

FUND AIMS

Aims to achieve long term capital growth at lower risk than equity markets by investing in a diversified portfolio of assets.

INVESTMENT REPORT

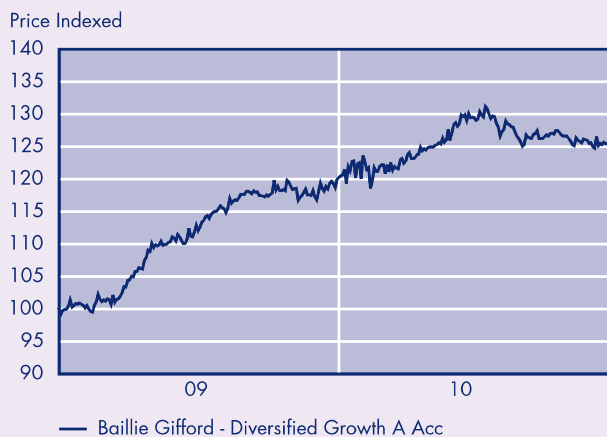
- Equities and other economically-exposed assets were buoyed in July by positive announcements on corporate profits and relief over benign results from the European bank stress tests. The Fund return was relatively flat over the month.
- Whilst we have a cautious outlook given our concerns about heightened macro-economic risks, we are still seeing a range of attractive investment opportunities. For example, emerging market bonds are likely to benefit from significant appreciation of emerging market currencies relative to developed currencies over the medium term. We also see attractions in a number of less economically sensitive assets such as insurance-linked bonds, infrastructure and absolute return funds. The Fund's exposure to equities and other economically exposed assets remains relatively modest.
- Performance since inception remains strong and has been delivered with a relatively low level of volatility.

GENERAL INFORMATION

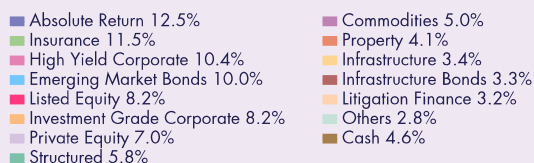
Fund Managers: Patrick Edwardson / Mike Brooks
 Launch Date: 22 December 2008
 Fund Size: £68.03m
 IMA Sector: Specialist

All data as at 30 July 2010 and source Baillie Gifford unless otherwise stated.
 Performance source: Financial Express, single pricing basis, net income reinvested.
 *Performance since Class A launch 29 May 2009.

FUND PERFORMANCE



SECTOR ANALYSIS OF TOTAL ASSETS



TOP TEN HOLDINGS

Holdings	% of Total Assets
1 Baillie Gifford Corporate Bond Fund	8.3
2 Baillie Gifford High Yield Bond Fund	8.1
3 Baillie Gifford Emerging Markets Bond Fund	7.0
4 Eifs Physical Gold	4.5
5 Commerzbank European Defensive Premia Fund	2.3
6 Brazil CPI Linked 15/05/2045	2.3
7 Juridica Investments	2.2
8 Baillie Gifford Global Income Fund	2.1
9 Baillie Gifford Global Alpha Growth Fund	2.0
10 Baillie Gifford LTGG Fund	2.0
	<u>40.8</u>

STANDARDISED PAST PERFORMANCE

	30/06/05	30/06/06	30/06/07	30/06/08	30/06/09
Class A - Acc	N/A	N/A	N/A	N/A	24.4%

CHARGES AND PERFORMANCE

	Initial charge	Annual charge	Historic Yield
Class A - Inc	5.00%	1.50%	3.0%
Class A - Acc	5.00%	1.50%	3.0%
Class B - Acc	1.00%	0.65%	3.1%

	6 Months	1 Year	3 Years	Since Launch*
Class A - Acc	3.62%	18.31%	N/A	25.61%

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

BAILLIE GIFFORD DIVERSIFIED GROWTH FUND ('the Fund')

The Fund is a sub-fund of the Baillie Gifford Investment 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:

Corporate bonds are generally perceived to carry a greater possibility of capital loss than investment in, for example, higher rated UK government bonds.

Bonds issued by companies and governments may be adversely affected by changes in interest rates and expectations of inflation.

The Fund invests in emerging markets which could go down or up more than the main international markets.

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.

Investments may be made directly in hedge funds and insurance-linked bonds or, through specific investment vehicles into property, infrastructure, private (unlisted) companies and commodities. Returns from these investments are sensitive to various factors including interest and exchange rates, economic growth prospects and inflation, and the cost and availability of gearing (debt finance).

The Fund's use of derivatives may impact on its performance.

Market values for securities which have become difficult to trade may not be readily available and there can be no assurance that any value assigned to such securities will accurately reflect the price the Fund might receive upon their sale.

Changes in the rates of exchange may cause the value of your investment (and any income it may pay) to go down.

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.

This factsheet has been issued and approved by Baillie Gifford & Co Limited (FSA Register 119179), which is authorised and regulated by the Financial Services Authority, and which is wholly owned by Baillie Gifford & Co (FSA Register 142597), which is also authorised and regulated by the Financial Services Authority of 25 The North Colonnade, Canary Wharf, London, E14 5HS. Our address is Baillie Gifford & Co Limited, Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN, Scotland.

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**.