



High Yield Bond Fund

30 July 2010

Financial Express

Crown Rating

OBSR

Fund Rating **A**

FUND AIMS

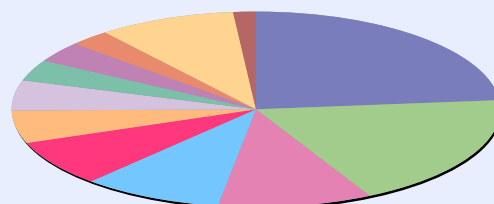
Aims to achieve a high level of total return by investing in a diversified portfolio consisting primarily of sub-investment grade UK and overseas corporate bonds, ranging from unrated to BB+ (source S&P). There are no restrictions on the duration of the bonds held within the Fund. A portion of the Fund may be invested in other assets, including derivatives, both for investment as well as hedging purposes.

INVESTMENT REPORT

- A rally in financial bonds drove the strong performance of the Merrill Lynch European Currency High Yield Constrained Index in July.
- A general improvement in sentiment towards banks following the publication of the European Bank Stress Tests and the accompanying disclosures helped to catalyse this strong performance.
- The Fund initiated positions in: Yioula Glass, a Greek packaging company; Care UK, a provider of a variety of healthcare services; and Credit Logement, a French housing loan guarantee institution.

SECTOR ANALYSIS OF TOTAL ASSETS

Capital Goods 23.5%	Services Cyclical 5.0%
Banking 18.8%	Utility 3.5%
Insurance (Bonds) 10.2%	Basic Industry 3.4%
Finance & Investment 9.3%	Energy 2.7%
Telecommunications 7.6%	Others 9.1%
Media 5.4%	Cash 1.5%



TOP TEN HOLDINGS

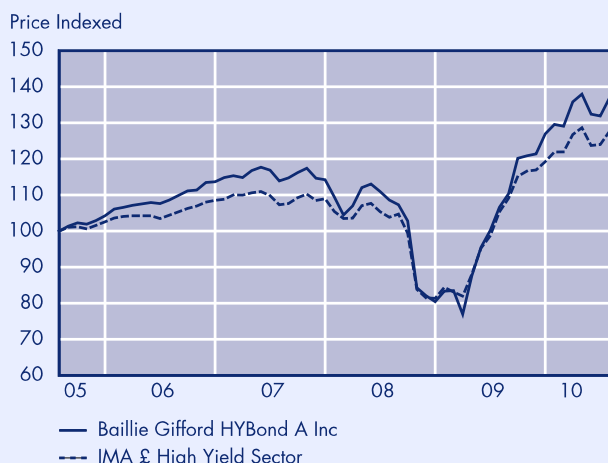
Holdings	% of Total Assets
1 Intergen 9.5% 2017	3.5
2 New World Resources 7.875% 2018	3.4
3 IFCO Systems 10% 2016	3.3
4 Impress Holdings 9.25% 2014	3.0
5 Reynolds Group 7.75% 2016	3.0
6 Rexam 6.75% 2017-67	3.0
7 Consol Glass 7.625% 2014	3.0
8 Ardagh Glass Finance 9.25% 2016	3.0
9 Lloyds of London 7.421% 2017 Perp	2.9
10 LBG Capital 2 Plc 15% 2019	2.9
	<u>31.0</u>

GENERAL INFORMATION

Fund Managers: Rob Baltzer / Donald Phillips
 Launch Date: 30 November 2001
 Fund Size: £122.42m
 IMA Sector: £ High Yield

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



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	9.2%	8.6%	-5.1%	-9.7%	31.7%
Sector Average	4.7%	6.1%	-4.0%	-6.4%	26.2%

CHARGES AND PERFORMANCE

	Initial charge	Annual charge	Distribution & Underlying Yield
Class A - Inc	3.50%	1.00%	6.2%
Class B - Inc	0.50%	0.50%	6.7%
Class B - Acc	0.50%	0.50%	6.7%

	6 Months	1 Year	3 Years	5 Years
Class A - Inc	5.65%	28.42%	20.17%	36.88%
Sector Ranking	6/21	3/21	3/20	2/20
Sector Average	4.85%	21.78%	15.18%	23.51%

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

BAILLIE GIFFORD HIGH YIELD 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. 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.

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

The Fund invests in insurance-linked bonds (also referred to as catastrophe bonds) that are exposed to the risk of extreme insurance losses from natural disasters such as earthquakes or hurricanes. In the event of a number of specified disasters occurring during the life of a bond the Fund will suffer a capital loss.

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.

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**.