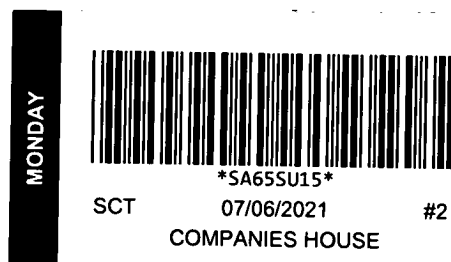


**Mitsubishi UFJ Baillie Gifford Asset
Management Limited**

Annual Report and Financial Statements
Registered number SC122044
31 December 2020



COMPANIES HOUSE

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
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Notice of Meeting

Notice is hereby given that the thirtieth annual general meeting of Mitsubishi UFJ Baillie Gifford Asset Management Limited will be held at the Registered Office of the Company, Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN on 12th May at 10:00 am for the following purposes:

1. To adopt the Strategic Report, the report of the Directors and accounts for the year ended 31 December 2020.
2. To re-appoint KPMG LLP as auditor.
3. To authorise the Directors to fix the remuneration of the auditor.
4. To transact any other ordinary business of the Company.

By Order of the Board,

DocuSigned by:

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E Delaney
on behalf of
Baillie Gifford & Co
Secretaries
14 April 2021

Strategic Report

The Directors present their Strategic Report for the year ended 31 December 2020.

About the Baillie Gifford & Co Group

Mitsubishi UFJ Baillie Gifford Asset Management Limited (the Company) is a joint venture between Baillie Gifford Overseas Ltd (BGO) and Mitsubishi UFJ Trust and Banking Corporation in Japan. BGO is a wholly owned subsidiary of Baillie Gifford & Co (BG&Co), a partnership which has four other wholly owned subsidiaries. The partnership also has seven indirectly wholly owned subsidiaries.

References to the BG Group refer to the group of companies headed up by Baillie Gifford & Co.

Principal activities

Mitsubishi UFJ Baillie Gifford Asset Management Limited is a limited company authorised by the Financial Conduct Authority (FCA) on 1 December 2001.

The Company provides investment advice and supporting administrative services to Mitsubishi UFJ Trust & Banking Corporation. The Company's advisory services include investment advice for a number of international equity portfolios, which may be applicable to clients of Mitsubishi UFJ Trust & Banking Corporation.

Review of the business

With the global spread of COVID-19, 2020 was a challenging year in many respects. Fortunately, from an organisational perspective, the company's investment in technology allowed for remote working, which meant there was very little disruption to our day to day business.

From an investment perspective, it turned out to be an exceptional year for Japanese investors in the Joint Venture's portfolios. Markets rose and a significant amount of alpha was generated by continued good stock picking. On the downside, we continued to see rebalancing and some Japanese corporate pension funds taking money away from the company's global equity portfolios following this strong performance, but not enough to offset new client wins and the performance gains. As a result, the total asset under advice rose and reached a record high in 2020.

On the investment side, 2020 saw global market indices finish in positive territory, despite the extreme disruption to the operations of many businesses caused by the COVID-19 pandemic. Driving the positive returns, were stocks well equipped to navigate this challenge, including many companies using digital technologies to provide goods and services. With many people working from home, travelling less and trying to maintain social distancing, there was a marked acceleration in the demand for the likes of on-line shopping, entertainment, fitness and food delivery. Similarly, companies providing business technology solutions in areas like teleconferencing and digital payments also performed exceptionally well. It would be remiss not to also mention the positive impact of holding electric vehicle manufacturers, particularly Tesla, as acceptance of the technology increased and as their businesses grew. Fortunately, our growth focused investment philosophy meant that portfolios were well placed in such companies, with relatively little exposure to slower, less adaptable companies.

As a result, absolute and relative performance was positive across all the portfolios under advice over the year. Longer term performance also continued to be exceptionally strong. As we have written in previous years, we continue to have a preference for companies capable of delivering sustainable growth and it was encouraging to see contributions from companies across a variety of geographies and sectors. We aim to seek out ambitious businesses with strong, long term secular growth prospects, as we believe these will generate the best long-term returns.

Strategic Report (continued)

Review of the business (continued)

Whilst it is unlikely that the magnitude of excess returns generated in 2020 will be repeated this year, we continue to have high conviction in the vast majority of the stocks held in the advisory portfolios. Notwithstanding that the share prices of many of these companies have performed very strongly, in many cases the operational outlook for their businesses has also significantly improved, as the markets for their goods and services have also expanded. As stated last year, we continue to have a consistent bias towards companies with strong balance sheets, meaning that they are better equipped to handle crisis than their weaker peers, who may struggle to refinance their debts. Furthermore, we can see that most holdings are generally re-investing heavily in their businesses, via capital expenditure and research and development, laying the foundations for future growth. This is still in contrast to much of the stock market, which appears more focused on paying out dividends and conducting share buybacks. As we said last year and the year before and the year before that, it is a company's competitive position, its balance sheet, its management, their strategy and their willingness to invest for the future that have the greatest impact on how the company's share price performs over the long term. In this regard we believe the portfolios remain well placed and do not expect to make significant changes to the companies held in the advisory portfolios.

Turning to the prospects for the company in 2021, corporate pension funds are likely to further rebalance away from global equities after our strong performance, but at the same time we continue to see some underlying investors allocate more overseas and we also continue to find new underlying clients wishing to invest in the advisory portfolios for the first time. As stated in previous years we remain focused on picking great businesses in which to invest and provide Mitsubishi UFJ Trust and Banking, and the underlying Japanese investors, with a very high level of client service. Longer term, we remain convinced that there will remain a healthy appetite for higher alpha focused equity strategies and we continue to expect the company to grow.

Results

The Company's principal financial performance indicators remain turnover and total funds under advice. The Company's advisory assets increased gradually despite the significant outflows in the last two quarters. The value of the Company's advisory assets increased year on year from £5.6 billion to £7.9 billion. All the advisory portfolios outperformed markets throughout the year which resulted in an increase in income from £15.1 million to £19.7 million.

Interest receivable decreased to £2,686 (2019: £6,409) due to a decrease in interest rates in the year. The profit for the year, after taxation, was £9,643 (2019: £16,762).

Key risks

The Company places reliance on the Baillie Gifford Group risk management framework, with relevant risks then considered for the Company.

Strategic risks

Strategic risks are principally the risk of the business declining due to internal factors (for example sustained poor long term investment advisory performance) or external factors (for example a sustained fall in markets or changes in the business models of the two shareholder joint venture partners). These risks are managed by regularly reviewing and nurturing the relationships between the shareholders, reviewing the business requirements involved and by regularly reviewing investment performance and encouraging a culture of open debate on investment strategy.

Strategic Report (continued)

Key risks (continued)

Operational risks

The principal operational risks are those surrounding the provision of advice or administration. We aim to set up controls to ensure that residual risk is minimised and consistent with providing high levels of service. The practical measures to manage much of this risk and provide investment advisory services are sub-contracted to Baillie Gifford. Key risks and controls within each business area at Baillie Gifford are documented and reviewed by line management. This documentation is reviewed as and when changes occur to the processes risks, controls and external environment to capture any changes or new operational risks arising. The process is overseen by the Baillie Gifford Operational Risk Committee. Baillie Gifford also annually produces a Report on Internal Controls, which is independently validated. In addition, professional indemnity insurance is held by Baillie Gifford, which mitigates the residual risk of loss from errors.

Regulatory compliance risks

One of the specific risks within the above categories is the risk that the Company fails to adhere to relevant compliance and regulatory obligations within the jurisdictions in which it operates, resulting in regulatory damage. We seek to manage this risk by maintaining a regulatory risk assessment and monitoring process which is designed to:

- identify relevant regulatory compliance risks affecting the Company;
- assess the impact and likelihood of these based upon the established controls in place within the firm; and
- monitor the operation of these controls by adopting a risk-based approach

This process is reviewed on an on-going basis by Baillie Gifford & Co's Compliance Committee, and by the Board of the Company, which receives periodic compliance reports. Baillie Gifford & Co discloses information about its capital adequacy, remuneration and risk management objectives and policies on its website at www.bailliegifford.com.

Political risks

The UK's exit from the European Union was completed following the end of the transition period on 31 December 2020. The terms of the agreement reached between the UK and the EU on the future relationship contained limited detail in relation to the provision of financial services and therefore there remains considerable uncertainty about the level of access to and future relationship with the EU. However, the Board believes that the Company's sole activities of providing investment advisory services to Japanese based institutions suitably insulates the Company from material risks arising from the UK's exit from the EU.

Liquidity risks

The liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations to creditors. The Directors consider the management of liquidity risk on an annual basis and have concluded that the Company's liquidity risk exposure is low.

The Company has no bank debt or overdraft facilities and only holds cash in current and deposit accounts at large regulated banks. A bank account is also maintained at the Company's immediate parent, Mitsubishi UFJ Trust and

Strategic Report *(continued)*

Key risks *(continued)*

Banking Corporation (MUTB), backed by a joint commitment within the Shareholders' Agreement to ensure the Company has sufficient working and regulatory capital to meet its requirements.

COVID-19

Our primary aims throughout the coronavirus pandemic have been firstly, to ensure the wellbeing of our staff and others, and secondly to service clients well and with minimal disruption.

The staff and activities relating to Mitsubishi UFJ BGAM Ltd have been considered as an integral part of the wider Baillie Gifford Group response throughout the year. There have been no significant interruptions to client service or operations with processes and systems running smoothly throughout the period. The vast majority of staff which support the activities of the Company are based in or around Edinburgh, Scotland, and throughout the year they have worked remotely from home supported by IT systems which have been resilient. Travel is not critical to the day to day operations of Mitsubishi UFJ BGAM Ltd. Furthermore, preceding the pandemic, plans were being forged to reduce travel undertaken in the ordinary course of business (this has been explained within the "(Fostering business relationships)" section of Corporate Governance on page 10).

Staff wellbeing has been an area of close oversight, ensuring that home working needs are met and support is provided. Client and fund investment portfolios continue to be managed, including research activities, making investment decisions and handling cashflows. Client service also continues uninterrupted via email, phone and video calls with visits generally not being possible due to travel restrictions.

We continue to monitor the position closely and are confident that the Company continues to have appropriate plans, operational resiliency and financial resources in place to continue to operate.

Strategic Report (*continued*)

Corporate Governance – statement regarding compliance with s172(1) of the Companies Act

The Board of Directors of the Company consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the long term success of the Company for the benefit of its members (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2020. In particular, by reference to the Company's strategy to meet the expectations and requirements of its two joint venture shareholders as stipulated under their shareholders' agreement and associated agreements, and to grow their mutual business together. The following paragraphs summarise how the Directors' fulfil their duties:

Long-term decisions and acting fairly between members of the Company

The Company's Board comprises an equal number of representatives from each of the joint venture entities, with both BGO and MUTB proposing an equal number of directors to represent their respective interests on the Board. During the year the Board approved a number of changes to those directors proposed by MUBG, ensuring that the interests of MUTB continued to be appropriately represented.

The Board met at least quarterly to consider a programme of strategic, operational and financial matters which were aligned with the long-term strategy of the Company and the interests of its stakeholders. During the year, the Board considered matters relating to changes to the client service business model, changes to policies relating to governance and sustainability, undertook detailed oversight of investment performance during a period of turbulent investment activity impacted by the global COVID-19 pandemic and considered the impact of capital requirements on the Company as a result of future regulatory changes.

The Directors considered all matters and took appropriate action with a long-term view of business performance, ensuring the Company acted fairly for the benefit of both its joint venture partners and other stakeholders.

On the 5th December 2019, the investment firm regulation (IFR) and directive (IFD) were published in the Official Journal of the EU with an effective date of 26th June 2021. The IFR and IFD present a proportionate and tailored capital adequacy and liquidity framework for firms which are authorised under the Markets in Financial Instruments Directive ('MiFID') based on the firm's size, nature and complexity. Following the UK's withdrawal from the EU, the UK will introduce the Investment Firms Prudential Regime (IFPR) from January 2022. Near final rules will be available after the publication of 3 consultation papers throughout 2021 to ensure the regime is appropriate for the specifics of the UK market. Although waiting on final rules, some clarity has been provided on the application of own funds, concentration risk and regulatory reporting from the FCA consultation paper 20/24 "A new UK prudential regime for MiFID investment firms". From our understanding of the draft rules the Company will see an increase in capital requirement as it moves from being an Exempt CAD firm under the current regulatory regime to a class 2 firm under IFPR. The IFPR introduces K factor requirements based on regulatory permissions. The Company will be required to hold capital based on the amount of assets under management which includes non-discretionary (advisory) arrangements and will be able to utilise the transitional arrangements which allow for a stepped increase in capital until 2027. The Board has been closely monitoring the future capital impact and is awaiting the final rules before making any decisions.

The following table outlines a number of principal actions taken by the Board during the year which demonstrate how the Directors considered s172(1) matters and the long term interests of its stakeholders in decision making.

Strategic Report (continued)

Corporate Governance – statement regarding compliance with s172(1) of the Companies Act (continued)

Board action

Against a backdrop of significant market turbulence and uncertainty resulting from the COVID-19 pandemic the Directors focussed on ensuring that its portfolio remained resilient and appropriate, and that investments operations and client servicing continued to deliver to a high standard for clients and MUTB.

While global markets had experienced a sharp deterioration during the first quarter of the year, the Directors focussed on ensuring that portfolios were appropriately balanced, remained fit for purpose and resilient over the longer term. The business's well-tested contingency plans were implemented, and its robust technology, systems and policies allowed trading and client contact to continue without interruption. The business successfully switched to already available and embedded technology which allowed high quality client contact to continue uninterrupted. Remote meetings with clients were well received.

Stakeholder considerations

In overseeing investment operations and taking action to ensure the continued success of the business, the Directors were focussed on the long term interests of MUTB and on its clients and investors.

Impact of actions on long term success

The business's long term philosophy, the strength of its joint venture partner relationship, its investment skills and long term portfolio management decisions, and its focus on employee wellbeing meant that the Company was well placed deliver strong results for its clients and position itself for long term sustainability. It was also able to maintain its reputation for high standards of business conduct and to further enhance its reputation with MUTB's clients.

Board actions

The Company is very active in its approach to governance and sustainability matters, both in relation to investment strategy and business operations. It continues to develop its approach to governance and sustainability to ensure that it meets the needs of investors, clients and regulators, and clearly and publicly sets out its approach to responsible stewardship.

The Directors are committed to ensuring high standards of stewardship and during the year considered and adopted a number of policies and disclosures in this regard. These included the Governance and Sustainability: Principles and Guidelines which set out the business's stewardship approach and how it considers governance and sustainability matters as part of its investment process; and the Principal Adverse Impact Due Diligence Policy which sets out its approach in considering the principal adverse impacts of investment decisions on sustainability factors (being the impacts of investment decisions and advice which would result in negative effects on sustainability factors).

In addition, in support of the Company's environmental ambitions and in light of changing client expectations, the Directors considered changes to the client service business model. The Directors supported proposals to transition away from high volumes of international travel to more focussed, in-depth engagement with clients. While the impact of global travel restrictions meant that the proposals were not put into practice, the principle of reducing the firm's carbon footprint and supporting changing client needs was nonetheless achieved through a switch to online client engagement and seminars. The approach in general, and the quality of online engagement was very well received by clients.

Strategic Report *(continued)*

Corporate Governance – statement regarding compliance with s172(1) of the Companies Act *(continued)*

Stakeholder considerations
The Directors had regard to clients, investors and the community and environment at large in supporting governance and sustainability practices.
Impact of actions on long term success
In adopting clear governance and sustainability policies and supporting business activity which is environmentally sustainable and aligned to evolving client needs, the directors have continued to develop the business for the long term benefit of investors, its joint venture partner and the wider community.

Employees

The Company obtains staff on secondment from its joint venture partner, MUTB, who are included as part of the overall Baillie Gifford employee framework.

Baillie Gifford Group (BG Group) believes that it must be an engaging and progressive place to work and it is imperative that it attracts and retains a diverse group of talented individuals, creating opportunities for all employees while providing appropriate support. Throughout the year the Directors have had oversight of the work of the wider BG Group with regard to ensuring it is a progressive, supportive place to work. Details are contained in 'Our Shared Beliefs' document which is available on the Baillie Gifford website: <https://www.bailliegifford.com/> (BG website).

Fostering business relationships

The Company seeks to continue and develop its long-term relationships with its principal client, MUTB, and through it with MUTB's clients.

During the year the Board considered changes to the client service business model to ensure it evolved in line with client needs and ensure it remained fit for purpose. Even before the COVID-19 pandemic impacted operations, the Board supported a move away from high volumes of international travel to a more targeted, in-depth engagement with individual clients in Japan.

On a rolling four-year basis, clients are surveyed by a third party to gauge levels of satisfaction. While feedback always offers areas for improvement, we are pleased that BG Group scores highly in these surveys.

The Company has limited direct business relationships with external third parties and its key suppliers are entities within the BG Group whose interests are well represented through the membership of the Board of Directors. The Baillie Gifford supplier code of conduct is available on the BG website.

Community and environment

The Company seeks to set a positive example through BG Group as an investor, an employer and within our communities. We aim to uphold and promote the highest standards of service and professional behaviours and to help enhance the reputation of the investment industry. For more details please see Our Shared Beliefs and Governance and Sustainability documents available on the BG website.

Strategic Report *(continued)*

Corporate Governance – statement regarding compliance with s172(1) of the Companies Act *(continued)*

Community and environment *(continued)*

Focussing on the long term, changes to the client service business model agreed during the year ensured the business evolved to match client needs. The Board supported a transition away from high volumes of international travel to more focussed, in-depth engagement with clients. The business also successfully switched to online seminars and client engagement, partly out of necessity while international travel was not possible, but also to support changing client needs. The approach in general, and the quality of our online engagement, has been very well received by clients.

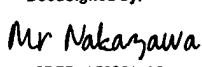
Maintaining a reputation for high standards of business conduct

BG Group upholds high ethical standards at all times and strives to ensure adherence to all relevant laws relating to Modern Slavery and Human Rights. It is also committed to carrying out all business activities fairly, honestly and openly and operates a zero tolerance approach to any activity that could be perceived as an attempt or acceptance of bribery. For more details please see our Modern Slavery Statement and Supplier Code of Conduct documents available on the BG website.

The Company operates within a heavily regulated environment and has internal governance policies in place to outline clear and transparent governance arrangements for the benefit of clients, staff, joint venture partners, regulators and others.

The Company continues to engage with regulators and other policy makers on an ongoing basis in respect of business as usual activities. It also engages with regulatory and other industry bodies on consultants which impact the Company's operations.

By Order of the Board

DocuSigned by:

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N Nakazawa
Director
Edinburgh
14 April 2021

Directors' Report

The Directors have pleasure in submitting their report and accounts for the year ended 31 December 2020.

Directors

The Directors during the year were as follows:

D S Henderson
K Komiya
J Narikawa (resigned 1 April 2021)
A J Telfer
M Saito (resigned 15 May 2020)
N Okusawa (resigned 18 November 2020)
Y Fukui (appointed 30 June 2020)
N Nakazawa (appointed 18 November 2020)

A J Telfer and D S Henderson were Partners of Baillie Gifford & Co throughout the year. Baillie Gifford & Co owns 100% of Baillie Gifford Overseas Limited (BGO), which in turn held 245,000 (2019: 245,000) "B" ordinary shares in the Company at the year end. D S Henderson was a Director of BGO throughout the year.

Mitsubishi UFJ Financial Group, Inc. is the controller of Mitsubishi UFJ Trust and Banking Corporation (MUTB) and therefore is the ultimate holding company of Mitsubishi UFJ Baillie Gifford Asset Management Limited. Both Mitsubishi UFJ Financial Group, Inc. and MUTB are incorporated in Japan.

MUTB held 255,000 (2019: 255,000) "A" ordinary shares in the Company at the year end.

Dividends

The Directors recommend that no final dividend be paid (2019: Nil).

Going concern assessment

The Board's assessment of going concern took into account recent market developments and the uncertainty caused by COVID-19. After making enquiries and assessing the financial forecasts for a period of at least 12 months from the date of approval of the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements and meet its liabilities as they fall due. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements. Further detail is included in note 1.3 of the accounts.

Future Developments

Details of future developments are provided in the Strategic Report on pages 4 to 11.

Directors' Report (continued)

Employees

It is the Company's policy to ensure equal opportunities for all employees of the Company. The only criterion considered for the recruitment or promotion of staff is suitability for the position regardless of sex, marital status, religion, ethnic origin or disability (having due regard to the individual's aptitudes and abilities). It is the Company's policy, wherever possible, to continue the employment of staff who have become disabled (with appropriate re-training when required). No discrimination is made against disabled employees with regard to training, career development or promotion.

Employee involvement, training and competence

Baillie Gifford & Co is recognised as being committed to training and developing all members of staff. In order to gain and retain this recognition, the firm has to ensure that all employees are aware of the organisation's objectives. There are strong communication links within the BG Group and regular updates on the BG Group's performance, industry developments and the take-on or loss of clients are distributed to staff through the firm's intranet.

Baillie Gifford & Co recognises that the performance of its staff is the major determining factor in its ability to differentiate itself in the market place and to sustain a long term competitive advantage. Great emphasis is placed on training and development, and the partnership and remuneration structure has been the foundation of an excellent record in retaining senior personnel.

Individual training and development needs are identified formally on recruitment and as part of the six-monthly competence based appraisal process, and monitored regularly. Baillie Gifford & Co is committed to ensuring that the competence and seniority of all staff is appropriate to the work that they do and to the nature of their responsibilities, that competence is regularly reviewed, and that staff are appropriately supervised.

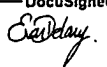
Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

A resolution for the re-appointment of KPMG LLP will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

DocuSigned by:

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E Delaney
On behalf of
Baillie Gifford & Co
Secretaries
Edinburgh
14 April 2021

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Mitsubishi UFJ Baillie Gifford Asset Management Limited

Opinion

We have audited the financial statements of Mitsubishi UFJ Baillie Gifford Asset Management Limited ("the Company") for the year ended 31 December 2020 which comprise the Balance Sheet, the Profit and Loss Account and Other Comprehensive Income, the Statement of Changes in Equity, the Cash flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Independent Auditor's Report to the Members of Mitsubishi UFJ Baillie Gifford Asset Management Limited (*continued*)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of the revenue is non-judgmental and straightforward, with limited opportunity for manipulation.

We did not identify any additional fraud risks.

We also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included all post year end closing journals.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's authority to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, data protection, anti-money laundering, market abuse regulations and financial services regulations including Client Assets, and specific areas of regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form.

Independent Auditor's Report to the Members of Mitsubishi UFJ Baillie Gifford Asset Management Limited (*continued*)

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information, which comprises the strategic report and the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Independent Auditor's Report to the Members of Mitsubishi UFJ Baillie Gifford Asset Management Limited (*continued*)

Directors' responsibilities

As explained more fully in their statement set out on page 14, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities


Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



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Eilidh McGowan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
20 Castle Terrace
Edinburgh
EH1 2EG
14 April 2021

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2020

	<i>Note</i>	2020 £	2019 £
Turnover	2	19,702,718	15,145,060
Administrative expenses		<u>(19,693,600)</u>	<u>(15,130,902)</u>
Operating profit		9,118	14,158
Interest receivable and similar income		2,686	6,409
Profit on ordinary activities before taxation		11,804	20,567
Tax on profit on ordinary activities	6	<u>(2,161)</u>	<u>(3,805)</u>
Profit for the financial year		<u>9,643</u>	<u>16,762</u>
Total comprehensive income for the year		<u>9,643</u>	<u>16,762</u>

There are no recognised gains and losses other than the profit for the year and all operations are continuing.

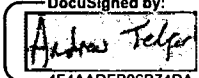
The accompanying notes are an integral part of the financial statements.

Balance Sheet
at 31 December 2020

	Note	2020 £	2019 £
Current assets			
Debtors	7	1,304,433	1,182,338
Cash at bank and in hand	9	2,618,251	1,916,046
		3,922,684	3,098,384
Creditors: amounts falling due within one year	10	(2,920,546)	(2,105,947)
Net current assets		1,002,138	992,437
Debtors due over 1 year; deferred tax asset	8	637	695
Total assets less current liabilities		1,002,775	993,132
Capital and reserves			
Called up share capital	11	500,000	500,000
Profit and loss account		502,775	493,132
Total shareholders' funds		1,002,775	993,132

The accompanying notes form an integral part of the financial statements.

These financial statements were approved by the Board of Directors on 14 April 2021 and were signed on its behalf by:

DocuSigned by:

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A J Telfer
Director

Company registered number: SC122044
14 April 2021

Statement of Changes in Equity

	Called up share capital £	Profit and loss account £	Total £
Balance at 1 January 2019	500,000	476,370	976,370
Profit and total comprehensive income for the year	-	16,762	16,762
Balance at 31 December 2019	500,000	493,132	993,132
Profit and total comprehensive income for the year	-	9,643	9,643
Balance at 31 December 2020	500,000	502,775	1,002,775

Cash Flow Statement
for year ended 31 December 2020

	<i>Note</i>	2020	2019
		£	£
Cash flows from operating activities			
Profit for the year		9,643	16,762
<i>Adjustments for:</i>			
Depreciation of tangible assets		-	1,382
Interest receivable and similar income		(2,686)	(6,409)
Taxation		2,161	3,805
 Increase in trade and other debtors		(122,038)	(839,903)
Increase in trade and other creditors		816,463	661,204
 Tax paid		(4,024)	(5,477)
Net cash from operating activities		699,519	(168,636)
Cash flows from investing activities			
Interest received		2,686	6,409
Net cash from investing activities		2,686	6,409
Net increase/(decrease) in cash and cash equivalents		702,205	(162,227)
 Cash and cash equivalents at the beginning of the year		1,916,046	2,078,273
Cash and cash equivalents at the end of the year	9	2,618,251	1,916,046

Notes

(forming part of the financial statements)

1. Accounting policies

1.1 Company information

Mitsubishi UFJ Baillie Gifford Asset Management Limited is a Company limited by shares and incorporated and registered in the United Kingdom.

The Company's registered office and trading address is Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN.

1.2 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The presentation currency of these financial statements is sterling.

1.3 Going concern

The outbreak of the COVID-19 pandemic and the measures adopted by governments in countries worldwide to mitigate the pandemic's spread did not directly impacted the Company. The revenue during the period has increased steadily and the Company smoothly transitioned to the remote working.

While there is still significant uncertainty over how the outbreak will impact the Company in future periods, in making this going concern assessment, the Board considered:

- financial forecasts for a period of at least 12 months from the date of approval of the financial statements of the Company and further impact of COVID-19;
- the effectiveness of the Company's operational resilience process; and
- the level of liquid resources.

In addition, the Board made enquiries of the joint venture parties and considered their intent to continue the joint venture, their operational resilience and their capital and liquidity positions.

After making enquiries of the joint venture parties and assessing the financial forecasts for a period of at least 12 months from the date of approval of the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements and meet its liabilities as they fall due. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Notes (continued)**1.4 Basic financial instruments****Debtors and Creditors**

Short term debtors are measured at transaction price, less any attributable transactions costs.

Short term trade creditors are initially measured at the transaction price, less any attributable transactions costs.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

1.5 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

The tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

1.6 Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the rendering of services as referred to in Note 13.

1.7 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Notes (continued)

2. Turnover

	2020 £	2019 £
Investment advisory (note 13)	18,905,438	14,368,267
Other income	799,339	776,234
(Loss)/Gain on foreign exchange	(2,059)	559
	19,702,718	15,145,060

3. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after:

	2020 £	2019 £
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	11,500	7,500
Audit-related assurance services	10,500	10,000

4. Staff numbers and costs

The average number of persons employed and paid by the Company (including Directors) during the year, analysed by category, was as follows:

	Number of employees 2020	2019
Directors	1	1
Other employees	2	2
	3	3

The aggregate payroll costs of these persons were as follows:

	2020 £	2019 £
Wages and salaries	483,792	453,596

Notes (continued)

5. Directors' remuneration

	2020 £	2019 £
Directors' remuneration	294,521	233,111

6. Tax on profit on ordinary activities

(a) Analysis of the tax charge in the year

The tax charge is based on the profit for the year and represents:

	2020 £	2019 £
UK Corporation tax – current year	2,103	4,000
UK Corporation tax – prior year adjustment	-	8
Deferred taxation: current year	58	(83)
Deferred taxation: prior year adjustment	-	(120)
Tax on results on ordinary activities	2,161	3,805

(b) Factors affecting the total tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom of 19% (2019: 19%). The differences are explained as follows:

Profit on ordinary activities before tax	11,804	20,567
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19% (2019: 19%)	2,243	3,908
UK Corporation tax and Deferred taxation – prior year adjustments	-	(112)
Tax rate differential	(82)	9
Tax on results on ordinary activities	2,161	3,805

Notes (continued)

7. Debtors

	2020 £	2019 £
Amounts owed by related parties (note 12)	939,644	704,839
Other debtors	351,226	470,528
Prepayments	13,563	6,971
	1,304,433	1,182,338

8. Deferred taxation

Deferred taxation provided for at 19% (2019: 17%) in the financial statements is set out below:

	2020 £	2019 £
Decelerated capital allowances	637	695
Net tax assets	637	695

9. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	2,618,251	1,916,046

10. Creditors: amounts falling due within one year

	2020 £	2019 £
Amounts owed to related parties (note 12)	2,833,916	2,042,195
Taxation and social security	56,988	37,143
Accruals	29,642	26,609
	2,920,546	2,105,947

Notes (continued)

11. Called up share capital

	2020	2019
Allotted, called up and fully paid		
“A” ordinary shares of £1 each	255,000	255,000
“B” ordinary shares of £1 each	245,000	245,000
	500,000	500,000

Both the “A” and “B” ordinary shares carry equal voting power and rights. Details of shareholdings and certain Directors’ relationships with the shareholders are given on page 12.

12. Related parties

	Turnover		Administrative Expenses	
	2020 £	2019 £	2020 £	2019 £
Entities with control, joint control or significant influence	19,702,718	15,145,060	19,123,442	14,586,270
<hr/>				
	Debtors outstanding		Creditors outstanding	
	2020 £	2019 £	2020 £	2019 £
Entities with control, joint control or significant influence	939,644	704,839	2,833,916	2,042,195

The Company provides advisory services to MUTB and its affiliates which are calculated on a percentage basis of the funds subject to advisory agreements. £18,905,438 (2019: £14,368,267) was received for these services. £2,730,534 (2019: £645,454) was receivable from MUTB at the end of the year.

A shareholder agreement exists between the Company and MUTB whereby administrative expenses are recharged to MUTB which amounted to £799,338 (2019: £776,234). £70,945 (2019: £59,217) was receivable from MUTB at the end of the year.

Contracts exist between BGO and the Company, whereby the former provided investment advice to the Company throughout the year and received investment advisory fees of £18,905,438 (2019: £14,368,267) for these services. £2,730,534 (2019: £645,454) was payable to BGO at the end of the year.

The Company paid a Facilities Management Fee directly to BG&Co of £218,004 (2019: £218,004). This fee is included as a direct cost and recharged to MUTB. £18,167 (2019: £18,167) was payable to BG&Co at the end of the year.

BG&Co settled debts on behalf of the Company and subsequently fully recharged these. The sums involved amounted to £381,106 (2019: £383,464). £76,755 (2019: £74,455) was payable to BG&Co at the end of the year.

Notes *(continued)*

13. Ultimate parent entity

Mitsubishi UFJ Financial Group, Inc wholly owns Mitsubishi UFJ Trust and Banking Corporation and therefore is the ultimate parent company and is incorporated in Japan. Mitsubishi UFJ Trust and Banking Corporation has a 51% majority shareholding in Mitsubishi UFJ Baillie Gifford Asset Management Limited.

Copies of Mitsubishi UFJ Financial Group, Inc.'s accounts are available on its website at <http://www.mufig.jp/english/>; alternatively, copies of the accounts can be obtained from the following address:

Mitsubishi UFJ Financial Group, Inc.
7-1, Marunouchi 2-Chome
Chiyoda-ku
Tokyo 100-8330
Japan