

## **Mitteilung an alle Anteilseigner der Baillie Gifford Fonds:**

Anbei finden Sie die Information der Gesellschaft, folgender Fond ist betroffen:

**GB0005858195 Baillie Gifford UK + Balanced ICVC UK Equity Alpha - Accum B GBP CAP**

Details können Sie der beigefügten Anlage entnehmen.



Baillie Gifford & Co Limited  
Registered Office:  
Calton Square, 1 Greenside Row, Edinburgh EH1 3AN

Client Relations 0800 917 2113  
Dealers 0800 917 4751 Fax +44 (0)131 275 3954  
trustenquiries@baillieghifford.com

www.baillieghifford.com

Banque de Luxembourg  
14 Boulevard Royal  
L-2449  
Luxembourg

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*If there is anything in this letter which you do not understand or if you are in any doubt as to what action to take, you should consult with an adviser authorised under the Financial Services and Markets Act 2000 immediately.*

Dear Shareholder

**Baillie Gifford UK Equity Alpha Fund (the "Fund"), a sub-fund of Baillie Gifford UK & Balanced Funds (the "ICVC") – Changes to Investment Policy, and reduction in the annual management charge of the Fund**

### **Portfolio Changes**

We are writing to inform you of changes that we are making to the current portfolio of the Fund and the annual management charge for some share classes (as detailed more fully below), please be assured that these changes will not change the risk profile of the Fund.

We are amending the number of stocks that the portfolio will hold from a maximum of 40 to a range of between 30 to 50.

This change requires us to update the investment policy of the Fund which we have set out below, so that you can see the change in full.

You do not need to take any action in relation to these changes as they will take place automatically on 1 November 2021 but we are required to give you advance notice of the changes under the rules of the Financial Conduct Authority.

### **Why are we making these changes?**

The Fund is currently managed on a concentrated basis and may currently hold a maximum of 40 lines of stock. We have reviewed the number of holdings at 6-month intervals over the last 5 years and this analysis showed that the Fund held an average of 33 holdings.

The widening of the range of holdings is being proposed following a change in the personnel responsible for the day-to-day investment management of the Fund. The current lead fund manager

Baillie Gifford & Co Limited  
Registered in Scotland: No 69524.

London Office: 1<sup>st</sup> Floor, Grimaldi House, 28 St James's Square, London, SW1Y 4JH  
Tel. 0800 027 7170 Fax 0207 054 6005

Authorised and regulated by the  
Financial Conduct Authority.

Member of The Investment  
Association.

plans to retire in the second quarter of 2022 and in planning for this, a new fund manager has been identified and will co-manage the Fund for a period until the current lead manager retires. The new fund manager prefers to invest in a greater number of holdings than the current lead fund manager.

#### **What is a concentrated fund?**

A concentrated fund is one that holds fewer individual investments than other comparable funds and therefore, there may be greater performance volatility over shorter time periods. However, we believe that in comparison with the number of current holdings, the Fund will be managed on a less concentrated basis.

#### **Are there any costs associated with these changes?**

We anticipate some changes to the Fund's portfolio to reflect the management style of the new fund manager. Our intention is to make any changes to the portfolio in an orderly manner and over an extended period of time (up to seven months), so as to minimise the disruption and cost to the portfolio as far as possible.

Projecting the costs of implementing investment decisions is not an exact science. The costs that are incurred in connection with any acquisition or disposal of assets within the portfolio are either "direct" or "indirect". Direct costs are those such as brokerage charges, taxes and custodian's fees. Indirect costs include market impact costs and market spread.

Based on the current portfolio and current market views, we reasonably estimate that the direct costs likely to be incurred in making any changes to the portfolio will be around 0.35% of the Fund's net asset value. Given the very nature of the indirect costs, we are unable to provide any meaningful estimate of these as they are hard to define and measure but, where we can, we will seek to control or reduce any such costs as the changes to the portfolio are implemented, acting at all times in the shareholders' best interests.

#### **Reduction in Charges**

With effect from 1 October 2021, we will be reducing the current annual management charge and ongoing charges figure of share classes A, B and G of the Fund.

The reductions to these charges are as follows:

	<b>Current charge</b>	<b>New charge</b>
<b>Annual management charge (Class A)</b>	1.40%	1.32%
<b>Ongoing charges figure (Class A)</b>	1.42%	1.34%
<b>Annual management charge (Class B)</b>	0.55%	0.47%

Ongoing charges figure (Class B)	0.56%	0.48%
Annual management charge (Class G)	0.50%	0.47%
Ongoing charges figure (Class G)	0.51%	0.48%

These changes align the charges of the Fund with other similar funds of the ICVC.

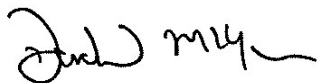
There are no costs associated with the reduction in annual management charge. We believe that the reduced charges will provide investors in these share classes with better value.

#### **Further Information**

Both NatWest Trustee and Depositary Services Limited as the depositary of the ICVC and the Financial Conduct Authority have been advised of the changes that we are making to the Fund.

If you have any queries about these changes, please do not hesitate to contact our Client Relations Team on 0800 917 2113. Your call may be recorded for training or monitoring purposes.

Yours faithfully,

A handwritten signature in dark ink, appearing to read 'Derek S McGowan'.

**Derek S McGowan**  
**Director**

**Baillie Gifford & Co Limited as Authorised Corporate Director of Baillie Gifford UK & Balanced Funds ICVC**

## Revised Investment Policy of the Fund

### Investment Policy

The Sub fund will invest at least 80% in shares of UK companies, being those which are incorporated, domiciled or conducting a significant portion of their business in the UK. The Sub fund will be actively managed and may invest in UK companies of any size and in any sector. The Sub fund will behave a concentrated portfolio with a maximum of 40~~between 30 to 50~~ holdings.

The Sub fund may also invest in companies which are listed, quoted or traded in the UK.

To the extent that the Sub fund is not fully invested in such shares of UK companies, the Sub fund may also invest in other transferable securities of UK companies, deposits and cash. The Sub fund may not invest in or otherwise use derivatives.

*Note: Words to be inserted shown by underline. Words to be removed are shown by strikethrough.*

Class of Shares	ISIN
A Accumulation	GB0005857783
A Income	GB0005857569
B Accumulation	GB0005858195
B Income	GB0005857908
C Accumulation	GB0005864920
G Accumulation	GB00BF8GMK85