

## FUND AIMS

Aims to achieve a total return, before charges and expenses payable out of the Fund, in excess of the total return on the J.P. Morgan GBI-EM Global Diversified Index un-hedged in sterling, or any successor or substitute index, in each case as modified from time to time. A portion of the Fund may be invested in other assets, including derivatives, both for investment as well as hedging purposes.

## INVESTMENT REPORT

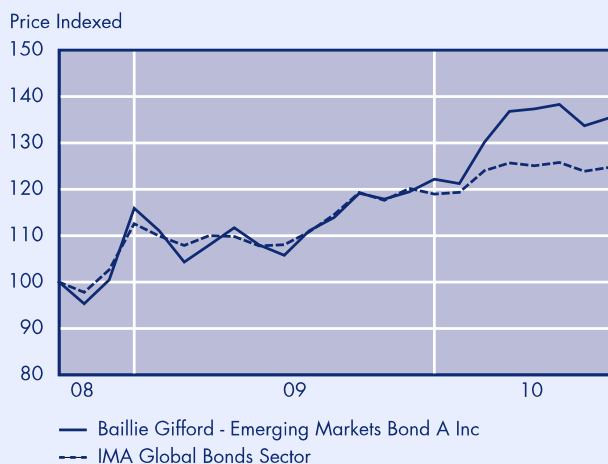
- In the 12 months to 31 July 2010, the Fund returned 21.9%, compared to the GBI-EM Global Diversified Index (un-hedged in £) return of 23.3%, in sterling terms.
- Emerging market bond yields fell and currencies strengthened versus the US\$ over the month. Eastern European currencies were the best performers, reversing some of their previous weakness as sovereign debt concerns in the Eurozone receded.
- Growth continues to be strong but there are signs that data is slowing in China, albeit to levels still consistent with high single digit growth. Inflation is falling in most emerging markets, putting less pressure on central banks to tighten policy.
- During the month, we took off our position in Brazilian bonds and added to South Africa. In currencies, we remain overweight in various emerging market currencies against a basket of developed market currencies.

## GENERAL INFORMATION

Fund Managers: Gordon Brown / Sally Greig  
 Launch Date: 25 June 2008  
 Fund Size: £39.56m  
 IMA Sector: Global Bonds

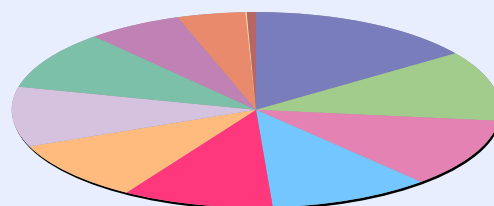
All data as at 30 July 2010 and source Baillie Gifford unless otherwise stated.  
 Performance source: Financial Express, single pricing basis, net income reinvested.  
 \*Performance since Class A launch 22 September 2008.

## FUND PERFORMANCE



## GEOGRAPHIC ANALYSIS OF TOTAL ASSETS

■ South Africa 15.2%    ■ Brazil 9.9%  
 ■ Hungary 11.6%    ■ Turkey 9.7%  
 ■ Malaysia 11.4%    ■ Colombia 6.3%  
 ■ Indonesia 10.7%    ■ Thailand 4.5%  
 ■ Poland 10.0%    ■ Others 0.1%  
 ■ Mexico 10.0%    ■ Cash 0.6%



## TOP TEN HOLDINGS

Holdings	% of Total Assets
1 South Africa 10.5% 21/12/2026	9.8
2 Hungary 7.5% 12/11/2020	7.5
3 Brazil 10% 01/01/2012	7.4
4 Mexico 8% 17/12/2015	7.0
5 Poland 5% 24/10/2013	5.5
6 Turkey 16% 07/03/2012	4.7
7 Indonesia 11% 15/09/2025	4.5
8 South Africa 13.5% 2015	4.4
9 Hungary 6.75% 12/02/2013	4.1
10 Colombia 12% 22/10/2015	4.1
	<u>59.0</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
	30/06/06	30/06/07	30/06/08	30/06/09	30/06/10
Class A - Inc	N/A	N/A	N/A	N/A	26.4%
Sector Average	-0.7%	-1.9%	7.5%	10.2%	15.6%

There are not 5 full years of performance shown because the Fund A Inc shares were first issued 22 September 2008.

## CHARGES AND PERFORMANCE

	Initial charge	Annual charge	Distribution & Underlying Yield
Class A - Inc	3.50%	1.30%	6.6%
Class B - Inc	0.50%	0.65%	7.3%

	6 Months	1 Year	3 Years	Since Launch*
Class A - Inc	11.70%	21.91%	N/A	33.08%
Sector Ranking	3/61	8/60	-/51	23/56
Sector Average	4.64%	13.25%	43.50%	29.79%

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

## **BAILLIE GIFFORD EMERGING MARKETS BOND FUND ('the Fund')**

The Fund is a sub-fund of the Baillie Gifford Bond Funds ICVC (Investment Company with Variable Capital) which is an umbrella Open-Ended Investment Company ('OEIC'). 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.

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

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

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

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

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](http://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](http://www.bailliegifford.com), or fax us on **0131 275 3955**.