

Baillie Gifford & Co Limited
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31 December 2020

If there is anything in this letter which you do not understand or if you are in any doubt as to what action to take, you should consult with an adviser authorised under the Financial Services and Markets Act 2000 immediately.

Dear Shareholder

Baillie Gifford Responsible Global Equity Income Fund (the “Fund”), a sub-fund of Baillie Gifford UK & Balanced Funds (the “ICVC”)

Change to Investment Objective and Policy and Target Benchmark

We are writing to inform you of some changes we are making to the investment objective and policy and target benchmark of the Fund.

Currently the Fund seeks to achieve a yield that is greater than that of the FTSE All World Index (the “Yield Target”). We believe that as the MSCI ACWI Index is a more prominent index in the market and is more commonly used as a benchmark by similar funds, it is a more appropriate Yield Target for shareholders. We are also amending the measurement of this Yield Target to be over rolling five-year periods as we consider a longer time period to be more appropriate given our long-term investment outlook. In addition, we are broadening the Fund’s current exclusion of certain fossil fuels to also include the production of fossil fuels.

As a consequence of the change to the index used for the Yield Target, we are also amending the Fund’s target benchmark from FTSE All World Index to MSCI ACWI Index.

We have set out the changes to both the investment objective and policy and target benchmark below.

No changes to the current portfolio will be made as a result of these amendments to the investment objective and there will be no change to the risk profile of the Fund, nor will our management of the Fund change.

Further Information

You do not need to take any action in relation to these changes as they will take place automatically on 31 January 2021, but we are required to give you advance notice of the changes under the rules of the Financial Conduct Authority.

There will be no costs associated with these changes that are to be borne by the Fund.

Both NatWest Trustee and Depositary Services Limited as the depositary of the ICVC and the Financial Conduct Authority have been advised of the changes that we are making to the Fund.

In addition, we would like to inform you that the B class shares Annual Management Charge was reduced from 0.57% per annum to 0.50% per annum with effect from 1 October 2020.

If you have any queries about these changes, please do not hesitate to contact our Client Relations Team on 0800 917 2113. Your call may be recorded for training or monitoring purposes.

Yours faithfully,

A large, bold, handwritten 'X' mark, likely representing a signature.

Director

Baillie Gifford & Co Limited as Authorised Corporate Director of Baillie Gifford UK & Balanced Funds ICVC

Revised Investment Objective of the Fund

The Sub-fund aims to achieve (after deduction of costs) growth in both income and capital over rolling five-year periods, whilst delivering a yield higher than that of the ~~FTSE All World~~ MSCI ACWI Index over rolling five-year periods.

Revised Investment Policy of the Fund

The Sub-fund will invest at least 90% in shares of companies anywhere in the world which are managed and behave responsibly. The Sub-fund will be actively managed and will invest in companies of any size and any sector.

Investments will initially be selected by the investment manager based on its own research. In addition, the investment manager will use its own research and third-party data to assess whether companies are managed and behave responsibly. In making this assessment, the investment manager will make reference to the ten principles of the United Nations Global Compact for business which cover areas including human rights, labour rights, environmental safeguards and combating bribery and corruption ('the Principles'). The investment manager will not invest in companies that are, in its judgement, inconsistent with the Principles.

In addition, investments in companies operating to a significant degree in certain areas will also be completely excluded ('the Exclusions'). The Exclusions will be companies which derive a significant degree (being more than 10 per cent) of their annual revenues from (i) the production or sale of tobacco, alcohol, weapons and armaments or, ~~(ii)~~ adult entertainment, ~~(iii)~~ fossil fuel extraction and production, or ~~(iii)~~ the provision of gambling services.

To the extent that the Sub-fund is not fully invested in shares, the Sub-fund may also invest in other transferable securities of companies anywhere in the world, money market instruments, deposits and cash. The Sub-fund may use derivatives only for the purposes of the management of risk.

Revised Target Benchmark for the Fund

The Sub-fund aims to achieve (after deduction of costs) growth in both income and capital over rolling five-year periods, whilst delivering a yield higher than that of the MSCI ACWI Index over rolling five-year periods. ~~FTSE All World Index~~. Accordingly, the Target Benchmark is the MSCI ACWI Index over rolling five-year periods.

Note: Words to be inserted shown by underline. Words to be removed are shown by strikethrough.

Class of Shares	ISIN
B Income	GB00BFM4N494
C Income	GB00BFM4N619
J Income	GB00BK6KVN38
P Income	GB00BMTVLG07
B Accumulation	GB00BFM4CT76
C Accumulation	GB00BFM4N502
J Accumulation	GB00BK6KVM21
P Accumulation	GB00BMTVLF99