ICVC, please see the Enhanced Disclosure of Fund Costs and Charges document and Baillie Gifford's Funds Costs and Charges Summary, both of which are available on the website www.bailliegifford.com.

Conflicts of Interest

From time to time, there may be situations that give rise to a material interest or conflict of interest. Such interests can arise between the interests of the ACD, the Investment Adviser, other persons associated with them and the interests of the sub-funds and their shareholders. A material interest or a conflict of interest can also arise between the interests of different shareholders. In such circumstances the ACD will put in place effective organisational and administrative arrangements to manage and monitor the material interest or conflict of interest in a way that ensures shareholders are treated fairly, or where it is impractical to manage the conflict, it will be disclosed.

The ACD, the Investment Adviser and other persons associated with them may, from time to time, act as authorised corporate directors, investment managers or advisers to other persons, companies or funds which follow similar investment objectives to the sub-funds. It is therefore possible that the ACD and/or the Investment Adviser may in the course of their business have potential conflicts of interest with the Company or a particular sub-fund. Each of the ACD and the Investment Adviser will, however, have regard in such event to, amongst other things, its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients, when undertaking any investment where potential conflicts of interest may arise. The Depositary may, from time to time, act as the depositary or trustee of other companies or funds.

General Information cont.

Conflicts of Interest cont.

Full details of the ACD's conflicts of interest policy can be inspected at the offices of the ACD at Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN during normal business hours.

Third Party Data Provider Disclaimers

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.

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, judgments, 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.

MSCI Index Data

The MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or

guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an 'as is' basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the 'MSCI Parties') expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com)

FTSE Russell 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 owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

TOPIX Index Data

The TOPIX Index Value and the TOPIX Marks are subject to the proprietary rights owned by JPX Market Innovation & Research, Inc. or affiliates of JPX Market Innovation & Research, Inc. (hereinafter collectively referred to as "JPX") and JPX owns all rights and know-how relating to TOPIX such as calculation, publication and use of the TOPIX Index Value and

General Information cont.

Third Party Data Provider Disclaimers cont.

relating to the TOPIX Marks. JPX shall not be liable for the miscalculation, incorrect publication, delayed or interrupted publication of the TOPIX Index Value.

Taskforce on Climate-related Financial Disclosures

Following the adoption of the Taskforce on Climate-related Financial Disclosures' ('TCFD') recommendations into the FCA's ESG sourcebook, Baillie Gifford & Co Limited is required to publish its 'TCFD entity report' by 30 June each year, detailing how in its role as ACD it takes climate-related matters into account in managing investments on behalf of clients and consumers. The regulations also require the ACD to prepare a TCFD product report for each sub-fund on how climate-related matters are taken into account within the sub-fund, including a core set of climate-related metrics. The reports must be made available on the ACD's website and a clear and prominent signpost to the product report for each authorised sub-fund must be included within each set of annual and interim financial statements. The latest product reports covering the period to 31 December 2022 are available in the website via this link:[Literature/Individual Investors/Baillie Gifford](#)

General Information cont.

Minimum Lump Sum Investment Amounts and Annual Management Charge

	Class B ¹	Class C	Class H	Class J	Class P	Class W	Class Y
Minimum lump sum investments:							
Baillie Gifford Health Innovation Fund	£100,000	£250,000	n/a	n/a	n/a	n/a	£1,000
Baillie Gifford Japanese Income Growth Fund	£100,000	£250,000	n/a	n/a	n/a	£1,000	n/a
Baillie Gifford Sterling Aggregate Bond Fund	£100,000	£250,000	n/a	n/a	n/a	n/a	n/a
Baillie Gifford Sustainable Growth Fund	£100,000	£250,000	n/a	£1,000	n/a	n/a	£1,000
Baillie Gifford Sustainable Income Fund	£100,000	£250,000	£1,000	£1,000	£250,000	n/a	n/a
Baillie Gifford UK Equity Core Fund	£100,000	£250,000	n/a	n/a	n/a	n/a	n/a
Annual management charge:							
Baillie Gifford Health Innovation Fund	0.50%	Nil	n/a	n/a	n/a	n/a	0.50% ³
Baillie Gifford Japanese Income Growth Fund	0.60%	Nil	n/a	n/a	n/a	Note2	n/a
Baillie Gifford Sterling Aggregate Bond Fund	0.35%	Nil	n/a	n/a	n/a	n/a	n/a
Baillie Gifford Sustainable Growth Fund	0.50%	Nil	n/a	0.35%	n/a	n/a	Note4
Baillie Gifford Sustainable Income Fund	0.50%	Nil	0.25%	0.35%	0.35%	n/a	n/a
Baillie Gifford UK Equity Core Fund	0.42%	Nil	n/a	n/a	n/a	n/a	n/a

¹The minimum initial investment and minimum holding do not apply to persons who, as at 29 February 2022, had or continue to have a direct holding in the range of funds managed by the ACD. For such persons, the applicable minimum initial investment is £1,000 and the minimum holding is £1,000.

²Where the combined net asset value of the relevant Class W Shares (accumulation and income) is equal to or greater than £100 million, the following fee scale will be applied to the whole of the net asset value of the relevant Class W Shares:

- 0.60% on the first £30 million;
- 0.50% on the next £20 million; and
- 0.40% thereafter.

Where the combined net asset value of the relevant Class W Shares (accumulation and income) is less than £100 million a rate of 0.60% shall be applied to the whole of the net asset value of the relevant Class W Shares.

³The annual management charge for Class Y Shares increased to 0.5% on the third anniversary of the launch of the Baillie Gifford Health Innovation Fund on 16 December 2023.

⁴The following fee scale will be applied to the whole of the net asset value of the Y accumulation shares: 0.50% on the first £60 million and 0.35% thereafter.

General Information cont.

Active Share

Active Share is a measure of how actively managed a sub-fund is and is calculated by taking 100 minus the % of the sub-fund that overlaps with the comparative index. The Active Share as at the period end and the comparative index, for sub-funds which invest primarily in equities, is shown in the table below. The Active Share has been shown against this index to highlight the active management style against what is deemed to be the most relevant index for each sub-fund.

Sub-fund	Active Share	Comparative Index
Baillie Gifford Health Innovation Fund	100%	MSCI ACWI Index
Baillie Gifford Japanese Income Growth Fund	85%	TOPIX
Baillie Gifford Sustainable Growth Fund	90%	MSCI ACWI Index
Baillie Gifford UK Equity Core Fund	74%	FTSE All-Share Index

Active Share has not been shown for sub-funds with holdings in bonds as other factors, such as the economic exposure of a holding in a bond, are not taken in to consideration. As a result, Active Share does not give as clear an indication for these sub-funds of the magnitude of the difference between sub-fund and the comparative index.

Portfolio Turnover Ratio

Portfolio Turnover Ratio is a measure of portfolio change or trading activity in a Fund. It is calculated as the minimum of purchases and sales in a month, divided by the average market value of the Fund. The annual turnover is then calculated as the sum of the monthly turnover figures for the 12 month period.

Sub-fund	Portfolio Turnover Ratio
Baillie Gifford Health Innovation Fund	7%
Baillie Gifford Japanese Income Growth Fund	6%
Baillie Gifford Sustainable Growth Fund	28%
Baillie Gifford UK Equity Core Fund	5%

In addition, Portfolio Turnover Ratio has not been disclosed for Baillie Sterling Aggregate Bond Fund and Baillie Gifford Sustainable Income Fund because the ACD does not consider it an appropriate measure for fixed income funds.

The Group's Funds

Baillie Gifford Bond Funds ICVC

Baillie Gifford Emerging Markets Bond Fund¹
 Baillie Gifford High Yield Bond Fund
 Baillie Gifford Investment Grade Bond Fund
 Baillie Gifford Investment Grade Long Bond Fund²
 Baillie Gifford Strategic Bond Fund

Baillie Gifford Investment Funds ICVC

Baillie Gifford Climate Optimism Fund
 Baillie Gifford Diversified Growth Fund
 Baillie Gifford Long Term Global Growth Investment Fund
 Baillie Gifford Multi Asset Growth Fund
 Baillie Gifford Positive Change Fund
 Baillie Gifford Sustainable Multi Asset Fund

Baillie Gifford Investment Funds II ICVC

Baillie Gifford Health Innovation Fund
 Baillie Gifford Japanese Income Growth Fund
 Baillie Gifford Sterling Aggregate Bond Fund
 Baillie Gifford Sustainable Growth Fund
 Baillie Gifford Sustainable Income Fund
 Baillie Gifford UK Equity Core Fund

Baillie Gifford Overseas Growth Funds ICVC

Baillie Gifford American Fund
 Baillie Gifford China Fund
 Baillie Gifford Developed Asia Pacific Fund
 Baillie Gifford Emerging Markets Growth Fund
 Baillie Gifford Emerging Markets Leading Companies Fund
 Baillie Gifford European Fund
 Baillie Gifford Global Discovery Fund
 Baillie Gifford Japanese Fund
 Baillie Gifford Japanese Smaller Companies Fund
 Baillie Gifford Pacific Fund

Baillie Gifford UK & Balanced Funds ICVC

Baillie Gifford British Smaller Companies Fund³
 Baillie Gifford Global Alpha Growth Fund
 Baillie Gifford Global Alpha Paris-Aligned Fund
 Baillie Gifford Global Income Growth Fund
 Baillie Gifford International Fund
 Baillie Gifford Managed Fund
 Baillie Gifford Responsible Global Equity Income Fund
 Baillie Gifford UK and Worldwide Equity Fund
 Baillie Gifford UK Equity Alpha Fund
 Glenfinlas Global Fund⁴

¹On 22 January 2024 the ACD wrote to investors to notify them of the intention to close the Fund on 22 April 2024.

²With effect from 6 December 2023 Baillie Gifford Investment Grade Long Bond Fund is no longer available for subscription.

³Baillie Gifford British Smaller Companies Fund is no longer available for subscription.

⁴Glenfinlas Global Fund is no longer available for subscription.

**For further information about the Funds or
Baillie Gifford's range of funds, please:**

Contact us at: Client Relations Team
Baillie Gifford & Co Limited,
Calton Square, 1 Greenside Row,
Edinburgh EH1 3AN

Call our Client Relations Team on 0800 917 2113. Your call may be recorded for training or monitoring purposes.

Visit our website at www.bailliegifford.com, or email us on trusenquiries@bailliegifford.com.

Or fax us on 0131 275 3955.

