



British Smaller Companies Fund

30 July 2010

Financial Express

Crown Rating

FUND AIMS

Aims to achieve good returns, principally through capital growth, by investing, whether directly or indirectly, in the United Kingdom, principally in smaller companies, in any economic sector. The ACD will determine from time to time what constitutes smaller companies.

INVESTMENT REPORT

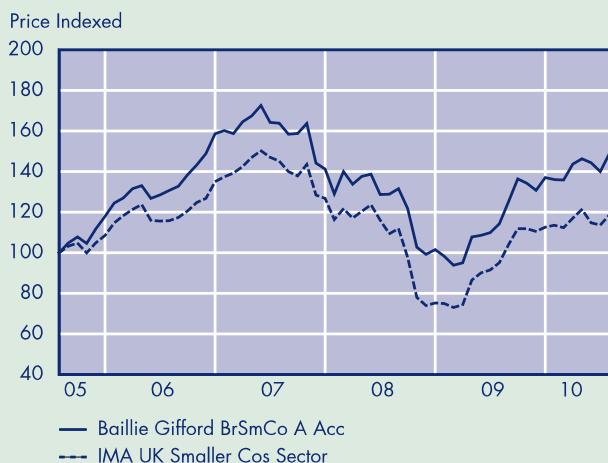
- In the six months to 31 July 2010, the Fund has risen 9.4%, compared to a fall of 3.3% in the FTSE Small Cap (ex Investment Trusts) Index.
- The Fund sold its holding in the asset manager Rathbone Brothers and reduced its holding in the industrial company Morgan Crucible following a strong recovery in the share price.
- The Fund retains a focus on companies with strong earnings and cash flow growth characteristics as we believe that these stocks will perform better in the longer term.

GENERAL INFORMATION

Fund Manager: Douglas Brodie
 Launch Date: 1 November 1993
 Fund Size: £209.63m
 IMA Sector: UK Smaller Companies

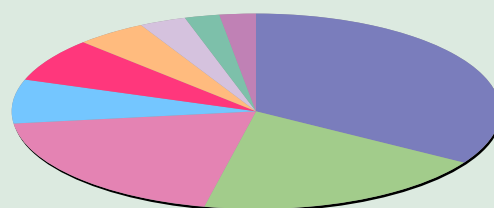
*All data as at 30 July 2010 and source Baillie Gifford unless otherwise stated.
 Performance source: Financial Express, single pricing basis, net income reinvested.*

FUND PERFORMANCE



SECTOR ANALYSIS OF TOTAL ASSETS

■ Industrials 33.8%
■ Consumer Services 19.6%
■ Financials 19.6%
■ Health Care 7.3%
■ Technology 7.2%
■ Basic Materials 4.7%
■ Oil & Gas 3.1%
■ Others 2.3%
■ Cash 2.4%



TOP TEN HOLDINGS

Holdings	% of Total Assets
1 Abcam	4.8
2 Victrex	4.5
3 SDL	3.5
4 Asos	3.4
5 Shafesbury	3.3
6 Hargreaves Lansdown	3.2
7 Hardy Underwriting Bermuda	3.2
8 Diploma	3.1
9 Dignity	2.6
10 Genus	2.5
	<u>34.1</u>

Past performance is not a guide to future performance.

STANDARDISED PAST PERFORMANCE

	30/06/05	30/06/06	30/06/07	30/06/08	30/06/09	30/06/10
Class A - Acc	30.5%	27.8%	-21.6%	-14.6%	27.4%	
Sector Average	19.2%	27.2%	-21.1%	-21.2%	23.9%	

CHARGES AND PERFORMANCE

	Initial charge	Annual charge	Historic Yield
Class A - Acc	5.00%	1.50%	1.5%
Class B - Inc	1.00%	0.65%	2.2%
Class B - Acc	1.00%	0.65%	2.2%

	6 Months	1 Year	3 Years	5 Years
Class A - Acc	9.44%	30.29%	-9.11%	48.91%
Sector Ranking	9/58	12/58	13/55	5/46
Sector Average	4.71%	24.93%	-17.55%	17.95%

Performance figures reflect the annual charge but exclude any initial charge paid.

BAILLIE GIFFORD BRITISH SMALLER COMPANIES FUND ('the Fund')

The Fund is a sub-fund of the Baillie Gifford UK & Balanced Funds ICVC (Investment Company with Variable Capital) which is an umbrella Open-Ended Investment Company. Its Authorised Corporate Director ('ACD') is Baillie Gifford & Co Limited.

The share price is calculated daily at 10.00am and is based on the mid value of the underlying assets of the Fund, known as the net asset value. All shares are single priced.

You should be aware of a number of risk factors:

Investment markets can go down as well as up and market conditions can change rapidly. The value of an investment in the Fund, and any income from it, can fall as well as rise and investors may not get back the amount invested.

The specific risks associated with the Fund include:

The share prices of smaller companies may vary more than those of larger companies and they may be harder to sell. Smaller companies may do less well in unfavourable economic conditions.

Further details of the risks associated with investing in the Fund can be found in the Simplified Prospectus, copies of which are available at www.bailliegifford.com or the full Prospectus which is available by calling the ACD.

Further Information

A full statement of all the terms and conditions for our products is available by contacting us as below. Any comments expressed in this factsheet should not be taken as a recommendation or advice.

This factsheet does not provide you with all the facts that you need to make an informed decision about investing in the Fund. You need to read the associated Simplified Prospectus and decide whether to contact an authorised intermediary. If you do not already have a copy, please call us on the number below. The Simplified Prospectus details your cancellation rights (if any) and shows you how charges and expenses might affect your investment.

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For further information about the Fund or Baillie Gifford's range of OEICs, please contact us at the above address, call our Client Relations Team free on **0800 917 2113**, (telephone calls may be recorded), visit our website at www.bailliegifford.com, or fax us on **0131 275 3955**.

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