

A compelling opportunity: The UK is on offer

June 2025

Iain McCombie shares his views on the Trust's performance and the current market conditions.

Your capital is at risk. Past performance is not a guide to future returns.

Paul Roberts (PR): Very good morning to you all. My name is Paul Roberts. I'm an investment specialist here at Baillie Gifford. And this morning, we're going to talk about the Baillie Gifford UK Growth Trust. I'm very pleased to have Iain McCombie, co-manager of the Trust with me today. I'm going to ask some questions of Iain. Iain has over 30 years' experience here at Baillie Gifford, and I'm sure will be delighted to share his insights on a range of different topics. So please ask your questions and use the Q&A function at the bottom of the Zoom screen to do that. If you're watching a recording, then please do get in touch with your Baillie Gifford contact if we don't answer any of the questions that you might have for us today. So, Iain, can I welcome you to the call?

Iain McCombie (IMC): Good morning, everyone.

PR: Morning Iain. Great to see you. Right, Iain, so could we just start with a bit of an overview of the Trust and what it's seeking to deliver for shareholders?

IMC: Sure, well, we've got a little slide here that kind of just shows just in a nutshell what the Baillie Gifford UK Trust is about. So what Milena Mileva, who's my co-manager, and I are trying to do is to seek out the best British growth businesses. And what we have here is a very bespoke, very concentrated portfolio, 36 names at the moment. We're very much backing our judgments, so very much believing in active management. The active share is over 85 per cent which in the UK context is very high. We also believe very much in patience. So what we're trying to do is to invest for five, 10 years, not just in the next quarter, the next six months, because we want to let the power of compounding work for you. And the reason for that is because we believe in the long run, share prices follow fundamentals. So what we have in the portfolio is a group of companies which we think are going to grow above average rates of growth over time. And we think that share prices will ultimately follow those fundamentals.

PR: Okay, thank you. And so the Trust just released its annual results to the end of April. We could probably best describe performance over that period as solid. The NAV (net asset value) returns were close to the index, but there was a bit of a bumpy ride along the way. So could you share a few thoughts on that and what's been working well in the portfolio and what's maybe worked less well?

IMC: Yeah, as you said, Paul, we were slightly behind the index on NAV terms at 7.1 per cent against 7.5 per cent. In share price terms, we actually outperformed 11.6 per cent in share price returns because the discount narrowed, and maybe we'll come back to that later on. But as you said, quite an interesting kind of year. In the first half, we had good performance. The fundamentals were starting to come good in the portfolio and the share prices were reflecting that. And then in the second half, really when President Trump started to talk about tariffs and so on, the market had a bit of a wobble and growth companies in that context, particularly when the tariff news came through, performed quite poorly. So we pretty much gave back all our gains in that second half, although again, we've had a bit of a bounce subsequent to that, but that's short-term kind of stuff. Now, within that, I think it's actually quite interesting, Paul, in terms of what hurt and what helped.

Now, what helped was actually a lot of our biggest holdings in the portfolio. So things like Games Workshop, Autotrader. We also had a big return from St. James's Place, which had been, as people might remember from last year, had been quite negative. This year it was a very positive, strong bounce back. So actually that was good. But what we saw was a real kind of contrast. Also a few stocks did very poorly. Things such as 4imprint, which is very much a play on the US economy. Renishaw, which is a capital goods manufacturer, which performed quite poorly.

So there's quite a contrast. It wasn't very much just around the index. It was either very good or very bad. And I think that really reflected the fact that if your stocks are performing well, from the fundamentals, the market liked that. But if you're economically sensitive, the market was very worried about you and sold you down, even though we think the fundamentals of those businesses remain very good.

PR: Thank you. If we look beyond that 12 months, we're aware that the experience for shareholders has been maybe slightly more painful. The portfolio lagged the broader index. We've had a rapid rise in interest rates, which punished high growth stocks. There's been a bit of a rotation in the UK market to some of the more indexed stalwarts, the banks, the energy companies. Looking ahead, though, I know you're very enthusiastic about the opportunities for growth investors. So how might you persuade shareholders to share in your enthusiasm?

IMC: Paul, I think you're absolutely right. If I was going to say in a nutshell, the last three or four years, it's been a really horrible headwind for a growth investor to be in the UK. Now, the question I'm sure that people will ask is, well, can you do growth investing in the UK or is it a waste of time and we should give up on this? And we fundamentally disagree with that. And I think this chart really starts to show why we remain optimistic. Now, on the left-hand side, this looks at all the data from the UK market for companies in terms of how their five-year earnings growth has done. And what you can see on the left-hand side is that the companies with the lowest earnings growth have performed the worst, and the companies with the highest earnings growth, the ones on the right in quintile one, they have outperformed the most.

So what that really in a nutshell shows is that what we were saying, what I was saying earlier, that share prices follow fundamentals. So what we're trying to do, as I said, is to find companies with that above average growth rate, because we think you will be rewarded. And what you can see that over the last 35 years, that seems to work.

Now, somebody's probably thinking here, listening to this, saying OK, why has it not worked in the last five years? Well, I think one of the points here is that it's five year earnings growth. And what we've really seen in the last few years, as you said, Paul, is a real headwind for growth investing. Covid, the interest rates, the currency, it's all been kind of quite negative for that. But we think that we're pretty much through that. And really, the next five years start to look a lot better than that. So I think that's one thing.

Now, the second thing, I think, why I remain very optimistic about the future is the fact that the UK market, relative to global peers, remains very cheap. You can see that on the right-hand side there, that from 2017 to 2024, 2025, the UK market has consistently underperformed. Now, that's why you get all these headlines about the UK market is terrible, and everybody's leaving and so on. But I think as an investor, and perhaps you as prospective investors in this would say, well, that's actually an opportunity. Because what you're seeing there is that the UK is now looking very cheap relative to global markets.

And you're starting to see that, frankly, in terms of some of the takeover activity that we're now seeing, which is kind of a mixed bag, really, in the sense of it's good news in a sense of it allows the fact that the market's undervalued, but potentially you can lose companies at too cheap a valuation. But it is a sign of the fact that the market is actually very attractively valued. And that growth rate and the cheapness of the valuation, I think, gives us a lot of optimism about the future.

PR: It's very clear to me that the UK is on offer. I can see why you're excited by that. Can I drill back into that earnings growth a little bit? So over time, it's those fastest growing companies that tend to

deliver the highest share price returns. Where do you find them? What sort of companies are these? And how do we go about finding those opportunities?

IMC: Well, look, we're often kind of accused in the UK of, you look at the kind of the top 10 holdings, and it's all the usual suspects. And actually, that's really unhelpful. Because when you look at our portfolio, and hopefully we've got a slide coming up here, to show our top 10 holdings there, it's not the usual suspects. It's not all these big multinational companies that, frankly, fill up most UK portfolios. You can see that things like Games Workshop, Volution Group, Autotrader, these are kind of exciting businesses that are not the kind of well-known names there. And, the fact that Games Workshop, I think it's our number one holding. Now, admittedly Paul it has come into the FTSE 100, but a lot of people still don't take it seriously. They think it's a bit of a joke.

It's a kind of hobbyist. It's for what kids play. You know, how can that be a serious business? But I think that, in a way, is very telling in itself because Games Workshop is a classic UK success story that in a way we're almost embarrassed about, but it's got fantastic intellectual property. It's got 30 or 40 years of IP. Which people are really excited about, so much so that Amazon have agreed to do a TV show just using a bit of their intellectual property. And what was really interesting about that, Paul, was that negotiation took a long time because the Games Workshop management, who we admire a lot, said, look, we're not just going to take Jeff Bezos's money and do a runner. We really care about our IP, we don't want this to be ruined by Amazon, and we want to make sure that the script and so on is going to fit very much into our heritage, because that's the way you can really annoy your fan base in the Games Workshop. And therefore, it's taken a long time, but they've now agreed that.

But that's kind of icing on the cake. The core business is still growing, despite all this talk about, Paul, people using console games, and therefore, now why would you want to paint something? That bit, the hobby bit, is booming and that is really exciting for the future.

So that's one example but there's plenty of other companies in that top 10 that are not your well-known names. Volution which is the number one manufacturer of the vents in your bathrooms. If you want to look at Vent-Axia, that's the one you want to look for, or Manrose. If you go into a bathroom, see I'm a sad person now, I kind of look at that when I'm in the bathroom, a friend's bathroom, which one have they got? But the reason why that's so important is that this company has got about 25 per cent market share in the UK, margins are very strong, but they're also expanding internationally, Europe and Australasia. And it's not just these fans, it's also much more sophisticated ventilation systems, which are going in, partly driven by legislation. So this is a real winner from the net zero game that's going on at the moment. So that's really exciting. And I could

go on and on and on. But the key point really is, Paul, these are very much individual stock specific growth ideas, and we're very excited about them.

PR: Indeed, it is highly distinctive. There's many names there that are very different to the index. A feature of our approach is low turnover, patient mindset. So if we turn to activity, there's only been one new buy in the last 12 months. Can you tell us a bit more about Applied Nutrition? What piqued your interest there?

IMC: It's actually an interesting kind of business. It was set up by its founder about 10, 15 years ago, maybe 10 years ago. But it's already profitable. Now, it makes nutritions for if you're going running or weight exercises, things like that. And what the founder realised is that it's not just about, well, there's two things really. One is to make sure that, from a drugs perspective, there is absolutely no kind of impurities and so on. So they make sure that their products are approved by WADA, which is the drugs authority, testing authority. So athletes know that they can take these supplements and so on, and there's no issues of failing drugs tests, which is really quite important.

But the second thing was to be nimble. And what I mean by that was looking at what's going on in the markets for certain flavors or new products, and being quick enough to get to the market very quickly. And they've done that. And I think that's really exciting. But what they're now doing is deepening that relationship. So they've got a good relationship with Holland and Barrett, the chain in the UK, but they're also now starting to sign up other groups internationally. So they've got a decent business in the Middle East, they've got some business in America with Walmart, they've also got some business in South America. So they're actually starting to become quite international quite quickly.

But they're also still based in the UK. It's a very small, relatively small, nimble, but very profitable business. The other thing I think is still very interesting is the fact that Andy Bell, who – one of the top 10 holdings that we have is AJ Bell – he is the founder of AJ Bell. He's actually the chairman of this. He's also a decent sized shareholder in the business too. And he's a man I've got tremendous respect for. So the fact that somebody of his caliber was in the business and is helping guide Thomas, the CEO, in his journey as a new business onto the market is exciting, I think.

So that's the basic story. Still very early days yet, but the first trading statement they've had was absolutely bang in line on results. So far, so good. So we'll see how this one goes over the long term, but we're quite excited about it.

PR: Certainly sounds interesting. Just one new purchase might suggest you've been sitting on your laurels, but I think that's far from the case. There has been a few sales in the portfolio. Could you touch on some of the broader activity in the portfolio?

IMC: We've done a few things. Partly to explain the context, Paul, that one reason why we've had one new purchase and a few sales is the fact that we've actually been buying back quite a lot of our stock over the year. In fact, over the year, I think the board bought back 12 per cent of the business. So in one sense, we've had a bit of selling pressure on the portfolio, but a good reason because we're buying a nice attractive discount for existing shareholders.

So within that, we've done two things. One is we've looked at the portfolio and said, are there any holdings that we've kind of lost conviction in? And so, for example, Hargreaves Lansdown, we decided to sell it because they had a takeover situation. The price was okay, it wasn't amazing. It's a bit disappointing because we think there was a turnaround story that was starting to take place there, but we decided, look, we've been losing conviction a little bit in that relative to AJ Bell, who's been taking share from them really, and we decided to sell that one.

We also sold out of Rio Tinto. That was just more, I think it's a decent business, but we really lacked a lot of conviction and, you know, why is this going to be a really strong long-term kind of growth business for us? We think there are better opportunities there. So that's another thing that we sold out of.

But actually, the bigger thing that we did, if people say, well, okay, you sold, you must have sold 10 per cent of your portfolio, what were you doing? Well, we were just trying to take some money out of some companies, we didn't do a pro rata, we were trying to do things like sell out of Hargreaves, sell out of Rio. We also sold a few things which have done quite well, reduced them, I should say, things like RELX and Bunzl, before it actually had its recent trading issues. So actually, we're trying to recycle that capital into the kind of stocks which we had the bigger conviction in.

Now, I should say the one thing probably we didn't say, we did actually add to some holdings too.

So, for example, 4imprint, which is the one that I said had been one of the poorer performers. Now, what it does is it sells merchandise, branded merchandise. So, if you want a Baillie Gifford golf ball in America or something that these guys actually produce or you want to wear a Baillie Gifford hat at a golf day or something like that. These guys do it for you and do all the stitching on the Baillie Gifford brand or whichever company it is. Now, they are the gorilla in this market. They are the biggest player by a mile. There's nobody of any size other than that. So they've done very well historically, even during things like COVID. They've taken market share when the market recovered.

But recently, because the US economy is slowing, their business has slowed a bit. Now, the markets panicked about that. But we actually see this as an opportunity, because whenever you see a bit of short-term disruption to that market, they always come out of it stronger, because they have the finance, they've got a very strong balance sheet. They are long term in how they manage that. They don't just turn off the marketing, which the mum and pop competitors do. They keep marketing. And what happens is every time they come out of a sticky patch, their market share is greatly enhanced. And we think this is exactly what's happening again. So when the share price went down, we have added to it. And that's what long term, that's what being patient is all about, is buying things when other people are running away from them.

PR: Thanks, Iain. And so, in aggregate, how does that leave you feeling about the portfolio? What are its key characteristics to you?

IMC: Well, I mean, I think what we are saying in the portfolio is the fact that, you know, very solid foundations. Our margins are better than the index, 37 per cent gross margins against 25 per cent. You know, resilient financials. I think this is really quite important in this kind of uncertain environment. The fact that we've got strong earnings and cash flow for the bulk, vast bulk of our portfolio. And that really translates into better forward growth and better earnings growth than the market.

Now, these are just short-term numbers. You've got to be very careful here because, you know, basically the analysts of the market are usually behind what's going on in terms of growth rates. But this gives us a lot of comfort, frankly, at the moment that our portfolio is well positioned for the future. And so therefore, that's why, Paul, we remain very optimistic about the future.

PR: Indeed. Thanks, Iain. Questions are coming in. Please add to them. We'd be glad to answer whatever is of interest to you. I'm just going to pick up on one more thing from you, Iain. You mentioned about buybacks. I think it's worth spending a little bit of time just talking about the benefits of the structure of the Trust and how that can be a benefit to shareholders.

IMC: Yeah, I mean, look, it's interesting. We know things like Saba and so on, there's been a lot of negative talk about investment trusts, but we really believe in the structure of this permanent capital nature of a trust, because it allows you to take that long term view. You have that independent board that are there to keep us on our toes but also to look after shareholders. So for example what they've done in the last year is the board put out an announcement saying that we want to keep the discount at a single digit level and that's brought the discount in. And to back that up they've been buying back stock to maintain that discount at single digit. So I think that can send

a very strong message to either existing shareholders or prospective shareholders that the board have very much got your interests at heart in doing that.

On top of that, we have a continuation vote in '27 and a potential tender in '29 if we have underperformed. So I think, again, these are what the chairman described in the annual report is a kind of each way kind of bet. That you know either in a sense of we're going to see a strong recovery as we hope from our portfolio given the growth fundamentals and we hopefully more of a tailwind rather than a headwind as we've seen the last five years. But if that doesn't work out you've got a mechanism that potentially can protect you and by allowing you to tender pretty close to NAV.

So I think that that's an attractive thing but in the meantime the board are continuing to buy back stock, the Trust is buying back stock at a high single digit rate, which is still very accretive to existing shareholders. So I think there's a lot of good things there.

The one thing I haven't mentioned, which I probably should, because I'm sure you'll be kicking me under the table if you were in the same room, is also the fact that it allows us to buy private holdings. Now, we've only got one private unlisted business at the moment, a company called Wayve, but what a business. It is one of the leading autonomous driving software businesses globally. It got a very substantial additional investment last year from some big players like NVIDIA and SoftBank. But actually, excitingly, they've now actually signed their first car company in Japan to install their software into their car, which is very exciting. Still very early days, but we think it's proof that this business is really onto something. So that's exciting. So that's something you can't get anywhere else, which I think is really another attractive feather in the boat for the Trust.

PR: Indeed. An interesting question here that's come in, and I think it ties to that. So we're long-term patient capital here. You described our approach as being very patient. But how do you think about that? How do you stick to that kind of patient approach when things aren't working out as well? And we've had that pressure over the last few years.

IMC: Yeah, it's a good question. I think the first thing that helps is the fact that Baillie Gifford's structure, it's unlimited liability partnership. It's been around for a long time, we've been through performance cycles, and therefore the fact that we're not feeling under pressure to just do something from an investment perspective. You know, as long as we are continuing to do what we've always done, and the fact that myself and Milena have been working together for a long time. I've been 31 years now at Baillie Gifford. I've been through performance cycles and I know from personal experience that the hardest thing is when you're in those tough points, people are saying, well, can you do something different? And I know that that's the wrong thing to do. You've got to stick to your knitting.

Doesn't mean that you sit there and not do anything. Just to be clear, Paul, you're always looking at your portfolio, reviewing it to make sure maybe you've made one or two mistakes. But actually back a lot of the companies because what you're often seeing here, and what we were saying earlier, why the market is on very attractive valuations, it's on offer, is because you're getting companies who are still generating good growth, but the rating is still looking very low relative to similar peers, elsewhere in the world.

Now that, to me, is a sign, don't give up. And I think that's a really important thing. I don't know what's going to turn that. I'm sure somebody might ask you that. If I knew that I'd be a hedge fund trader or something like that and I'd have been a long retired. I'm not smart enough for that. But what I do know is that if you have a collection of these businesses, which we spend a lot of time thinking about kicking the tires, we think you will be rewarded. And you just have to be patient enough to do that.

PR: Yeah, it comes back to that. It's not if, it's when, but we're just not exactly sure when. As you noted, Iain, you've been at this for 31 years, and they say you can't teach an old dog new tricks, but I'm sure you've learned something through this period. Is there any kind of enhancement to the process or philosophy that you'd like to highlight that you've learned in this experience?

IMC: I think that's a really important point because I think the danger, you don't want to sound arrogant, particularly when you've had poor performance and you know, if there's any people listening who you or your clients have been involved in the Trust the last few years, it's been painful. As a shareholder, I understand that too. And you know, we are determined to do a lot better. So we're not going to try to be blase about it at all. But I think as well as saying we believe in our fundamental approach, which we haven't changed, you're always asking yourself, well, what could you do better?

So one of the things that we have, well, there's two things we've really looked at. One is to say, well, in terms of valuations, looking back at it, is there anything we could have done? Now, I think we've talked about this before, that the only way we could have, even with perfect hindsight, have done something different would have been to completely change the portfolio of buying value stocks. And that would have been completely the wrong thing for shareholders, because frankly, we are hired as the growth investors. There's nothing much we could have done about that. It's been a big style thing rather than one or two individual stocks that have really caused this performance.

But what we would admit is the fact that were we a bit, could we have looked at some of the valuations a bit more and challenged ourselves about, okay, this stock's done very well, this is going to go back to '21 or just post the COVID boom when we did very well, could we have taken the top off some of our holdings a bit more? Yes, I think we could have. And actually, that's one thing that we have been doing more recently, for example, even though we have a big holding in Games Workshop, it's still a number one holding, we actually have been reducing it and one or two other bigger holdings as well, because we're just trying to recycle some of that capital back. So I think that's an example. We're learning that lesson a little bit of, take a little bit out of some of these holdings that have done extremely well.

But I think that's one thing. I think what's more important, I would say, even than that, is also looking at our research of our companies. Now, we spend, you can imagine, with 36 names, long-term average holding period, six, seven years at least, we spend a lot of time trying to get to know our companies. But one thing we've changed in the last couple of years is we're doing much more targeted visits of companies. So rather than companies coming up and talking to us along with everybody else for an hour after results. We're saying, no, no, we don't need that. What we're going to do instead, we're going to still look at the results, obviously, but what we're going to do is in our own time, once a year, go down to visit them for a day and spend a day with the company and meet not just the CEO and the FD, but potentially the whole of the ex-co (executive committee). And maybe do a site visit and things like that.

And we found that to be a much more useful way to really get to know a company, meet more people on the team, get to have a much more deeper insight into what's going on in that business and how they're thinking about the future. I mean, frankly, I sometimes describe it as almost like you're shooting the breeze a bit with the management. And when you've got a day, quite frankly, you've got more time to do that. Whereas if you've only got an hour, you've got a lot of questions, you've got a lot of things to get through. You just don't have that time for that.

So we find that really useful, just to try and challenge management about, what are you thinking about in the next five years? You know, what are you doing now to do something special for the future? The way I always describe it, Paul, is it's almost like looking around the corner. That's what you're buying with good management teams, is that ability to be adaptable and flexible and agile enough to do that, to seize those opportunities.

So, for example, Autotrader, the fact that they are building not just the number one second-hand car portal in the UK by a mile. But how are their things like what they call 'deal builder', which is basically a way to kind of help the customer not just find the car, but potentially finance that car too? And they get a little cut by trying to make that transaction a lot easier for the buyer.

And it's that kind of thing of trying to find additional sources of revenue that we didn't think about before. You know, what the jargon is, you know, you're trying to increase their total addressable market, TAM. If you can do that, that's very attractive as a growth business. So it's things like that that we're spending time with management trying to understand, because if they get this right, it's really important.

PR: Yeah, indeed. And, you know, obviously, as long-term shareholders, we have the benefit of those good relationships to be able to spend that time with management teams. If I flip the coin, though, does it become a love-in? How do we maintain objectivity in that situation? And what are the key parts of the process that help with that?

IMC: Yeah, well, Paul, you can probably imagine, I'm the dour Scot, archetypal dour Scot, so I'm not easily impressed. But I think, but seriously, I think that was one thing we realized right at the start, that that's the danger of that. And what I say, as the head of the team has always been, look, you always have to have a slither of ice when you're dealing with management. And what I mean by that, even if you can respect them a lot and perhaps even like them a lot, ultimately, we are there to do the good job for our clients. And if we think that no matter how nice these people are, how sincere, whatever, if we don't think they're doing a good enough job, then we have to sell.

Now, what is interesting about these kind of site visits to companies is we've actually come out of a few of them quite negative. And we've actually ended up selling one or two of them. For example, we sold out Abcam, which ended up ultimately being taken over. But our conviction in that company was reduced significantly after one of those visits, because it actually highlighted one of the concerns that we'd had about the business and its culture. And actually spending a day with them, it became much more apparent. You couldn't really kind of avoid it. And that was a really good example of where they thought they were trying to do a good job of impressing us. In a way, they almost did the opposite. They told us something about the business that they wanted us to know, but we had picked up. So there's things like that, that you do.

It's a simple common sense thing, Paul, that, if you're spending six, seven hours with people, it's kind of hard to fake that after a while. And you do pick up things about, and even just how people react to one another. And, I won't name names on this one, but there's one where, there was a palpable sense of, people were frightened of the CEO, almost what they were going to say. Whereas the good ones, you have people where the CEO will just go out the room, or you just say what you want, and he's just totally unbothered by what the people were coming to go in, and you can see that people are quite happy to have a discussion and even challenge the CEO about stuff or just chat to them. And you think that's a really healthy environment where it's not just one

person, you know, Wizard of Oz, trying to kind of pull all the levers. The reality is you need a group of people at the top who are smart, dedicated, agile, and frankly can think for themselves and can actually see what's going on in the ground and potentially adapt. That's what a good management team is all about, So trying to spend that time to meet these people and pressurise them a little bit by asking them really challenging questions and seeing how they react to that. And they often haven't had that experience. That's a really interesting thing. They often don't get that exposure to investors. So we're kind of like, they're a bit nervous about what we're going to say, and we probably don't disappoint them by asking them some pretty odd questions. But that's what our job is about, is trying to kick those tires, trying to see what they're made of.

So we think it's a tremendous use of our time. And it is time-consuming, Paul. I'm not going to pretend that it isn't. There's a lot of work that has to go in. And we go through to America. We've been in Spain and been in Europe, visiting companies because it's the right place to visit the businesses. And that's really important, I think.

PR: Indeed, I know you've talked a lot about how important management culture is to these kind of long-term growth drivers in businesses. I'm going to take a different tack. One of our viewers has picked up on something you said earlier, Iain, about takeovers being a big part of valuation reset in the UK. Some of those have been taken over by US businesses. We've seen some companies re-listing. What are your thoughts on the opportunity set, the future of the market in the UK, and how that's all tied together?

IMC: Well, I think the thing about takeovers is, I mean, this is not new. The UK has always, in some sense, has always been more attractive to Americans. And we've seen this in some of our holdings in the last couple of years. We've lost business like HomeServe, Euromoney, Ultra Electronics, over the last few years to take over bids. And you can see that on the right hand side there, the valuations are attractive for somebody. So that is a risk. In the short term, you get a boost because if you own one of these companies, you get that kind of sugar rush of an instant premium. But, in a way, in most of those cases, we've not been particularly happy about losing them because we think longer term, finding these growth businesses is not easy.

They don't grow on trees. And therefore, you don't just want to go for a quick 30 percent, because in my view, if you want to own something over 5 or 10 years, that might just be the foothills of where you're going. You could end up climbing Mount Everest, but you've sold it as a Monroe, and that's not good enough, I think. So that's the negative thing. But it does at least tell you the fact that we're not just some crazy people shouting that the valuations are cheap. People are actually doing something about it.

I think in terms of the question about people leaving the UK market. It's an interesting one. I mean, it's a debate I've had with a number of management teams and boards about this, you know, should we do this?

I think in some respects, you've always got to be a little bit careful about what's the motive. Now, I'm not saying that there's anything untoward, but it can be sometimes about pay, because people see what American companies pay, and they can, I want a bit of that, please. So I always say, you know, I'm sorry to sound cynical on a Tuesday morning, but there's a little bit of that, that people like the pay packets compared to the UK, where, you know, I think rightly we can challenge some of these almost huge, almost obscene kind of bonuses that people are being offered for often not linked to performance. So that's one thing.

There's been some data that we've seen that actually a lot of companies, it's not necessarily this kind of magic wand that basically you go to America and you get re-rated and everybody lives happily ever after. I think it's a bit more complicated than that. So I think the danger is you have investment bankers who are trying to drum up business, whispering in people's ears saying, oh, you should do this. But I think actually, it's not quite as simple as that.

But we are seeing that, and we have a couple of stocks in the portfolio, Ashtead that is doing that, and Wise more recently that's announced that its primary listing is going to move to the US. We're hopeful that for Wise, because it still remains headquartered in the UK and so on, that we can hold on to that one. But, you know, Ashtead, it's a bit disappointing. You know, we've been a big backer of that business for a good 15 years. We've been a patient supporter. It's a bit disappointing that they're running over to America. But, hey, that's life.

But I think, look, there are plenty of other new businesses coming through. And I think, when you saw our top 10, there's a lot of really interesting businesses and interesting growth rates in their market and I think that's still the key thing. There are growth businesses in the UK, forget all the propaganda, forget all the kind of negative news, there are plenty of growth businesses in the UK and this Trust has got high exposure to them.

PR: Thanks, Iain. I think we've answered all of the questions that have come in. I hope that's been useful to everybody. I think that was a good positive note. I was going to ask you what your positive optimistic note to finish on, but I think you've just given us that, so we won't ask you to repeat it.

If we haven't answered anybody's questions or anyone watching on record, please do get in touch with your usual Baillie Gifford contact. We'd be very pleased to follow up. We hope that's been useful. Thank you for your time. We'll see you again soon.

IMC: Thank you.

Annual Past Performance to 31 March Each Year (Net %)

	2021	2022	2023	2024	2025
Baillie Gifford UK Growth Trust PLC	57.4	-18.8	-9.3	1.5	12.2
NAV	43.7	-9.5	-2.6	2.3	3.5
FTSE All-Share Index	26.7	13.0	2.9	8.4	10.5

Source: Morningstar, FTSE. Share price, total return in sterling. Returns reflect the annual charges but exclude any initial charge paid.

Past performance is not a guide to future returns.

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- The Trust can borrow money to make further investments (sometimes known as "gearing" or "leverage"). The risk is that when this money is repaid by the Trust, the value of the investments may not be enough to cover the borrowing and interest costs, and the Trust will make a loss. If the Trust's investments fall in value, any invested borrowings will increase the amount of this loss.
- 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 Trust might receive upon their sale.
- The Trust's risk is increased as it holds fewer investments than a typical investment trust and the effect of this, together with its long-term approach to investment, could result in large movements in the share price.
- The Trust can make use of derivatives which may impact on its performance.
- The Trust's exposure to a single market may increase risk.
- Share prices may either be below (at a discount) or above (at a premium) the net asset value (NAV). The Company may issue new shares when the price is at a premium which may reduce the share price. Shares bought at a premium may have a greater risk of loss than those bought at a discount.
- The Trust can buy back its own shares. The risks from borrowing, referred to above, are increased when a trust buys back its own shares.
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