

BAILLIE GIFFORD

Scottish Parliamentary Pension Scheme

Report for the quarter ended
30 September 2014



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Online Reporting

You can access all your reports and other up-to-date portfolio information via our secure client extranet site

<https://clients.bailliegifford.com>



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Recycling.

Valuation

	30 June 2014 (GBP)	30 September 2014 (GBP)
Baillie Gifford Managed Pension Fund	35,149,209	35,042,634
Baillie Gifford Diversified Growth Pension Fund	14,665,215	15,378,627
Total	49,814,424	50,421,261

Performance to 30 September 2014 (%)

	Fund Net	Benchmark
Baillie Gifford Managed Pension Fund		
Five Years (p.a.)	10.4	8.2
Three Years (p.a.)	13.5	11.3
One Year	5.4	6.2
Quarter	-0.3	0.6
Baillie Gifford Diversified Growth Pension Fund		
Five Years (p.a.)	8.0	0.5
Three Years (p.a.)	7.2	0.5
One Year	7.1	0.5
Quarter	1.7	0.1

Executive Summary

Baillie Gifford Managed Pension Fund

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Performance to 30 September (%)

	Fund Gross	Fund Net [†]	Benchmark
Five Years (p.a.)	10.9	10.4	8.2
Three Years (p.a.)	14.0	13.5	11.3
One Year	5.8	5.4	6.2
Quarter	-0.2	-0.3	0.6

[†]Net of pooled fund's standard management charge

*Estimated figures, with the last 12 months' benchmark based on eleven months of actual CAPS Pooled Fund Median and one month weighted Index estimate

Source: StatPro

Despite several potentially destabilising events, equity and bond markets were resilient during the quarter

Long-term returns remain strong, driven by good operational performance from the majority of your holdings

Against an improving economic backdrop we continue to find exciting growth companies for your portfolio



Performance Objective

To outperform the CAPS median Balanced Pooled Fund by 1.0 - 1.5% p.a. gross over rolling 3 year periods.

Performance

This table indicates the absolute and relative performance of the portfolio together with benchmark returns.

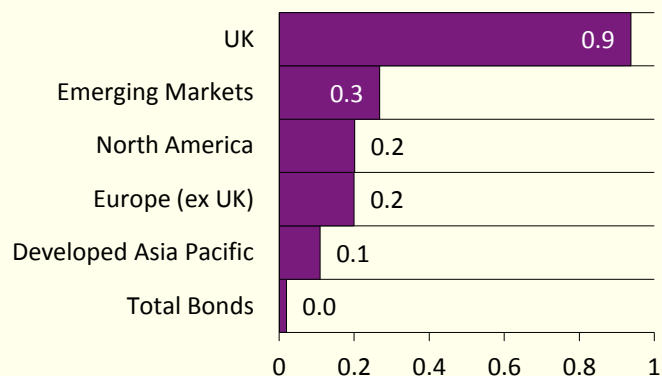
	Fund Net (%)	Benchmark (%)	Difference (%)	Attribution**(%)	
				Stock Selection	Asset Allocation
Five Years (p.a.)	10.4	8.2	2.2	2.7	-0.6
Three Years (p.a.)	13.5	11.3	2.2	1.7	0.3
One Year	5.4	6.2	-0.8	-1.3	0.6
Quarter	-0.3	0.6	-0.9	-1.2	0.3

*Estimated figures, with the last 12 months' benchmark based on eleven months of actual CAPS Pooled Fund Median and one month weighted Index estimate
 **Stock selection and asset allocation figures are estimated. The attribution figures are calculated on a geometric basis and will therefore not necessarily tally with the arithmetic difference and the sum of individual contributions.

Source: StatPro

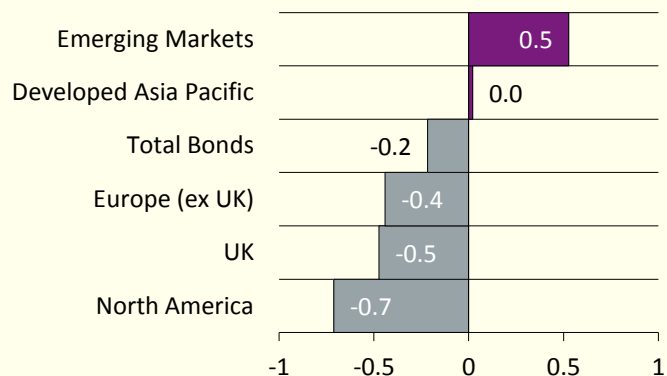
Stock Selection Contribution by Asset Class **(%)

Three Years (p.a.)



Source: StatPro

One Year



Returns by Asset Class

Three Years (p.a.)

	Fund (%)	Benchmark (%)
North America	22.0	20.4
Europe (ex UK)	17.1	15.6
UK	17.0	13.9
Developed Asia Pacific	10.5	9.1
Emerging Markets	9.3	6.1
Total Bonds	2.8	2.2
Total	13.5	11.3

Source: StatPro

One Year

	Fund (%)	Benchmark (%)
Emerging Markets	13.8	6.7
North America	13.3	18.7
UK	4.7	6.1
Europe (ex UK)	3.3	6.4
Total Bonds	1.7	3.7
Developed Asia Pacific	1.5	1.2
Total	5.4	6.2

Top and Bottom Ten Contributors

Three Years (p.a.)

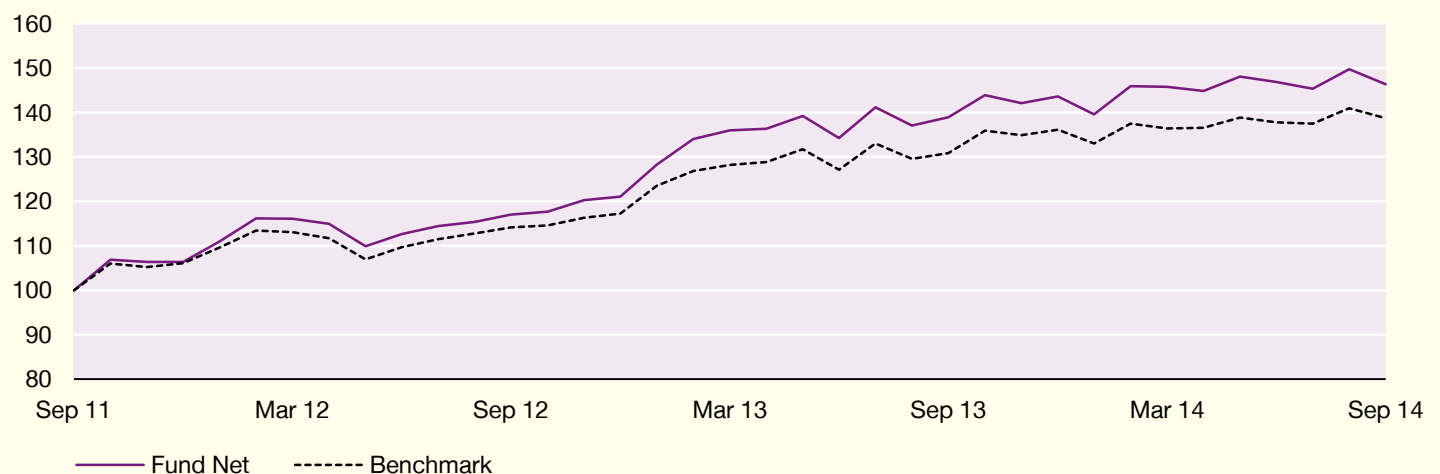
Asset Name	Ave Fund Weight (%)	Benchmark (%)	% Relative Impact
Ashtead	1.0	0.1	0.5
St. James's Place	1.1	0.0	0.2
Home Depot	0.4	0.1	0.2
Svenska Handelsbanken	1.3	0.1	0.1
Anglo American	0.0	0.5	0.1
Investor	1.0	0.0	0.1
EOG Resources	0.6	0.0	0.1
Legal & General	0.8	0.2	0.1
Prudential	1.1	0.6	0.1
Bunzl	0.8	0.1	0.1
Shire Pharmaceuticals	0.0	0.3	-0.1
BT Group	0.0	0.5	-0.1
Lloyds Banking Group	0.0	0.6	-0.1
Vodafone	0.0	1.9	-0.1
AstraZeneca	0.0	0.9	-0.1
Lonmin	0.1	0.0	-0.1
Peugeot	0.1	0.0	-0.1
Jeronimo Martins	0.4	0.0	-0.1
Imagination Technologies	0.1	0.0	-0.1
Homeserve UK	0.0	0.0	-0.1

One Year

Asset Name	Ave Fund Weight (%)	Benchmark (%)	% Relative Impact
Ashtead	1.5	0.1	0.7
Tesco	0.0	0.5	0.3
St. James's Place	1.4	0.1	0.2
GlaxoSmithKline	0.0	1.6	0.2
HSBC	0.7	2.5	0.2
Barclays	0.0	0.8	0.2
Tech Mahindra Ltd	0.3	0.0	0.2
Celesio AG	0.2	0.0	0.1
Diageo	0.0	1.0	0.1
Google	0.7	0.2	0.1
Shire Pharmaceuticals	0.0	0.4	-0.3
AstraZeneca	0.0	1.0	-0.3
Royal Dutch Shell	0.9	3.0	-0.2
Jeronimo Martins	0.3	0.0	-0.2
Kakaku.com	0.3	0.0	-0.2
Apple	0.0	0.4	-0.2
Just Retirement Group	0.3	0.0	-0.1
Rightmove	0.9	0.0	-0.1
Enquest	0.6	0.0	-0.1
Petrofac	0.4	0.1	-0.1

Source: StatPro

Portfolio and Benchmark Returns Over Three Years

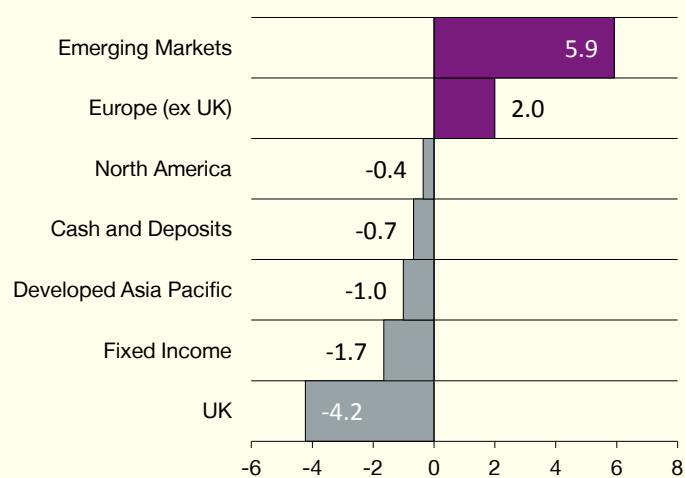


Source: StatPro

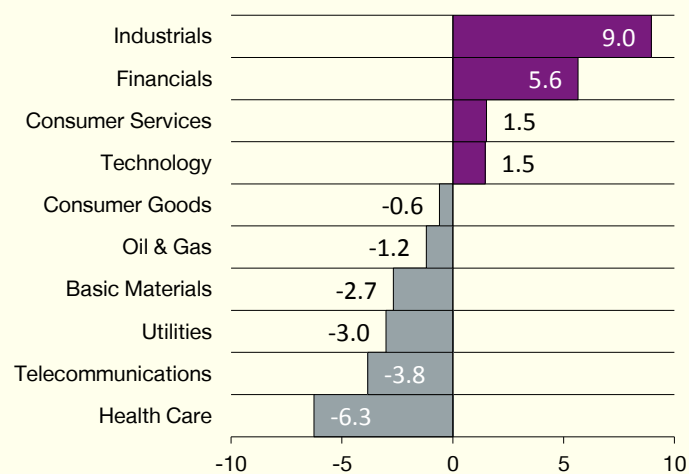
Top Twenty Equity Holdings

Asset Name	Description of Business	% of Portfolio
Ashtead	Equipment rental	1.8
St. James's Place	UK wealth manager	1.4
Prudential	Life insurer	1.3
Svenska Handelsbanken	Banking	1.2
Berkshire Hathaway B	Insurance company	1.2
BG Group	Oil exploration and production company	1.1
British American Tobacco	Tobacco company	1.1
eBay	Internet auction and payment	1.1
Investor	Swedish industrial holdings company	1.0
Total	Integrated oil company	1.0
Nestle	Food and beverage producer	1.0
Legal & General	Life insurer	1.0
GBL	Belgian holding company with interests in Energy, Media and Utilities	0.9
Atlas Copco B	Producer of industrial compressors and mining equipment	0.9
Bunzl	Distributor of consumable products	0.9
Hargreaves Lansdown	UK retail investment platform	0.9
Unilever	Consumer goods manufacturer	0.9
Rightmove	UK online property portal	0.8
Royal Dutch Shell B Shares	Integrated oil company	0.8
Burberry	Luxury goods retailer	0.8
Total		20.9

Asset Allocation Positions* (%)



Equity Portfolio Industry Positions (%)

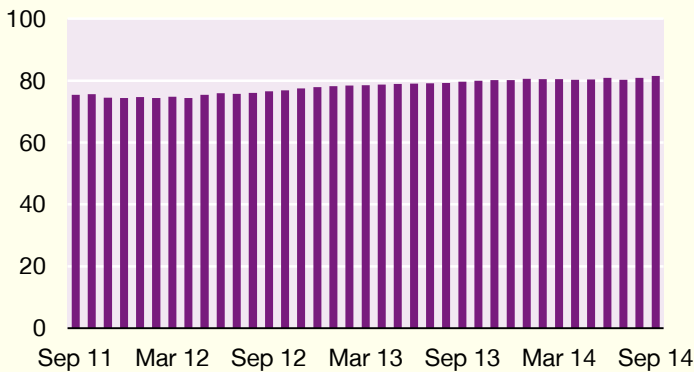


* Measured relative to the benchmark excluding Alternatives

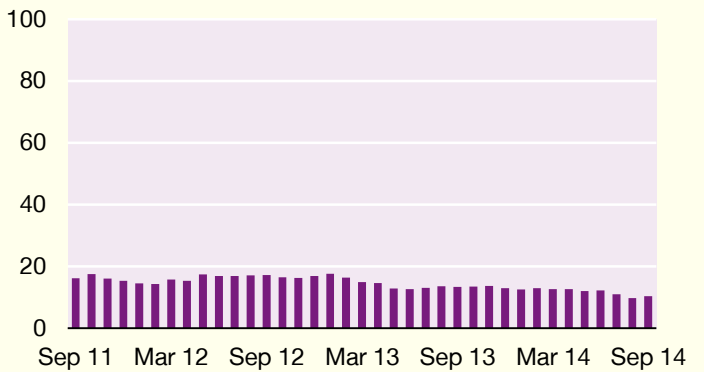
Our approach to risk is influenced by our belief that risk is a complex concept that cannot be reduced to a single statistic

Consequently, this page contains a selection, but by no means all, of the metrics we use to help monitor and control the risk exposures in the portfolio - some of which are there to help ensure that we are taking sufficient risk to meet your investment objective

Active Share (%)



Rolling One Year Turnover (%)

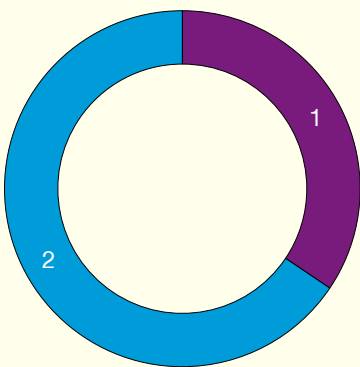


Active Share – This is a measure of how actively managed the equity in your portfolio is. “Active Share” ranges from 0% to 100%. If the fund is exactly in line with the benchmark then “Active Share” will be 0%. If the fund has no commonality with the benchmark then “Active Share” will be 100%. Active Share is calculated by taking 100 minus “Common Money” (the % of the portfolio that overlaps with the index). For the calculation of “Common Money”, for each stock the smaller of either the portfolio or benchmark weight is taken, and these numbers are then summed.

Rolling One Year Turnover is calculated as the lesser of the sum of all equity purchases and the sum of all equity sales in each month divided by the month end market value, summed over 12 months. Turnover is a measure of average investment horizon, the lower the turnover the longer the average investment horizon.

Predicted Tracking Error 2.4%

Tracking Error Split



1 Stock Specific	34%
2 Themes (Industry and Style)	66%

Source: APT/Baillie Gifford. Tracking error is the standard deviation of returns relative to benchmark and is sometimes called relative risk. Tracking error indicates how far performance might differ from the benchmark under certain assumptions. A higher number indicates a greater potential difference between fund and benchmark returns under these assumptions.

Ten Largest Contributors to Stock Specific Risk

Name	% Active Weight	% of Stock Specific Risk
Ashtead Group	1.7	14.4
St. James s Place	1.3	3.7
TripAdvisor	0.7	3.5
Royal Dutch Shell	-1.9	3.0
Hargreaves Lansdown	0.9	3.0
eBay	1.0	2.6
BP	-1.6	2.0
Burberry Group	0.7	1.7
HSBC	-1.6	1.7
Svenska Handelsbanken A	1.1	1.7

APT risk models are used to generate the predicted tracking error shown and to split between themes and stock specific risk. APT also identifies the stock positions which add most specific risk to the portfolio. APT is a third party system which computes tracking error based on the past 3.5 years of asset return data.

List of Holdings
Baillie Gifford Managed Pension Fund

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Asset Name	Fund %
Equities	
UK	
Ashtead	1.76
Baillie Gifford British Smaller Cos Fund C Accum	1.53
St. James's Place	1.40
Prudential	1.33
BG Group	1.11
British American Tobacco	1.09
Legal & General	0.96
Bunzl	0.90
Hargreaves Lansdown	0.90
Unilever	0.86
Rightmove	0.82
Royal Dutch Shell B Shares	0.79
Burberry	0.78
Rio Tinto	0.77
Standard Chartered	0.74
SABMiller	0.72
BHP Billiton	0.72
Inchcape	0.71
ARM Holdings	0.68
Michael Page	0.67
Wood Group	0.66
Travis Perkins	0.66
HSBC	0.64
Pearson	0.64
Bodycote	0.60
United Business Media	0.59
Intermediate Capital Group	0.59
Jupiter Fund Management	0.58
Johnson Matthey	0.57
Scottish & Southern Energy	0.56
IG Group	0.56
Spirax-Sarco	0.56
Weir	0.56
Amlin	0.55
Ultra Electronics Hdg.	0.54
Enquest	0.53
Carnival	0.52
Diploma	0.44
Hansteen Holdings	0.43
Bellway	0.43
Meggitt	0.43

Asset Name	Fund %
Hiscox plc	0.41
Jardine Lloyd Thompson	0.40
Aggreko	0.39
Petrofac	0.36
Halma	0.36
Premier Oil	0.31
Victrex	0.30
Just Retirement Group	0.21
Imagination Technologies	0.13
Helical Bar	0.13
Royal Dutch Shell A(Lse)	0.12
Total UK	33.99
North America	
Berkshire Hathaway B	1.17
eBay	1.06
Markel	0.77
EOG Resources	0.76
TripAdvisor	0.66
Johnson & Johnson	0.63
M&T Bank	0.62
Kraft Foods Group	0.53
Brown-Forman B	0.52
US Bancorp	0.51
Danaher	0.51
Google	0.51
Harley-Davidson	0.51
Google Inc Class C	0.50
Fairfax Financial Holdings	0.50
First Republic Bank	0.49
American Express	0.49
Martin Marietta Materials	0.48
UPS	0.46
Apache	0.42
Pepsico	0.40
MarketAxess Holdings	0.40
TD Ameritrade Holding Corp	0.35
Colgate-Palmolive	0.34
DistributionNOW	0.31
Oracle	0.31
Xilinx	0.29
Watsco Inc	0.26
Moody's	0.25

List of Holdings
Baillie Gifford Managed Pension Fund

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Asset Name	Fund %
Monsanto	0.17
Rockwell Automation	0.17
Waters	0.15
Progressive	0.12
Pfizer	0.12
HEICO	0.11
Seattle Genetics	0.11
Genomic Health	0.05
Total North America	15.99
Europe (ex UK)	
Svenska Handelsbanken	1.18
Investor	1.00
Total	0.98
Nestle	0.97
GBL	0.95
Atlas Copco B	0.93
Jyske Bank	0.57
Hexpol AB	0.55
EXOR	0.50
Dia	0.44
Geberit	0.44
Coca Cola HBC (CDI)	0.43
Kinnevik	0.42
Deutsche Boerse	0.42
Ryanair	0.42
Alfa Laval	0.40
Schindler	0.39
L'Oreal	0.38
Konecranes	0.37
Colruyt	0.35
Carl Zeiss Meditec	0.35
Volvo	0.33
CF Alba	0.32
Sofina	0.32
Mettler-Toledo	0.32
Titan Cement	0.27
Jeronimo Martins	0.23
Total Europe (ex UK)	14.22
Developed Asia Pacific	
Baillie Gifford Japanese Smaller Cos Fund C Accum	1.11
Hong Kong Exchanges & Clearing	0.39

Asset Name	Fund %
United Overseas Bank	0.39
Aristocrat Leisure	0.38
SMC	0.37
Shimano	0.34
BHP Billiton (Aus. listing)	0.34
Fast Retailing	0.32
BOC Hong Kong	0.32
Yamaha Motor	0.32
Mitsui	0.28
Bridgestone	0.28
NTT	0.26
FANUC	0.26
Kakaku.com	0.25
Treasury Wine Estates	0.25
Japan Tobacco	0.25
James Hardie Industries	0.24
Trend Micro	0.24
Rakuten	0.23
Komatsu	0.22
Sca Property Group Reit S	0.21
Japan Exchange Group	0.21
Jardine Matheson	0.20
CNOOC	0.19
Brambles	0.19
Hang Lung Properties	0.18
Cochlear	0.18
Sawai Pharmaceutical Co Ltd	0.16
Woolworths	0.16
Nissan Motor	0.15
Mesoblast	0.13
Trade Me	0.12
Sinotruk Hong Kong Ltd	0.10
Total Developed Asia Pacific	9.24
Emerging Markets	
Baillie Gifford Emerging Mkts Gwth Fund C Accum	9.04
Baillie Gifford EM Lead Co Fund C Accum	0.61
Total Emerging Markets	9.64
Total Equities	83.08
Fixed Income	
UK Bonds	

List of Holdings
Baillie Gifford Managed Pension Fund

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Asset Name	Fund %
BG Worldwide Active Cash Plus Fund C Acc	2.54
Total UK Bonds	2.54
Overseas Bonds	
Baillie Gifford Emerging Mkts Bond Fd C Gross Acc	3.02
BG Worldwide Global Credit C GBP Acc	2.52
Baillie Gifford Global Bond Gross C Acc	1.78
Total Overseas Bonds	7.32
Total Fixed Income	9.86
Other Cash	7.05
Total Fund	100.00

New Purchases

Stock Name	Transaction Rationale
Oracle Corp	Oracle is the leading provider of database software. In recent years it has significantly improved its product offerings and adapted to changing technologies. Attractions include the stable maintenance revenue stream, the successful launch of its integrated Fusion Applications suite under both the licence model and via the cloud, and its comprehensive integrated hardware-software solutions. Oracle's products are typically well entrenched in its customers' systems, and its free cash flow is substantial. It stands a good chance of benefitting from rapidly rising data volumes.

Notable Additions

Stock Name	Transaction Rationale
Burberry Group	Burberry is an international clothing and apparel designer and retailer which is increasingly being viewed as a high-end luxury brand. With an increasing bias towards the growing Asia Pacific region we believe that Burberry can grow sales strongly for many years and that there is an opportunity to improve profitability to match its global peers.
DistributionNOW	This distribution business was recently spun out of National Oilwell Varco. It serves companies in the oil & gas sector from a network of 300 stores and distribution locations around the world. As a leader in an industry where scale matters the company benefits from a strong competitive position. We believe this will improve further as Distribution NOW leverages its strong balance sheet to make deals and consolidate the industry. Furthermore we are optimistic that the improved management alignment as a result of the spin-out will result in increased entrepreneurial energy at the company, and lead to significantly higher operating margins and returns.
First Republic Bank	We have considerable confidence in the First Republic Bank's service model, capital position, conservative credit culture and opportunities to profitably grow both with existing customers and by gaining new ones. The improving mortgage market should aid the company's growth. We believe recent share price weakness, caused by quarterly earning numbers, represent an attractive opportunity to add to the position.
Hargreaves Lansdown	Hargreaves Lansdown (HL) provides an online platform in the UK through which retail investors can own investment funds and shares, typically done via tax efficient Pensions or Savings wrappers. Although new industry regulations are currently changing the way HL will charge it customers, separating the underlying fund manager charges from administration expenses for the first time, we believe HL offers a popular, cost effective and competitive service to a large UK audience of retail savers. Recent changes in the UK regarding the Pensions industry, which seek to give more freedom and flexibility to pensioners in their investment decisions, should also benefit HL as more customers will elect to use its services for longer. We do not think the current valuation of the shares reflects the attractive growth prospects of the business and we have therefore added to your holding.
Inchcape	We added to the fund's holding in Inchcape, the international car retailer and distributor, as it continues to report encouraging operational performance despite a tricky economic backdrop.
Jupiter Fund Management	We added to the fund's holding in Jupiter, the asset management company, following recent share price weakness. Trading remains solid in the context of recent volatile equity markets with continued inflows into their funds. We believe its valuation looks attractive on a long term view.
Michael Page Intl.	Michael Page is a professional recruitment consultancy business with an excellent long term record of organic growth and increasingly strong positions in a variety of international markets. The business is volatile, but we believe that its growth prospects continue to look very appealing and that they are not captured in the shares' valuation. We therefore added to your holding.
Ultra Electronics Hdg.	We have made a small addition to the fund's holding in Ultra Electronics. Ultra makes electrical components & systems for military and some civil markets. Although headline pressures on the defence budgets of its two main markets, the UK and US, have unquestionably increased uncertainty over future growth, we believe that Ultra is well positioned to weather the storm due to its exposure to fast growing expenditure on battlefield information systems and several other small niche markets. We do not believe the share price fully reflects the growth prospects so have added to the holding.
Wood Group (John)	Wood Group is a leading global oil services company based in Aberdeen. The company is focused on deep water projects which is where most of the growth in its revenues and profits is expected to come from. We have added to your holding as we believe the demand outlook for Wood Group will remain strong and do not think that this is currently being reflected in its valuation.

Complete Sales

Stock Name	Transaction Rationale
Imperial Tobacco	Imperial Tobacco makes cigarettes and cigars with a particular focus on western European markets. We had previously reduced your position in this company after observing the rapid rise of e-cigarettes in its core markets, and the continued pressure from European regulators to discourage smoking. We have now exited the position entirely after the company announced an acquisition of several tobacco brands in the US. We believe this is a defensive move and that the brands being acquired are not attractive - they are weakly positioned in the American market.

Notable Reductions

Stock Name	Transaction Rationale
Johnson & Johnson	This completes the sale from the previous quarter.
NTT	Following a period of share price strength which left the shares of NTT looking less obviously undervalued, we reduced the holding. Competition in the telecoms market, from incumbents, new entrants and free messaging apps will likely continue to cap earnings growth. The key reasons for retaining a holding remain the company's strong cash flow - a good deal of which is being returned to shareholders - and the likelihood of a more favourable regulatory background.
Pfizer	The failed attempt to acquire UK based pharmaceutical company AstraZeneca raises questions about Pfizer's intentions in relation to capital allocation. Pfizer management had previously stated that they planned to shrink the company in order to subsequently grow profitability, a process that we believed could bring significant value to long-term shareholders. We have decided to reduce the position in light of this development.

Fund Name	Update
Baillie Gifford Emerging Markets Bond Fund	<p>This was a weaker quarter for emerging market bonds as yields moved higher. The fund's overall duration is slightly longer than benchmark. Positions in Brazil, Poland, Russia, Peru and Colombia were retained that will benefit from lower rates along with underweight positions in Turkey, Indonesia, South Africa and Hungary. We continue to think the risk premium is too high in Mexico and are positioned for long-dated bonds to outperform shorter-dated bonds. During the quarter, we increased our conviction in our bullish position in Romania as we expect more interest cuts and the risk premium should fall. The Brazilian inflation-linked bond position was retained and was a key contributor to performance.</p> <p>Within currencies, we retained the core overweight positions in the US, Mexico, Colombia, Malaysia and India while underweight positions were maintained in Thailand, Indonesia, Peru and South Africa. Bearish positions in the low yielding currencies of Japan and the UK were kept while the euro was removed and a new underweight position was taken in the Czech Republic. A new bullish position was taken in Romania as we expect the currency to benefit from increased investment flows and we have taken a similar underweight in Hungary. We moved underweight the Turkish lira given the persistent current account deficit and increased the size of bullish positions in Serbia and South Korea.</p>
Baillie Gifford Worldwide Active Cash Plus Fund	<p>Developed market bond yields moved lower over the quarter as geopolitical fears and hopes of a more accommodative policy from the European Central Bank buoyed government bonds. The fund's overall duration is broadly in line with benchmark. Positions in Brazil, Russia and Poland were retained that will benefit from lower rates along with underweight positions in Turkey, Hungary and the US. We continue to think the risk premium is too high in Mexico and are positioned for long-dated bonds to outperform shorter-dated bonds. We have the reverse position on in Japan, believing short-dated yields are unlikely to move substantially given ongoing support from quantitative easing. During the quarter, new bullish and bearish positions were taken in New Zealand and the UK as we believe the market is pricing in too much and too little in interest rate hikes respectively. The fund remains positioned to benefit from falling inflation in Europe.</p> <p>Within currencies, we retained the core overweight positions in the US, Mexico, Colombia, Norway and Malaysia while underweight positions were maintained in Thailand, South Africa, Turkey and New Zealand. Bearish positions in the low yielding currencies of Switzerland, Japan and the UK were kept while the euro was closed and a new underweight position was taken in the Czech Republic. A new bullish position was taken in Romania as we expect the currency to benefit from increased investment flows and we have taken a similar underweight in Hungary. The size of the Indian position was increased while the overweight in the Philippines was closed.</p>
Baillie Gifford Worldwide Global Credit Fund	<p>The strong performance of investment grade corporate bonds over the quarter can largely be attributed to ongoing geopolitical issues. Continuing tensions between Russia and the West, and an escalating situation in the Middle East led investors to seek safe-haven assets. High yield bonds were weaker, with a small negative return over the quarter. A general search for yield has seen the additional yield spread on lower-rated bonds reduce for some time, making them appear relatively expensive and prompting some investors to reduce holdings.</p> <p>We continue to invest in corporate bonds based on the fundamental attractions of the issuer. We participated in a new issue from Pension Insurance Corporation, the leader in the UK's growing wholesale pension insurance sector. The company acquires fully funded defined benefit pension plan assets/liabilities from corporate trustees - those that are looking to de-risk and hand over the responsibility of managing the plan to a specialist. We also purchased bonds issued by The Walt Disney Company. A well-known entertainment business, it benefits from cross-selling across its various segments. Historically the business has proved to be resilient during periods of economic weakness, which we view as an attractive characteristic. These additions to your fund were made, in part, by trimming holdings that have performed well, including Daily Mail & General Trust. Part of our original investment case for Daily Mail was a belief it had the strength and resilience to return to an investment grade rating, having been downgraded to high yield a number of years ago. This indeed happened earlier this year, and the bonds rose in price as consequence, so we have taken the opportunity to reduce the size of your holding. We also decided to sell your holding in Gazprom as we do not feel the credit market is pricing in the deteriorating relationship between the West and Russia.</p>

Fund Name	Update
Baillie Gifford Global Bond Fund	<p>Developed market bond yields moved lower over the quarter resulting in a positive return as geopolitical fears and hopes of a more accommodative policy from the European Central Bank buoyed government bonds. The fund's overall duration is broadly in line with benchmark. Positions in Brazil, Russia and Poland were retained that will benefit from lower rates along with underweight positions in Turkey, Hungary and the US. We continue to think the risk premium is too high in Mexico and are positioned for long-dated bonds to outperform shorter-dated bonds. We have the reverse position on in Japan, believing short-dated yields are unlikely to move substantially given ongoing support from quantitative easing. During the quarter, new bullish and bearish positions were taken in New Zealand and the UK as we believe the market is pricing in too much and too little in interest rate hikes respectively. The fund remains positioned to benefit from falling inflation in Europe. The Brazilian inflation-linked bond position was retained and was a key contributor to performance.</p> <p>Within currencies, we retained the core overweight positions in the US, Mexico, Colombia, Norway and Malaysia while underweight positions were maintained in Thailand, South Africa, Turkey and New Zealand. Bearish positions in the low yielding currencies of Switzerland, Japan and the UK were kept while the euro was closed and a new underweight position was taken in the Czech Republic. A new bullish position was taken in Romania as we expect the currency to benefit from increased investment flows and we have taken a similar underweight in Hungary. The size of the Indian position was increased while the overweight in the Philippines was closed.</p>

Performance to 30 September (%)

	Fund Gross	Fund Net [†]	Base Rate +3.5%
Five Years (p.a.)	8.7	8.0	4.0
Three Years (p.a.)	7.9	7.2	4.0
One Year	7.8	7.1	4.0
Quarter	1.8	1.7	1.0

[†]Net of pooled fund's standard management charge.
 The Fund's objective is to outperform the UK base rate by at least 3.5% p.a. (net of fees) over rolling five year periods with an annualised volatility of less than 10%.
 Source: StatPro, Baillie Gifford

Summary Risk Statistics (%)

Delivered Volatility	4.7
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Annualised volatility, calculated over 5 years to the end of the reporting quarter
 Source: Baillie Gifford

Economic news in the third quarter was mixed - there were further positive developments in the job market and sentiment in the US, tempered by a weaker outlook in Europe, while growth in emerging markets continued to slow

Monetary policy has started to diverge, with the ECB cutting rates and embarking on a programme to buy private-sector assets just as the Fed brings its QE efforts to a close

Investment markets have been mixed with emerging markets (bonds and equities) performing reasonably well while high yield credit and European equities struggled - against this backdrop the Fund delivered a positive return



Performance Objective

To outperform the UK base rate by at least 3.5% per annum (net of fees) over rolling five year periods with an annualised volatility of less than 10%.

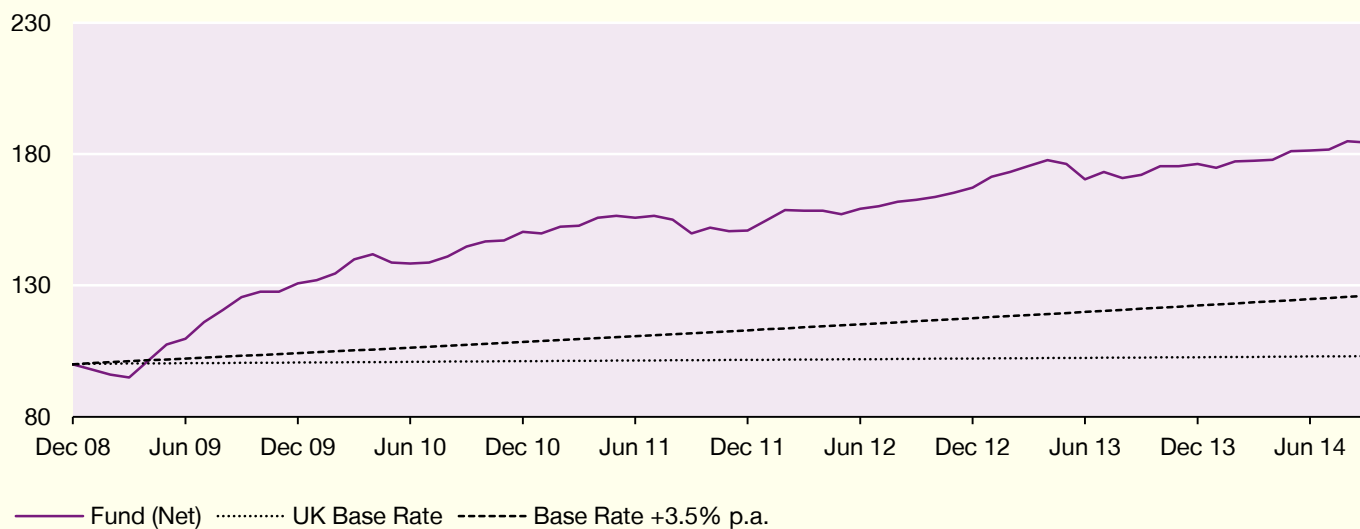
Performance

This table indicates the absolute performance of the fund after fees together with UK base rate.

	Fund Net (%)	Base Rate (%)	Base Rate (%) +3.5%
Five Years (p.a.)	8.0	0.5	4.0
Three Years (p.a.)	7.2	0.5	4.0
One Year	7.1	0.5	4.0
Quarter	1.7	0.1	1.0

Source: StatPro, Baillie Gifford

Fund and UK Base Rate Returns Since Launch of the Fund*



*31 December 2008
 Source: StatPro, Baillie Gifford. All figures are total returns in sterling from 31/12/08, net of fees.

Summary Risk Statistics (%)

Delivered Volatility **4.7**

Annualised volatility, calculated over 5 years to the end of the reporting quarter
 Source: Baillie Gifford

Contributions to Performance
Quarter to 30 September 2014



Ave. Weight %	0.1	4.8	2.1	7.7	12.7	4.1	16.8	8.7	6.4	4.4	0.6	13.6	10.0	2.2	5.8	100.0
Return %	1.3	3.8	7.8	1.4	0.7	1.6	0.0	0.3	0.6	-0.2	-0.6	-0.6	-0.7	-2.9	-3.7	1.8

One Year to 30 September 2014

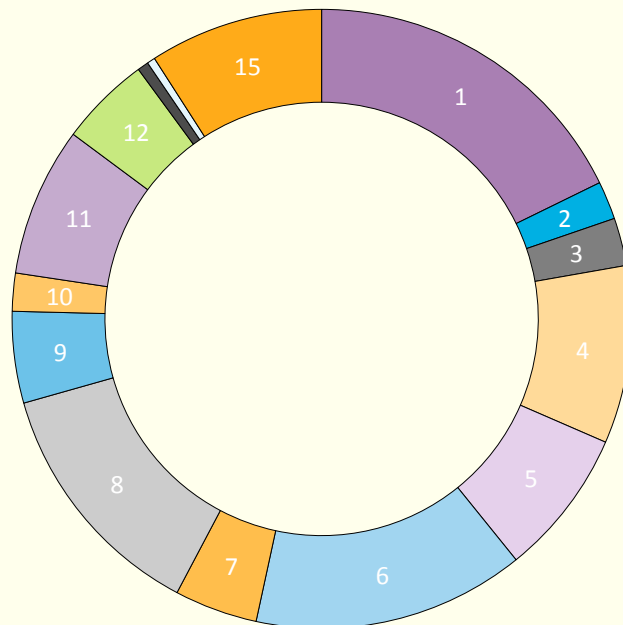


Ave. Weight %	16.0	0.1	10.8	11.3	8.6	13.0	2.0	3.9	5.5	2.7	5.0	6.3	8.6	0.6	5.6	100.0
Return %	11.1	1.3	7.3	5.6	7.9	3.7	26.6	12.2	7.4	10.3	4.1	1.7	0.9	4.4	-2.3	7.8

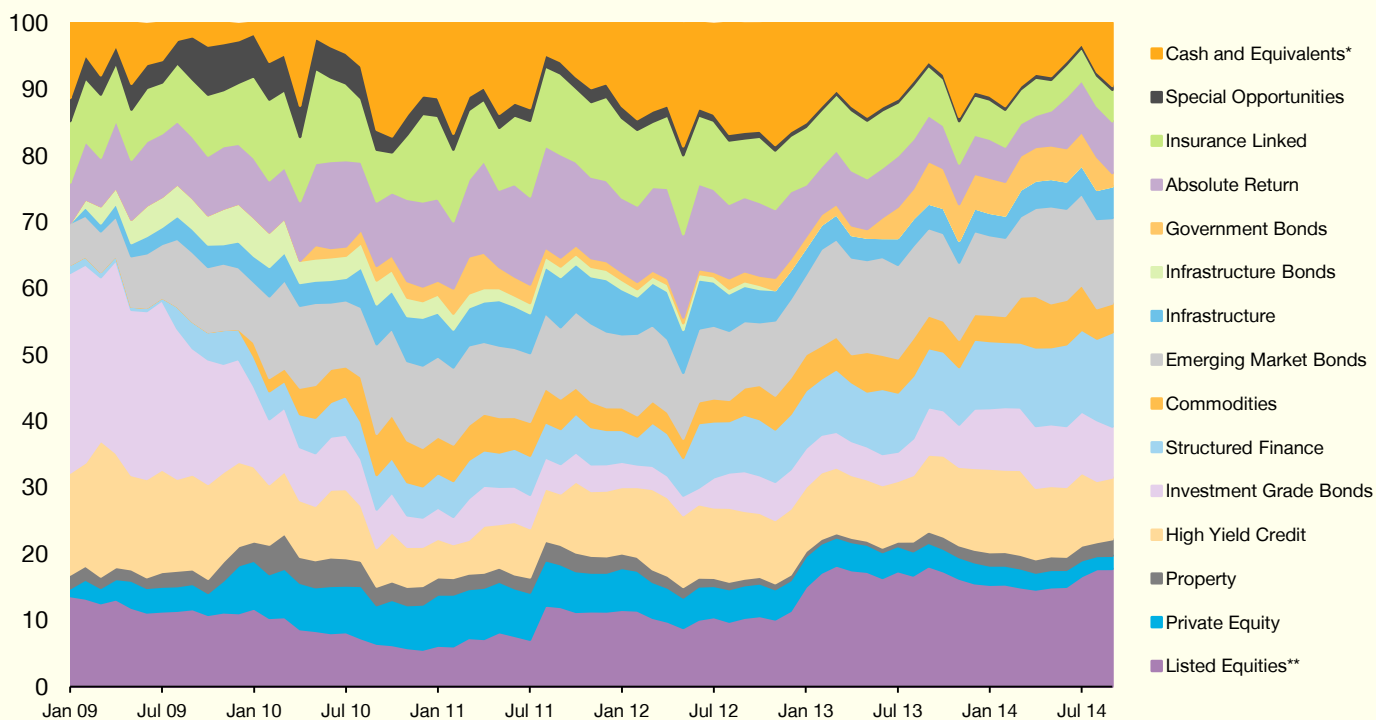
Source: Statpro/Baillie Gifford, gross of fees in sterling. Totals may not sum due to rounding

Asset Allocation at Quarter End

	(%)
1 Listed Equities**	17.7
2 Private Equity	2.0
3 Property	2.5
4 High Yield Credit	9.3
5 Investment Grade Bonds	7.7
6 Structured Finance	14.2
7 Commodities	4.3
8 Emerging Market Bonds	12.9
9 Infrastructure	4.8
10 Government Bonds	2.0
11 Absolute Return	7.8
12 Insurance Linked	4.7
13 Special Opportunities	0.6
14 Active Currency	0.4
15 Cash and Equivalents	9.1
Total	100.0



Changes in Asset Allocation Since Launch of the Fund† (%)



† 30 December 2008

* Includes net Active Currency position

** Reflects effective exposure in portfolio, including futures positions; cash adjusted accordingly

Summary Risk Statistics (%)

Predicted Volatility 6.2

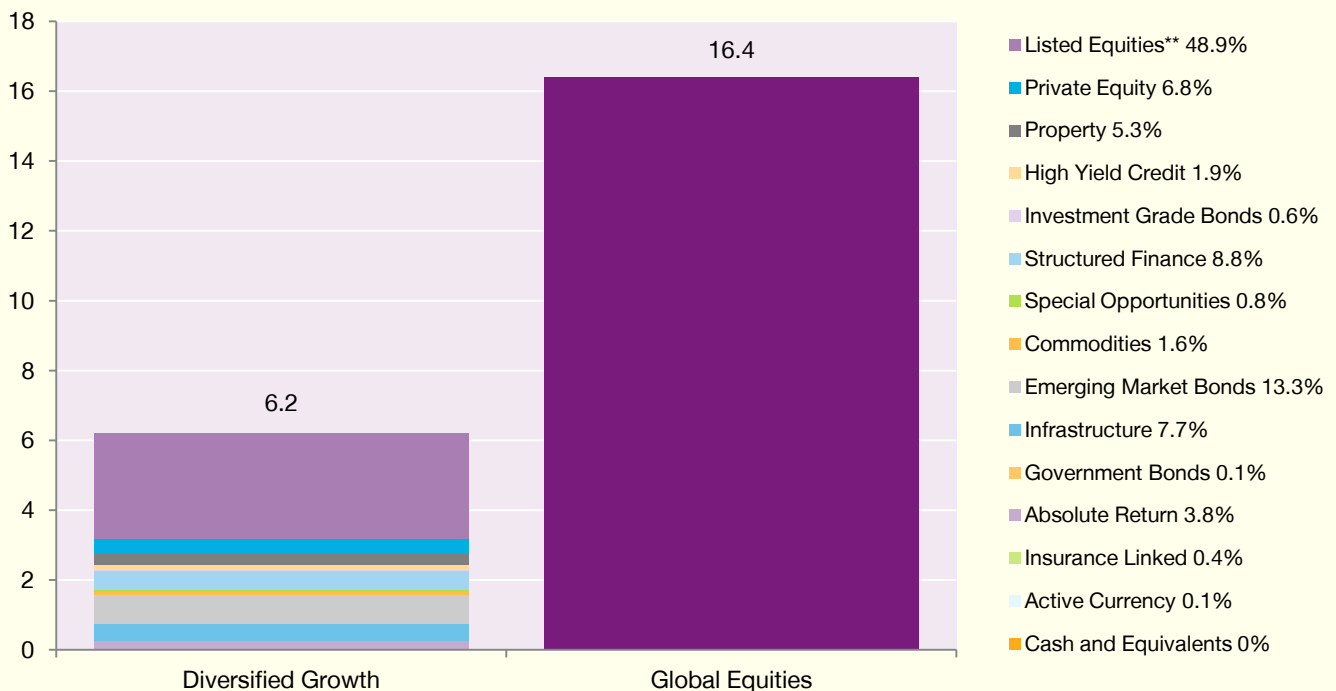
Source: Baillie Gifford, Moody's Analytics UK Limited

Volatility remained fairly low in the quarter, notwithstanding market concerns over developments in Ukraine, the Middle East and, closer to home, the Scottish independence referendum

The Fed continued to taper its QE programme, signalling an expected end in the fourth quarter, and the market is now looking forward to rate rises and digesting what that might mean for a number of asset classes that have benefited from the accommodative policy of the past few years

Given concerns over the withdrawal of stimulus and the valuations of some asset classes, the portfolio remains broadly diversified and fairly cautiously positioned

Risk Attribution



Source: Moody's Analytics UK Limited, Baillie Gifford & Co
 Total may not sum due to rounding
 ** Reflects effective exposure in portfolio, including futures positions; cash adjusted accordingly

Predicted volatility is based on a snapshot of the Diversified Growth portfolio at the end of the quarter, and provides a one-year prediction of the volatility of returns. The risk model uses long- and short-term volatility and correlation data to arrive at a view of the one-year volatility for each asset class, as well as the correlation between each asset class. The Diversified Growth portfolio's holdings can then be mapped onto these estimates. The results are a prediction of portfolio volatility and detailed risk attribution, the latter of which shows the contribution to overall volatility from each asset class.

List of Holdings
Baillie Gifford Diversified Growth Pension Fund

Report for the quarter ended 30 September 2014 20

Asset Name	Fund %	Asset Name	Fund %
Listed Equities**		High Yield Credit	
Baillie Gifford Global Income Growth Fund C Accum	4.9	Baillie Gifford High Yield Bond Fund C Gross Acc	2.7
Baillie Gifford Global Alpha Growth Fund C Acc	4.2	Credit Suisse Nova (Lux) Global Senior Loan Fund	1.6
Baillie Gifford Pacific Fund C Accum	2.0	Henderson Secured Loans Fund	1.5
Baillie Gifford LTGG Fund C Accum	1.8	ING (L) Flex Senior Loans Fund	0.9
BG Worldwide Japanese C GBP Acc	1.0	NB Global Floating Rate Income Fund	0.5
Euro Stoxx 50 Index Dividend Futures 16	0.6	NB Distressed Debt Invest F NPV	0.4
Euro Stoxx 50 Index Dividend Futures 17	0.6	Nuveen Floating Rate Income Fund	0.3
Euro Stoxx 50 Index Dividend Futures 15	0.6	Eaton Vance Floating Rate Income Trust	0.3
Euro Stoxx 50 Index Dividend Futures 18	0.6	BlackRock Floating Rate Income Trust	0.2
Fondul Proprietatea	0.6	CVC Credit Partners European Opportunities GBP	0.2
Euro Stoxx 50 Index Dividend 19	0.5	Apollo Senior Floating Rate Fund	0.1
Euro Stoxx 50 Index Dividend 20	0.4	Nuveen Senior Income Fund	0.1
Damille Investments II	0.0	Eaton Vance Senior Income Trust	0.1
Total Listed Equities	17.7	CVC Credit Partners European Opportunities EUR	0.1
Private Equity		Pioneer Floating Rate Trust	0.1
Electra Private Equity	0.4	HarbourVest Senior Loans Europe	0.0
Graphite Enterprise Trust	0.3	Total High Yield Credit	9.3
NB Private Equity Partners	0.3	Investment Grade Bonds	
HarbourVest Global Private Equity	0.2	BG Worldwide Global Credit C USD Acc	6.1
Eurazeo	0.2	EIB 1.375% 2018	1.6
Better Capital	0.2	Total Investment Grade Bonds	7.7
JZ Capital Partners	0.1	Structured Finance	
Better Capital 2012	0.1	Metreta Fund	3.2
Dunedin Enterprise Investment Trust	0.1	Julius Baer Multibond ABS Fund	3.0
Electra Convertible 5% 2017	0.1	Galene Fund	3.0
Total Private Equity	2.0	TwentyFour Income Fund	0.4
Property		Sorrento Park CLO A-1	0.4
Deutsche Wohnen	0.7	German Residential Funding 2013-1 D	0.4
LEG Immobilien	0.6	United Airlines 2013-1 B	0.3
Hammerson	0.4	DNA Alpha 2013-1 A	0.3
LondonMetric Property	0.2	American Airlines 2013-2 A	0.3
Tritax Big Box REIT	0.2	DNA Alpha 2013-1 B	0.3
Target Healthcare REIT	0.1	American Airlines 2013-2 B	0.3
Japan Residential Investment Company	0.1	Carlyle CLO 2014-3 A-1A	0.3
Forterra Trust	0.1	Phoenix Park 1X A1	0.2
Terra Catalyst Fund	0.0	Annington PIK 13% 2023	0.2
Invista 9% 2016 Pref	0.0	St Pauls CLO V A	0.2
Max Property Group	0.0	Blackstone/GSO Loan Financing Fund	0.2
Total Property	2.5	Granite 2007-1 3M2	0.2
		Virgin Australia 2013-1 A (144A)	0.2

List of Holdings
Baillie Gifford Diversified Growth Pension Fund

Report for the quarter ended 30 September 2014 21

Asset Name	Fund %
Virgin Australia 2013-1 B (144A)	0.2
Carador Income Fund	0.2
German Residential Funding 2013-1 E	0.1
Granite 2007-1 6A1	0.1
Taberna 2005-1A A1A	0.1
Phoenix Park 1X A2	0.1
Sorrento Park CLO A-2	0.1
St Pauls CLO V B	0.1
Talisman 7 A	0.0
Carlyle CLO 2014-3 A-2A	0.0
Leopard II A2	0.0
Total Structured Finance	14.2
Commodities	
Source Physical Gold P-ETC	2.5
Source Physical Palladium P-ETC	0.7
Source Physical Platinum P-ETC	0.7
ETFS Physical Palladium	0.4
Total Commodities	4.3
Emerging Market Bonds	
Baillie Gifford Emerging Mkts Bond Fd C Gross Acc	8.3
Brazil CPI Linked 6% 15/05/2045	1.0
Brazil CPI Linked 6% 15/08/2050	0.5
Mexico 7.75% 13/11/2042	0.5
Mexico 8.5% 18/11/2038	0.5
Mexico IL 4% 15/11/2040	0.4
Peru 6.85% 12/02/2042	0.4
Colombia 10% 24/07/2024	0.4
Peru 6.95% 12/08/2031	0.2
Colombia 7.5% 26/08/2026	0.2
Peru 6.9% 12/08/2037	0.2
Afreximbank 5.75% 2016	0.2
Colombia 7% 04/05/2022	0.1
Total Emerging Market Bonds	12.9
Infrastructure	
3i Infrastructure	0.8
EDP Renovaveis	0.5
Renewables Infrastructure Group	0.4
National Grid	0.3
Greencoat UK Wind	0.3
John Laing Environmental Assets Group	0.3

Asset Name	Fund %
American Water Works	0.3
California Water Service	0.2
American States Water	0.2
Terna	0.2
Aqua America	0.2
OHL México	0.2
Snam Rete Gas	0.2
Foresight Solar Fund	0.2
Bluefield Solar Income Fund	0.2
NextEnergy Solar Fund	0.2
Total Infrastructure	4.8
Government Bonds	
Australia 5.5% 21/04/2023	1.6
Australia 5.75% 15/05/2021	0.4
Total Government Bonds	2.0
Absolute Return	
Allianz Merger Arbitrage Strategy	3.0
Aspect Diversified Trends Fund	1.9
Amundi Volatility World Equities	1.0
Ferox Salar Convertible Absolute Return Fund	0.9
Winton Futures Fund	0.5
DB Hermes Absolute Return Commodity Fund	0.3
Boussard & Gavaudan	0.2
Total Absolute Return	7.8
Insurance Linked	
Everglades Re 2014-1 A	0.8
Tar Heel Re 2013-1 A	0.6
Everglades Re 2013-1 A	0.4
Alamo Re 2014-1 A	0.4
Lakeside Re III A	0.4
Embarcadero Re 2012-2 A	0.4
CatCo Reinsurance Opportunity Fund	0.3
Pelican Re 2012-1 A	0.2
Embarcadero Re 2012-1 A	0.2
Mystic Re III A	0.2
East Lane Re V 2012 B	0.1
Blue Capital Reinsurance Holdings Fund	0.1
Blue Capital Global Reinsurance Fund	0.1
Tradewynd Re 2013-2 3B	0.1
MultiCat Mexico 2012-1 B	0.1

List of Holdings
Baillie Gifford Diversified Growth Pension Fund

Report for the quarter ended 30 September 2014 22

Asset Name	Fund %
Compass Re 2011-1 3	0.1
Skyline Re 2014-1 A	0.1
DCG Iris Fund	0.0
K1 Life Settlement	0.0
Total Insurance Linked	4.7
Special Opportunities	
Juridica Investments	0.2
Burford Capital	0.1
DP Aircraft I	0.1
Doric Nimrod Air Two	0.1
Total Special Opportunities	0.6
Active Currency	
Total Active Currency	0.4
Cash and Equivalents	
Cash and UK T Bills	7.1
BG Worldwide Active Cash Plus Fund C Acc	2.0
Total Cash and Equivalents	9.1
Total	100.0

** Reflects effective exposure in portfolio, including futures positions; cash adjusted accordingly

Fund Name	Update
Baillie Gifford Diversified Growth Fund	<p>With no substantial changes to the global economic picture or individual asset class valuations, the Fund's asset allocation remained fairly stable over the third quarter of 2014. We made some small adjustments reflecting the outperformance of certain assets and the balance of opportunities. In particular, we increased our exposure to structured finance and certain equity markets, reduced our exposure to various developed bond markets and commodities. In aggregate, the value of our sales exceeded that of our new investments, seeing us increase the Fund's cash weighting to around 9%. We view this as an appropriate level given our concerns around the headline valuations of many asset classes at a time when monetary policy is becoming less accommodative.</p> <p>The investments into Structured Finance included a number of direct senior CLO positions (in deals such as St Paul's and Sorrento) as well as an addition to our holding of the Julius Baer Multibond ABS Fund. Whilst the returns on offer from senior structured finance are not large in absolute terms, we view them as exceptionally good for the risks involved, and particularly worthwhile given our overall economic view. We also took a new position in a Blackstone/GSO Loan Financing fund that invests at the more junior end of the CLO spectrum.</p> <p>Whilst we added 2% to our Listed Equity allocation, the more significant change was to the balance of the Fund's holdings within the asset class. We reduced our position in our global equity funds (which are heavily invested in the US) and brought in new holdings that give specific exposure to Asia (BG Pacific Fund, 2%) and Japan (BG Worldwide Japanese Fund, 1%). Relative to the US, these markets have struggled in recent quarters and, with lower valuations and positive fundamentals, seem well placed to perform better from here. We also took the opportunity to top up the Fund's exposure to European dividends.</p> <p>In bond markets, we took profits from our UK Gilt and European Investment Bank holdings following strong performance. We also sold our direct holding of European financial bonds, which we thought had limited value remaining. Since those sales, high yield credit spreads have begun to rise, although not yet to yields which would compel us to return to the market. The Fund does, however, remain invested in bank loans, with a 6% weighting in third party bank loan funds.</p> <p>In August, we halved our exposure to platinum and palladium, reflecting the good run in prices on the back of the miners' strike in South Africa. These holdings now represent 2% of the Fund. We continue to believe that these metals are underpriced relative to their cost of production, just less so than when we first took the position.</p> <p>Other notable transactions over the quarter included the sale of Onex, a Canadian private equity fund, which had begun to trade on a premium to its net asset value; the purchase of EDP Renovaveis, a Portuguese renewable energy operator which trades at an unwarranted discount to its net asset value; and a reduction to our holding of Peruvian bonds following a rate cut, with some of the funds raised being invested into Colombian bonds, which look relatively better value.</p>

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	29	Companies	13	Companies	1
Resolutions	381	Resolutions	21	Resolutions	1

There has been notable regulatory change in the UK, Japan and Europe

Within Europe, the EU Commission is proposing changes to the 2007 Shareholder Rights Directive in order to bring greater clarity to the investment chain. With regard to the UK, the Financial Reporting Council (FRC) has published a new edition of the UK Corporate Governance Code. Japan's first Stewardship Code, which we became signatories of in August, aims to promote long-term sustainable returns

We are currently adding to the Corporate Governance team's resources by recruiting new analysts

Company Engagement

Engagement Type	Company
Corporate Governance	Kubota Corp. , Rakuten , Standard Chartered
Corporate Social Responsibility	BHP Billiton , Haier Electronics Group Co , Ryanair Holdings PLC
AGM or EGM Proposals	Ashtead Group , James Hardie , John Laing Environmental Asset , Xilinx

Notes on company engagements highlighted in blue can be found in this report. Notes on other company engagements are available on request.

Following a demanding proxy voting season, the broader themes affecting the governance landscape this quarter have been the development of new and existing governance codes both at home and abroad. Whilst the outcome of the Scottish independence referendum has meant business continues as usual, there has been notable regulatory change in the UK, Japan and Europe.

With regard to the UK, the Financial Reporting Council (FRC) has published a new edition of the UK Corporate Governance Code which is designed to strengthen the focus of companies and investors on the long term and the sustainability of value creation. The main changes relate to risk management, shareholder engagement and, as always, executive remuneration. First, the FRC will request that companies robustly assess their principal risks and explain how they are being managed and mitigated. Second, on executive pay, the FRC has decided to codify malus provisions – this is already standard practice – empowering remuneration committees to recover or withhold variable pay awards if corporate health suffers over the long term. Third, the FRC hopes to promote shareholder engagement by requiring Boards to explain what actions they will take to understand and respond to significant “oppose” votes at any general meeting. The revised Code will apply to accounting periods on or after October 1 2014.

The direction of travel for Japanese governance continues to be positive, with recent momentum starting to deliver some significant changes from a regulatory perspective. The country’s first Stewardship Code, of which we became signatories in August, aims to promote long-term sustainable returns by supporting purposeful dialogue between investors and companies. In addition, a new Corporate Governance Code is currently being developed and it is hoped that it will be in place for next year’s voting season.

Although the old adage “I was waiting ages for a Code and then two came along at once” springs to mind, we do not expect an overnight change in governance standards. In fact, the required evolution in cultural and behavioural approaches to governance in Japan will be a much more difficult and important step to ensuring better practices and protection for shareholders.

Accordingly, it was encouraging that during our colleague Rachel Turner’s September trip to Tokyo with the Asian Corporate Governance Association (ACGA), several of our investee companies reported seeing benefits from increased engagement with investors and electing independent board members, both of which are central components of the new Stewardship and Corporate Governance Codes.



Within Europe, the EU Commission is proposing changes to the 2007 Shareholder Rights Directive in order to bring greater clarity to the investment chain. In addition to providing shareholders with a right to vote on executive remuneration and related party transactions, the amendments will look to increase transparency between companies, shareholders and relevant intermediaries. In particular, the Directive will facilitate the identification of shareholders, transmission of information and the exercise of shareholder rights by obliging intermediaries, such as institutional investors and custodians, to provide specific information on the identity of the underlying shareholder. They will also need to ensure appropriate arrangements are in place to accommodate shareholders’ right to participate and vote in general meetings.

The inclusion of these new items in each region’s governance regulations should be viewed as positive. However, it is important to remember that compliance with regulatory requirements and exercise of proper stewardship are not one and the same. As ever, the challenge for the Governance team is not only identifying and engaging with those investee companies which do not comply with the letter of the their respective Codes, but those that fail to endorse their spirit too.

In order to meet this challenge head-on, we are currently adding to the team’s resources by recruiting new analysts. The addition of new personnel will help to supplement the knowledge and experience already within the team, as well as enabling us to improve the level of service we provide to the investment managers.

We are conscious that this quarter’s review has centred on topics with particular relevance to governance as opposed to environmental and social issues. In the next quarter, we will be looking more closely at climate change and supply chain management and look forward to providing a more balanced overview of this work come the year end.

Company	Engagement Report
BHP Billiton	<p>We met BHP Billiton in July to get an update on the company's approach to Environmental, Social and Governance (ESG) issues. Our discussion covered a wide range of issues such as the company's remuneration policy, developments in health and safety as it has reached zero fatalities for the first time and the current and future approach to climate change. This is a company that is well aware of its material ESG issues and is actively working to mitigate current and potential risks. As responsible long-term shareholders, we will continue to monitor the company's approach to each of these issues.</p>
Haier Electronics Group Co	<p>Haier Electronics is a Chinese company that makes washing machines and water heaters and, maybe most interestingly, has an extensive logistics business. Disclosure on all ESG matters is extremely limited. Both the Corporate Governance team and the portfolio manager spoke to the company. The company has informed us that, despite the lack of disclosure, it is thinking about non-financial issues. Its reporting on ESG factors will be increasing in the next interim and annual reports and we look forward to continuing the dialogue.</p>
Kubota Corp.	<p>Kubota is a Japanese producer of agricultural equipment, mini-excavators and ductile iron piping. The company is aware of the changing emphasis on Corporate Governance in Japan and appeared keen to understand more about the impact of this. The Board now includes two independent outside directors whose contribution to discussions is considered invaluable. Being able to explain and justify proposals to outside directors has focused the business, and the outside directors will oppose those they feel are not in its best interests. As the company looks to expand into additional markets, it admits that more effort will be required to ensure issues such as labour conditions are in line with its requirements. Kubota also acknowledges that expansion creates a big challenge in terms of pay structures and incentivising employees globally. The company is also thinking about the effect agriculture has on the environment but hopes that through efficient farming products it can play a part in minimising damage. This was a helpful meeting that allowed us to establish an open and honest dialogue with the company which should facilitate further constructive engagement.</p>
Rakuten	<p>Rakuten is a Japanese e-commerce company. We recently took the opportunity to meet the company in Tokyo to gain a better understanding of the internal workings of the business and the challenges it faces. The inclusion of outside directors at Board meetings has led to increased scrutiny of decision making and greater consideration of the proposals being brought before the Board. The current statutory auditor structure is working but in the long term the company will consider a change if this is right for the business, most likely the addition of a nomination committee. Quality, safety and legality of product content are high on the agenda. Products are screened to identify any areas of concern and merchants may be removed from the platforms if Rakuten believes they are not up to standard. The company has accusations from environmental groups of inappropriate sales of whale and ivory products. Rakuten explained that after the ruling by the International Court of Justice, it no longer facilitates sales of whale products. The majority of ivory products sold are of a historical nature and merchants must have a special licence. This was a helpful meeting in terms of deepening our understanding of the business and continuing to strengthen our relationship.</p>
Ryanair Holdings PLC	<p>Ryanair is a low cost airline and its attitude to cost cutting could be considered extreme. We met the CEO at our offices. In the past 12 months there has been a change of rhetoric and, in the words of the CEO, the company has become more 'cuddly'. Although customers are still attracted by low fares and the company is still growing, the rate of growth has slowed. The change in approach is intended to supplement the company's sustainable cost advantage and help support its corporate reputation. Shortly after this meeting, we had a call with the CFO about the structure and transparency of the company's remuneration policy. The Board will discuss our suggestions regarding disclosure and we are arranging a follow up meeting with the Remuneration Committee.</p>

Company	Engagement Report
Standard Chartered	<p>Following a 39% vote against Standard Chartered's remuneration policy at the 2014 AGM, we wrote to the chairman and have since met the deputy CEO and Chair of the Remuneration Committee. All banks listed in Europe must comply with new regulations controlling remuneration policies, but we believed the solution proposed by Standard Chartered diminished the alignment and long-term elements of future pay awards. The company has a lot to do to tie its remuneration policy to the five to ten year corporate strategy in an observable way, but we acknowledge that operating in the current regulatory environment is not easy. It is extremely difficult for any European bank to think about remuneration in an innovative and company specific way. Engagement is ongoing.</p>

Votes Cast in Favour

Companies	Voting Rationale
3i Infrastructure, Ashtead, Better Capital, BlackRock Floating Rate Income Trust, Boussard & Gavaudan, Burberry, Colruyt, DCG Iris Fund, Fondul Proprietatea, Galene Fund, Halma, Helical Bar, Imagination Technologies, Intermediate Capital Group, James Hardie Industries, John Laing Environmental Assets Group, Johnson Matthey, LondonMetric Property, Max Property Group, NB Distressed Debt Extended Life Shares, National Grid, Pioneer Floating Rate Trust, Ryanair, SABMiller, Scottish & Southern Energy, Target Healthcare REIT, Terra Catalyst Fund, TwentyFour Income Fund, Xilinx	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
Burberry	AGM 11/07/14	2, 3	We opposed the resolutions to approve the Remuneration Policy and the Report. They allow significant flexibility with regards one-off awards. The company has a history of using these.
Colruyt	AGM 24/09/14	2	We opposed the remuneration report because the company distributes a share of profits to directors who represent the controlling shareholders. This is not in line with best practices.
Fondul Proprietatea	EGM 23/09/14	2.2, 2.6	In alignment with management's view, we opposed this resolution put forward by the Romanian Financial Services Authority.
Fondul Proprietatea	OGM 23/09/14	2	In alignment with management's view, we opposed this resolution put forward by the Romanian Financial Services Authority.
Intermediate Capital Group	AGM 23/07/14	2, 3	We opposed the resolutions to approve the Remuneration Report and Policy because there is a lack of alignment between award levels and the company's ROE and NAV performance.
James Hardie Industries	AGM 15/08/14	2, 7	We opposed the Remuneration Report and part of the award to the CEO as the long-term incentive plan permits retesting of performance conditions and vesting for below median performance which we do not believe provides alignment between management and shareholders'.
SABMiller	AGM 24/07/14	2, 3	We opposed the remuneration report and the remuneration policy, as we do not believe the performance targets attached to the Executives Share option Plans are sufficiently challenging.
Xilinx	Annual 13/08/14	3, 4	We opposed amendments to the Omnibus Stock Plan and Executives' compensation as we do not believe the performance and vesting conditions are appropriate.
Companies	Voting Rationale		
Ashtead, Helical Bar, Imagination Technologies, Intermediate Capital Group, Johnson Matthey, LondonMetric Property, Scottish & Southern Energy	We opposed the proposal that gave the company the right to issue up to two-thirds of its issued share capital via a rights issue under Section 551 of the Companies Act 2006. We do not believe that it is in our clients' best interests to forego the right to vote on a large rights issue at an EGM.		

Votes Abstained

Company	Meeting Details	Resolution(s)	Voting Rationale
Ryanair	AGM 25/09/14	2	We abstained on the remuneration report due to a lack of disclosure and are engaging with the company to encourage greater transparency of the executives' pay in the future.

Votes Withheld

We did not withhold on any resolutions during the period.

Votes Not Cast

Companies	Voting Rationale
ING (L) Flex Senior Loans Fund	We did not vote due to the practice known as "blocking" - the rules in some markets which restrict us from selling your shares during the period between the votes being cast and the date of the meeting.
ING (L) Flex Senior Loans Fund	We did not vote due to the practise known as "blocking" - the rules in some markets which restrict us from selling your shares during the period between the votes being cast and the date of the meeting.

	Annual Expenses (%)			Trading Expenses (%)		
	Investment Management Fee	Other Expenses	Total Expense Ratio	Stamp Duty and Other Taxes	Broker Commissions	Total Expenses inc Direct Trading Costs
Baillie Gifford Diversified Growth Pension Fund	0.65	0.20	0.85	0.00	0.02	0.87
Baillie Gifford Managed Pension Fund	0.45	0.02	0.47	0.01	0.02	0.50

The Scheme invests in the Baillie Gifford Pooled Funds listed above. The Investment Management of the Funds has been delegated to Baillie Gifford & Co.

Costs are disclosed as a % of the value of the Fund on a historical rolling 12 month basis using average month end Fund values.

Investment Management Fees represent the standard annual investment management fee for each of the Pooled Funds listed and may not represent the fee actually paid by your Scheme. Please refer to your Scheme's Policy Terms or Management Agreement.

Other expenses will include custody charges unless separate provision is made for custody fee payment in your Scheme's Policy Terms or Management Agreement. Where the Fund is a sub-fund of an OEIC (Open Ended Investment Company) or invests in underlying OEIC sub-funds, it will also include expenses such as depositary fees, registration fees and audit fees.

Trading Expenses (stamp duty, other taxes and broker commission) arise when buying or selling stocks in the market. Buying or selling of stocks may result from: individual stock considerations, portfolio changes due to broader implementation of Baillie Gifford's investment policy and from both investment inflows and outflows from the Fund. When the Fund buys or sells investments in response to investment inflows and outflows the trading expenses are passed onto the incoming/outgoing investor through the pricing mechanism by means of a dilution adjustment.

Therefore, it is important to note that the above costs represent the costs of all trading undertaken by the Pooled Funds listed and do not reflect costs associated with investments or disinvestments that your Scheme may have undertaken during the period.

The Total Expense Ratio of the Baillie Gifford Diversified Growth Pension Fund is calculated by including the underlying expenses of the Fund and all open-ended fund investments, the management charges made by Baillie Gifford and the management charges of other open-ended funds. The Fund's investments change from time to time and so the figure quoted is an estimate based on the latest available data and asset allocation. Investments are also made in closed ended listed companies, none of which are managed by BG & Co; the underlying management expenses of these companies are not included in the above figure.

Comparative Analysis

Fund	Average Commission Rate	Firm-Wide Comparator	Average Commission Rate
Managed Pension Fund	0.06%	Global	0.05%
UK Equity Pension Fund	0.08%	UK	0.06%
Diversified Growth Fund	0.06%	Global	0.05%
Japanese Smaller Companies Fund	0.06%	Japan	0.04%
Emerging Markets Growth Fund	0.11%	Emerging Markets	0.09%
Emerging Markets Leading Companies Fund	0.10%	Emerging Markets	0.09%
British Smaller Companies Fund	0.05%	UK	0.06%
Global Income Growth Fund	0.09%	Global	0.05%
Global Alpha Growth Fund	0.03%	Global	0.05%
Worldwide Japanese Fund	0.08%	Japan	0.04%
Pacific Fund	0.03%	Pacific (ex Japan)	0.04%
Long Term Global Growth Fund	0.02%	Global	0.05%

Baillie Gifford Pooled Funds gain exposure to equity and bond markets in a number of different ways. Some invest directly, some invest in other Pooled Funds (underlying funds) and some hold a combination of these. Where your Scheme invests in Pooled Funds which have direct investments we have shown an analysis of the commission rates paid by those Pooled Funds. Where your scheme invests in Pooled Funds which have exposure to any underlying funds, we have shown an analysis of the commission rates paid by each of the underlying funds. For comparison purposes, we have also shown the average commission rate for similar asset classes across the firm. This should provide a meaningful breakdown of the commission costs borne by your fund.

If further detail is required, full analysis of commission expenditure for any Baillie Gifford Pooled Fund to which you have exposure is available on request.

<p>IMA Pension Fund Disclosure Code (Third Edition)</p>	<p>The Pension Fund Disclosure Code was first adopted in May 2002 and was drawn up by a Joint Working Party of Members of the Investment Management Association (IMA) and the National Association of Pension Funds (NAPF). The purpose of the Code is to promote accountability of fund managers to their clients through increased transparency and to assist clients in their understanding of the charges and costs levied on the fund assets for which they have responsibility.</p> <p>Under the Code, fund managers are required to provide clients with information on how they make choices between trading counterparties and trading venues, more detailed information on how the resulting commission spend is built up, and what services are met out of commission spend, in particular such execution and research services as are permitted by the Financial Conduct Authority (FCA). It also provides a comparison of client specific information on costs and trading with similar firm-wide information.</p> <p>Although the Code was initially drawn up with pension funds in mind, we provide the disclosures for all our clients in compliance with relevant regulatory requirements.</p> <p>There are two distinct types of disclosure required by the Code:-</p> <p>Level 1 requires disclosure of Baillie Gifford's policies, processes and procedures in relation to the management of trading costs incurred on behalf of clients. This disclosure is provided annually to clients and is called the "Trading Procedures and Control Processes" document. This document is also available on request.</p> <p>Level 2 requires client specific information to be provided and is contained within this quarterly report. Level 2 aims to provide comprehensive, clear and standardised disclosure of information from which clients and their advisers can compare and monitor trading costs incurred during the fund management process and the services received in exchange for these commissions.</p> <p>We have included disclosure of transactions and commissions for Equities, Bonds, Currencies and Derivatives, where relevant..</p>
<p>Broker Commission</p>	<p>This page gives information by geographic region on the commission paid by the fund on all commission bearing transactions in directly held equities.</p>
<p>Equity Trading Analysis and Commissions</p>	<p>The trading and commissions analysis on the previous pages represents trading and commissions incurred by the fund over the quarter. Portfolio transactions are analysed by counterparty and type of trade. Transactions listed under "Other Rates" include programme trades, direct market access or algorithmic trades where commission rates may be lower. Commissions have been shown by counterparty where the fund holds stocks directly. Commissions paid have been analysed by the service purchased (execution or research) in compliance with the enhanced code. Where the fund gains exposure to equities via Open Ended Investment Companies (OEICs), transactions and commission analysis have been provided at the total fund level. A full disaggregation by counterparty for each of these funds is available on request. Where relevant, the proportion of commissions paid under directed or recapture arrangements is also shown.</p> <p>The fund's analysis of transactions, commissions paid and the commission split is compared with Baillie Gifford's total transactions, commissions paid and the commission split across all trading in the same asset classes. The fund's average commission rate is compared with Baillie Gifford's average commission rate across all trading in the same asset classes. A similar analysis for OEIC holdings is shown, at the total fund level.</p>
<p>Non-Equity Trading Analysis</p>	<p>The trading report for bonds shows trading volume by the fund over the quarter, analysed by counterparty. As all trades are executed on a net basis, no commission figures are available. Where derivative transactions are permitted, and executed, these are analysed by counterparty (executing broker) and show market value, underlying exposure and (execution) commission. Where the fund gains exposure to bonds via OEICs, transaction volume by counterparty, is available for each of these funds on request.</p> <p>All foreign exchange activity, for the entire portfolio is analysed by counterparty, distinguishing between spot and forward transactions. As all trades are executed on a net basis, no commission figures are available. Where the fund gains exposure to markets via OEICs, currency transaction volume by counterparty, is available for each of these funds on request.</p>
<p>Income and Costs Summary</p>	<p>This shows costs deducted from the fund on an actual basis. Fund management fees and VAT are included during the period when the invoice is raised. Custody costs are included when the sum is debited from the funds managed by Baillie Gifford.</p> <p>Any holdings of in-house pooled funds are shown together with their total expenses on a rolling yearly basis, expressed as a percentage of fund value. Expenses include broker commission on transactions dealt within the fund, bank charges, audit, registrar, depository and Regulatory fees. Any tax paid by the fund is not included. For A and B class OEIC shares investment management fees are also included.</p> <p>A dilution levy may also be charged on OEIC purchases and sales in the case of large transactions.</p> <p>If the portfolio has a holding in a stock that is not covered by the code, such as third party funds or investment trusts, this is also shown.</p>

	Proceeds (GBP)	Book Cost (GBP)	Profit/Loss (GBP)
Total Purchases		462,807	
Accrued Interest		0	
		462,807	
Total Sales	0	0	0
Accrued Interest	0		
	0	0	0
Total Net Investment/Disinvestment			462,807
Net Accrued Interest			0
Total			462,807

Trade Date Settlement Date	Asset Name Sedol Code	Quantity Price	Proceeds (GBP)	Book Cost (GBP)	Profit/Loss (GBP)	Quantity Balance	Book Cost Balance (GBP)
Diversified Growth							
Other							
UK							
Purchases							
10/07/14 10/07/14	Baillie Gifford Diversified Growth Pension Fund B3CRJ02	93,893.903 GBP 1.84		172,793		8,084,095.164	13,433,485
24/07/14 24/07/14	Baillie Gifford Diversified Growth Pension Fund B3CRJ02	2,597.021 GBP 1.85		4,795		8,086,692.185	13,438,280
12/08/14 12/08/14	Baillie Gifford Diversified Growth Pension Fund B3CRJ02	87,468.508 GBP 1.84		161,038		8,174,160.693	13,599,318
15/09/14 15/09/14	Baillie Gifford Diversified Growth Pension Fund B3CRJ02	66,449.417 GBP 1.87		124,181		8,240,610.110	13,723,499
Total Purchases				462,807			
Total Net Investment/Disinvestment UK							462,807
Total Net Investment/Disinvestment Other							462,807
Total Net Investment/Disinvestment Diversified Growth							462,807
Total							462,807

Asset Name	Nominal Holding	Market Price	Book Cost (GBP)	Market Value (GBP)	Fund (%)
Pension Funds					
Baillie Gifford Managed Pension Fund	4,757,801.303	GBP 7.37	17,233,485	35,042,634	69.5
Total Pension Funds			17,233,485	35,042,634	69.5
Diversified Growth					
Baillie Gifford Diversified Growth Pension Fund	8,240,610.110	GBP 1.87	13,723,499	15,378,627	30.5
Total Diversified Growth			13,723,499	15,378,627	30.5
Total			30,956,984	50,421,261	100.0

Valuation of securities Holdings in Baillie Gifford Pooled Funds are valued at month end using a single price which reflects closing prices of the underlying assets in the funds. This month end price may differ from the price used for buying and selling units in the funds which is calculated daily at 10am and uses intra-day prices. This provides a consistent basis for reporting.

	Market Value 30 June 2014 (GBP)	Net Investment/ Disinvestment (GBP)	Capital Gain/Loss (GBP)	Market Value 30 September 2014 (GBP)
Pension Funds				
Baillie Gifford Managed Pension Fund	35,149,209	0	-106,575	35,042,634
Total Pension Funds	35,149,209	0	-106,575	35,042,634
Diversified Growth				
Baillie Gifford Diversified Growth Pension Fund	14,665,215	462,807	250,604	15,378,627
Total Diversified Growth	14,665,215	462,807	250,604	15,378,627
Total	49,814,424	462,807	144,029	50,421,261

	(GBP)	Book Cost (GBP)	Market Value (GBP)
As at 30 June 2014			
Pension Funds		17,233,485.03	35,149,208.69
Diversified Growth		13,260,691.58	14,665,215.39
		30,494,176.61	49,814,424.08
Income			
Management Fee Rebate	4,795.40		
	4,795.40		
Net Total Income and Charges		4,795.40	4,795.40
Change in Market Value of Investments		0.00	144,029.16
Cash transferred to/from Portfolio		458,011.89	458,011.89
As at 30 September 2014		30,956,983.90	50,421,260.53
Of which:			
Pension Funds		17,233,485.03	35,042,633.94
Diversified Growth		13,723,498.87	15,378,626.59
Total		30,956,983.90	50,421,260.53

Cash Transfer Detail

Date	Amount (GBP)
July 2014	172,792.95
August 2014	161,038.27
September 2014	124,180.67
	458,011.89

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