



Investment Grade Bond Fund

30 July 2010

Financial Express

Crown Rating

FUND AIMS

Aims to maximise total return, while achieving a higher level of income than would be available from investment only in comparable UK Gilts, by investing primarily in a diversified portfolio of investment grade fixed interest securities denominated in sterling. Accordingly, a portion of the Fund may be invested in other assets, including derivatives, both for investment as well as hedging purposes.

INVESTMENT REPORT

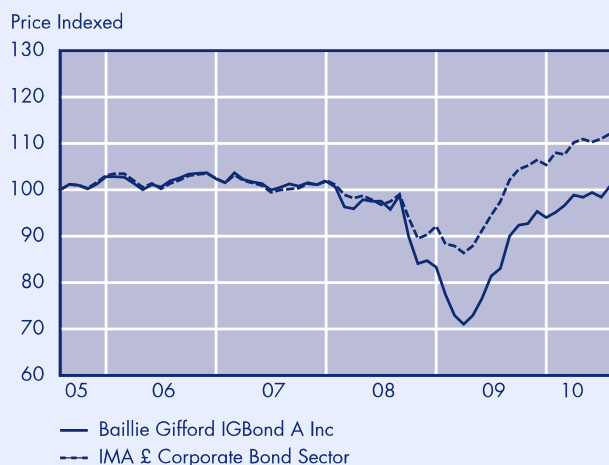
- The investment grade credit market in general has remained virtually unchanged since the start of the year, still yielding roughly 2% above comparable UK Government bonds.
- Against this background the portfolio remains overweight in the financial and securitised sectors, where we see most stock specific ideas.
- So far this year, we have seen strong performance from our holding in Lloyds of London, a company which doubled its profitability through the credit crunch and continues to do well.
- The Tesco Finance bonds continue to perform as investors realise that it is an anomaly to be able to lend to Tesco on a secured basis for a higher yield than on an unsecured basis.
- Finally the Standard Life Bank bonds are now seeing their price rise and yield converge with other similar Barclays bonds, now that Barclays owns the business.

GENERAL INFORMATION

Fund Manager: Stephen Rodger
 Launch Date: 30 November 2001
 Fund Size: £379.13m
 IMA Sector: £ Corporate Bond

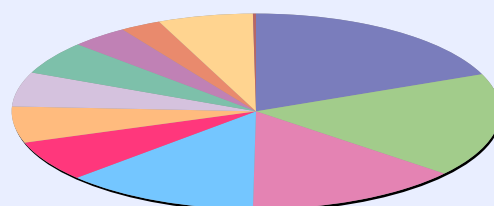
All data as at 30 July 2010 and source Baillie Gifford unless otherwise stated.
 Performance source: Financial Express, single pricing basis, net income reinvested.

FUND PERFORMANCE



SECTOR ANALYSIS OF TOTAL ASSETS

- Banking 18.8%
- Supranational 17.2%
- Asset Backed 14.2%
- Insurance (Bonds) 12.9%
- Finance & Investment 6.7%
- Government Guaranteed 6.0%
- Basic Industry 5.7%
- Mortgage Backed 5.5%
- Utility 3.8%
- Telecommunications 2.7%
- Others 6.3%
- Cash 0.2%



TOP TEN HOLDINGS

Holdings	% of Total Assets
1 Standard Life Bank 6.14% 2015 Perp	4.0
2 Linde 8.125% 2016/66	3.6
3 Lloyds of London 7.421% 2017 Perp	2.8
4 EIB 6% 2028	2.8
5 BNP Paribas 5.945% 2016 Perp	2.7
6 Tesco Property Finance 7.6227% 2039	2.7
7 KFW 5% 2036	2.5
8 BBC 5.0636% 2033	2.4
9 Provident Financial 8% 2019	2.3
10 Old Mutual 4.5% 12/17	2.2
	<u>28.0</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	30/06/10
Class A - Inc	0.7%	-0.7%	-2.4%	-16.5%	20.9%	
Sector Average	0.1%	-0.8%	-2.7%	-2.3%	17.8%	

CHARGES AND PERFORMANCE

	Initial charge	Annual charge	Distribution & Underlying Yield
Class A - Inc	3.50%	1.00%	4.8%
Class B - Inc	0.50%	0.40%	5.4%

	6 Months	1 Year	3 Years	5 Years
Class A - Inc	6.10%	21.51%	0.38%	0.92%
Sector Ranking	4/88	7/87	76/80	66/71
Sector Average	3.96%	15.42%	12.10%	12.13%

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

BAILLIE GIFFORD INVESTMENT GRADE 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.

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**.