

Key Information

Launch Date	31 July 1997	
Fund Size	£177.2m	
Type of Shares Available	Accumulation	
Distribution Date	31 July	
Historic Yield	Nil	
ISA	Only through third party	
ISA Transfer	Only through third party	
Standard Fund Management Charges	Initial	5.00%
	Annual	1.50%

Classification

Sector	North America
Market Cap / Style	Large Cap Bias / Growth Bias
Benchmark/Index	S&P 500 Composite

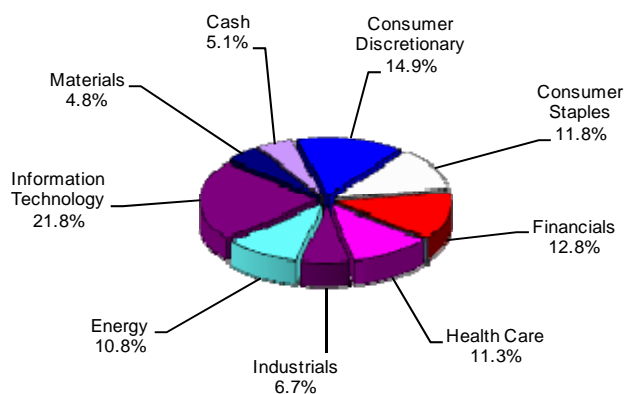
Management/Investment Style

Fund Manager	Mick Brewis (July 1997)
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Provides investors with access to a fairly concentrated portfolio of US stocks, selected on the basis of bottom-up company research, reflecting the managers' preference for investing in opportunities deemed to offer growth at a reasonable price.

Asset Distribution - Sector

Source: Baillie Gifford



Investment Objective & Methodology

The fund aims to maximise the total return principally through investment, whether direct or indirect, in any economic sector in the United States of America. From time to time, at the ACD's (Authorised Corporate Director) sole discretion, investment, whether direct or indirect, may also be made in any economic sector in Canada.

The named manager of the fund is Mick Brewis. He heads up the US team consisting of Investment Managers and Analysts. All members of the team contribute to the research effort although individual managers are free to make their own decisions for the funds they manage. Research responsibilities are divided up by sector and team members visit the US on a frequent basis.

Baillie Gifford's investment philosophy is that the market consistently undervalues sustainable earnings growth. They take a long-term approach to investing and they believe in analysing companies from a bottom-up perspective rather than attempting to read macroeconomic trends. The team aims to cover a universe of around 700 US companies from which a condensed list of around 180 stocks is then subject to ongoing fundamental analysis. In addition, the team seeks to identify attractive growth opportunities falling outside the universe of 700 larger companies and such ideas within the mid-cap and smaller companies are included in the fund when the managers believe that superior growth potential at attractive prices is available. Their market cap cut-off is \$1.5bn. Baillie Gifford's company analysis is structured around the following factors: industry background (opportunity), competitive advantage (sustainability), management (alignment) and financial characteristics (reality). The common factors are routinely analysed for each company researched and are then appraised in the context of the company's valuation criteria. Baillie Gifford indicates that this approach may be summarised as seeking growth at a reasonable price in terms of style.

The portfolio is concentrated, typically containing between 40 and 60 stocks. The portfolio is quite likely to diverge from the benchmark as the managers have the freedom to take conviction positions. The formal guidelines state that the maximum stock bet can be +/-7% versus the S&P 500 index while the maximum sector bet can be +/- 12% versus the index. The tracking error is expected to be between 4% and 10%. Portfolio turnover tends to be very low due to their long-term investment horizon.

Top Ten Holdings

	%
Apple	7.4
Home Depot	4.6
Progressive	4.2
Bristol Myers Squibb	4.1
Exxon Mobil	3.8
Monsanto	3.8
Colgate-Palmolive	3.7
O'Reilly Automotive	3.7
F5 Networks	3.6
Walgreen	3.5
Concentration (Top 10)	42.4
Total Number of Holdings	43

Source: Baillie Gifford