

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 FTSE Actuaries All Stock Gilt Index by investing primarily in a portfolio of UK Government bonds. Accordingly, a portion of the Fund may be invested in other assets, including derivatives, both for investment as well as hedging purposes.

INVESTMENT REPORT

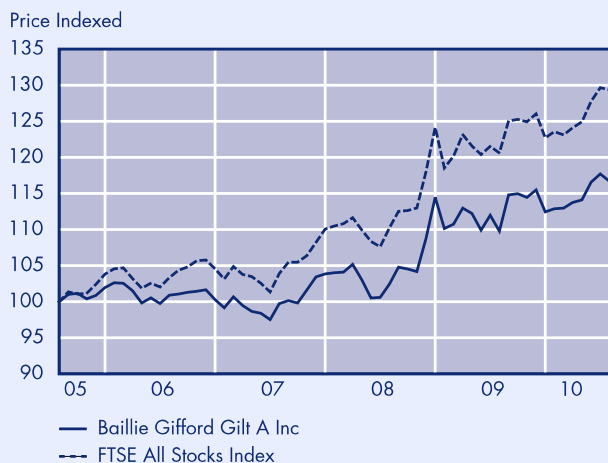
- In July, the FTSE All Stock Gilt Index fell by 0.2%.
- The Bank of England left policy rates unchanged at 0.5% in July as expected and was fairly downbeat in the minutes thereafter.
- This contributed to shorter-dated bond yields falling slightly, whilst longer-dated yields rose.
- However, market expectations for UK growth have improved over the month, with the release of Q2 GDP, which at 1.1% QoQ was better than expected. Retail sales and the unemployment rate also pointed to a recovering economy. Sterling rose against the dollar and the euro.
- The Fund is placed to benefit from long-dated bonds performing better than shorter-dated bonds, due to supply dynamics. It is also positioned to benefit from a rise in yields as growth improves.

GENERAL INFORMATION

Fund Manager: Sally Greig / Gordon Brown
 Launch Date: 27 April 1992
 Fund Size: £89.81m
 IMA Sector: Unclassified

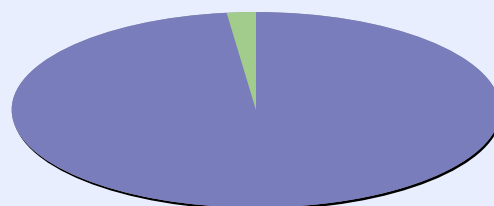
All data as at 30 July 2010 and source Baillie Gifford unless otherwise stated.
 Performance source: Financial Express, single pricing basis, net income reinvested.

FUND PERFORMANCE



SECTOR ANALYSIS OF TOTAL ASSETS

■ UK Government Bonds 98.1% ■ Others 1.9%



TOP TEN HOLDINGS

Holdings	% of Total Assets
1 Treasury 5% 07/03/2018	14.6
2 Treasury 4.25% 07/06/2032	12.7
3 Treasury 4.75% 07/03/2020	12.1
4 Treasury 2.25% 07/03/2014	10.0
5 Treasury 5% 07/03/2012	9.2
6 Treasury 5% 07/03/2025	7.9
7 Treasury 4.75% 07/09/2015	7.4
8 Treasury 4.75% 07/12/2038	4.8
9 Treasury 4.25% 07/03/2011	4.1
10 Treasury 4.25% 7/12/2055	3.9
	<u>86.7</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 - Inc	-0.6%	-2.2%	3.2%	11.3%	5.1%	
FTSE All Stocks	1.4%	-0.7%	6.2%	12.9%	6.7%	

CHARGES AND PERFORMANCE

	Initial charge	Annual charge	Distribution & Underlying Yield
Class A - Inc	5.00%	1.00%	2.5%
Class A - Acc	5.00%	1.00%	2.5%
Class B - Inc	1.00%	0.40%	3.0%

	6 Months	1 Year	3 Years	5 Years
Class A - Inc	3.41%	6.34%	17.04%	16.73%

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

BAILLIE GIFFORD GILT 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. 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:

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 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**.

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