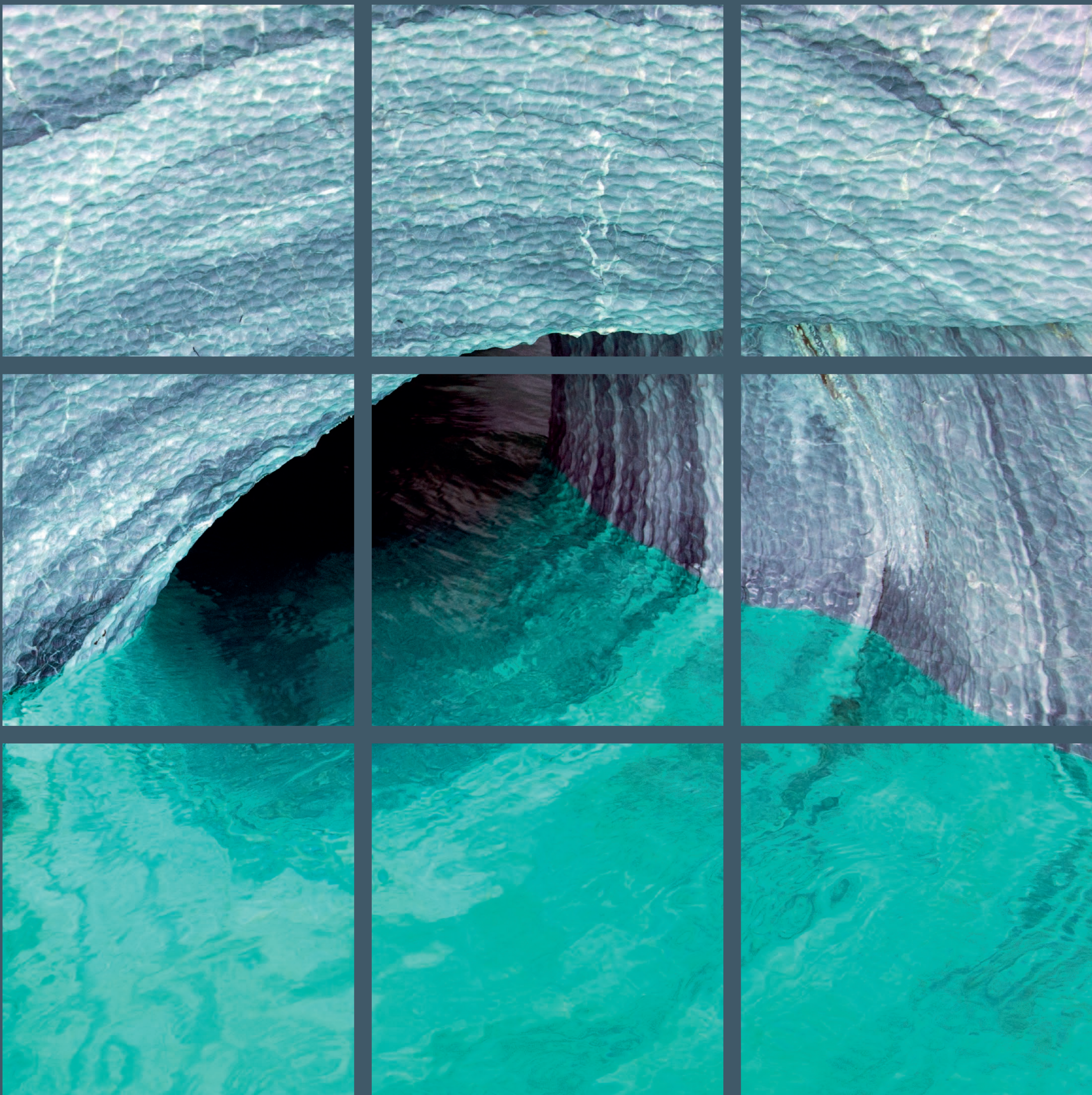
THE SCOTTISH AMERICAN INVESTMENT COMPANY P.L.C.

SAINTS
Income again and again



Annual Report and Financial Statements
31 December 2020

BAILLIE GIFFORD

Contents

Investor Disclosure Document

The EU Alternative Investment Fund Managers Directive requires certain information to be made available to investors prior to their investment in the Company. The Company's Investor Disclosure Document is available for viewing at www.saints-it.com.

Notes

None of the views expressed in this document should be construed as advice to buy or sell a particular investment.

Investment trusts are UK public listed companies and as such comply with the requirements of the UK Listing Authority. They are not authorised or regulated by the Financial Conduct Authority.

SAINTS currently conducts its affairs, and intends to continue to conduct its affairs, so that the Company's Ordinary Shares can qualify to be considered as a mainstream investment product and can be recommended by Independent Financial Advisers (IFAs) to ordinary retail investors in accordance with the rules of the Financial Conduct Authority (FCA) in relation to non-mainstream investment products.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you reside in the UK and you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately. If you are outside the UK, you should consult an appropriately authorised financial adviser.

If you have sold or otherwise transferred all of your ordinary shares in The Scottish American Investment Company P.L.C., please forward this document, together with any accompanying documents, but not your personalised Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was or is being effected for delivery to the purchaser or transferee.

SAINTS aims to deliver real dividend growth by increasing capital and growing income.

Year to 31 December 2020	Dividend 12.00p	Yield 2.6%

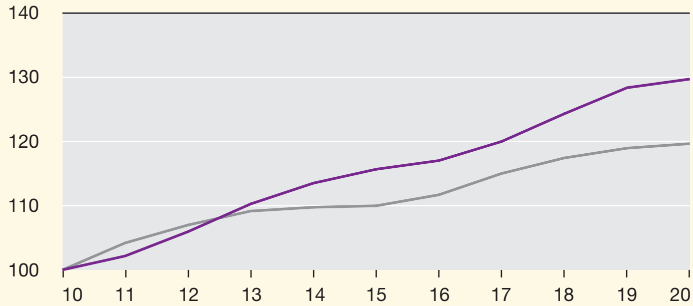
Ten Year Summary

Dividend versus Inflation

(figures rebased to 100 at 31 December 2010)

SAINTS dividend

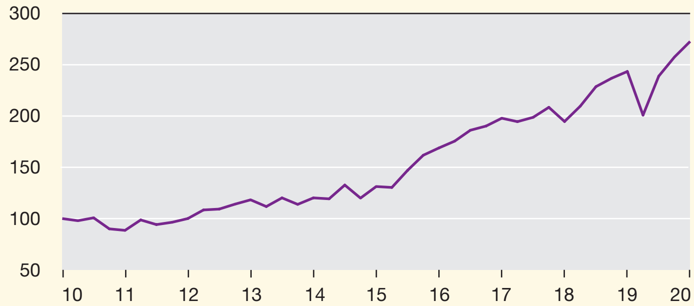
CPI



Share Price

(figures rebased to 100 at 31 December 2010)

Share price total return*

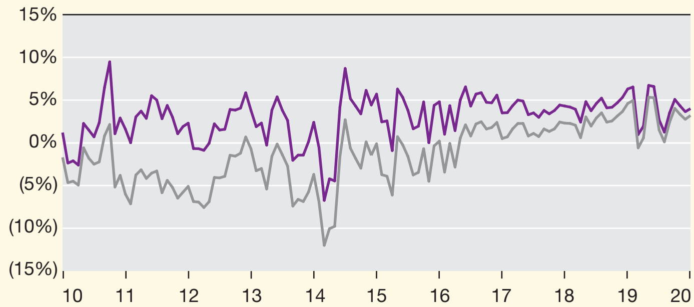


Premium/(Discount)*

(plotted as at month end dates)

Premium/(discount) (after deducting borrowings at fair value)

Premium/(discount) (after deducting borrowings at book value)



Source: Refinitiv/Baillie Gifford and relevant underlying index providers. See disclaimer on page 65.

* Alternative performance measure, see Glossary of Terms and Alternative Performance Measures on pages 66 and 67.

Past performance is not a guide to future performance.

Strategic Report

This Strategic Report, which includes pages 2 to 22 and incorporates the Chairman's Statement, has been prepared in accordance with the Companies Act 2006.

Chairman's Statement

Peter Moon, Chairman

The Company's objective is to deliver real dividend growth by increasing capital and growing income. Total dividends for the year of 12.00p (2019 – 11.875p) will extend the Company's record of raising its dividend to forty one consecutive years.

Overview

2020 was an extraordinary year for the world, and for investment markets. It seems strange that in a year of so much human tragedy, unprecedented economic and corporate disruption and immense fiscal strain the global equity market should have delivered a double digit return or, to put it another way, a better annual return than it manages on average over time. Behind that headline number though lies a marked divergence in corporate fortunes. On the one hand the market return has been bolstered by the surging share prices of technology and other companies which have benefitted from the Covid-19 crisis as secular shifts have been accelerated. On the other, many companies and sectors have struggled as lockdown has curtailed activity and exposed financial vulnerability. Traditional income paying sectors such as oil and banking have been particularly hard hit, and dividends have fallen by between 15% and 20% globally and by more than 40% in the UK.

Your Company has weathered the storm well. Because of Baillie Gifford's focus on dependable, growing streams of income the operational performance of SAINTS' holdings has been remarkably resilient. Consequently, the portfolio's dividend income has held up much better than that of the market as a whole in this real-world stress-test. In addition, the property portfolio has also delivered a positive return, and SAINTS' NAV total return has once again exceeded that of the market and the peer group. The Company has also delivered strong absolute and relative performance over longer periods – and NAV total returns have topped our Global Equity Income peer group over the past five years. These healthy returns, together with continued issuance, are reflected in the Company's growth and in its promotion into the FTSE 250 Index, which marked a significant milestone for SAINTS.

Dividend and Inflation

A final dividend of 3.00p is recommended which will take the full year dividend to 12.00p per share, 1.1% higher than the 2019 dividend of 11.875p. This year's increase is above the annual rate of inflation of 0.6% for 2020 as measured by CPI. Over the last ten years the Company's dividends have increased above the rate of inflation.

Revenues

Earnings per share have fallen only slightly over the year to 11.41p, a drop of less than 4%, and investment income has risen to £24m. Income from equities has been helped by operational progress at many of the Company's investments and by increases in their dividends, partially offset by some reductions largely due to the Covid-19 crisis. In addition, in the latter part of the year the strengthening of sterling had a negative impact on the income generated by the portfolio's overseas assets.

The rents from the Company's property investments have generally held up very well, helped by the portfolio's shift away from the retail and restaurant sectors in recent years. Rental receipts have also been helped by the high proportion of rents which are linked to RPI. We have though acted as a responsible landlord, forgoing some rent where tenants' revenues have been severely affected.

It is a great advantage of the investment trust structure and our accumulated revenue reserves that the Board can look through modest declines in revenue when setting the dividend, particularly in times of crisis. Indeed, this is exactly the purpose of such reserves. Nonetheless, the resilience of SAINTS' revenues has made the Board's task in setting the dividend considerably easier than it might have been. Both managers (Baillie Gifford and, for the Company's property investments, OLIM) continue to focus on supporting the dependability and the future growth of the Company's dividend in line with its objective.

Total Return Performance

Over the year your investment in SAINTS delivered a share price total return of 12.0% and the net asset value total return (capital and income) was 14.5%. The Net Asset Value return also once again exceeded that from global equities which rose 13.0% over 2020.

As always, we would caution against reading too much into short-term relative performance. The managers and your Board have a long-term perspective and the Company's portfolio of investments differs markedly from the make-up of the global equity index against which performance is often compared. This differentiated portfolio is necessary and appropriate in order for SAINTS to deliver a high and growing income stream, as well as growth in the Company's assets. Nonetheless, in such a challenging year it is particularly pleasing that the Company's equity portfolio outperformed the global equity market – SAINTS' returns from equities were helped by the generally encouraging operational performance delivered by the individual companies in which the portfolio is invested.

In addition, the positive returns from the Company's property investments also compare favourably with the negative returns from the UK property sector as a whole. A further year of outperformance from property in a more challenging environment is a notable outcome of the property manager's emphasis on

For a definition of terms see Glossary of Terms and Alternative Performance Measures on pages 66 and 67. See disclaimer on page 65.
Past performance is not a guide to future performance.

strength of covenant. Performance was also helped by the steady evolution of the property portfolio away from sectors such as restaurants and retail, which was highlighted last year.

The principal contributors to and detractors from performance and the changes to the equity, property and bond investments are explained in more detail in the Managers' Review.

Borrowings and Debt Refinancing

SAINTS' borrowings take the form of a single £80m debenture. Our current borrowing arrangements date from a time when the prevailing interest rates were much higher than today, and the existing debenture bears a coupon of 8%. During 2020, the borrowings continued to be used to fund a range of higher yielding commercial property and, to a lesser extent, some fixed income investments.

The book value of the debenture is £81.1m which, at the year end, was equivalent to approximately 11.1% of shareholders' funds. The estimated market or fair value of the debenture was £86.9m, a decrease from the previous year's value of £91.0m.

The existing debenture matures in April 2022, and the market value of the Company's borrowings will fall further over the next year as the redemption date approaches. This will enhance returns. Thereafter, as previously announced the Company has agreed to issue £80m of long-term private placement debt to refinance our long-term borrowings at a fixed rate of just over 3% per annum.

Environmental, Social and Governance (ESG)

The Board of SAINTS recognises the importance of considering Environmental, Social and Governance (ESG) factors when making investments, and in acting as a responsible steward of capital. We consider that Board oversight of such matters is an important part of our responsibility to shareholders.

The Board has been strongly supportive of the managers' constructive engagement with the companies you own over the course of the pandemic. I would encourage shareholders to read the Stewardship Report which can be accessed on our website for further detail (**www.saints-it.com**). There is also further detail in the Managers' Review.

Issuance and Fees

Over the year the Company has raised just under £64m from new share issuance, at a premium to net asset value prevailing from time to time, in order to satisfy investor demand. This is considerably above the level of issuance last year and serves the interests of existing shareholders by enhancing net asset value, reducing costs per share and helping further to improve liquidity.

As previously announced, over the course of the year the Board and Baillie Gifford agreed a reduction in the fees the Company pays to Baillie Gifford on relevant assets above £500m. As the Company's assets grow it will benefit from this change to a greater extent, and the new tiered fee scale therefore generates a further benefit from issuance.

The Board

As planned, Karyn Lamont took over from Eric Hagman as chair of the Audit Committee with effect from the conclusion of last year's AGM. Eric kindly agreed to give us the benefit of his experience for one more year but, as previously indicated, he will be stepping down from the Board at the conclusion of this year's AGM. We thank him for his many years of invaluable service, both as a Director and as chair of the Audit Committee.

Allocation of Management and Borrowing Costs

The Board has decided to revise the allocation of the management and borrowing costs to reflect better the split of returns between income and capital. With effect from 1 January 2021, 25% of these costs are to be allocated to revenue and 75% to capital. This is a change from the current allocation of 35% to revenue and 65% to capital. The total costs will not be affected by this change in accounting treatment.

Outlook

It seems insensitive to look forward to a return to normality at a time when the world remains in the grip of the pandemic. Nonetheless, we can be optimistic that eventually advances in treatment and the rollout of effective vaccines will bring us through the crisis. As well as being immensely grateful to scientists, health workers and to all those who have kept the wheels of society turning, we can begin to consider what 'the new normal' will bring. At the same time, we also have to consider other developments such as trade deals and growing protectionism and the political aftermath of the crisis, both domestically and internationally.

In the world of investment, it is important as always to distinguish between the short-term prospects for economies and share prices, and the long-term prospects for companies. This is especially the case now, after a year of immense strain and challenge, but also a year in which the pace of change has quickened. Traits which we have long viewed as desirable, such as adaptability and a long-term mindset, have become essential for companies if they are to survive and thrive.

As a Board, we remain of the view that a long-term approach based on investing globally for sustainable growth is the best route to achieving SAINTS' aim of growing the dividend ahead of inflation over time. We have great confidence in the managers' approach, and this confidence has been strengthened by the experiences of the past year.

AGM

The AGM will be held at 11.00am on Thursday 1 April 2021 at Baillie Gifford's offices at Calton Square, 1 Greenside Row, Edinburgh. In view of the continuing Covid-19 related restrictions attendance will be kept to the minimum permitted by the Company's Articles of Association and shareholders will not be able to attend. I would, though, remind shareholders that they are able to submit proxy voting forms before the applicable deadline and also to direct any questions or comments for the Board in advance of the meeting through the Company's Managers, either by emailing **trustenquiries@bailliegifford.com** or calling 0800 917 2112 (Baillie Gifford may record your call). More generally, I would encourage shareholders to engage with the Company throughout the year, not solely in connection with, and at the time of, the AGM.

Whilst there will be no live presentation from the Managers on the day of the AGM, the Managers will record a presentation which will be available on the Company's website at **www.saints-it.com**. In addition, a recording of a webinar on 23 February 2021 to discuss the investment portfolio will also be available.

Finally, my fellow Directors and I send you all our very best wishes for your health and happiness in the year ahead.

Peter Moon
Chairman
11 February 2021

One Year Summary*

The following information illustrates how SAINTS has performed over the year to 31 December 2020.

	31 December 2020	31 December 2019	% change
Total assets (before deduction of debenture)¶	£812.3m	£682.4m	
Debenture (book value)	£81.1m	£81.9m	
Shareholders' funds	£731.2m	£600.5m	
Net asset value per ordinary share (debenture at fair value)†	446.1p	400.9p	11.3
Net asset value per ordinary share (debenture at book value)	449.7p	407.1p	10.5
Share price	464.0p	426.0p	8.9
Benchmark#			10.6
Premium (debenture at fair value)†	4.0%	6.3%	
Premium† (debenture at book value)	3.2%	4.6%	
Revenue earnings per ordinary share	11.41p	11.87p	(3.9)
Dividends paid and payable in respect of the year	12.00p	11.875p	1.1
Ongoing charges†	0.70%	0.77%	
Active share†	90%	90%	

Year to 31 December	2020	2019
Total returns (%)†‡		
Net asset value (debenture at fair value)	14.5	22.9
Net asset value (debenture at book value)	13.7	22.3
Share price	12.0	25.1
Benchmark#	13.0	22.3

Year to 31 December	2020	2020	2019	2019
Year's high and low	**High**	**Low**	**High**	**Low**
Net asset value (debenture at fair value)†	451.2p	321.1p	410.2p	333.8p
Net asset value (debenture at book value)	454.8p	326.0p	416.8p	340.4p
Share price	473.0p	272.0p	431.0p	350.0p
Premium/(discount) – debenture at fair value†	10.4%	(17.9%)	6.4%	1.2%
Premium/(discount)† – debenture at book value	8.9%	(19.2%)	4.7%	(0.6%)

	31 December 2020	31 December 2019
Net return per ordinary share		
Revenue	11.41p	11.87p
Capital	44.04p	62.81p
Total	55.45p	74.68p

* For a definition of terms see Glossary of Terms and Alternative Performance Measures on pages 66 and 67.
† Alternative performance measure, see Glossary of Terms and Alternative Performance Measures on pages 66 and 67.
# The Company's benchmark is the FTSE All-World Index (in sterling terms).
‡ Source: Refinitiv/Baillie Gifford and relevant underlying data providers. See disclaimer on page 65.
¶ Net of current liabilities.

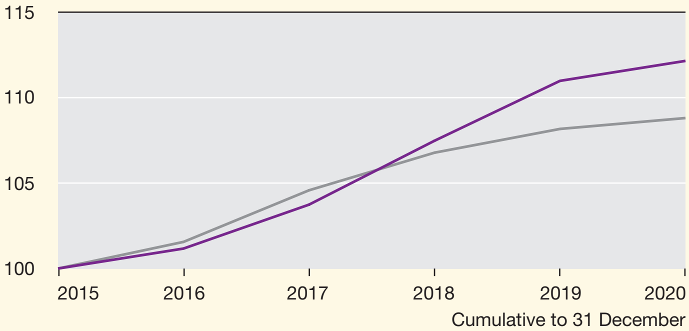
Past performance is not a guide to future performance.

Five Year Summary

The following charts provide a comparison of SAINTS' dividends to inflation, dividend growth and performance relative to the benchmark index over the five year period to 31 December 2020.

Dividend versus Inflation

(figures rebased to 100 at 31 December 2015)

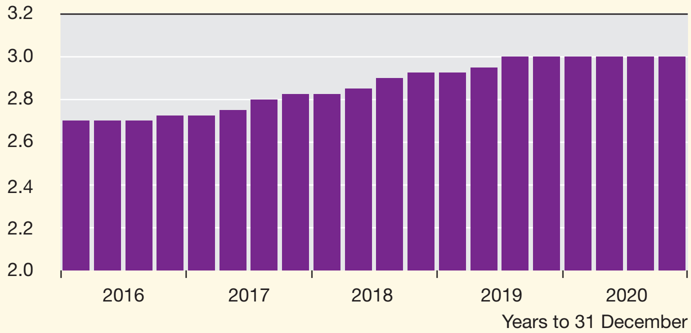


Source: Refinitiv and relevant underlying index providers†.

SAINTS dividend

CPI

Five Year Quarterly Dividends Paid (pence)

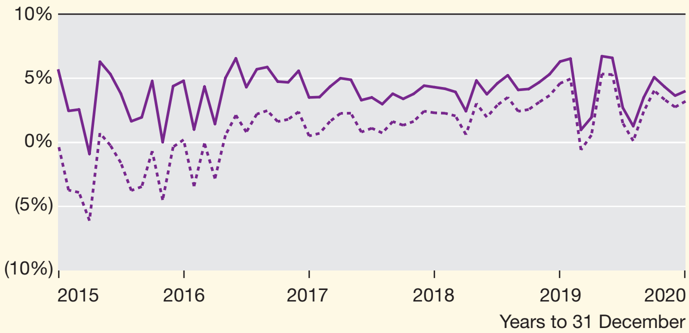


Source: Refinitiv/Baillie Gifford and relevant underlying index providers†.

SAINTS dividend (pence)

Premium/(discount)‡ to Net Asset Value

(plotted on a monthly basis)



Source: Refinitiv/Baillie Gifford and relevant underlying index providers†.

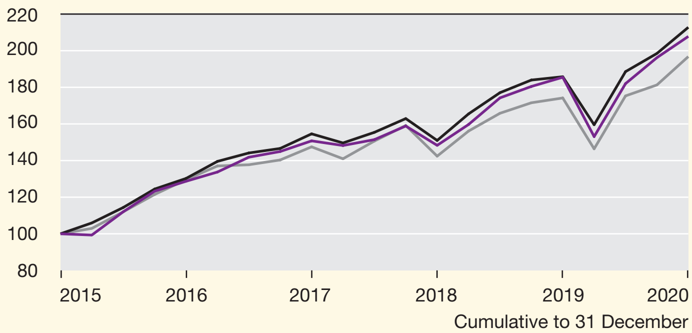
SAINTS premium/(discount) – fair value‡

SAINTS premium/(discount) – book value

The premium/(discount) is the difference between SAINTS' quoted share price and its underlying net asset value.

Five Year Total Return‡ Performance

(figures rebased to 100 at 31 December 2015)



Source: Refinitiv/Baillie Gifford and relevant underlying index providers†.

Share price total return

Benchmark* total return

NAV total return (fair value)

* The Company's benchmark is the FTSE All-World Index (in sterling terms).

† See disclaimer on page 65.

‡ Alternative performance measure, see Glossary of Terms and Alternative Performance Measures on pages 66 and 67.

Past performance is not a guide to future performance.

Business Review

Business Model

Business and Status

The Company is an investment company within the meaning of section 833 of the Companies Act 2006 and carries on business as an investment trust. Investment trusts are UK public listed companies and their shares are traded on the London Stock Exchange. They invest in a portfolio of assets in order to spread risk. The Company has a fixed share capital although, subject to shareholder approvals sought annually, it may purchase its own shares or issue shares. The price of the Company's shares is determined, like other listed shares, by supply and demand.

The Company has been approved as an investment trust by HM Revenue & Customs subject to the Company continuing to meet the eligibility conditions. The Directors are of the opinion that the Company has continued to conduct its affairs so as to enable it to comply with the ongoing requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011.

The Company is an Alternative Investment Fund for the purposes of the EU Alternative Investment Fund Managers Directive.

Objective and Policy

SAINTS' objective is to deliver real dividend growth by increasing capital and growing income.

SAINTS' policy is to invest mainly in equity markets, but other investments may be held from time to time including bonds, property and other asset classes.

The Board believes that a flexible approach to investment is important. As market valuations across and within different asset classes vary over time, the ability to adjust asset allocation and portfolio positioning in response to these variations is important. There are no pre-defined maximum or minimum exposure levels for asset classes, sectors or regions.

The Board also believes that a medium to long term approach is likely to lead to the best investment returns. SAINTS' performance in any one year is likely to differ from that of its benchmark index, sometimes by a significant amount. Financial markets are volatile, particularly over short time periods, but the Manager is encouraged to view such volatility as giving rise to investment opportunities rather than as a risk to be avoided.

In order to achieve real growth in the dividend, the income generated from SAINTS' assets needs to grow over the medium to longer term at a faster rate than inflation. Consequently, the focus of the portfolio is on listed equities. Investments are regularly considered and made in a broad range of other asset types and markets. Derivative and structured instruments may also be used with prior Board approval, either to hedge an existing investment or a currency exposure or to exploit an investment opportunity.

The equity portfolio consists of shares listed both in the UK and in overseas markets. The portfolio is diversified across a range of holdings with little regard paid to the weighting of individual companies in the benchmark index. The number of individual companies will vary over time and the portfolio is managed on a global basis rather than as a series of regional sub-portfolios.

Investments are made in markets other than listed equity markets when prospective returns appear to be superior to those from equity markets or are considered likely to exceed SAINTS' borrowing costs. The list of these other investments will vary from time to time as opportunities are identified but include investment grade bonds, high yield bonds, property, forestry, private equity and other asset types.

As an investment trust, SAINTS is able to borrow money and does so when the Board and Managers have sufficient conviction that the assets funded by borrowed monies will generate a return in excess of the cost of borrowing. Whenever long term borrowings cannot be fully invested in such manner, the borrowed funds are used to purchase a diversified portfolio of similar maturity bonds to the borrowings. This has the effect of hedging out much of the interest rate risk and removing the mismatch between borrowing costs and associated investment returns. Gearing levels are discussed by the Board and Managers at every Board meeting and monitored between meetings. The Board will not take out additional borrowings if this takes the level of effective gearing beyond 130%.

The starting position for investment of shareholders' funds is 100% exposure to equity markets. The allocation to equity markets at any point in time will reflect the Board's and Managers' views on prospective returns from equities and the full range of alternative investment opportunities but, in broad terms, SAINTS will gear up through the use of borrowings if equity markets look undervalued and will hold cash or invest in non-equity assets when equity markets look overvalued.

The exposure to listed equities is set within a range of 75% to 125% of shareholders' funds in normal circumstances. The number of individual equities held will vary over time but, in order to diversify risk, will typically be in a range between 50 and 100.

The Board monitors the aggregate exposure to any one entity across the whole investment portfolio. The maximum exposure at time of investment to any one entity is 15% of total assets. The Board is notified in advance of any transaction that would take an individual equity holding above 5% of shareholders' funds. SAINTS does from time to time invest in other UK listed investment companies. The maximum permitted investment in such companies is 15% of gross assets.

An overview by the Manager is given on pages 12 to 16 and a detailed analysis of the Company's investment portfolio held at the year end is set out on pages 17 to 21.

Board Oversight

Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, has been appointed by the Company as its Alternative Investment Fund Manager (AIFM). The investment management function has been delegated to Baillie Gifford & Co and the management of the property portfolio to OLIM Property Limited. When assessing the performance of the Company and the Managers, the Board looks at dividend growth, share price and at net asset value total returns relative to inflation and the benchmark total return. The Board believes it is appropriate to make this assessment over a medium to long term timeframe, a minimum of five years, in accordance with the medium to long term approach taken to investment.

The Board monitors closely the activities of the Managers, the composition of the investment portfolio and the level of gearing.

The Board sets a number of guidelines and places limits and restrictions on the Managers in order to minimise the risk of permanent loss of capital. Within these constraints, the Board encourages the Managers to maximise long term capital and income growth rather than minimise short term volatility in the capital value of the investment portfolio. The main source of both long term return and short term volatility in SAINTS' portfolio is likely to be the investments in listed equities.

The Board also monitors SAINTS' revenue position and receives regular estimates from the Managers of likely income growth. The level of dividend in any one year is set after assessing the income generated by the portfolio in that year, the level of revenue reserves and long term trends in income.

Discount/Premium

The Company annually seeks shareholder authority to buy back its own shares at a discount to net asset value and to hold such shares in treasury as well as to issue new shares and sell treasury shares at a premium to net asset value.

The Company can issue shares at such times as the premium indicates that demand is not being met by natural liquidity in the market.

Buy-back powers have been used in the past in circumstances when large lines of stock cannot be absorbed by the market. The discount or premium, in absolute terms and relative to other similar investment trust companies, and the composition of the share register are discussed at every Board meeting. While there is no discount target, the Board is aware that discount volatility is unwelcome to many shareholders and that share price performance is the measure used by most investors. The Board oversees the Managers' marketing programme which is designed to stimulate demand for the Company's shares, provide effective communication to existing and potential shareholders and maintain the profile of the Company.

During the year the Company issued 15,075,000 ordinary shares at a premium to net asset value (2019 – 6,590,000). No shares were bought back during the year.

Performance

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives.

Key Performance Indicators

The key performance indicators (KPIs) used to measure the progress and performance of the Company over time are established industry measures and are as follows:

- dividend per share;
- earnings per share;
- the movement in net asset value per ordinary share (after deducting debentures at fair value) compared to the benchmark;
- the movement in the share price;
- the premium/discount (after deducting debentures at fair value); and
- ongoing charges.

An explanation of these measures can be found in the Glossary of Terms and Alternative Performance Measures on pages 66 and 67.

The one, five and ten year records of the KPIs are shown on pages 4, 5 and 22.

In addition to the above, the Board considers peer group comparative performance.

Principal and Emerging Risks

As explained on pages 28 and 29, there is an ongoing process for identifying, evaluating and managing the risks faced by the Company on a regular basis. The Directors have carried out a robust assessment of the principal and emerging risks facing the Company including those that would threaten its business model, future performance, regulatory compliance, solvency or liquidity. There have been no significant changes to the principal risks during the year. A description of these risks and how they are being managed or mitigated is set out below.

The Board considers the Covid-19 pandemic and the ongoing effects of Brexit to be factors which exacerbate existing areas of risk as categorised and further explained below.

In relation to emerging risks, the Board will continue to monitor the impact of the Covid-19 pandemic including the rollout of the vaccination programme, the recovery of the economy following the Government's financial support programme and the return to office working. Having passed the transitional arrangements in relation to Brexit, the Board will continue to monitor any regulatory and other impacts.

Financial Risk – the Company's assets consist mainly of listed securities and its principal and emerging risks are therefore market related and include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. An explanation of those risks and how they are managed is contained in note 18 to the Financial Statements on pages 53 to 57. The Board has, in particular, considered the impact of heightened market volatility since the Covid-19 outbreak. To mitigate this risk at each Board meeting the Manager provides an investment policy paper which includes a detailed explanation of significant stock selection decisions and the overall rationale for holding the current portfolio. Consideration is given to portfolio movements and the top and bottom contributors to performance. The investment approach is considered in detail at the annual Strategy Meeting. The Board has considered the potential impact on sterling from the remaining Brexit related uncertainties. The value of the Company's investment portfolio and its income stream would be affected by any currency movements, but the Board believes the nature and diversification of the Company's equity portfolio positions it to be suitably insulated from any Brexit related risks.

Investment Strategy Risk – pursuing an investment strategy to fulfil the Company's objective which the market perceives to be unattractive or inappropriate, or the ineffective implementation of an attractive or appropriate strategy, may lead to reduced returns for shareholders and, as a result, a decreased demand for the Company's shares. This may lead to the Company's shares trading at a widening discount to their net asset value. To mitigate this risk, the Board regularly reviews and monitors the Company's objective and investment policy and strategy; the investment portfolio and its performance; the level of discount/premium to net asset value at which the shares trade; and movements in the share register.

Regulatory Risk – failure to comply with applicable legal and regulatory requirements such as the tax rules for investment companies, the FCA Listing Rules and the Companies Act could lead to suspension of the Company's Stock Exchange listing, financial penalties, a qualified audit report or the Company being subject to tax on capital gains. To mitigate this risk, Baillie Gifford's Business Risk, Internal Audit and Compliance Departments provide regular reports to the Audit Committee on Baillie Gifford's monitoring programmes. Major regulatory change could impose disproportionate compliance burdens on the Company. In such circumstances representation is made to ensure that the special circumstances of investment trusts are recognised. Shareholder documents and announcements, including the Company's published Interim and Annual Report and Financial Statements, are subject to stringent review processes, and procedures are in place to ensure adherence to the Transparency Directive and the Market Abuse Directive with reference to inside information.

Custody and Depositary Risk – safe custody of the Company's assets may be compromised through control failures by the Depositary, including breaches of cyber security. To mitigate this risk, the Board receives six monthly reports from the Depositary confirming safe custody of the Company's assets held by the Custodian. Cash and portfolio holdings are independently reconciled to the Custodian's records by the Managers. The Custodian's audited internal controls reports are reviewed by Baillie Gifford's Business Risk Department and a summary of the key points is reported to the Audit Committee and any concerns investigated.

Operational Risk – failure of Baillie Gifford's systems or those of other third party service providers could lead to an inability to provide accurate reporting and monitoring or a misappropriation of assets. To mitigate this risk, Baillie Gifford has a comprehensive business continuity plan which facilitates continued operation of the business in the event of a service disruption (including any disruption resulting from the Covid-19 outbreak) or major disaster. Since the introduction of the Covid-19 restrictions, almost all Baillie Gifford staff have been working from home and operations have continued largely as normal. The Board reviews Baillie Gifford's Report on Internal Controls and the reports by other key third party providers are reviewed by Baillie Gifford on behalf of the Board. In the year under review, the other key third party service providers have not experienced significant operational difficulties affecting their respective services to the Company.

Discount Risk – the discount/premium at which the Company's shares trade relative to its net asset value can change. The risk of a widening discount is that it may undermine investor confidence in the Company. The Board monitors the level of discount/premium at which the shares trade and the Company has authority to buy back its existing shares when deemed by the Board to be in the best interests of the Company and its shareholders.

Leverage Risk – the Company may borrow money for investment purposes (sometimes known as 'gearing' or 'leverage'). If the investments fall in value, any borrowings will magnify the impact of this loss. If borrowing facilities are not renewed, the Company may have to sell investments to repay borrowings. The Company can also make use of derivative contracts. To mitigate this risk, all borrowings require the prior approval of the Board and leverage levels are discussed by the Board and Managers at every meeting. Details of the Company's current borrowings can be found in note 12 on page 51. The majority of the Company's investments are in quoted securities that are readily realisable. Further information on leverage can be found on page 65 and the Glossary of Terms and Alternative Performance Measures on pages 66 and 67.

Political Risk – political developments will be closely monitored and considered by the Board and Managers. Following the departure of the UK from the European Union and the subsequent trade agreement between the UK and the European Union, the Board continues to assess the potential consequences for the Company's future activities including those which may arise from further constitutional change. The Board considers the nature and diversification of the Company's investments provides a good degree of protection against such political risks.

Viability Statement

In accordance with provision 31 of the UK Corporate Governance Code, the Directors have assessed the prospects of the Company. The Directors have elected to do this over a period of five years, which they continue to believe to be appropriate as it reflects the longer term investment strategy of the Company in terms of both investment horizon and income growth, and to be a period during which, in the absence of any adverse change to the regulatory environment and to the tax treatment afforded to UK investment trusts, they do not expect there to be any significant change to the current principal and emerging risks facing SAINTS nor to the controls in place to effectively mitigate those risks. Moreover, the Directors do not envisage any change in strategy or any events which would prevent the Company from operating over a period of five years.

In considering the viability of the Company, the Directors have conducted a robust assessment of each of the principal and emerging risks and uncertainties detailed on pages 7 and 8 and in particular the impact of market risk where a significant fall in global equities markets would adversely impact the value of the investment portfolio. The Directors have also considered the Company's income and expenses and dividend policy having undertaken a review of revenue projections over a five year period and its liquidity in the context of the majority of its investments being listed equities which are readily realisable and so capable of being sold to provide funding if required. Leverage comprising a fixed term Debenture which has a nominal value of £80m and is redeemable at par in 2022, has also been considered with specific leverage and liquidity stress testing conducted during the year, including consideration of the risk of further market deterioration resulting from the Covid-19 outbreak. The stress testing did not indicate any matters of concern. Terms have been agreed to replace the Debenture at maturity in April 2022 with £80m of long-term private placement debt at a fixed coupon of 3.12%, £40m maturing in 2045 and £40m maturing in 2049. The Company's primary third party suppliers including its Managers and Secretaries, Depositary and Custodian, Registrar, Auditor and Broker are not experiencing significant operational difficulties affecting their respective services to the Company. In addition, all of the key operations required by the Company are outsourced to third party service providers and it is reasonably considered that alternative providers could be engaged at relatively short notice. The Board has specifically considered the UK's departure from the European Union on 31 December 2020 and can see no scenario that it believes would affect the going concern status or viability of the Company. The management of Brexit related matters is explained further in the Managers' Review on page 12.

Based on the Company's processes for monitoring revenue projections, share price discount/premium, the Managers' compliance with the investment objective, asset allocation, the portfolio risk profile, leverage, counterparty exposure, liquidity risk and financial controls, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years.

Section 172 Statement

Under section 172 of the Companies Act 2006, the directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters and to the extent applicable) to:

a) the likely consequences of any decision in the long term;

b) the interests of the company's employees;

c) the need to foster the company's business relationships with suppliers, customers and others;

d) the impact of the company's operations on the community and the environment;

e) the desirability of the company maintaining a reputation for high standards of business conduct; and

f) the need to act fairly as between members of the company.

In this context and having regard to SAINTS being an externally-managed investment company with no employees, the Board considers that the Company's key stakeholders are its existing and potential new shareholders and debenture stockholders, its externally-appointed managers (Baillie Gifford and OLIM Property) and other professional service providers (corporate broker, registrar, auditors and depositary), lenders and wider society and the environment.

Great importance is placed by the Board on communication with shareholders and the Annual General Meeting provides the key forum for the Board and Managers to present to shareholders on the performance of SAINTS and on the future plans/prospects for the Company. It also allows shareholders the opportunity to meet with the Board and Managers and to raise questions and concerns. The Chairman is available to meet with shareholders as appropriate and the Managers meet regularly with shareholders and their respective representatives, reporting back on views to the Board. Shareholders may also communicate with the Board at any time by writing to them at the Company's registered office or to the Company's broker. These communication opportunities help inform the Board when considering how best to promote the success of the Company for the benefit of all shareholders over the long term. Shareholders can find further detail on this in the Managers' Review on pages 12 to 16.

The Board seeks to engage with its managers and other service providers in a collaborative and collegiate manner, with open and respectful discussion and debate being encouraged, whilst also ensuring that appropriate and regular challenge is brought and evaluation is conducted. The aim of this approach is to enhance service levels and strengthen relationships with the Company's providers with a view to ensuring the interests of the Company's shareholders and stockholders are best served by keeping cost levels proportionate and competitive, by maintaining the highest standards of business conduct and by upholding the Company's values.

Whilst the Company's operations are limited (with all substantive operations being conducted by the Company's third party service providers), the Board is keenly aware of the need to consider the impact of the Company's investment strategy and policy on wider society and the environment. The Board considers that its oversight of environmental, social and governance (ESG) matters is an important part of its responsibility to all stakeholders and that proper consideration of ESG factors sits naturally with SAINTS' longstanding aim of providing shareholders with a dependable source of income, together with growth in income and capital that exceeds inflation over time.

The Board recognises the importance of keeping the interests of the Company's shareholders, and of acting fairly between them, firmly front of mind in its key decision making and the Company Secretaries are at all times available to the Board to ensure that suitable consideration is given to the range of factors to which the Directors should have regard. In addition to ensuring that the Company's stated investment objective was being pursued, key decisions and actions during the year which have required the Directors to have regard to applicable section 172 factors include:

— the raising of over £64 million from new share issuance, at a premium to net asset value prevailing from time to time, in order to satisfy investor demand over the year and which serves the interests of current shareholders by reducing costs per share and helping to further improve liquidity; and

— the annual management fee paid to Baillie Gifford & Co was revised and, with effect from 1 April 2020, the fee on relevant assets above £500m has been reduced to 0.35% from 0.45%. Further details on the management fee can be found on page 24 of the Directors' Report.

Employees, Human Rights and Community Issues

The Board recognises the requirement to provide information about employees, human rights and community issues. As the Company has no employees, all its Directors are non-executive and all its functions are outsourced, there are no disclosures to be made in respect of employees, human rights and community issues. Further information on the Company's approach to environmental, social and governance (ESG) matters are provided on page 29.

Gender Representation

As at 31 December 2020, and the date of this report, the Board comprises six Directors, three male and three female. The Company has no employees. The Board's policy on diversity is set out on page 27.

Environmental, Social and Governance Policy

Details of the Company's policy on socially responsible investment can be found under Corporate Governance and Stewardship on page 29.

The Company considers that it does not fall within the scope of the Modern Slavery Act 2015 and it is not, therefore, obliged to make a slavery and human trafficking statement. In any event, the Company considers its supply chains to be of low risk as its suppliers are typically professional advisers. A statement by the Managers under the Act has been published on the Managers' website at www.bailliegifford.com.

Future Developments of the Company

The outlook for the Company for the next 12 months is set out in the Chairman's Statement on pages 2 and 3 and the Managers' Review on pages 12 to 16.

Investment Approach

SAINTS' aim is to provide its shareholders with a dependable source of income, together with growth in income and capital that exceeds inflation over time. To achieve these goals, our strategy is to allocate the majority of the Company's assets to a portfolio of carefully selected global equities. History tells us that equities offer investors the best opportunity to enjoy inflation-beating growth in income and capital over the long term.

Within the equity portfolio, we focus solely on companies whose income and growth potential is aligned with SAINTS' goals. Our starting point for any equity investment is a company's long-term potential for earnings and cash flow growth above inflation. We believe share prices and dividends over the long term follow company earnings and cash flows. By investing only in companies whose earnings and cash flows are likely to grow ahead of inflation, we expect the shares held in the equity portfolio to deliver the growth in income and capital that we seek for SAINTS' shareholders.

Besides the potential for profit growth, we seek dividend dependability at any company in which we invest. By 'dependability' we mean the resilience of a company's dividend through business and economic cycles. We focus on companies whose dividends are likely to prove dependable over long periods of time, regardless of the prevailing market conditions or economic cycle. These resilient dividends help underpin the dependability of SAINTS' own distributions to shareholders.

Companies with the prospect of both dependable dividends and attractive profit growth are not common. However, we make full use of the global equity universe available to the Company, which consists of several thousand stocks. This allows us to construct a diversified portfolio of investments which meet our requirements. Typically the portfolio consists of around 50–80 companies. We believe this range strikes the right balance between diversification and focus.

Our portfolio is very different from conventional equity market indices. The income stream from such indices is often dominated by the dividends from a small number of companies, often in cyclical and capital-intensive industries. The result is that as a source of income they are unreliable. Our approach is consciously different, to ensure stability of the income we generate for the Company's shareholders.

We are also only interested in truly sustainable income streams, which ultimately come from companies that are managed in a responsible way. Our approach therefore gives careful consideration to environmental, social and governance factors; and we seek to engage constructively with the companies in which we invest in order to help promote their continued long-term success. Shareholders can read more about our efforts here in our Annual Governance and Sustainability Report, available on the Company's website www.bailliegifford.com.

To identify the businesses we are looking for, we employ a disciplined research process that focuses on the dependability of a company's dividend and the growth potential of its earnings and cash flow. The opportunities for growth vary widely, but they can be broadly described as falling into one of four categories described on page 11. We have also used this categorisation to illustrate the portfolio, as at 31 December 2020.

Each block in the illustration represents an individual holding, and the height of each block indicates the size of the holding in the equity portfolio. The colour of each block represents the type of growth by which we categorise the company. The column in which a block appears indicates the stock's dividend yield, shown across the horizontal axis.

Borrowed Funds

Although the equity portfolio accounts for the majority of the Company's investments, we also invest in portfolios of property and bonds. As an investment company, SAINTS benefits from the ability to use borrowings, up to a prudent amount. By investing these borrowings in the property and bond portfolios, we enhance the Company's ability to meet its investment objective.

SAINTS' borrowings currently take the form of a long-term debenture. The borrowed money is invested with the intention of beating the cost of these borrowings. Our asset allocation decisions aim to strike a balance between income contribution, income dependability and growth at the whole portfolio level.

A directly-held portfolio of UK commercial property, managed by OLIM Property Limited, has been a favoured investment for the borrowed funds for many years. The allocation to this property portfolio has varied over time, but the continuing attraction is OLIM Property Limited's focus on strong covenants and lease terms that typically include fixed or inflation-linked rent increases. Properties are selected for the portfolio on the basis of their income dependability and growth characteristics, much as in the equity portfolio.

Our fixed income investments are more tactical in nature, given the fixed nature of their income stream which does not support SAINTS' primary objective of dividend growth over time. Investments are made when the total return potential and the absolute level of income is significant. The bond portfolio is global, giving us the same large number of opportunities to select from, just as we do in the equity portfolio.

Summary

Aim: To provide shareholders with a dependable source of income, together with growth in income and capital that exceeds inflation over time.

— This aim is underpinned for the long-term by investment in a portfolio of equities selected for their real income and capital growth potential.

— Equity investments are complemented through the opportunistic investment of borrowed funds:
- A high-yielding directly-held UK property portfolio offering a dependable and growing rental income stream;
- Tactical investments in fixed income instruments.

— A robust dividend in even the most challenging of investment environments:
- Underlying investments are selected for dependability of income alongside growth;
- The board and management team are committed to delivering real dividend growth sustainably into the future;
- Significant revenue reserves to support the smooth progression of dividends.

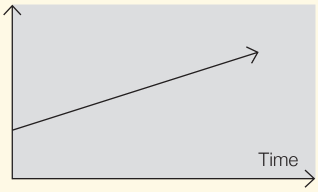
— Outcome: an investment for the long term which can generate a dependable income stream, with significant growth potential in both capital and income.

Drivers of Free Cash Flow Growth

Compounding Machines

Free Cash Flow Growth Expectations

Free cash



Characteristics
- Enduring competitive positions
- Strong balance sheets
- Proven management

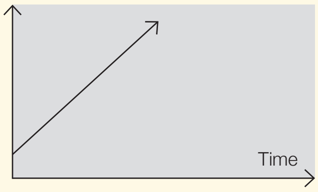
Expected Outcome

Consistent above-average cash flow and dividend growth

Exceptional Revenue Opportunity

Free Cash Flow Growth Expectations

Free cash



Characteristics
- Market leaders
- Pricing power
- Strong volume growth

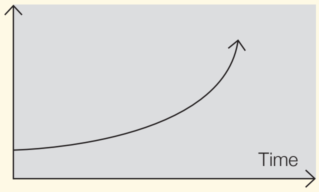
Expected Outcome

Exceptional growth in earnings and cash flow

Profitability Transformation

Free Cash Flow Growth Expectations

Free cash



Characteristics
- Margins below potential
- Catalyst for change identified
- Strong management and clear strategy

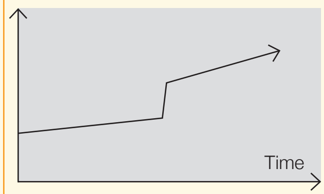
Expected Outcome

Exceptional cash flow and dividend growth

Capital Decisions

Free Cash Flow Growth Expectations

Free cash



Characteristics
- Strategic development
- Change in capital requirements
- Shift of cash allocation priorities

Expected Outcome

Consistent above-average cash flow and dividend growth

What will drive growth in free cash flow available for dividends?

	Portfolio %	Weighted Average Yield %
Compounding Machines	71.2	2.4
Exceptional Revenue Opportunity	19.2	1.4
Profitability Transformation	3.8	3.8
Capital Decisions	5.8	4.3

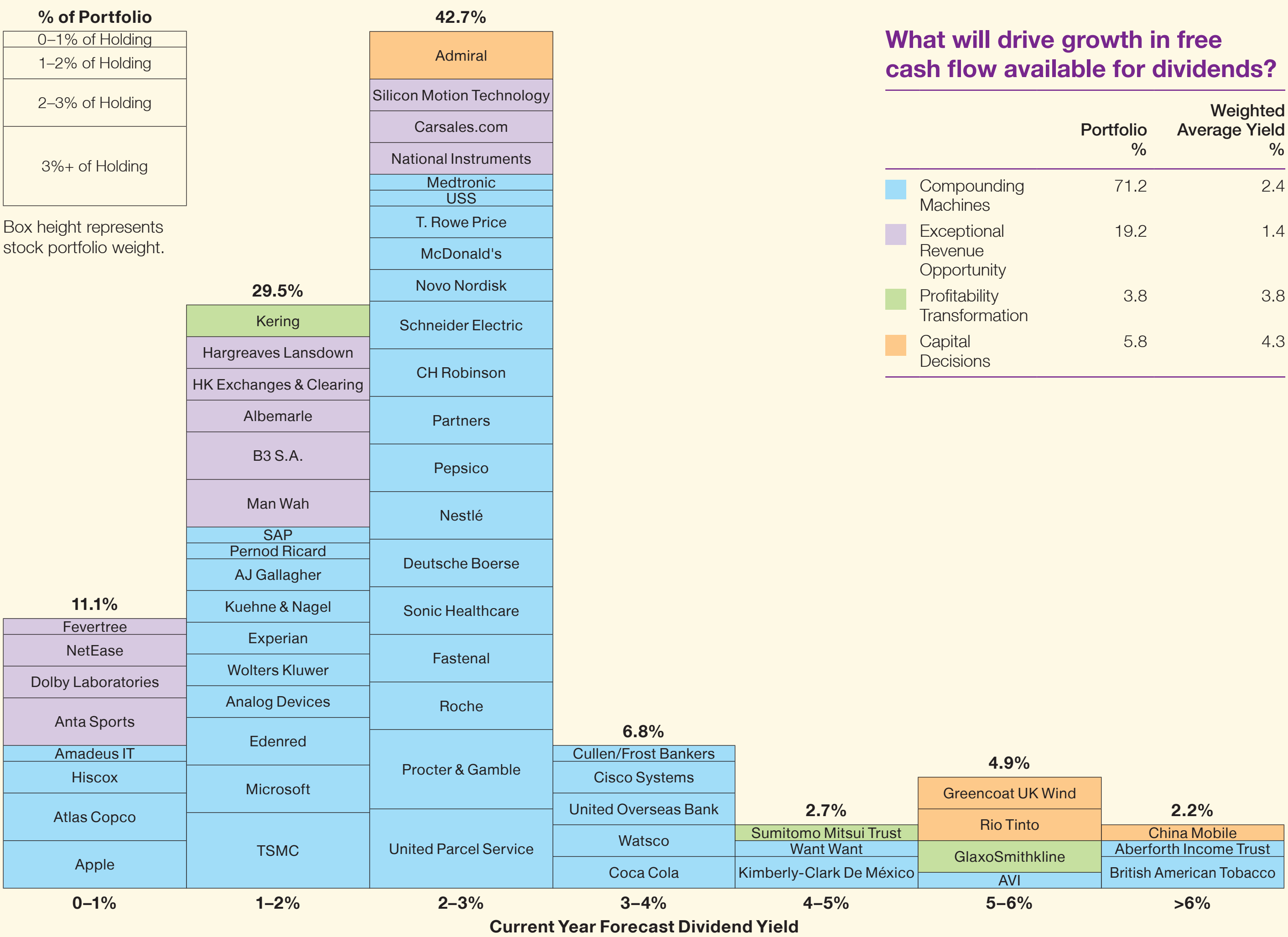


Figure 1: Graphical representation of SAINTS' equity portfolio holdings as at 31 December 2020, ordered by dividend yield and colour coded by the categorisation of what will drive growth in free cash flow available for dividends.

Source: IBES, Bloomberg, Baillie Gifford. Holding sizes and forecast yields are as at 31 December 2020. Yields are based on market consensus and Baillie Gifford estimates of ordinary dividends, on a 12 month forward basis, gross of withholding taxes. Excludes cash, weights have been rebalanced to 100%. Totals may not sum due to rounding. See disclaimer on page 65.

Managers' Review

SAINTS aims to deliver real growth in both income and capital to its shareholders, in good times and in bad.

In this section we provide a brief overview of how SAINTS' investments performed during 2020. We then provide a more detailed report on the approach we take to managing the equity portfolio, how we have sought to support the companies in which we invest in a uniquely challenging year, and a more detailed review of performance. A review of the company's property and bond investments follows. Finally, we discuss the enduring importance of freedom for income investors: the freedom to invest wherever the genuine opportunities are, without a stretched yield objective that forces investment in dying businesses, and the freedom that comes from an investment trust structure that helps focus on the long-term.

Progress during 2020

This has been a year that many of us would rather forget – particularly those of us living in countries like the UK which have been especially hard hit by coronavirus.

But in investment terms, it has been a good year for SAINTS. The Company's NAV total return (debenture at fair) grew by 14.5%, driven primarily by strong returns from the equity portfolio. Income was also resilient. In a period when dividends from major equity indices have fallen dramatically – for instance dividends in the UK are expected to fall by around 40% this year – SAINTS' earnings per share fell by 3.9% to 11.41p.

Given that it represents around 93% of the company's net assets, it is the equity portfolio that has the biggest influence on SAINTS' returns in any one year. This year the equity portfolio delivered a healthy total return of 15.9%, outpacing global equity markets total return, which grew by 13.0%. Worldwide the progress in equity markets was unevenly distributed: markets in North America and Asia saw double digit positive returns, while the UK market fell by 11.9%. However, SAINTS' equity portfolio performed comparatively well not because of which geographic markets it was invested in, but because of the types of companies in which we invest. These are typically growth-focused, capital-light companies which we believe are on the right side of history. They also tend to have a high degree of control over their destiny, unlike some of the mega-caps that continue to dominate the UK market, which are often highly dependent on factors outwith their control such as oil prices and interest rates.

Our experience of managing the equity portfolio this year has only strengthened our belief in the importance of having a global mandate, with a realistic income target, to ensure that we are able to invest in these companies. This opportunity is particularly valuable for investors who seek both growth *and* income. It certainly helped our equity portfolio's income performance in a turbulent year for any investor who relies on dividends. In the face of a sharp deterioration in trading, many companies, especially in the UK, either chose to or were forced to suspend their dividends. While SAINTS' portfolio was not completely immune to these forces, our focus on finding resilient businesses, with a diverse range of end markets, proved its worth. Every one of our ten largest holdings *increased* their dividends in 2020. The Brazilian securities exchange B3 S.A. actually doubled its dividend this year.

Total dividend income from the portfolio was up slightly during the year. However, this is flattered by the impact of share issuance, some of which was invested into the equity portfolio. On a like-for-like basis the portfolio's dividend income fell by around 4%. This compares to an estimated underlying decline of around 15–20% for global equity markets, and around 40% for the UK market.

The property portfolio, managed by OLIM Ltd, also outperformed its asset class. It returned 6.8%, which represents a 6.7% return from rental income, and a fractional capital gain. For comparison, the MSCI Monthly Index for UK commercial property returned -1.9% with a 7.1% decline in capital values to November 2020 on an annualised basis. This represents a strong performance given that many parts of the commercial property market have been ravaged by Covid-19. As we have discussed in previous reports, over recent years the manager has repositioned the portfolio away from sectors such as retail and leisure, and towards more secure tenants, be they data centres or warehouses. Overall rental income grew by 2.7% to £5.5m, and no purchases or sales were made this year.

Over the course of the year we took advantage of attractive valuations to make some additions to the small bond portfolio, which increased from 2.3% to 5.6% of net assets. We have continued to benefit greatly from the analysis of our fixed income colleagues at Baillie Gifford, who identified opportunities in both High Yield corporate debt, and Emerging Market sovereigns. The return was -10.4%, with foreign exchange movements weighing on returns (and particularly the weakness of the Brazilian real compared to sterling). Bond income grew from £0.7m to £1.1m, and we expect a larger income contribution from these investments next year.

Equity Portfolio

Adaptability

We concluded last year's review by commenting on how much we prized adaptability in the companies that SAINTS invests in. The longer your time horizon, the less that success in a particular investment is defined by clearly identified 'catalysts' falling one way or the other. Instead, what matters more is a company's willingness and ability to respond rapidly as its opportunities and circumstances change. We argued last year that the next ten years was unlikely to offer simply 'more of the same' for investors – the world was changing rapidly, and this adaptability was likely to be an increasingly crucial attribute of a management team, and of a company.

This was a rare prediction that has stood the test of 2020. This has been the strangest year of our careers, but it's also been an encouraging lesson in how adaptable humans and human systems can be. Our investment team and our ways of working responded more quickly than we could have foreseen. We had adopted Microsoft's Teams product in 2019, as a tool for sharing information and ideas more fluidly, but in 2020 we relied on it heavily. Unexpectedly we found that we achieved even better access to some of the company management teams we invest alongside this year, often Zooming into the CEO's home office from our spare rooms.

More importantly, the companies that SAINTS invests in proved themselves to be as adaptable and responsive during this stress-test as we could have hoped. As we explain in the 'Investment Approach' section, we have a strong bias towards capital-light businesses, because we think these are the ones that will be best able to pay resilient dividends *and* grow substantially over time. That bias was a big help in 2020: by and large the companies we invest in were not lumbered down with large fixed-asset bases that tied them to operating in rigid ways. This was not a good year to be an aircraft manufacturer, for instance. Or to have huge sunk capital investments in offshore oil infrastructure. Or to have lots of brick-and-mortar shops relying on high footfall. SAINTS has no exposure to any companies like this.

Instead, the companies we invest in typically have adaptive, capital-light business models. They are also run by responsive, dynamic people, and have shown an encouraging ability to pivot. For instance, from a standing start, pharmaceuticals company Roche had brought 13 different Covid-related diagnostic tests or testing systems to market by September, with another three under development. In addition, the company validated one of the most promising pharmaceutical treatments that is currently available. This achievement shows how fast the wheels of innovation can spin when management set clear new priorities. But it is something we should not take for granted – it is a product of culture, and a huge amount of effort. We've been thanking many of our holdings for their hard work on your behalf this year.

Defence and Attack

Thanks to companies such as Roche, the equity portfolio turned out to be as adaptable as we had hoped in a period of stress. We have twin objectives in managing SAINTS' investments – to deliver a dependable income stream, and to achieve real growth in both income and capital over time. To borrow a bad sports analogy, meeting *both* of these objectives requires our holdings to be able to play both 'defence' and 'attack'.

The defence comes through in the resilience of business models during times of stress. When the world changes unexpectedly, we ask whether they are strong and flexible enough to continue meeting their dividend commitments. As we noted above, this year was an extraordinary test, and by and large the answer was an emphatic 'yes'.

But as any armchair manager will tell you, attack is the best form of defence. For us, the 'attack' is the growth that our holdings deliver over time. It is not enough for our companies simply to grind out a reliable dividend to shareholders. We want them to do better than this. We want them to grow their profits and dividends materially over time, to drive growth for our clients in the next five or ten years. One reason that our income stream has been comparatively resilient has been that several of the holdings delivered strong dividend growth in 2020, offsetting the few dividends that we cut. An example is Fastenal, the industrial distribution company, which declared a 12% dividend increase and announced a special dividend. This growth went a long way to offset the cuts enacted by a handful of other holdings, delivering a resilient income at the portfolio-level.

In the early stages of the pandemic, there was a temptation to emphasise 'defence' – stocks that offered very high near-term visibility of income, even if the long-term prospects of those companies were weak. However, we felt strongly that taking such a short-term focus was unlikely to be the right thing to do. The more important questions to ask were: 'which stocks are best placed to grow our clients' income over the next five or 10 years?' and 'which are the businesses that are going to be on the front foot, and aggressively finding new growth opportunities?'. That's why this year we bought holdings in investment platform Hargreaves Lansdown, and medical devices leader Medtronic. Later in this review we have described some of the companies we've added to the portfolio in the past 12 months.

Engagement with Our Holdings

The other question which we have focused on this year is: 'what can we do to help?'

We wrote last year about the importance we place on engagement with our holdings, which sits well with our long-term investment approach. Simply put, we want to remain invested in our companies for five or ten years, and it is over that kind of time horizon where pro-active management of environmental risks, or respectful treatment of stakeholders, is likely to make a significant difference to a company's success or failure. We know there is a very important role for shareholders to play here. The questions that investors ask boards and management teams, and the encouragement that we give to them, can make a real difference to the priorities that they set.

We felt that this year the most useful thing we could do was encourage the management teams we invest alongside to keep investing, and to do whatever they could to support their customers and employees. This might have a short-term cost to margins, and disappoint some analysts, but we felt it was not just the right thing to do, but that it would also help pay long-term dividends. Sometimes this meant giving direct encouragement to management teams who were already making difficult decisions to do just that – for instance, Australian car listings business Carsales, who gave their dealership customers two months of free services to help them cope with a collapse in demand. We backed Welsh car insurer Admiral when they said they were contemplating giving a cash refund to all their customers, and we suggested they defer a previously announced special dividend (which they did). In both cases, they have seen clear signs of increased customer loyalty as their markets started to recover.

With other holdings, we made the case to management for investing more aggressively today, in order to build a stronger business for when business rebounds. For instance, airline IT business Amadeus' customers are struggling for cash flow, but this could represent an ideal time to help them migrate onto Amadeus' lower-cost, more flexible IT platforms. We encouraged them to be bold with such investments. Finally, in some cases we challenged companies that we thought were getting the balance wrong. We were disappointed that Swedish engineer Sandvik's relatively new management team chose to lean heavily on government labour subsidies, and then boasted of meeting a short-term profitability target this year. We wrote to them to express our concern, but this prioritisation diminished our confidence in the growth case, and we subsequently sold the holding.

In April, when the first wave of the pandemic was reaching its crescendo, we had a conversation with the Chief Financial Officer of Roche to discuss the various ways in which they were seeking to respond to the huge need for testing around the world. At the end we asked him – 'is there anything we can do to help?' He paused for a moment, and then said: "You know, I've had 60 calls with investors since this pandemic started, and you're the first people to ask me that. We will not forget it." In this crisis, many market participants' time horizons seemed to contract. When companies discussed their earnings, it was depressing to hear how many questions focused on the near-term progression of their margins, or the timing of cost-cutting programmes – rather than, say, what companies were doing to earn the trust of their employees and customers by supporting them at an exceptionally challenging time. We think such short termism risks doing real harm, to companies and society – and that as long-term investors we have a responsibility to push firmly in the opposite direction.

Review of Performance

In last year's report, we wrote about the importance of emphasising a company's growth potential. This focus is evident from an analysis of SAINTS' performance over the past five years. The table below shows the largest contributors to returns within the equity portfolio, and the profit growth that each has delivered over the past five years (based on consensus estimates for 2020):

Stock	Description	Op profit $, p.a. (5yr)	Dividend $, p.a. (5yr)	Total return £, p.a. (5yr)
TSMC	Semiconductor manufacturer	16%	17%	42%
Anta	Chinese sportswear	25%	2%	49%
B3 S.A.	Brazilian financial exchange	25%	19%	46%
Partners	Swiss alternative asset manager	20%	21%	32%
Kering	Luxury goods	15%	15%	39%

Five years ago we did not know exactly how fast these companies would be able to grow, and which particular part of their business would drive their growth. Indeed, we had originally classified both Taiwan Semiconductor Manufacturing ('TSMC') and Partners Group as 'compounding machines', rather than 'exceptional revenue opportunities'. But we did have conviction that each company had a very good chance of seizing a potentially very large growth opportunity, and that their business model gave them some distinctive advantages in realising this. For instance, it has become increasingly clear that TSMC has developed an unassailable lead as a foundry for leading-edge semiconductors, with a process knowledge that none of its competitors can match – while the growth in demand for data means this competence is more valuable than ever. Another example is Partners Group, whose expertise in alternative asset classes has been hugely in demand over recent years, to the point where it is choosing the clients it wants to work with.

Over five years, the equity portfolio has returned 15.1% p.a. This has broadly kept pace with the exceptionally strong returns of the equity market as a whole in recent years, and has outpaced most global equity income approaches, whether in open or closed-ended form. When we review the detailed attribution data for the strategy's longer-term returns, the most striking feature is the large contribution from stock-picking – i.e. it is individual companies such as those mentioned above that have delivered the outcome, rather than clever geographic or sector bets.

Obviously, not everything has worked. When we look through the portfolio's mistakes over recent years, one theme is lower margin businesses where we were hoping for a big improvement in trading that just didn't come through – for instance Dia, or Li & Fung, both of which were sold some time ago. We try hard to learn from our mistakes, and we've found the best thing you can do when you make a mistake is to stop digging. One small change we have made to our process to prevent this has been to ask a simple question before we consider adding to a stock – 'is our investment case working, or not?'

The biggest positive contributors over 2020 happen to be located in Asia – Chinese furniture maker Man Wah (which trebled), TSMC (which returned 86%), and Anta Sports (which gained 73%). These are all businesses that benefited from a faster normalisation of some of their end markets, and which responded quickly and effectively to increased demand for their products. This year, they were playing attack, not standing on the goal line. We think this speaks to the value of a global opportunity set and making the broadest use of that. In last year's report we highlighted the input of Rio Tu, who contributes to our strategy from Baillie Gifford's Shanghai research office. Rio's insights have continued to be valuable this year. For instance, his knowledge of Chinese gaming company NetEase helped give us the confidence that there was a genuinely innovative culture at play here, instilled by founder William Ding – one reason we took a new holding this year.

It is striking that three of the five most negative contributors to relative performance this year were technology stocks which we either did not own (Amazon, Tesla), or owned in lower quantity than in the benchmark (Apple). We deliberately do not consider the benchmark when we are constructing the portfolio – we focus on what stocks are the best fit for the strategy's dual objectives, and it is clear to us that Amazon and Tesla are unlikely to be dividend payers within our time horizon, fantastic though their growth opportunities may be. While Apple is a better fit for the strategy, the fund's holding size is based on both our conviction and the overall balance between income and growth in the portfolio, rather than a desire to be 'underweight' or 'overweight' the index weighting. Closer to home, a specialty insurer Hiscox has been an operational disappointment this year. The pandemic affected several of its business lines, and forced them to suspend the dividend, and their initial response to Business Interruption insurance claims in the UK was not as strong as it should have been (as we told them). Having reviewed the investment case, we are cautiously optimistic – conditions in many of their markets are improving, and we are hopeful of a return to dividends later in 2021, and strong profitability in the coming years.

Changes to the Portfolio

We added seven new holdings to the portfolio this year. Most of these were ideas that have been researched by our team over recent years, but where we were able to gain additional conviction this year and then take advantage of depressed prices to purchase shares. For instance, we have long admired investment platform Hargreaves Lansdown, which we view as one of the long-term winners from the trend of UK savers taking more control over their investments. We think they are in a strong position to offer their customers a wider range of services over the coming years, such as managing their cash savings, or meeting their need for financial advice. Similarly, we believe that US asset manager T. Rowe Price is a business that thrives through putting the needs of its clients first, and has several avenues to growth, such as internationalising its business. Both Hargreaves and T. Rowe are naturally capital-light, so we think that growth should come with rising dividends. We took advantage of share price weakness in March to take holdings in both.

In the case of medical devices giant Medtronic, we believe there is a strong track record of research and development, and that new CEO Geoff Martha's agenda of decentralising control is likely to help the company accelerate growth. Cisco Systems should be poised to benefit from a surge in demand for the online networking tools they provide, especially as security becomes an ever-greater concern for its customers, and as it launches products that are well-suited to supporting the large cloud players. The trend towards the cloud should also be helpful for Silicon Motion, a founder-managed company that provides controllers for NAND (or Flash) memory. What most appeals here is CEO Wallace Kou's track-record of ensuring that Silicon Motion establish leadership positions in each new application for NAND – and the demand for this from cloud storage players such as AWS, Microsoft and Alibaba Cloud could be a very large new opportunity.

Finally, we took new holdings in two businesses that we think could still be at an early stage in their life-cycles but have the potential to deliver rapid growth and significant dividends over the coming years. Fevertree are known for fancy tonic water in the UK, but the real prize is the US market, where they are creating the 'premium mixer' category and are as well known for their ginger-based drinks as their tonics. We think the US market could be multiples of the size of the UK market, and have conviction in the organisation that the founder CEO is building to deliver this growth over the coming years. NetEase meanwhile is one of China's most successful video game companies, and again it has its founder, William Ding, at the helm as its CEO. We admire its record of creating games that engage users for many years, and its success in fostering a creative atmosphere. It has the potential for very strong continued profit growth as it launches new titles. It also has some exciting opportunities in music and online education in China.

We funded these new purchases through sales of holdings where we no longer had conviction in the long-term growth case, or the company's ability to pay resilient dividends over time. Our two European banks, Bankinter and Svenska Handelsbanken, fell into the latter category after regulators intervened to prevent them from paying dividends, but we also believe that their outlook for growth has also weakened substantially. Prudential was sold after its board made clear to us that the needs of dividend investors were no longer a priority for them, as they pursued faster growth in Asia. Reduced conviction in the long-term growth case prompted us to sell Brazilian brewer Ambev and Swedish engineer Sandvik, as well as hearing implants business Cochlear. We sold our small holding in energy company Total, because we felt that the transition to a lower carbon business, while welcome, would lead to a significant erosion in their profitability, which would likely pressure dividends in future.

Keen readers of SAINTS' Annual Reports will have noticed that over time the shape of the portfolio on pages 18 to 20 has been evolving. There are fewer holdings in the portfolio with a yield of above 4% today than three years ago. The portfolio is increasingly dominated by 'Compounding Machines' and 'Exceptional Revenue Opportunities' and there are fewer capital-intensive businesses. This is the cumulative effect of lots of individual stock-picking decisions, rather than a top-down pivot, but we increasingly believe that these businesses are likely to be a better fit for our dual objectives. That has certainly been our experience over recent years, and this crisis.

Property Portfolio

The property portfolio's performance this year was robust, in an increasingly challenged market. As managers, OLIM's strategy has been to focus on long-term inflation-linked leases, to stronger tenants, often in alternative sectors – such as investing in nursing homes, data centres and caravan parks. They have avoided structurally challenged areas such as high street retail and (increasingly) offices and had also sold out of some areas that are vulnerable to consumer spending, such as restaurants.

This strategy left SAINTS well-positioned in 2020. The vast majority of our tenants were able to keep operating their businesses, and across the year 95% of the rent was collected, with no voids, and most rent increases proceeding as planned. Some of our tenants were badly affected by the pandemic and government restrictions, such as the five pubs and the bowling alley that SAINTS owns. In several cases the property manager agreed a 6 month rent-free period in exchange for a 5 year extension to the lease, and in other cases delayed payment plans have been agreed. We believe these strike a fair balance between the needs of tenants and investors. However, the comparative resilience of the portfolio's income stream in a period of stress has been welcome and shows the value of having contracted revenues.

The portfolio was valued at £84.9m, a modest increase on the prior year. The valuation is supported by the portfolio's long duration leases, which are appealing at a time of record low gilt yields. Indeed, the portfolio's weighted-average unexpired lease length remains over 15 years, and over 80% of the rental streams have either fixed rent increases, or a CPI link.

Bond Portfolio

The bond portfolio consists of two types of investment:

— Lending to sub-investment grade (or 'high yield') corporates, where we believe the risk of default is in reality low. For instance, we lend to Netflix, the video-streaming service, and Catalent, who make delivery mechanisms for pharmaceuticals companies. Both bonds were purchased on a yield around 5%, which we thought was highly attractive given a low risk of default.

— Lending to sovereigns, typically in emerging markets, where we believe the returns on offer more than compensate us for the risks. For example, we own an inflation-linked Mexican government bond, where the link to inflation provides us with some protection from currency gyrations.

In both areas, we work closely with our colleagues at Baillie Gifford who specialise in these markets, and who bring us ideas that they believe fit with SAINTS' dual objectives. Unlike with equities, there is typically little prospect of real growth from bond income. However, the income on offer can be 2–3x higher than that on offer from global equity markets today (1.6% at the time of writing), and in some cases the risks to these can be relatively uncorrelated to SAINTS' other sources of income. This year, there have been more of those ideas, and so the portfolio increased modestly in size – though our approach has been to have a diversified portfolio of names in each of these sleeves at a smaller size, rather than having a big exposure to any one credit. A full list of holdings can be found on pages 18 to 20.

Outlook

Most readers of this report live in the UK, and the start of 2021 has featured no shortage of gloomy headlines for this country. The realities of what a 'hard' Brexit might mean for trade of different kinds are colliding with an economy that is struggling to get back on its feet, while the number of people who have lost their lives to the coronavirus has been truly appalling. The great progress on vaccines gave equity markets a shot in the arm in November, which particularly helped the share prices of some of the most distressed businesses, such as banks and airlines. But despite this, pessimism is in the air.

Our main reflection from 2020, though, has been the huge benefit of our investment approach taking a global perspective, and the freedom to invest wherever the genuine opportunities are. In SAINTS, this freedom has three distinct aspects. Firstly, the freedom to roam geographically. As we noted earlier, the pandemic has been particularly brutal in the UK and Western Europe – but many of our businesses in Asia are back on their feet and trading more strongly than before the pandemic. Indeed, TSMC has just announced a 50–60% increase in investment, because it sees such strong demand for its next generation of semiconductors. Not being restricted to the narrower opportunity set of the UK market has therefore been an enormous advantage – and we think it will continue to be one for the coming years, as it allows us to get exposure to businesses like TSMC, or NetEase, or Carsales: companies which we think do not just have business models which are well-suited to SAINTS' aims, but which are also seeing an expanding opportunity set.

Secondly, our equity portfolio at the time of writing has a yield of around 2.4%, which is around 25% higher than the global equity market. The balance we seek to strike between income and growth gives us much greater freedom in our stock picking than if we chased a higher near-term yield. It enables us to own Microsoft and Anta Sports as well as Roche. Indeed, one of the lessons from the huge collapse in UK dividends is that high near-term yields often come with a big cost – either in resilience, or in forcing you to invest in businesses with poor long-term growth prospects. We would argue that Shell and BP didn't cut their dividends by 50% and 66% respectively because of the pandemic, but because they were highly capital-intensive businesses, with structural challenges, that were over-distributing. Too many of the companies that income investors have traditionally invested in (especially in the UK) have fitted this mould. Seeking a better balance between near-term yield and long-term opportunity gives us a much better chance of delivering both resilience in times of stress, and strong real growth over time.

Finally, SAINTS' closed-ended structure helps. It gives us the freedom to invest across asset classes, wherever the opportunities are. For example, the property portfolio that OLIM manage for SAINTS has delivered a total return of 11% p.a. since 1996, an outstanding performance which could not have been replicated in an open-ended fund. In the future, we expect to find other opportunities to invest in income-generating assets that help to diversify SAINTS' income stream, and support our long-term objectives, and not being constrained will help us greatly.

But the other great benefit of the investment trust structure is the freedom it gives managers to focus on the long-term. This year SAINTS' strong revenue reserves have helped us to look through the squalls of markets and business cycles, and the gyrations of currency movements, knowing that shareholders can be confident in getting real growth from the dividend in any scenario. This, combined with the Board's strong support, has enabled us to invest in a way that we think is best for our investors over the long-term, even when the immediate outlook has seemed very challenging – to be adaptable. These freedoms are enduring strengths of SAINTS, and we believe they will be just as beneficial to shareholders in the years to come as they have been over recent years.

James Dow
Toby Ross
Baillie Gifford & Co
11 February 2021

Investment Changes

	Valuation at 31 December 2019 £'000	Net acquisitions/ (disposals) £'000	Appreciation/ (depreciation) £'000	Valuation at 31 December 2020 £'000
United Kingdom Equities	88,147	(1,990)	(4,567)	81,590
Overseas Equities	489,975	26,436	79,868	596,279
Total Equities	578,122	24,446	75,301	677,869
Direct Property	84,800	58	42	84,900
Bonds	13,542	29,420	(2,187)	40,775
Total Investments	**676,464**	**53,924**	**73,156**	**803,544**
Net Liquid Assets*	5,954	3,063	(291)	8,726
Total Assets	**682,418**	**56,987**	**72,865**	**812,270**

The figures above for total assets are made up of total net assets before deduction of the debenture.

* This includes deferred expenses.

Performance Attribution for the year to 31 December 2020

Portfolio breakdown	Average allocation SAINTS %	Average allocation benchmark %	Total return* SAINTS %	Total return benchmark %
Global Equities	94.4	100.0	15.9	13.0
Bonds	3.8		(10.4)	
Direct Property	13.5		6.8	
Deposits	1.4		–	
Debenture at book value	(13.1)		6.8	
Portfolio Total Return (debenture at book value)			**14.2**	**13.0**
Other items†			(0.5)	
Fund Total Return (debenture at book value)			**13.7**	**13.0**
Adjustment for change in fair value of debenture			0.8	
Fund Total Return (debenture at fair value)			**14.5**	**13.0**

Past performance is not a guide to future performance.

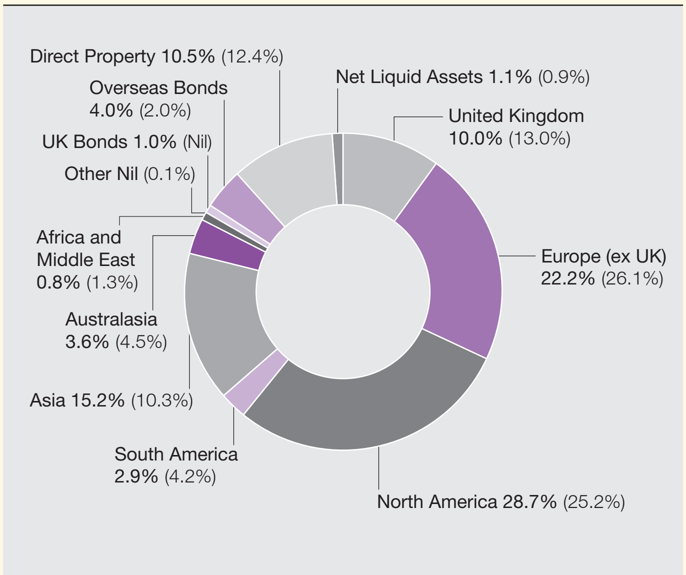
Source: Baillie Gifford and relevant underlying index providers. See disclaimer on page 65.

* Alternative performance measure, see Glossary of Terms and Alternative Performance Measures on pages 66 and 67.

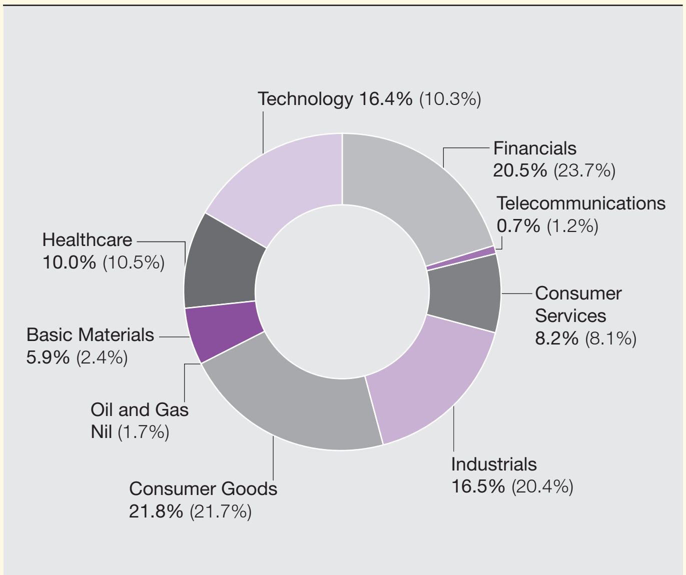
† Includes Baillie Gifford and OLIM Property Limited management fees.

Distribution of Portfolio

Geographical as at 31 December 2020 (2019)



Equities by Sector as at 31 December 2020 (2019)



List of Investments at 31 December 2020

Name	Business	Value £'000	% of total assets
Taiwan Semiconductor Manufacturing	Semiconductor manufacturer	29,099	3.6
United Parcel Service	Courier services	22,978	2.8
Procter & Gamble	Household product manufacturer	20,375	2.5
Roche	Pharmaceuticals and diagnostics	19,982	2.5
Fastenal	Distribution and sales of industrial supplies	19,851	2.4
Sonic Healthcare	Laboratory testing	18,998	2.3
Anta Sports	Sportswear manufacturer and retailer	18,964	2.3
Man Wah	Sofa designer and manufacturer	18,924	2.3
Microsoft	Computer software	18,883	2.3
Deutsche Boerse	Securities exchange owner/operator	17,953	2.2
Nestlé	Food producer	17,744	2.2
Admiral	Car insurance	17,503	2.2
Pepsico	Snack and beverage company	16,394	2.0
Partners Group	Asset management	16,276	2.0
Edenred	Voucher programme outsourcer	16,222	2.0
B3 S.A.	Securities exchange owner/operator	16,113	2.0
Apple	Consumer technology	14,602	1.8
CH Robinson	Delivery and logistics	14,237	1.8
Schneider Electric	Electrical power products	13,854	1.7
Atlas Copco	Engineering	13,612	1.7
Coca Cola	Beverage company	13,409	1.7
Novo Nordisk	Pharmaceutical company	13,349	1.6
Analog Devices	Integrated circuits	13,209	1.6
Watsco	Distributes air conditioning, heating and refrigeration equipment	12,250	1.5
Albemarle	Producer of speciality and fine chemicals	11,526	1.4
National Instruments	Electronic test and measurement systems	11,123	1.4
Hong Kong Exchanges and Clearing	Securities exchange owner/operator	10,630	1.3
Wolters Kluwer	Information services and solutions provider	10,577	1.3
Experian	Credit scoring and marketing services	10,437	1.3
Carsales.com	Online marketplace for classified car advertisements	10,209	1.3
McDonald's	Fast food restaurants	10,149	1.3
Kering	Luxury brand conglomerate	10,057	1.2
Rio Tinto	Mining	9,081	1.1
GlaxoSmithKline	Pharmaceuticals, vaccines and consumer healthcare	9,080	1.1
Hargreaves Lansdown	UK retail savings and investment platform	8,317	1.0
Kuhne + Nagel	Worldwide freight forwarder	8,272	1.0
Greencoat UK Wind	UK wind farms	7,982	1.0
United Overseas Bank	Commercial banking	7,700	1.0
Dolby Laboratories	Multimedia software	7,622	0.9
Silicon Motion Technology	Semiconductor company	7,536	0.9
T. Rowe Price	Fund manager	7,325	0.9
Cisco Systems	Data networking equipment	7,208	0.9
British American Tobacco	Cigarette manufacturer	7,086	0.9
Kimberly-Clarke De México	Paper-based household products	6,999	0.9
NetEase	Online gaming company	6,893	0.9
Hiscox	Property and casualty insurance	6,866	0.8
Arthur J Gallagher	Insurance broker	6,838	0.8
AVI	Staple foods manufacturer	6,736	0.8
USS	Second-hand car auctioneer	6,663	0.8
Medtronic	Medical devices company	6,640	0.8

Name	Business	Value £'000	% of total assets
Pernod Ricard	Global spirits manufacturer	6,452	0.8
Sumitomo Mitsui Trust Holdings	Trust bank and investment manager	6,310	0.8
Cullen/Frost Bankers	Provides banking services throughout the state of Texas	5,715	0.7
Want Want	Snacks and milk-based products	5,302	0.7
Amadeus IT Group	Technology provider for the travel industry	5,078	0.6
China Mobile	Mobile telecommunication services	4,819	0.6
SAP	Business software developer	4,622	0.6
Aberforth Split Level Income Trust	UK small-cap equities fund	3,049	0.4
Fevertree Drinks	Producer of premium mixer drinks	1,924	0.2
Terra Catalyst Fund*	Fund of European property funds	265	–
Total Equities		**677,869**	**83.4**
Direct Property			
Direct Property	See table on page 20.	**84,900**	**10.5**
Bonds			
Sterling denominated	Paymentsense 8% 2025	**3,142**	**0.4**
Euro denominated	Cogent Communications 4.375% 2024	**4,282**	**0.5**
US dollar denominated	Netflix 5.375% 2029	6,135	0.8
	Tesco 6.15% 2037	4,957	0.6
	First Quantum Minerals 7.25% 2023	4,120	0.5
	Catalent 5% 2027	3,167	0.4
		18,379	**2.3**
Brazilian real denominated	Brazil CPI Linked 15/05/2045	**5,107**	**0.6**
Dominican peso denominated	Dominican Republic 8.9% 15/02/2023	1,649	0.2
	Dominican Republic 9.75% 05/06/2026	735	0.1
		2,384	**0.3**
Indonesian rupiah denominated	Indonesia 9% 15/03/2029	**2,500**	**0.3**
Mexican peso denominated	Mexico IL 4% 15/11/2040	**2,523**	**0.3**
Peruvian sol denominated	Peru 6.15% 12/08/2032	**2,458**	**0.3**
Total Bonds		**40,775**	**5.0**
Total Investments		**803,544**	**98.9**
Net Liquid Assets (including deferred expenses)		8,726	1.1
Total Assets (before deduction of debenture)		**812,270**	**100.0**

* Delisted.

Property Portfolio

Location	Type	Tenant	2020 Value £'000	2020 % of total assets	2019 Value £'000
Basingstoke	Warehouse	G4S Cash Solutions (UK) Limited	3,000	0.4	3,300
Biggleswade	Warehouse	Sherwin-Williams Diversified Brands Limited	5,800	0.7	5,700
Cleethorpes	Public House	Stonegate Pub Company Limited	700	0.1	850
Crawley	Petrol Station and Convenience Store	Co-operative Group Food Limited	3,750	0.5	3,750
Denbigh	Supermarket	Aldi Stores Limited	5,350	0.7	5,150
Earley	Public House	Spirit Pub Company (Managed) Limited	2,700	0.3	2,900
Kenilworth	Nursing Home	Care UK Community Partnerships Limited	6,750	0.8	7,200
Luton	Public House	Stonegate Pub Company Limited	2,700	0.3	3,400
Milton Keynes	Data Centre	TalkTalk Communications Limited	16,400	2.0	15,500
New Romney	Holiday Village	Park Resorts Limited	17,150	2.1	16,300
Newport Pagnell	Car Showroom	Pendragon Plc	3,000	0.4	3,200
Otford	Public House	Spirit Pub Company (Managed) Limited	1,800	0.2	1,950
Pagham	Convenience Store	Co-operative Group Food Limited	1,250	0.2	1,200
Prestatyn	Public House	Stonegate Pub Company Limited	1,100	0.1	1,400
Southend-on-Sea	Warehouse	Giant Booker Limited	9,000	1.1	8,000
Taunton	Bowling Alley	Mitchells & Butlers Retail (No.2) Limited	4,450	0.6	5,000
			84,900	**10.5**	**84,800**

Classification of Investments

Classification Equities:	UK %	Overseas %	2020 Total %	2019 Total %
Oil and gas producers	–	–	–	1.4
Oil and Gas	**–**	**–**	**–**	**1.4**
Chemicals	–	1.4	1.4	0.9
Industrial metals and mining	1.1	2.4	3.5	1.1
Basic Materials	**1.1**	**3.8**	**4.9**	**2.0**
Electronic and electrical equipment	–	1.7	1.7	2.2
Industrial engineering	–	1.7	1.7	2.6
Industrial transportation	–	5.6	5.6	5.2
Support services	1.3	2.0	3.3	6.1
Construction and materials	–	1.5	1.5	1.2
Industrials	**1.3**	**12.5**	**13.8**	**17.3**
Beverages	0.2	4.5	4.7	6.7
Food producers	–	3.7	3.7	4.4
Household goods and home construction	–	4.8	4.8	3.4
Leisure goods	–	0.9	0.9	–
Personal goods	–	3.2	3.2	2.7
Tobacco	0.9	–	0.9	1.2
Consumer Goods	**1.1**	**17.1**	**18.2**	**18.4**
Healthcare equipment and services	–	3.1	3.1	3.2
Pharmaceuticals and biotechnology	1.1	4.1	5.2	5.7
Healthcare	**1.1**	**7.2**	**8.3**	**8.9**
Food and drug retailers	–	–	–	1.4
General retailers	–	2.0	2.0	2.1
Media	–	3.5	3.5	3.4
Travel and Leisure	–	1.3	1.3	–
Consumer Services	**–**	**6.8**	**6.8**	**6.9**
Mobile telecommunications	–	0.6	0.6	1.0
Telecommunications	**–**	**0.6**	**0.6**	**1.0**
Banks	–	2.5	2.5	5.1
Non-life insurance	3.0	0.8	3.8	3.9
Life insurance	–	–	–	1.8
Real estate	–	–	–	0.1
Financial services	1.0	8.4	9.4	7.3
Equity investment instruments	1.4	–	1.4	1.9
Financials	**5.4**	**11.7**	**17.1**	**20.1**
Software and computer services	–	4.9	4.9	3.9
Technology hardware and equipment	–	8.8	8.8	4.8
Technology	**–**	**13.7**	**13.7**	**8.7**
Total Equities	**10.0**	**73.4**	**83.4**	
Total Equities – 2019	13.0	71.7		**84.7**
Direct Property	**10.5**	**–**	**10.5**	**12.4**
Bonds	**1.0**	**4.0**	**5.0**	**2.0**
Net Liquid Assets	**0.9**	**0.2**	**1.1**	**0.9**
Total Assets	**22.4**	**77.6**	**100.0**	
Total Assets – 2019	26.1	73.9		**100.0**
Debenture	**(10.0)**	**–**	**(10.0)**	**(12.0)**
Equity Shareholders' Funds	**12.4**	**77.6**	**90.0**	
Equity Shareholders' Funds – 2019	14.1	73.9		**88.0**
Number of equity investments	**11**	**49**	**60**	**63**

The Strategic Report, which includes pages 2 to 22, was approved by the Board on 11 February 2021.

Peter Moon
Chairman

Ten Year Record*

Revenue

Year to 31 December	Gross revenue £'000	Available for ordinary shareholders £'000	Earnings per ordinary share † p	Dividend per ordinary share (net) p	Ongoing charges # %
2010	16,379	11,271	8.51	9.25	0.90
2011	17,316	12,346	9.32	9.45	0.89
2012	18,556	13,564	10.22	9.80	0.94
2013	18,421	13,541	10.21	10.20	0.90
2014	18,782	13,940	10.51	10.50	0.90
2015	18,626	13,913	10.47	10.70	0.93
2016	18,630	13,939	10.46	10.825	0.87
2017	20,484	15,213	11.33	11.10	0.80
2018	21,743	16,230	11.75	11.50	0.76
2019	22,950	17,096	11.87	11.875	0.77
2020	**23,568**	**17,519**	**11.41**	**12.00**	**0.70**

Gearing Ratios

Year to 31 December	Equity gearing ‡ %	Potential gearing ¶ %
2010	(4)	26
2011	(1)	30
2012	(2)	27
2013	4	25
2014	1	25
2015	2	24
2016	0	19
2017	(6)	17
2018	(6)	17
2019	(3)	14
2020	**(7)**	**11**

† The calculation of earnings per ordinary share is based on the revenue column of the return on ordinary activities after taxation in the Income Statement and the weighted average number of ordinary shares in issue.

‡ Total assets (including all debt used for investment purposes) less cash, bonds (ex convertibles) and property divided by shareholders' funds. Alternative performance measure, see Glossary of Terms and Alternative Performance Measures on pages 66 and 67.

¶ Total assets (including all debt used for investment purposes) divided by shareholders' funds. Alternative performance measure, see Glossary of Terms and Alternative Performance Measures on pages 66 and 67.

Capital

At 31 December	Total assets £'000	Debenture stocks and loans £'000	Shareholders' funds £'000	Net asset value per share (book) § p	Net asset value per share (fair) §# p	Share price p	Premium/ (discount) ^ (book) %	Premium/ (discount) ^ (fair) # %
2010	418,269	87,446	330,823	249.7	242.5	245.5	(1.7)	1.2
2011	381,166	86,972	294,194	221.7	205.3	208.5	(6.0)	1.6
2012	401,780	86,467	315,313	237.7	220.5	225.5	(5.1)	2.3
2013	428,313	85,931	342,382	258.1	247.0	256.3	(0.7)	3.8
2014	429,167	85,361	343,806	259.1	243.7	249.6	(3.7)	2.4
2015	433,209	84,756	348,453	261.7	247.5	261.5	(0.1)	5.7
2016	515,622	84,112	431,510	323.5	309.2	324.0	0.2	4.8
2017	581,366	83,428	497,938	366.2	355.6	368.0	0.5	3.5
2018	566,154	82,701	483,453	343.0	336.4	351.0	2.3	4.3
2019	682,418	81,930	600,488	407.1	400.9	426.0	4.6	6.3
2020	**812,270**	**81,108**	**731,162**	**449.7**	**446.1**	**464.0**	**3.2**	**4.0**

§ Net asset value per ordinary share has been calculated after deducting the debenture at either book value or fair value. See Glossary of Terms and Alternative Performance Measures on pages 66 and 67.

^ Premium/(discount) is an Alternative Performance Measure and is the difference between SAINTS' quoted share price and its underlying net asset value at either book value or fair value. See Glossary of Terms and Alternative Performance Measures on pages 66 and 67.

Cumulative Performance (taking 2010 as 100)

At 31 December	Net asset value per share (fair) #	Net asset value (fair) total return #	Share price	Share price total return #	Benchmark	Benchmark total return #	Earnings per ordinary share	Dividends per ordinary share (net)	Consumer price index
2010	100	100	100	100	100	100	100	100	100
2011	85	86	85	89	92	95	110	102	104
2012	91	96	92	100	100	106	120	106	107
2013	102	112	104	118	117	129	120	110	109
2014	100	116	102	120	127	143	124	114	110
2015	102	123	107	131	129	149	123	116	110
2016	127	160	132	169	163	193	123	117	112
2017	147	189	150	198	181	220	133	120	115
2018	139	185	143	195	171	212	138	124	117
2019	165	228	174	243	204	260	139	128	119
2020	**184**	**261**	**189**	**273**	**225**	**293**	**134**	**130**	**120**
Compound annual returns									
5 year	12.5%	16.2%	12.2%	15.8%	11.7%	14.5%	1.7%	2.3%	1.8%
10 year	6.3%	10.1%	6.6%	10.6%	8.5%	11.4%	3.0%	2.7%	1.8%

On 1 January 2014, the Company changed its benchmark from 50% FTSE All-Share Index and 50% FTSE All-World ex UK Index to 100% FTSE All-World Index. For the purposes of the above tables the returns on these benchmarks for their respective periods have been linked to form a single benchmark. Source: Refinitiv/Baillie Gifford and relevant underlying index providers. See disclaimer on page 65.

* For a definition of terms, see Glossary of Terms and Alternative Performance Measures on pages 66 and 67.

Alternative performance measure, see Glossary of Terms and Alternative Performance Measures on pages 66 and 67.

Past performance is not a guide to future performance.

Directors and Management

Members of the Board come from a broad variety of backgrounds. The Board can draw on an extensive pool of knowledge and experience.

Directors

Peter Moon

Mr Moon joined the Board in 2005 and was appointed Chairman in 2016. He was chief investment officer of the Universities Superannuation Scheme Limited fund. He is chairman of Bell Potter (UK) Limited and is a director of JP Morgan Asia Growth and Income plc and First Property plc. He is an investment adviser of Teeside Pension Fund, a former chairman of Arden Partners plc, a former director of MBNA Europe and a former member of the National Association of Pension Funds Investment Committee.

Bronwyn Curtis, OBE

Ms Curtis joined the Board in 2014. An economist, she was Head of Global Research and Senior Adviser to the Head of Global Banking and Markets at HSBC Bank plc. Her previous positions included Head of European Broadcast at Bloomberg LP, Chief Economist for Nomura International and Global Head of Foreign Exchange and Fixed Income Strategy at Deutsche Bank. She is chairman of JP Morgan Asia Growth and Income plc.

Eric Hagman, CBE, CA

Mr Hagman joined the Board in 2005 and was Chairman of the Audit Committee from 2009 until he stepped down after the 2020 AGM. He joined Arthur Andersen in 1971 and became the managing partner in Scotland in 1982. He spent the last five years until 2002 in London as a managing partner on the UK Leadership Team. He is a director of WA Baxter & Sons Limited. He was formerly a trustee of the National Galleries of Scotland and a director of British Polythene Industries plc, Glen Group plc, Scottish Financial Enterprise and Scottish Enterprise.

Karyn Lamont, CA

Ms Lamont joined the Board in 2019 and became Chairman of the Audit Committee after the 2020 AGM. Karyn is a chartered accountant and former audit partner at PricewaterhouseCoopers. She has over 25 years experience providing audit and other services to a range of clients across the UK's financial services sector, including a number of investment trusts. Karyn is audit committee chairman of The Scottish Investment Trust plc, The North American Income Trust plc, The Scottish Building Society and Iomart Group.

Dame Mariot Leslie

Dame Mariot Leslie joined the Board in 2019. She was a member of the Diplomatic Service from 1977 until her retirement in 2014. In the course of her career she represented the UK overseas in Singapore, Germany, France and Italy, ran the FCO's Policy Planning Staff, and was a member of the British Government's Joint Intelligence Committee. She was the British Ambassador to Norway from 2002 to 2006 and the UK's Permanent Representative to NATO from 2010 to 2014.

From left to right: Dame Mariot Leslie, Eric Hagman, Karyn Lamont, Peter Moon, Bronwyn Curtis, Lord Macpherson of Earl's Court.

Lord Macpherson of Earl's Court, GCB

Lord Macpherson joined the Board in 2016 and was appointed Senior Independent Director in 2019. He was Permanent Secretary to the Treasury from 2005 to 2016, leading the department through the global economic and financial crisis. Prior to that, he held a number of senior posts at the Treasury, including Principal Private Secretary to Ken Clarke and Gordon Brown. An economist by training, he worked for Peat Marwick consulting and the CBI before joining the Treasury. Lord Macpherson is currently chairman of C Hoare and Co, a director of British Land plc, and is a visiting Professor at King's College, London.

All Directors are members of the Nomination Committee and all Directors with the exception of Mr Moon, are members of the Audit Committee. Mr Moon stepped down from the Audit Committee in November 2018.

Managers and Secretaries

The Company has appointed Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, as its Alternative Investment Fund Manager and Company Secretary. Baillie Gifford & Co Limited has delegated investment management services to Baillie Gifford & Co. Dealing activity and transaction reporting have been further sub-delegated to Baillie Gifford Overseas Limited. Baillie Gifford & Co is an investment management firm formed in 1927 out of the legal firm Baillie & Gifford, WS, which had been involved in investment management since 1908.

Baillie Gifford is one of the largest investment trust managers in the UK and currently manages twelve investment trusts. Baillie Gifford also manage unit trusts and open ended investment companies, together with investment portfolios on behalf of pension funds, charities and other institutional clients, both in the UK and overseas. Funds under the management or advice of Baillie Gifford total around £353 billion. Based in Edinburgh, it is one of the leading privately owned investment management firms in the UK, with 46 partners and a staff of around 1,400.

SAINTS is managed by James Dow and Toby Ross. They work closely with the other specialist equity, bond and multi-asset class investors at Baillie Gifford. The property investments are managed separately by OLIM Property Limited, a specialist property manager.

Baillie Gifford & Co and Baillie Gifford & Co Limited are both authorised and regulated by the Financial Conduct Authority.

Directors' Report

The Directors present their Report together with the Financial Statements of the Company for the year to 31 December 2020.

Corporate Governance

The Corporate Governance Report is set out on pages 27 to 29 and forms part of this Report.

Manager and Company Secretaries

Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, has been appointed as the Company's Alternative Investment Fund Manager ('AIFM') and Company Secretary. Baillie Gifford & Co Limited has delegated investment management services to Baillie Gifford & Co. Dealing activity and transaction reporting have been further sub-delegated to Baillie Gifford Overseas Limited and Baillie Gifford Asia (Hong Kong) Limited. The management of the property portfolio has been delegated to OLIM Property Limited.

The Investment Management Agreement between the AIFM and the Company sets out the matters over which the Managers have authority in accordance with the policies and directions of, and subject to restrictions imposed by, the Board. The Investment Management Agreement is terminable on not less than six months' notice. Compensation fees would only be payable in respect of the notice period if termination were to occur within a shorter notice period. With effect from 1 April 2020, the annual management fee was changed to 0.45% of the first £500 million of total assets and 0.35% of the remaining total assets, total assets being the value of all assets held (excluding the property portfolio) less all liabilities, other than any liability in the form of debt intended for investment purposes, calculated on a quarterly basis. Prior to 1 April 2020, the annual management fee was 0.45% of total assets less current liabilities, excluding the property portfolio, calculated on a quarterly basis. The Board is of the view that calculating the fee with reference to performance would be unlikely to exert a positive influence on performance.

The Property Management Agreement sets out the matters over which OLIM Property Limited has discretion and those matters which require Board approval. The Property Management Agreement is terminable on three months' notice. The annual fee is 0.5% of the value of the property portfolio, subject to a minimum quarterly fee of £6,250.

The Board considers the Company's investment management and secretarial arrangements on a continuing basis and a formal review is conducted annually. The Board considered the following topics amongst others in its review:

- investment process;
- investment performance;
- dividend growth;
- the quality of the personnel assigned to handle the Company's affairs;
- developments at the Managers, including staff turnover;
- the administrative services provided by the Secretaries;
- the property management service provided by OLIM Property Limited;
- share price and discount; and
- charges and fees.

Following the most recent review it is the opinion of the Directors that the continuing appointment of Baillie Gifford & Co Limited as AIFM, the delegation of investment management services to Baillie Gifford & Co, the further sub-delegation of dealing activity and transaction reporting to Baillie Gifford Overseas Limited and Baillie Gifford Asia (Hong Kong) Limited and the delegation of the management of the property portfolio to OLIM Property Limited, on the terms agreed, is in the interests of the Company and shareholders as a whole.

Depositary

In accordance with the Alternative Investment Fund Managers (AIFM) Directive, the AIFM must appoint a Depositary to the Company. The Bank of New York Mellon (International) Limited has been appointed as the Company's Depositary. The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. The custody function is also undertaken by The Bank of New York Mellon (International) Limited.

Directors

Information about the Directors, including their relevant experience, can be found on page 23.

All Directors will retire at the Annual General Meeting and offer themselves for re-election, with the exception of Eric Hagman, who will stand down at the conclusion of the Annual General Meeting on 1 April 2021. Following formal performance evaluation, the Chairman confirms the Directors' performance continues to be effective and each remains committed to the Company. Their contribution to the Board is greatly valued and the Board recommends their re-election to shareholders.

The Board also considers that Mr Moon and Mr Hagman remain independent notwithstanding having served on the Board for more than nine years, as explained on page 27.

Director Indemnification and Insurance

The Company has entered into qualifying third party deeds of indemnity in favour of each of its Directors. The deeds, which were in force during the year to 31 December 2020 and up to the date of approval of this Report, cover any liabilities that may arise to a third party, other than the Company, for negligence, default or breach of trust or duty. The Directors are not indemnified in respect of liabilities to the Company, any regulatory or criminal fines, any costs incurred in connection with criminal proceedings in which the Director is convicted or civil proceedings brought by the Company in which judgement is given against him/her. In addition, the indemnity does not apply to any liability to the extent that it is recovered from another person.

The Company maintains Directors' and Officers' Liability Insurance.

Conflicts of Interest

Each Director submits a list of potential conflicts of interest to the Nomination Committee on an annual basis. The Committee considers these carefully, taking into account the circumstances surrounding them and makes a recommendation to the Board on whether or not the potential conflicts should be authorised. Board authorisation is for a period of one year. Having considered the lists of potential conflicts there were no situations which gave rise to a direct or indirect interest of a Director which conflicted with the interests of the Company.

Dividends

The Board recommends a final dividend of 3.00p per ordinary share which, together with the interim dividends already paid, makes a total of 12.00p for the year. If approved, the recommended final dividend on the ordinary shares will be paid on 9 April 2021 to shareholders on the register at the close of business on 5 March 2021. The ex-dividend date is 4 March 2021.

The Company's Registrar offers a Dividend Reinvestment Plan (see page 61) and the final date for the receipt of elections for reinvestment of this dividend is 17 March 2021.

Share Capital

Capital Structure

The Company's capital structure consists of 162,595,943 ordinary shares of 25p each (2019 – 147,520,943 ordinary shares). There are no restrictions concerning the holding or transfer of the Company's ordinary shares and there are no special rights attaching to any of the shares.

Dividends

The ordinary shares carry a right to receive dividends. Interim dividends are determined by the Directors, whereas the proposed final dividend is subject to shareholder approval.

Capital Entitlement

On a winding up, after meeting the liabilities of the Company, the surplus assets will be paid to ordinary shareholders in proportion to their shareholdings.

Voting

Each ordinary shareholder present in person or by proxy is entitled to one vote on a show of hands and, on a poll, to one vote for every share held.

Information on the deadlines for proxy appointments can be found on page 63.

Major Interests in the Company's Shares

Name	No. of ordinary 25p shares held at 31 December 2020	% of issue
Rathbone Investment Management Ltd	9,116,733	5.6
Brewin Dolphin Limited	6,623,973	4.1

Holdings above are stated as per the most recent notification to a Regulatory Information Service. There have been no changes to the major interests in the Company's shares disclosed between 31 December 2020 and 10 February 2021.

Annual General Meeting

Share Issuance Authority

Resolution 11 in the Notice of Annual General Meeting seeks to renew the Directors' general authority to issue shares up to an aggregate nominal amount of £13,671,211.25. This amount represents approximately 33% of the Company's total ordinary share capital currently in issue and meets institutional guidelines. No issue of ordinary shares will be made pursuant to the authorisation in Resolution 11 which would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

Resolution 12, which is proposed as a special resolution, seeks to renew the Directors' authority to issue shares or sell shares held in treasury on a non-pre-emptive basis (i.e. without first offering such shares to existing shareholders pro-rata to their existing holdings) for cash up to an aggregate nominal amount of £4,101,773.50 (representing 10% of the issued ordinary share capital of the Company as at 10 February 2021). The authorities sought in Resolutions 11 and 12 will continue until the conclusion of the Annual General Meeting to be held in 2022 or on the expiry of 15 months from the passing of this resolution, if earlier.

Such authorities will only be used to issue shares or sell shares from treasury at, or at a premium to, net asset value and only when the Directors believe that it would be in the best interests of the Company to do so.

See further in this regard under the heading 'Authority to Issue Shares at a Discount to Net Asset Value (with Borrowings Valued at Book)' below.

During the year to 31 December 2020, the Company issued at a premium to net asset value on 97 separate occasions a total amount of 15,075,000 shares at an average price of 423.33p per share, raising proceeds of £63,985,000. Between 1 January and 10 February 2021, the Company issued a further 1,475,000 shares at a premium to net asset value raising proceeds of £6,910,000. No shares were held in treasury as at 10 February 2021.

Authority to Issue Shares at a Discount to Net Asset Value (with Borrowings Valued at Book)

As noted above, the Board believes that issuing shares to meet unsatisfied demand in the marketplace is generally in the best interests of the Company. Shareholders are asked on an annual basis to grant the Directors customary share allotment and issuance authorities (see 'Share Issuance Authorities' above) in order to facilitate non-pre-emptive share issuance, either of new ordinary shares or of any shares which are held by the Company in treasury. Even where such authorities are in place, however, the Listing Rules prohibit the issue of shares, whether new or from treasury, for cash at a price below the net asset value per share (NAV) of the shares which are then in issue, unless the new shares are first offered to existing shareholders pro-rata to their existing holdings.

As stated previously, the Board considers NAV (assets less liabilities) on the basis of the Company's borrowings valued at their book value to be the prudent measure when determining the price at which to issue shares. It remains the Directors' firm intention only to issue shares at, or at a premium to, NAV calculated on this measure. In order, though, to guard against a technical breach of the Listing Rules prohibition mentioned above, by virtue of an inadvertent share issuance at a discount to NAV with borrowings at book (due, for example, to challenges in estimating intra-day market movements), the Board is again this year proposing an additional annual resolution which, paradoxically, seeks to authorise the Directors to issue shares at a discount to NAV at book.

Resolution 13 is being proposed, therefore, solely for this technical purpose and specifically in the context of the Directors' continued intention only to issue shares on a basis which protects or enhances shareholder value.

Market Purchase of Own Shares

The Company's buy-back authority was last renewed at the AGM on 17 June 2020 in respect of 22,219,818 shares of 25p each (equivalent to 14.99% of its then issued share capital). No shares were bought back during the year under review and no shares are held in treasury.

The principal reasons for share buy-backs are:

(i) to enhance the net asset value for continuing shareholders by purchasing shares at a discount to the prevailing net asset value; and

(ii) to address any imbalance between the supply of and demand for SAINTS' shares that results in a discount of the quoted market price to the published net asset value per share.

The Company may hold bought back shares in treasury and then:

(i) sell such shares (or any of them) for cash (or its equivalent under the Companies Act 2006); or

(ii) cancel the shares (or any of them).

Shares will only be re-sold from treasury at a premium to net asset value per ordinary share.

The Directors are seeking shareholders' approval at the Annual General Meeting to renew the authority to make market purchases of up to 24,594,234 ordinary shares representing approximately 14.99% of the Company's ordinary shares in issue at the date of passing of the resolution, such authority to expire at the Annual General Meeting of the Company to be held in 2022. Such purchases will only be made through the market for cash at prices below the most recently calculated net asset value per ordinary share, which will result in an increase in value of the remaining ordinary shares. Any such shares purchased shall either be held in treasury or cancelled. In accordance with the Listing Rules of the UK Listing Authority, the maximum price (excluding expenses) that may be paid on the exercise of the authority must not exceed the higher of:

(i) 5 per cent above the average closing price on the London Stock Exchange of an ordinary share over the five business days immediately preceding the date of purchase; and

(ii) the higher of the price of the last independent trade and the highest current independent bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for any buy back programmes and stabilisation of financial instruments (No. 2273/2003).

The minimum price (exclusive of expenses) that may be paid will be 25p per share. Purchases of shares will be made within guidelines established, from time to time, by the Board. The Company does not have any warrants or options in issue. Your attention is drawn to Resolution 14 in the Notice of Annual General Meeting.

Financial Instruments

The Company's financial instruments comprise its investment portfolio, cash balances, borrowings and debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 18 to the Financial Statements.

The Company has agreed terms to issue £80m of long-term private placement debt to refinance its long-term borrowings when the existing debenture matures in 2022 through the issuance of two series: a 23 year note for £40m to be repaid in 2045 and a 27 year note for £40m to be repaid in 2049. The replacement debt will be secured, unlisted and denominated in sterling bearing a coupon of 3.12%.

Articles of Association

The Company's Articles of Association may only be amended by special resolution at a general meeting of shareholders.

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 they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Independent Auditor

The Auditor, KPMG LLP, is willing to continue in office and in accordance with section 489 of the Companies Act 2006, resolutions concerning their reappointment and remuneration will be submitted to the Annual General Meeting.

Post Balance Sheet Events

The Directors confirm that there have been no significant post Balance Sheet events up to 10 February 2021 that require disclosure in the Financial Statements.

Greenhouse Gas Emissions

All of the Company's activities are outsourced to third parties. The Company therefore has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. For the same reasons as set out above, the Company considers itself to be a low energy user under the SECR regulations and therefore is not required to disclose energy and carbon information.

Bribery Act

The Company has a zero tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly. The Managers also adopt a zero tolerance approach and have policies and procedures in place to prevent bribery.

Criminal Finances Act 2017

The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

Recommendation

The Board unanimously recommends you to vote in favour of the resolutions to be proposed at the Annual General Meeting as, in its opinion, they are in the best interests of the shareholders as a whole.

On behalf of the Board
Peter Moon
11 February 2021

Corporate Governance Report

The Board is committed to achieving and demonstrating high standards of Corporate Governance. This statement outlines how the principles of the 2018 UK Corporate Governance Code (the 'Code'), which can be found at www.frc.org.uk and the relevant principles of the Association of Investment Companies (AIC) Code of Corporate Governance were applied throughout the financial year. The AIC Code provides a framework of best practice for investment companies and can be found at www.theaic.co.uk.

Compliance

The Board confirms that the Company has complied throughout the year under review with the relevant provisions of the Code and the recommendations of the AIC Code. The Code includes provisions relating to the role of the chief executive, executive directors' remuneration and the need for an internal audit function. Given that the Company is an externally managed investment trust, the Board considers these provisions are not relevant to the Company (the need for an internal audit function specific to the Company has been addressed on page 30). Details of the Board's view on Directors who have served on the Board for more than nine years can be found under the Independence of Directors section of this Report.

The FRC has confirmed that AIC member companies who report against the AIC Code will be meeting their obligations in relation to the UK Code (the AIC Code can be found at www.theaic.co.uk).

The Board

The Board has overall responsibility for the Company's affairs. It has a number of matters formally reserved for its approval including strategy, investment policy, currency hedging, gearing, treasury matters, dividend and corporate governance policy. A separate meeting devoted to strategy is held each year. The Board also reviews the Financial Statements, investment transactions, revenue budgets and investment performance of the Company. Full and timely information is provided to the Board to enable the Board to function effectively and to allow Directors to discharge their responsibilities.

The Board currently comprises six Directors all of whom are non-executive. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The executive responsibility for investment management has been delegated to the Company's Alternative Investment Fund Manager ('AIFM'), Baillie Gifford & Co Limited, and, in the context of a Board comprising entirely non-executive Directors, there is no chief executive officer. The Senior Independent Director is Lord Macpherson of Earl's Court.

The Directors believe that the Board has a balance of skills and experience which enables it to provide effective strategic leadership and proper governance of the Company. Information about the Directors, including their relevant experience, can be found on page 23.

There is an agreed procedure for Directors to seek independent professional advice if necessary at the Company's expense.

Appointments

The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for inspection on request.

Under the provisions of the Company's Articles of Association, a Director appointed during the year is required to retire and seek election by shareholders at the next Annual General Meeting. The Board has agreed that all the Directors will retire at each Annual General Meeting and, if appropriate, offer themselves for re-election.

Independence of Directors

All Directors are considered by the Board to be independent of the Managers and free of any business or other relationship which could interfere with the exercise of their independent judgement.

Mr Moon and Mr Hagman have served on the Board for more than nine years. The Directors recognise the importance of succession planning for company boards and review the Board composition annually. The Board is of the view that length of service will not necessarily compromise the independence or contribution of Directors of an investment trust company, where continuity and experience can be a benefit to the Board. Following a formal performance evaluation, the Board has concluded that, notwithstanding their length of service, Mr Moon and Mr Hagman remain independent. Their actions and decisions have confirmed their independence and the Directors believe their length of service has been a benefit to the Board.

Meetings

There is an annual cycle of Board meetings which is designed to address, in a systematic way, overall strategy, review of investment policy, investment performance, marketing, revenue budgets, dividend policy and communication with shareholders. The Board considers that it meets sufficiently regularly to discharge its duties effectively. The following table shows the attendance record for the Board and Committee meetings held during the year. The Annual General Meeting was attended by all Directors.

Directors' Attendance at Meetings

	Board	Audit Committee	Nomination Committee
Number of meetings	**6**	**2**	**1**
Peter Moon*	6	2	1
Bronwyn Curtis	6	2	1
Eric Hagman	6	2	1
Karyn Lamont	6	2	1
Dame Mariot Leslie	6	2	1
Lord Macpherson of Earl's Court	6	2	1

* Peter Moon is not a member of the Audit Committee.

Nomination Committee

The Nomination Committee consists of the whole Board due to the ongoing small size of the Board and the Chairman of the Board is Chairman of the Committee. The Committee meets on an annual basis and at such other times as may be required. The Committee has written terms of reference which include reviewing the Board composition, Board appraisal, succession planning, training and identifying and nominating new candidates for appointment to the Board. The Committee also considers whether Directors should be recommended for re-election by shareholders. The Committee is responsible for considering Directors' potential conflicts of interest and for making recommendations to the Board on whether or not the potential conflicts should be authorised. Appointments to the Board are made on merit and based on objective criteria, including the promotion of diversity of gender, social and ethnic backgrounds, and cognitive and personal strengths. The priority in succession planning and appointing new Directors is to identify candidates with the best range of skills and experience to complement those of the existing Directors, with a view to ensuring that the Board remains well placed to help the Company achieve its investment and governance objectives.

Policy on Chairman's Tenure

The Board of SAINTS considers that the tenure of its Chair should be driven by how shareholders' interests can best be served and, in particular, in a way which prioritises the effective functioning of the Board. It notes that as well as the effectiveness and independence of the Chair, the ongoing balance, experience and diversity of the whole Board are relevant factors. Whilst it recognises the need for regular Board refreshment, the Board also believes that continuity is vitally important. Consequently, the Board firmly believes it is helpful at any given time to have some longer serving members on the Board, and that it is entirely appropriate for the Chair to be one of these.

The Committee's terms of reference are available on request from the Company and from the SAINTS' page on the Managers' website: www.saints-it.com.

Performance Evaluation

An appraisal of the Chairman, each Director, and a performance evaluation and review of the Board as a whole and its Committees was carried out during the year. The Chairman and each Director completed a performance evaluation questionnaire and each Director had an interview with the Chairman. The appraisal of the Chairman was led by Lord Macpherson of Earl's Court. The appraisals and evaluations considered, amongst other criteria, the balance of skills of the Board, training and development requirements, the contribution of individual Directors and the overall effectiveness of the Board and its Committees. Following this process it was concluded that there was a diverse range of skills within the Board, and the performance of each Director, the Chairman, the Board and its Committees continues to be effective and the Directors remain committed to the Company. A review of the Chairman's and other Directors' commitments was carried out and the Nomination Committee is satisfied that they are capable of devoting sufficient time to the Company. There were no significant changes to the Chairman's other commitments during the year.

The Company is a FTSE 350 company and as such, the Board is required to appoint an independent company to assist with the design and execution of board evaluations every three years. It is intended that the Board will undertake this external evaluation within the next three years.

Induction and Training

New Directors are provided with an induction programme which is tailored to the particular circumstances of the appointee. Briefings were provided during the year on regulatory matters. Directors receive other relevant training as necessary.

Remuneration

As all the Directors are non-executive, there is no requirement for a separate Remuneration Committee. Directors' fees are considered by the Board as a whole within the limits approved by shareholders. The Company's policy on remuneration is set out in the Directors' Remuneration Report on pages 32 and 33.

Audit Committee

The report of the Audit Committee is set out on pages 30 and 31.

Internal Controls and Risk Management

The Directors acknowledge their responsibility for the Company's risk management and internal controls systems and for reviewing their effectiveness. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company in accordance with the guidance 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'.

The practical measures in relation to the design, implementation and maintenance of control policies and procedures to safeguard the Company's assets and to manage its affairs properly, including the maintenance of effective operational and compliance controls have been delegated to the Managers and Secretaries.

The Board oversees the functions delegated to the Managers and Secretaries and the controls managed by the AIFM in accordance with the Alternative Investment Fund Managers Directive (as detailed below). Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provide the Audit Committee with regular reports on their monitoring programmes. The reporting procedures for these departments are defined and formalised within a service level agreement. Baillie Gifford & Co conducts an annual review of its system of internal controls which is documented within an internal controls report which complies with ISAE 3402 and Technical Release AAF 01/06 – Assurance Reports on Internal Controls of Service Organisations made available to Third Parties. This report is independently reviewed by Baillie Gifford & Co's Auditor and a copy is submitted to the Audit Committee.

A report identifying the material risks faced by the Company and the key controls employed to manage these risks is reviewed by the Audit Committee.

These procedures ensure that consideration is given regularly to the nature and extent of risks facing the Company and that they are being actively monitored. Where changes in risk have been identified during the year they also provide a mechanism to assess whether further action is required to manage these risks.

The Directors confirm that they have reviewed the effectiveness of the Company's risk management and internal controls systems, which accord with the FRC 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' and they have procedures in place to review their effectiveness on a regular basis. No significant weaknesses were identified in the year under review and up to the date of this Report.

The Board confirms that these procedures have been in place throughout the Company's financial year and continue to be in place up to the date of approval of this Report.

To comply with the Alternative Investment Fund Managers Directive, The Bank of New York Mellon (International) Limited acts as the Company's Depositary, and Baillie Gifford & Co Limited as AIFM.

The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. The Depositary is liable for the loss of financial instruments held in custody. The Depositary will ensure that any delegate segregates the assets of the Company. The Company's Depositary also acts as the Company's Custodian. The Custodian prepares a report on its key controls and safeguards which is independently reviewed by The Bank of New York Mellon's auditor, KPMG LLP. The reports are reviewed by Baillie Gifford's Business Risk Department and a summary of the key points is reported to the Audit Committee and any concerns investigated.

The Depositary provides the Audit Committee with a report on its monitoring activities.

The AIFM has established a permanent risk management function to ensure that effective risk management policies and procedures are in place and to monitor compliance with risk limits. The AIFM has a risk management policy which covers the risks associated with the management of the portfolio, and the adequacy and effectiveness of this policy is reviewed and approved at least annually. This review includes the risk management processes and systems and limits for each risk area.

The risk limits, which are set by the AIFM and approved by the Board, take into account the objectives, strategy and risk profile of the portfolio. These limits, including leverage (see page 65), are monitored and the sensitivity of the portfolio to key risks is undertaken periodically as appropriate to ascertain the impact of changes in key variables in the portfolio. Exceptions from limits monitoring and stress testing undertaken by Baillie Gifford's Business Risk Department are escalated to the AIFM and reported to the Board along with any remedial measures being taken.

Going Concern

In accordance with The Financial Reporting Council's guidance on going concern and liquidity risk, including its Covid-19 guidance, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern and specifically in the context of the Covid-19 pandemic. The Company's principal and emerging risks are market related and include market risk, liquidity risk and credit risk. An explanation of these risks and how they are managed is contained in note 18 to the Financial Statements. The Board has, in particular, considered the impact of heightened market volatility, since the Covid-19 outbreak and specific leverage and liquidity stress testing but does not believe the Company's going concern status is affected. The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. The Company has no short term borrowings and the redemption date for the Company's debenture is April 2022. The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) Regulations 2011.

The Company's primary third party suppliers, including its Managers and Secretaries, Custodian, Depositary, Registrar, Auditor and Corporate Broker, are not experiencing significant operational difficulties affecting their respective services to the Company. Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal and emerging risks and other matters, including the impact of the Covid-19 outbreak set out in the Viability Statement on page 8, that the Company will continue in operational existence for at least 12 months from the date of approval of these Financial Statements.

Relations with Shareholders

The Board places great importance on communication with shareholders. The Managers meet regularly with shareholders and their representatives and report shareholders' views to the Board. The Chairman is available to meet with shareholders as appropriate. Shareholders wishing to communicate with any members of the Board may do so by writing to them at the Company's registered office or through the Company's broker, Winterflood (see contact details on the back cover).

The Company's Annual General Meeting provides a forum for communication with all shareholders. The level of proxies lodged for each resolution is announced at the meeting and published at **www.saints-it.com** subsequent to the meeting. The notice period for the Annual General Meeting is at least twenty working days. Shareholders and potential investors may obtain up-to-date information on the Company at **www.saints-it.com**.

Corporate Governance and Stewardship

The Company has given discretionary voting powers to Baillie Gifford & Co. The Managers vote against resolutions they consider may damage shareholders' rights or economic interests and report their actions to the Board.

The Company believes that it is in the shareholders' interests to consider environmental, social and governance (ESG) factors when selecting and retaining investments and have asked the Managers to take these issues into account as long as the investment objectives are not compromised. The Managers do not exclude companies from their investment universe purely on the grounds of ESG factors but adopt a positive engagement approach whereby matters are discussed with management with the aim of improving the relevant policies and management systems and enabling the Managers to consider how ESG factors could impact long term investment returns. The Managers' statement of compliance with the UK Stewardship Code can be found on the Managers' website at **www.bailliegifford.com**. The Managers' policy has been reviewed and endorsed by the Board.

The Managers, Baillie Gifford & Co, are signatories to the United Nations Principles for Responsible Investment and the Carbon Disclosure Project and are also members of the International Corporate Governance Network.

On behalf of the Board
Peter Moon
11 February 2021

Audit Committee Report

The Audit Committee consists of all independent Directors for the year to 31 December 2020 with the exception of the Chairman of the Board, Mr Moon, who stepped down from the Audit Committee in November 2018. The members of the Committee consider that they have the requisite financial skills and experience to fulfil the responsibilities of the Committee. Ms Lamont, a Chartered Accountant, became Chairman of the Committee following the conclusion of the Annual General Meeting on 17 June 2020. Mr Hagman was Chairman of the Committee up to 17 June 2020. The Committee's authority and duties are clearly defined within its written terms of reference which are available at www.saints-it.com. The terms of reference are reviewed annually.

The Committee's effectiveness is reviewed on an annual basis as part of the Board's performance evaluation process.

At least once a year the Committee meets with the external Auditor without any representative of the Manager being present.

Main Activities of the Committee

The Committee met twice during the year and KPMG LLP, the external Auditor, attended both meetings. Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provided reports on their monitoring programmes for these meetings.

The matters considered, monitored and reviewed by the Committee during the course of the year included the following:

— The preliminary results announcement and the Annual and Interim Reports;

— The Company's accounting policies and practices;

— The regulatory changes impacting the Company;

— The fairness, balance and understandability of the Annual Report and Financial Statements and whether it provided the information necessary for shareholders to assess the Company's performance, business model and strategy;

— The effectiveness of the Company's internal control environment;

— Re-appointment, remuneration and engagement letter of the external Auditor;

— Whether the audit services contract should be put out to tender;

— The policy on the engagement of the external Auditor to supply non-audit services;

— The independence, objectivity and effectiveness of the external Auditor;

— The need for the Company to have its own internal audit function;

— Internal controls reports received from the Managers and other service providers; and

— The arrangements in place within Baillie Gifford & Co whereby their staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

Internal Audit

The Committee continues to believe that the compliance and internal controls systems and the internal audit function in place within the Investment Managers provide sufficient assurance that a sound system of internal control which safeguards shareholders' investment and the Company's assets is maintained. An internal audit function, specific to the Company is therefore considered unnecessary.

Financial Reporting

The Committee considers that the most significant issue likely to affect the Financial Statements is the valuation of the property investments which represent 10.5% of total assets. Other key issues are the existence and legal title of the property as well as the valuation, existence and legal title of the equity and bond investments which represent 88.4% of total assets.

The majority of the investments are in quoted securities and market prices are readily available from independent external pricing sources. The Committee reviewed the Managers' Report on Internal Controls which details the controls in place regarding recording and pricing of investments, the reconciliation of investment holdings to third party data and the accurate recording of investment income.

The properties are valued on an open market basis by Savills. The Committee approve the Valuation Report provided by Savills and review the property valuations twice a year.

The Committee considered the factors, including the impact of Covid-19, that might affect the Company's viability over a period of five years and its ability to continue as a going concern for at least twelve months from the date of signing of the Financial Statements, together with the reports from the Managers on the cash position and cash flow projections of the Company, the liquidity of the investment portfolio, compliance with debt covenants and the Company's ability to meet its obligations as they fall due. The Committee also reviewed the Viability Statement on page 8 and the statement on Going Concern on page 29 including the potential impact of Covid-19. Following this assessment, the Committee recommended to the Board the appropriateness of the Going Concern basis in preparing the Financial Statements and confirmed the accuracy of the Viability Statement and statement on Going Concern.

The Managers and Auditor confirmed to the Committee that they were not aware of any material misstatements in the context of the Financial Statements as a whole and that the Financial Statements are in accordance with applicable law and accounting standards.

Audit Tender

KPMG LLP has been Auditor to the Company since 2004 and was re-appointed in 2016 following an audit tender process. Under EU regulations in relation to the statutory audits of EU listed companies KPMG LLP can only continue as Auditor until 31 December 2023 and, in addition, the current Audit Partner, Mr Waterson, will continue as partner only until the conclusion of the audit for the year ending 31 December 2021. The Committee, therefore, considers this to be an appropriate time to appoint a new audit firm and intends to conduct an audit tender process during the year to 31 December 2021 with a view to appointing a new audit firm for the 31 December 2022 audit.

Internal Controls and Risk Management

The Committee reviewed the effectiveness of the Company's risk management and internal controls systems as described on pages 28 and 29. No significant weaknesses were identified in the year under review.

External Auditor

To fulfil its responsibility regarding the independence of the external Auditor, the Committee reviewed:

— The audit plan for the current year;

— A report from the Auditor describing their arrangements to manage auditor independence and received confirmation of their independence; and

— The proposed audit fee and the extent of non-audit services provided by the external Auditor. For the year to 31 December 2020 the audit fee was £47,500 and the non-audit fee which related to the certification of financial information for the debenture trustee was £1,500. The Committee does not believe this non-audit work has impaired the Auditor's independence.

To assess the effectiveness of the external Auditor, the Committee reviewed and considered:

— The Auditor's fulfilment of the agreed audit plan;

— Feedback from the Secretaries on the performance of the audit team;

— The Audit Quality Inspection Report from the FRC; and

— Detailed discussion with audit personnel to challenge audit processes and deliverables.

To fulfil its responsibility for the oversight of the external audit process, the Committee considered and reviewed:

— The Auditor's engagement letter;

— The Auditor's proposed audit strategy;

— The audit fee; and

— A report from the Auditor on the conclusion of the audit.

Although KPMG LLP has been Auditor for 16 years, the audit partners responsible for the audit are rotated at least every five years in accordance with professional and regulatory standards in order to protect independence and objectivity and to provide fresh challenge to the business. Mr Waterson, the current partner, was appointed in 2017 and will continue as partner only until the conclusion of the audit for the year ending 31 December 2021.

KPMG LLP have confirmed that they believe they are independent within the meaning of regulatory and professional requirements and that the objectivity of the audit partner and staff is not impaired.

Having carried out the review described above, the Committee is satisfied that the Auditor remains independent and effective for the purposes of this year's audit.

There are no contractual obligations restricting the Committee's choice of external Auditor.

Accountability and Audit

The respective responsibilities of the Directors and the Auditor in connection with the Financial Statements are set out on pages 35 to 40.

On behalf of the Board
Karyn Lamont
Audit Committee Chairman
11 February 2021

Directors' Remuneration Report

This report has been prepared in accordance with the requirements of the Companies Act 2006.

Statement by the Chairman

The Directors' Remuneration Policy is subject to shareholder approval every three years or sooner if an alteration to the policy is proposed. The Remuneration Policy which is set out below was last approved at the Annual General Meeting in June 2020 and no changes are proposed to the policy at the Annual General Meeting to be held in 2021.

The Board reviewed the level of fees during the year and concluded that there would be no need to change the fees. The fees were last increased with effect from 1 January 2020.

Directors' Remuneration Policy

The Board is composed wholly of non-executive Directors, none of whom has a service contract with the Company. There is no separate remuneration committee and the Board as a whole considers changes to Directors' fees from time to time.

The Board's policy is that the remuneration of Directors should be set at a reasonable level that is commensurate with the duties and responsibilities of the role and consistent with the requirement to attract and retain Directors of the appropriate quality and experience. The Board believes that the fees paid to the Directors should reflect the experience of the Board as a whole, be fair and should take account of the level of fees paid by comparable investment trusts. Baillie Gifford & Co Limited, the Company Secretaries, provides comparative information when the Board considers the level of Directors' fees. Any views expressed by shareholders on the fees being paid to Directors will be taken into consideration by the Board when reviewing the Board's policy on remuneration. Non-executive Directors are not eligible for any other remuneration or benefits apart from the reimbursement of allowable expenses. There are no performance conditions relating to Directors' fees and there are no long term incentive schemes or pension schemes. No compensation is payable on loss of office.

Limits on Directors' Remuneration

The fees for the Directors are payable quarterly in arrears and are determined within the limits set out in the Company's Articles of Association. Currently, Directors' remuneration shall not exceed £30,000 per annum per Director with a maximum additional remuneration of £25,000 per annum for the Chairman. Any change to this limit requires shareholder approval.

The basic and additional fees payable to Directors in respect of the year ended 31 December 2020 and the fees payable in respect of the year ending 31 December 2021 are set out in the table below. The fees payable to the Directors in the subsequent financial periods will be determined following an annual review of the Directors' fees.

	Expected fees for year ending 31 Dec 2021 £	Fees for year ended 31 Dec 2020 £
Non-executive Director fee	25,000	25,000
Additional fee for Chairman	17,000	17,000
Additional fee for Chairman of the Audit Committee	5,000	5,000

Annual Report on Remuneration

An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's Auditor to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in their report on pages 35 to 40.

Directors' Remuneration for the Year (audited)

The Directors who served during the year received the following remuneration in the form of fees and taxable benefits. This represents the entire remuneration paid to the Directors.

Name	2020 Fees £	2020 Taxable benefits* £	2020 Total £	2019 Fees £	2019 Taxable benefits* £	2019 Total £
Peter Moon (Chairman)	42,000	442	**42,442**	38,500	2,369	**40,869**
Bronwyn Curtis	25,000	885	**25,885**	22,000	2,002	**24,002**
Eric Hagman†	27,365	1,167	**28,532**	27,000	2,356	**29,356**
Karyn Lamont (appointed 4 April 2019)†	27,705	–	**27,705**	16,274	–	**16,274**
Dame Mariot Leslie (appointed 1 January 2019)	25,000	–	**25,000**	22,000	–	**22,000**
Lord Macpherson of Earl's Court	25,000	601	**25,601**	22,000	1,547	**23,547**
Lord Kerr of Kinlochard (retired 4 April 2019)	–	–	**–**	5,500	1,244	**6,744**
	172,070	**3,095**	**175,165**	**153,274**	**9,518**	**162,792**

* Comprises travel and subsistence expenses incurred by Directors in the course of travel to attend Board and Committee meetings held at the Company's registered office in Edinburgh.

† Karyn Lamont became Chairman of the Audit Committee following the conclusion of the Annual General Meeting on 17 June 2020. Eric Hagman was Chairman of the Audit Committee up to 17 June 2020.

There were no payments to third parties included in the fees referred to in the table above. There are no further fees to disclose as the Company has no employees, chief executive or executive directors.

Directors' Interests (audited)

Name	Nature of interest	Ordinary 25p shares held at 31 December 2020	Ordinary 25p shares held at 31 December 2019
Peter Moon	Beneficial	15,000	15,000
Bronwyn Curtis	Beneficial	3,000	3,000
Eric Hagman	Beneficial	31,700	2,000
Karyn Lamont	Beneficial	2,000	2,000
Dame Mariot Leslie	Beneficial	8,000	5,000
Lord Macpherson of Earl's Court	Beneficial	57,500	45,000

Under the Articles of Association, each Director is required to hold at least 2,000 shares in the Company.

The Directors at the year end, and their interests in the Company at 31 December, were as shown above. There have been no changes intimated in the Directors' interests up to 10 February 2021.

Statement of Voting at Annual General Meeting

At the last Annual General Meeting, of the proxy votes received in respect of the Directors' Remuneration Report, 98.7% were in favour, 0.6% were against and votes withheld were 0.7% and of the proxy votes received in respect of the Directors' Remuneration Policy, 98.7% were in favour, 0.8% against and votes withheld were 0.5%.

Relative Importance of Spend on Pay

The table below shows the actual expenditure during the year in relation to Directors' remuneration and distributions to shareholders.

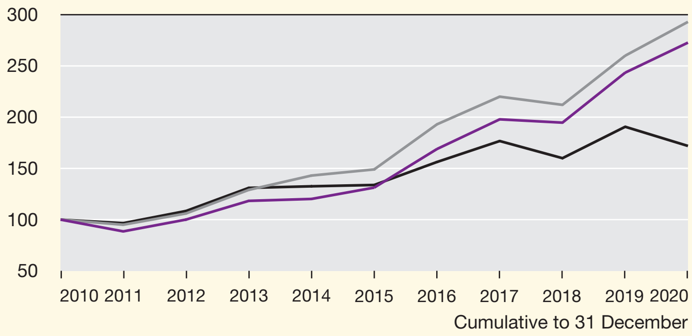
	2020 £'000	2019 £'000	Change %
Directors' Remuneration	175	163	7.4
Dividends paid to shareholders	18,456	17,006	8.5

Company Performance

The graph opposite compares the total return (assuming all dividends are reinvested) to ordinary shareholders compared to the total shareholder return on a notional investment made up of shares in the component parts of the FTSE All-Share Index. This index was chosen for comparison purposes, as it is a widely used measure of performance for UK listed companies (benchmark provided for information purposes only).

Performance Graph

(figures rebased to 100 at 31 December 2010)



Source: Refinitiv and relevant underlying index providers. See disclaimer on page 65.

SAINTS share price

Benchmark*

FTSE All-Share

All figures are total return (see Glossary of Terms and Alternative Performance Measures on pages 66 and 67).

* With effect from 1 January 2014, the portfolio benchmark against which performance has been measured is FTSE All-World Index (in sterling terms). For earlier years covered by the above graph, the Company's benchmark was 50% FTSE All-Share Index and 50% FTSE All-World Ex UK Index (in sterling terms). For the purposes of the above graph the returns on both benchmarks for their respective periods have been linked to form a single benchmark. See disclaimer on page 65.

Past performance is not a guide to future performance.

Approval

The Directors' Remuneration Report on pages 32 and 33 was approved by the Board of Directors and signed on its behalf on 11 February 2021.

Peter Moon
Chairman

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

The Directors are responsible for preparing the Annual 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 are required to prepare the Financial Statements in accordance with United Kingdom Accounting Standards including FRS 102 '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 its profit or loss for that year. In preparing these Financial Statements, the Directors are required to:

— select suitable accounting policies and then apply them consistently;

— make judgements and accounting estimates that are reasonable and prudent;

— state whether applicable United Kingdom 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. Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors have delegated responsibility to the Managers for the maintenance and integrity of the Company's page on the Managers' website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Responsibility Statement of the Directors in Respect of the Annual Financial Report

We confirm that to the best of our knowledge:

— the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;

— the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that the issuer and business faces; and

— the Annual Report and Financial Statements taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board
Peter Moon
11 February 2021

Notes

The following notes relate to financial statements published on a website and are not included in the printed version of the Annual Report and Financial Statements:

— The maintenance and integrity of the Baillie Gifford & Co website is the responsibility of Baillie Gifford & Co; the work carried out by the auditor does not involve consideration of these matters and accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

— Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG

Independent auditor’s report

to the members of The Scottish American Investment Company P.L.C.

1. Our opinion is unmodified

We have audited the financial statements of The Scottish American Investment Company P.L.C. (“the Company”) for the year ended 31 December 2020 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the 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 return 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 believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the Directors on 16 October 2004. The period of total uninterrupted engagement is for the 17 financial years ended 31 December 2020. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: Financial statements as a whole	£8.0m (2019: £6.8m) 1% (2019: 1%) of Total Assets	
Key audit matters		**vs 2019**
Recurring risks	Valuation of investment properties	▲
	Carrying amount of quoted investments	◀▶

2. Key audit matters: including our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and our findings from those procedures in order that the Company's members, as a body, may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our findings are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Valuation of investment properties (£84.9 million; 2019: £84.8 million) *Refer to page 30 (Audit Committee Report), page 45 (accounting policy), note 9 on pages 49 – 50 and note 18 on page 56 (financial disclosures).*	**Subjective valuation:** 10.4% (2019: 12.4%) of the Company's total assets (by value) are held in investment properties. The fair value of each property requires significant estimation, in particular with regard to the key estimated rental value and yield assumptions. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of investment properties has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 18) disclose the sensitivity estimated by the Company.	We performed the detailed tests below rather than seeking to rely on controls, because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described: Our procedures included: — **Assessing valuer's credentials:** Using our own property valuation specialist, we evaluated the competence, experience and independence of the external valuer; — **Tests of Detail:** We compared the information provided by the Company to its external property valuer for a sample of properties, such as rental income and tenancy data to supporting documents including lease and purchase agreements; — **Methodology choice:** We held discussions with the Company's external property valuer to determine the valuation methodology used. We included our own property valuation specialist to assist us in critically assessing the valuer's report by assessing whether the valuations were in accordance with the RICS Valuation Professional Standards 'the Red Book' and FRS 102 and that the methodology adopted was appropriate by reference to acceptable valuation practice; — **Benchmarking assumptions:** With the assistance of our own property valuation specialist, we held discussions with the Company's external property valuer to understand movements in property values. For a sample of properties, we assessed the key assumptions used by the valuer upon which the valuations are based, including those relating to estimated rental value and yield, by making a comparison to our own understanding of the market and to industry benchmarks; — **Assessing transparency:** We also considered the adequacy of the Company's disclosures about the degree of estimation and sensitivity to key assumption made when valuing the investment properties. **Our results:** — We found the Company's valuation of investment properties to be balanced (2019: balanced) and the related disclosures to be proportionate (2019: proportionate).

KPMG

2. Key audit matters: including our assessment of risks of material misstatement (continued)

	The risk	Our response
Carrying amount of quoted investments (£677.6 million; 2019: £577.1 million) *Refer to page 30 (Audit Committee Report), page 45 (accounting policy) and note 9 on pages 49-50 (financial disclosures).*	**Low risk, high value:** The Company's portfolio of quoted level 1 investments makes up 83.1% (2019: 84.2%) of the Company's total assets (by value) and is one of the key drivers of results. We do not consider these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	We performed the detailed tests below rather than seeking to rely on controls, because the nature of the balance is such that detailed testing is determined to be the most effective manner of obtaining audit evidence. Our procedures included: — **Test of detail:** Agreeing the valuation of 100% of level 1 quoted investments in the portfolio to externally quoted prices; and — **Enquiry of custodians:** Agreeing 100% of level 1 quoted investment holdings in the portfolio to independently received third party confirmations from investment custodians. **Our results** — We found no differences (2019: no differences) from the third party holdings confirmations nor from the externally quoted prices of a size to require reporting to the audit committee.

In the prior year we reported a key audit matter in respect of the impact of uncertainties due to the UK exiting the European Union. Following the trade agreement between the UK and the EU, and the end of the EU-exit implementation period, the nature of these uncertainties has changed. We continue to perform procedures over material assumptions in forward looking assessments, however we no longer consider the effect of the UK's departure from the EU to be a separate key audit matter.

3. Our application of materiality and an overview of the scope of our audit

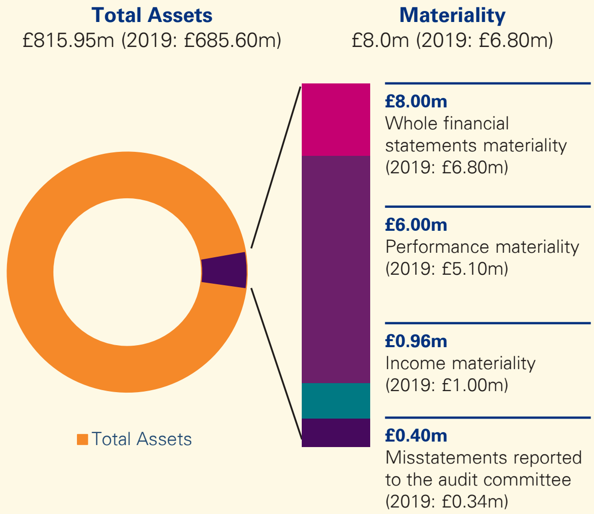
Materiality for the financial statements as a whole was set at £8.00m (2019: £6.80m), determined with reference to a benchmark of total assets, of which it represents 1% (2019: 1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality was set at 75% (2019: 75%) of materiality for the financial statements as a whole, which equates to £6.00m (2019: £5.10m). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

In addition, we applied materiality of £0.96m (2019: £1.00m) and performance materiality of £0.72m (2019: £0.75m) to income, for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the Company's members' assessment of the financial performance of the Company.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.40m (2019: £0.34m) or £0.10m in relation to income (2019: £0.10m) in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed by a single audit team.



4. 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").

4. Going concern (continued)

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources and its ability to operate over this period were:

— The impact of a significant reduction in the valuation of investments and the implications for the Company's debt covenants;
— The liquidity of the investment portfolio and its ability to meet the liabilities of the Company as and when they fall due; and
— The operational resilience of key service organisations.

We considered whether these risks could plausibly affect the liquidity in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Company's current and projected cash and liquid investment position (and the results of their reverse stress testing).

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and related sensitivities.

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;
— We have nothing material to add or draw attention to in relation to the Directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
— The related statement under the Listing Rules set out on page 29 is materially consistent with the financial statements and our audit knowledge.

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.

5. 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 Directors 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;
— Assessing the segregation of duties in place between the Directors, the Administrator and the Company's Investment Manager; and
— Reading Board and Audit Committee minutes.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular to the risk that management may be in a position to make inappropriate accounting entries. We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We substantively tested all material post-closing entries and, based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors and the Administrator, no further high-risk journal entries or other adjustments were identified.

On this audit we have rebutted the fraud risk related to revenue recognition because the revenue is non-judgemental and straightforward, with limited opportunity for manipulation. We did not identify any significant unusual transactions or additional fraud risks.

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, the Investment Manager and the Administrator (as required by auditing standards) and discussed with the Directors 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 its qualification as an Investment Trust under UK taxation legislation, any breach of which could lead to the Company losing various deductions and exemptions from UK corporation tax, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

5. Fraud and breaches of laws and regulations – ability to detect (continued)

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

We assessed the legality of the distributions made by the Company in the period based on comparing the dividends paid to the distributable reserves prior to each distribution, including consideration of interim accounts filed during the year.

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. We identified the following areas as those most likely to have such an effect: money laundering, data protection, bribery and corruption legislation and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and the Administrator 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.

6. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. 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.

Strategic report and Directors' report

Based solely on our work on the other information:

— we have not identified material misstatements in the strategic report and the Directors' report;

— in our opinion the information given in those reports 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.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

— the Directors' confirmation within the Viability Statement on page 8 that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;

— the Principal and Emerging Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and

— the Directors' explanation in the Viability Statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement, set out on page 8 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

KPMG

6. We have nothing to report on the other information in the Annual Report (continued)

Disclosures of emerging and principal risks and longer-term viability (continued)

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. 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 absence of anything to report on these statements is not a guarantee as to the Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

— the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;

— the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and

— the section of the annual report that describes the review of the effectiveness of the Company's risk management and internal control systems.

We are required to review the part of Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

7. We have nothing to report on the other 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 and the part of the Directors' Remuneration Report to be audited 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.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 34, the Directors are responsible for: the preparation of the financial statements including 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.

9. 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 and the terms of our engagement by the Company. 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 the further matters we are required to state to them in accordance with the terms agreed with the Company, 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.

John Waterson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

11 February 2021

Income Statement

For the year ended 31 December

	Notes	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Gains on investments – securities	9	–	73,114	**73,114**	–	95,135	**95,135**
Gains on investments – property	9	–	42	**42**	–	619	**619**
Currency losses	14	–	(291)	**(291)**	–	(56)	**(56)**
Income	2	23,568	–	**23,568**	22,950	–	**22,950**
Management fees	3	(1,097)	(2,037)	**(3,134)**	(1,047)	(1,945)	**(2,992)**
Other administrative expenses	4	(1,221)	–	**(1,221)**	(1,247)	–	**(1,247)**
Net return before finance costs and taxation		21,250	70,828	**92,078**	20,656	93,753	**114,409**
Finance costs of borrowings	5	(1,952)	(3,626)	**(5,578)**	(1,970)	(3,659)	**(5,629)**
Net return on ordinary activities before taxation		19,298	67,202	**86,500**	18,686	90,094	**108,780**
Tax on ordinary activities	6	(1,779)	424	**(1,355)**	(1,590)	363	**(1,227)**
Net return on ordinary activities after taxation		**17,519**	**67,626**	**85,145**	**17,096**	**90,457**	**107,553**
Net return per ordinary share	7	**11.41p**	**44.04p**	**55.45p**	**11.87p**	**62.81p**	**74.68p**

A final dividend for the year of 3.00p is proposed (2019 – 3.00p), making a total dividend for the year of 12.00p (2019 – 11.875p). More information on dividend distributions can be found in note 8 on page 48.

The total column of the Income Statement is the profit and loss account of the Company. The supplementary revenue and capital columns are prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in these statements derive from continuing operations.

A Statement of Comprehensive Income is not required as there is no other comprehensive income.

The accompanying notes on pages 45 to 57 are an integral part of this statement.

Balance Sheet

As at 31 December

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Non-current assets					
Investments – securities	9	718,644		591,664	
Investments – property	9	84,900		84,800	
Deferred expenses		207		207	
			803,751		676,671
Current assets					
Debtors	10	2,531		1,501	
Cash and cash equivalents	18	9,701		7,457	
		12,232		8,958	
Creditors					
Amounts falling due within one year	11	(3,713)		(3,211)	
Net current assets			8,519		5,747
Total assets less current liabilities			812,270		682,418
Creditors					
Amounts falling due after more than one year	12		(81,108)		(81,930)
Net assets			**731,162**		**600,488**
Capital and reserves					
Share capital	13		40,649		36,880
Share premium account	14		112,751		52,535
Capital redemption reserve	14		22,781		22,781
Capital reserve	14		538,575		470,949
Revenue reserve	14		16,406		17,343
Shareholders' funds			**731,162**		**600,488**
Net asset value per ordinary share*	15		**449.7p**		**407.1p**

The Financial Statements of The Scottish American Investment Company P.L.C. (company registration number SC000489) were approved and authorised for issue by the Board and were signed on 11 February 2021.

Peter Moon
Chairman

The accompanying notes on pages 45 to 57 are an integral part of this statement.

* See Glossary of Terms and Alternative Performance Measures on pages 66 and 67.

Statement of Changes in Equity

For the year ended 31 December 2020

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 January 2020		36,880	52,535	22,781	470,949	17,343	**600,488**
Shares issued	13	3,769	60,216	–	–	–	**63,985**
Net return on ordinary activities after taxation	7	–	–	–	67,626	17,519	**85,145**
Dividends paid in the year	8	–	–	–	–	(18,456)	**(18,456)**
Shareholders' funds at 31 December 2020		**40,649**	**112,751**	**22,781**	**538,575**	**16,406**	**731,162**

For the year ended 31 December 2019

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 January 2019		35,233	27,694	22,781	380,492	17,253	**483,453**
Shares issued	13	1,647	24,841	–	–	–	**26,488**
Net return on ordinary activities after taxation	7	–	–	–	90,457	17,096	**107,553**
Dividends paid in the year	8	–	–	–	–	(17,006)	**(17,006)**
Shareholders' funds at 31 December 2019		**36,880**	**52,535**	**22,781**	**470,949**	**17,343**	**600,488**

The accompanying notes on pages 45 to 57 are an integral part of this statement.

Cash Flow Statement

For the year ended 31 December

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Cash flows from operating activities					
Net return on ordinary activities before taxation		86,500		108,780	
Gains on investments – securities		(73,114)		(95,135)	
Gains on investments – property		(42)		(619)	
Currency losses		291		56	
Finance costs of borrowings		5,578		5,629	
Overseas withholding tax		(1,357)		(1,214)	
Changes in debtors and creditors		(526)		183	
Other non-cash changes		69		3	
Cash from operations			17,399		17,683
Interest paid			(6,400)		(6,400)
Net cash inflow from operating activities			10,999		11,283
Cash flows from investing activities					
Acquisitions of investments		(121,913)		(125,115)	
Disposals of investments		67,920		104,399	
Net cash outflow from investing activities			(53,993)		(20,716)
Cash flows from financing activities					
Equity dividends paid	8	(18,456)		(17,006)	
Shares issued	13	63,985		26,488	
Net cash inflow from financing activities			45,529		9,482
Increase in cash and cash equivalents			2,535		49
Exchange movements			(291)		(56)
Cash and cash equivalents at 1 January	17		7,457		7,464
Cash and cash equivalents at 31 December	17		**9,701**		**7,457**

The accompanying notes on pages 45 to 57 are an integral part of this statement.

Notes to the Financial Statements

1 Principal Accounting Policies

The Financial Statements for the year to 31 December 2020 have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and on the basis of the accounting policies set out below which are unchanged from the prior year and have been applied consistently.

(a) Basis of Accounting

All of the Company's operations are of a continuing nature and the Financial Statements are prepared on a going concern basis under the historical cost convention, modified to include the revaluation of fixed asset investments, and on the assumption that approval as an investment trust under section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011 will be retained. The Board has, in particular, considered the impact of heightened market volatility since the Covid-19 outbreak but does not believe the Company's going concern status is affected. The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly.

All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. Terms have been agreed to replace the Debenture at maturity in April 2022 with £80m of long-term private placement debt at a fixed coupon of 3.12%, £40m maturing in 2045 and £40m maturing in 2049. The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. The Company's primary third party suppliers, including its Managers and Secretaries, Depositary and Custodian, Registrar, Auditor and Broker, are not experiencing significant operational difficulties affecting their respective services to the Company. Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion having assessed the principal and emerging risks and other matters including the impact of Covid-19 set out in the Viability Statement on page 8 which assesses the prospects of the Company over a period of five years, that the Company will continue in operational existence for a period of at least twelve months from the date of approval of these Financial Statements.

The Financial Statements have been prepared in accordance with the Companies Act, applicable United Kingdom accounting standards and with the AIC's Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in November 2014 and updated in October 2019 with consequential amendments. In order to reflect better the activities of the Company and in accordance with guidance issued by the AIC, supplementary information which analyses the profit and loss account between items of a revenue and capital nature has been presented in the Income Statement.

The Directors consider the Company's functional currency to be sterling (see consideration in accounting policy (j)) as the Company's shareholders are predominantly based in the UK and the Company and its investment manager, who are subject to the UK's regulatory environment, are also UK based.

Financial assets and financial liabilities are recognised in the Company's Balance Sheet when it becomes a party to the contractual provisions of the instrument.

(b) Investments

Purchases and sales of investments in securities are accounted for on a trade date basis. Purchases and sales of investments in property are accounted for on a completion date basis.

Investments in equity securities are held at fair value through profit or loss upon initial recognition. Investments in bonds are designated as fair value through profit or loss upon initial recognition. The fair value of listed security investments traded on an active market is bid value or, in the case of FTSE 100 constituents or holdings on certain recognised overseas exchanges, last traded prices. The fair value of other listed security investments and unlisted security investments uses valuation techniques, determined by the Directors, based upon latest dealing prices, stockbroker valuations, net asset values and other information, as appropriate. Changes in the fair value of investments in securities and gains and losses on disposal are recognised as capital items in the Income Statement.

Investments in property are initially recognised at cost, being the fair value of the consideration given, including associated transaction costs. After initial recognition, properties are measured at fair value. Changes in fair value and gains and losses on disposal are recognised as capital items in the Income Statement. The fair value of the property investments held at the year end has been estimated by independent professional valuers in accordance with the RICS appraisal and valuation manual.

(c) Cash and cash equivalents

Cash includes cash in hand and deposits repayable on demand. Deposits are repayable on demand if they can be withdrawn at any time without notice and without penalty or if they have a maturity or period of notice of not more than one working day.

(d) Income

(i) Income from equity investments is brought into account on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Company's right to receive payment is established.

(ii) Income from debt securities is recognised on an effective interest rate basis. Where income returns are for a non-fixed amount, the impact of these returns on the effective interest rate is recognised once such returns are known. If it is not probable that a return will be received, its recognition is deferred until that doubt is removed.

(iii) Unfranked investment income includes the taxes deducted at source.

(iv) Interest receivable on deposits is recognised on an accruals basis.

(v) If scrip is taken in lieu of dividends in cash, the net amount of the cash dividend declared is credited to the revenue account. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised as capital.

(vi) Rental income, excluding VAT, arising on investment properties, is accounted for on a straight line basis over the lease term.

(e) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue account except as follows:

(i) where they relate directly to the acquisition or disposal of an investment, in which case they are recognised as capital; and

(ii) where they are connected with the maintenance or enhancement of the value of investments. In this respect investment and property management fees are allocated 35% to revenue and 65% to capital, in line with the Board's expectation of returns from the Company's investments over the long term in the form of revenue and capital respectively.

(f) Long Term Borrowings and Finance Costs

Long term borrowings are carried in the Balance Sheet at amortised cost, representing the cumulative amount of net proceeds on issue plus accrued finance costs. The finance costs of such borrowings are allocated 35% to revenue and 65% to capital, in line with the Board's expectation of returns from the Company's investments over the long term in the form of revenue and capital respectively. Finance costs include the difference between the repayable value on maturity and the proceeds received on issue which are written off on an effective interest rate basis over the life of the borrowings. Gains and losses on the repurchase or early settlement of debt is wholly charged to capital.

(g) Taxation

The tax effect of different items of income and expenditure is allocated between revenue and capital on the same basis as the particular item to which it relates, under the marginal method, using the Company's effective tax rate for the accounting period. Deferred taxation is provided on all timing differences, calculated at the current tax rate relevant to the benefit or liability. Deferred tax assets are recognised only to the extent that it will be more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

(h) Foreign Currencies

Transactions involving foreign currencies are converted at the rate ruling at the time of the transaction. Monetary assets and liabilities and fixed asset investment in foreign currencies are translated at the closing rates of exchange at the Balance Sheet date. Forward foreign exchange contracts are valued at the forward rate ruling at the Balance Sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the Income Statement as capital or revenue as appropriate.

(i) Capital Reserve

Gains and losses on disposal of investments, changes in fair value of investments held, exchange differences of a capital nature and the amounts by which other financial assets and liabilities valued at fair value differ from their book value are dealt with in this reserve. Purchases of the Company's own shares and issuance proceeds are both recognised in this reserve. 65% of management fees and finance costs are allocated to the capital reserve in accordance with the Company's objective of combining capital and income growth.

(j) Significant Estimates and Judgements

The preparation of the Financial Statements requires the use of estimates and judgements that affect the reported amounts of assets and liabilities at the reporting date. However, uncertainty about those estimates and judgements could result in an actual outcome which may differ from these estimates.

The Directors believe that the most significant estimation and uncertainty relates to the valuation of the property portfolio. External, independent professional valuers who hold a recognised and relevant professional qualification and have recent experience in the location and class of the investment property being valued, are used to determine the property fair values which are based on recent, comparable market transactions on an arm's length basis. Other factors including the condition and location of the property, rental yields within the market and the length and value of rental agreements in place, are considered.

The Directors believe that there is one key judgement, being the functional currency of the Company. Although the Company invests in investments denominated in currencies other than sterling, it has been determined that the functional currency is sterling as the entity is listed on a sterling stock exchange in the UK, and its investment manager is also UK based. In addition, the Company's share capital, expenses and dividends paid are denominated in sterling.

2 Income

	2020 £'000	2019 £'000
Income from investments		
UK dividends	3,616	3,760
UK interest	121	–
Overseas dividends	13,355	13,080
Overseas interest	985	736
	18,077	**17,576**
Other income		
Deposit interest	5	33
Rental income	5,456	5,310
Other income	30	31
	5,491	**5,374**
Total income	**23,568**	**22,950**
Total income comprises		
Dividends from financial assets designated at fair value through profit or loss	16,971	16,840
Interest from financial assets designated at fair value through profit or loss	1,106	736
Interest from financial assets not at fair value through profit or loss	5	33
Other income not from financial assets	5,486	5,341
	23,568	**22,950**

3 Management Fees

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Investment management fee	950	1,764	**2,714**	900	1,672	**2,572**
Property management fee	147	273	**420**	147	273	**420**
	1,097	**2,037**	**3,134**	**1,047**	**1,945**	**2,992**

Details of the Investment Management Agreement and Property Management Agreement are disclosed on page 24. With effect from 1 April 2020, Baillie Gifford & Co Limited's annual management fee is 0.45% of the first £500 million of total assets and 0.35% of the remaining total assets, total assets being the value of all assets held (excluding the property portfolio) less all liabilities, other than any liability in the form of debt intended for investment purposes, calculated on a quarterly basis. Prior to 1 April 2020, the annual management fee was 0.45% of total assets less current liabilities, excluding the property portfolio, calculated on a quarterly basis. No secretarial fee is payable. OLIM Property Limited receives an annual fee of 0.5% of the value of the property portfolio, subject to a minimum quarterly fee of £6,250.

4 Other Administrative Expenses – all charged to revenue

	2020 £'000	2019 £'000
General administrative expenses	818	889
Custodian/depositary fees	178	173
Auditor's remuneration for audit services*	51	31
Auditor's remuneration for non-audit services – reporting on debenture covenants	2	1
Directors' fees (see Directors' Remuneration Report on page 32)	172	153
	1,221	**1,247**

* The Auditor's remuneration for audit services for 2020 was £47,500, the remainder relates to fees incurred during the 2019 audit but charged after the 31 December 2019 year end.

5 Finance Costs of Borrowings

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Financial liabilities not at fair value through profit or loss						
Debenture interest	**1,952**	**3,626**	**5,578**	**1,970**	**3,659**	**5,629**

6 Tax on Ordinary Activities

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
UK corporation tax	474	(474)	**–**	421	(421)	**–**
Overseas taxation	1,355	–	**1,355**	1,227	–	**1,227**
Double taxation relief	(50)	50	**–**	(58)	58	**–**
	1,779	**(424)**	**1,355**	**1,590**	**(363)**	**1,227**

6 Tax on Ordinary Activities (continued)

	2020 £'000	2019 £'000
The tax charge for the year is lower than the standard rate of corporation tax in the UK of 19% (2019 – 19%)		
The differences are explained below:		
Net return on ordinary activities before taxation	86,500	108,780
Net return on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2019 – 19%)	16,435	20,668
Capital returns not taxable	(13,844)	(18,183)
Income not taxable	(3,191)	(3,128)
Taxable loss not utilised	600	643
Overseas tax	1,355	1,227
Total tax charge for the year	**1,355**	**1,227**

As at 31 December 2020 the Company had a potential deferred tax asset of £6,859,000 (2019 – £4,395,000) in respect of tax losses and disallowed interest which are available to be carried forward and offset against future taxable profits. A deferred tax asset has not been recognised on these amounts as it is considered unlikely that the Company will make suitable taxable profits in excess of deductible expenses in future periods. The unrecognised deferred tax asset has been calculated using a corporation tax rate of 19% (2019 – 17%).

7 Net Return per Ordinary Share

	2020 Revenue	2020 Capital	2020 Total	2019 Revenue	2019 Capital	2019 Total
Net return per ordinary share	**11.41p**	**44.04p**	**55.45p**	**11.87p**	**62.81p**	**74.68p**

Revenue return per ordinary share is based on the net revenue on ordinary activities after taxation of £17,519,000 (2019 – £17,096,000) and on 153,553,731 (2019 – 144,027,109) ordinary shares of 25p, being the weighted average number of ordinary shares in issue during the year.

Capital return per ordinary share is based on the net capital gain for the financial year of £67,626,000 (2019 – net capital gain of £90,457,000), and on 153,553,731 (2019 – 144,027,109) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

There are no dilutive or potentially dilutive shares in issue.

8 Ordinary Dividends

	2020	2019	2020 £'000	2019 £'000
Amounts recognised as distributions in the year:				
Previous year's fourth interim (paid 9 April 2020)	3.00p	2.925p	4,447	4,132
First interim (paid 23 June 2020)	3.00p	2.925p	4,538	4,185
Second interim (paid 18 September 2020)	3.00p	2.95p	4,666	4,279
Third interim (paid 18 December 2020)	3.00p	3.00p	4,805	4,410
	12.00p	**11.80p**	**18,456**	**17,006**

We also set out below the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of section 1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution out of current year profits by way of dividend for the year is £17,519,000 (2019 – £17,096,000).

	2020	2019	2020 £'000	2019 £'000
Dividends paid and payable in respect of the year:				
First interim (paid 23 June 2020)	3.00p	2.925p	4,538	4,185
Second interim (paid 18 September 2020)	3.00p	2.95p	4,666	4,279
Third interim (paid 18 December 2020)	3.00p	3.00p	4,805	4,410
Current year's proposed final dividend (payable 9 April 2021)	3.00p	3.00p	4,878	4,426
	12.00p	**11.875p**	**18,887**	**17,300**

9 Investments

As at 31 December 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Securities				
Listed equities/funds	677,604	–	265	**677,869**
Bonds	–	40,775	–	**40,775**
Property				
Freehold	–	–	84,900	**84,900**
Total financial asset investments	**677,604**	**40,775**	**85,165**	**803,544**

As at 31 December 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Securities				
Listed equities/funds	577,131	726	265	**578,122**
Bonds	–	13,542	–	**13,542**
Property				
Freehold	–	–	84,800	**84,800**
Total financial asset investments	**577,131**	**14,268**	**85,065**	**676,464**

Investments in securities are financial assets designated at fair value through profit or loss on initial recognition. In accordance with FRS 102 the tables above provide an analysis of these investments based on the fair value hierarchy described below which reflects the reliability and significance of the information used to measure their fair value.

Fair Value Hierarchy

The fair value hierarchy used to analyse the fair values of financial assets is described below. The levels are determined by the lowest (that is the least reliable or least independently observable) level of input that is significant to the fair value measurement for the individual investment in its entirety as follows:

Level 1 – using unadjusted quoted prices for identical instruments in an active market;

Level 2 – using inputs, other than quoted prices included within Level 1, that are directly or indirectly observable (based on market data); and

Level 3 – using inputs that are unobservable (for which market data is unavailable).

9 Investments (continued)

	Equities * £'000	Bonds £'000	Property £'000	Total £'000
Cost of investments at 31 December 2019	407,315	9,945	65,378	**482,638**
Investment holding gains at 31 December 2019	170,807	3,597	19,422	**193,826**
Value of investments at 31 December 2019	**578,122**	**13,542**	**84,800**	**676,464**
Analysis of transactions during the year:				
Purchases at cost	92,366	29,489	58	**121,913**
Sales proceeds received	(67,920)	–	–	**(67,920)**
Amortisation of fixed income book cost	–	(69)	–	**(69)**
Gains on investments	75,301	(2,187)	42	**73,156**
Value of investments at 31 December 2020	**677,869**	**40,775**	**84,900**	**803,544**
Cost of investments at 31 December 2020	422,310	39,365	65,436	**527,111**
Investment holding gains at 31 December 2020	255,559	1,410	19,464	**276,433**
Value of investments at 31 December 2020	**677,869**	**40,775**	**84,900**	**803,544**

* Includes funds.

The company received £67,920,000 (2019 – £104,399,000) from investments sold in the year. The book cost of these investments when they were purchased was £77,371,000 (2019 – £90,769,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

The purchases and sales proceeds figures above include transaction costs of £105,000 (2019 – £392,000) and £40,000 (2019 – £82,000) respectively.

The property was valued on an open market basis by Savills as at 31 December 2020.

	2020 £'000	2019 £'000
(Losses)/gains on investments		
Securities:		
(Losses)/gains on sales	(9,451)	11,575
Changes in investment holding gains	82,565	83,560
	73,114	**95,135**
Property:		
Gains on sales	–	2,055
Changes in investment holding gains	42	(1,436)
	42	**619**
	73,156	**95,754**

Of the losses on sales during the year of £9,451,000 (2019 – gains of £13,630,000) a net gain of £3,456,000 (2019 – £13,943,000) was included in investment holding gains at the previous year end.

10 Debtors

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Accrued income and prepaid expenses	1,717	999
Taxation recoverable	814	502
	2,531	**1,501**

11 Creditors – amounts falling due within one year

	2020 £'000	2019 £'000
Interest payable	1,438	1,438
Rental income prepaid	974	660
Other creditors and accruals	1,301	1,113
	3,713	**3,211**

Included in other creditors and accruals is £761,000 (2019 – £672,000) in respect of the management fees.

12 Creditors – amounts falling due after more than one year

The 8% Debenture Stock 2022 is redeemable at par value on 10 April 2022. It is secured by a floating charge over the property of the Company. Under the terms of the Debenture Agreement, total borrowings should not exceed net assets and the Company cannot undertake share buy-backs if this would result in total borrowings exceeding 66.67%.

The carrying value of the 8% Debenture Stock, which is measured at amortised cost (see note 1(f) on page 46, has been calculated as follows:

	2020 £'000	2019 £'000
Nominal value of 8% Debenture Stock	80,000	80,000
Premium less issue expenses	11,009	11,009
	91,009	**91,009**
Net amortisation in prior years	(9,079)	(8,308)
Net amortisation during the year	(822)	(771)
Carrying value of 8% Debenture Stock at end of year	**81,108**	**81,930**

13 Share Capital

	2020 Number	2020 £'000	2019 Number	2019 £'000
Allotted, called up and fully paid ordinary shares of 25p each	**162,595,943**	**40,649**	**147,520,943**	**36,880**

During the year, 15,075,000 (2019 – 6,590,000) shares were issued at a premium to net asset value raising proceeds of £63,985,000 (2019 – £26,488,000). At 31 December 2020 the Company had authority to buy back 22,219,818 ordinary shares and to allot 4,858,092 ordinary shares without application of pre-emption rights in accordance with the authorities granted at the AGM in June 2020. No shares were bought back during the year.

14 Capital and Reserves

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
At 1 January 2020	36,880	52,535	22,781	470,949	17,343	**600,488**
Gains on investments – securities	–	–	–	73,114	–	**73,114**
Gains on investments – property	–	–	–	42	–	**42**
Shares issued	3,769	60,216	–	–	–	**63,985**
Management fees charged to capital	–	–	–	(2,037)	–	**(2,037)**
Finance costs charged to capital	–	–	–	(3,626)	–	**(3,626)**
Taxation credit to capital	–	–	–	424	–	**424**
Other exchange differences	–	–	–	(291)	–	**(291)**
Revenue return on ordinary activities after taxation	–	–	–	–	17,519	**17,519**
Dividends paid in the year	–	–	–	–	(18,456)	**(18,456)**
At 31 December 2020	**40,649**	**112,751**	**22,781**	**538,575**	**16,406**	**731,162**

The Capital Reserve includes unrealised investment holding gains of £276,433,000 (2019 – gains of £193,826,000) as detailed in note 9. The revenue reserve and the capital reserve (to the extent it constitutes realised profits) are distributable.

15 Net Asset Value per Ordinary Share

The net asset value per ordinary share and the net asset value attributable to the ordinary shareholders at the year end were as follows:

	2020	2019	2020 £'000	2019 £'000
Ordinary shares of 25p	**449.7p**	**407.1p**	**731,162**	**600,488**

Net asset value per ordinary share is based on the net assets as shown above and on 162,595,943 (2019 – 147,520,943) ordinary shares, being the number of ordinary shares in issue at the year end.

Deducting borrowings at fair value would have the effect of reducing net asset value per ordinary share from 449.7p to 446.1p*. Taking the market price of the ordinary shares at 31 December 2020 of 464.0p, this would have given a premium to net asset value of 4.0%* as against a premium of 3.2% on a book basis. At 31 December 2019 the effect would have been to reduce net asset value per ordinary share from 407.1p to 400.9p*. Taking the market price of the ordinary shares at 31 December 2019 of 426.0p, this would have given a premium to net asset value of 6.3%* as against a premium of 4.6% on a book basis.

*Alternative performance measure, see Glossary of Terms and Alternative Performance Measures on pages 66 and 67.

16 Related Party Transactions

The Directors' fees for the year and interests in the Company's shares at the end of the year are detailed in the Directors' Remuneration Report on pages 32 and 33.

No Director has a contract of service with the Company. During the year no Director was interested in any contract or other matter requiring disclosure under section 412 of the Companies Act 2006.

The management fee due to Baillie Gifford and Co Limited is set out in note 3 on page 47 and the amount accrued at 31 December 2020 is set out in note 11 on page 51. Details of the Investment Management Agreement are set out on page 24.

17 Analysis of Change in Net Debt

	1 January 2020 £'000	Cash Flows £'000	Exchange Movement £'000	Other non-cash changes £'000	31 December 2020 £'000
Cash and cash equivalents	7,457	2,535	(291)	–	9,701
Debenture Stock due in more than one year	(81,930)	–	–	822	(81,108)
Total	**(74,473)**	**2,535**	**(291)**	**822**	**(71,407)**

18 Financial Instruments

As an investment trust, the Company invests in equities and makes other investments so as to secure its investment objective of increasing capital and growing income in order to deliver real dividend growth. The Company borrows money when the Board and Managers have sufficient conviction that the assets funded by borrowed monies will generate a return in excess of the cost of borrowing. In pursuing its investment objective, the Company is exposed to a variety of risks that cause short term variation in the Company's net assets and could result in either a reduction in the Company's net assets or a reduction in the profits available for dividend.

These risks are categorised here as market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Board monitors closely the Company's exposures to these risks but does so in order to reduce the likelihood of a permanent reduction in the Company's net assets or its profits available for dividend rather than to minimise the short term volatility.

The risk management policies and procedures outlined in this note have not changed substantially from the previous accounting period.

Market Risk

The fair value or future cash flows of a financial instrument or other investment held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and other price risk. The Board reviews and agrees policies for managing these risks and the Company's Investment Manager both assesses the exposure to market risk when making individual investment decisions and monitors the overall level of market risk across the investment portfolio on an ongoing basis.

Details of the Company's investment portfolio are shown in note 9.

Currency Risk

Certain of the Company's assets, liabilities and income are denominated in currencies other than sterling (the Company's functional currency and that in which it reports its results). Consequently, movements in exchange rates may affect the sterling value of those items.

The Investment Manager monitors the Company's exposure to foreign currencies and reports to the Board on a regular basis. The Investment Manager assesses the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. However, the country in which a company is listed is not necessarily where it earns its profits. The movement in exchange rates on overseas earnings may have a more significant impact upon a company's valuation than a simple translation of the currency in which the company is quoted.

Forward currency contracts are used periodically to limit the Company's exposure to anticipated future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. Where appropriate, they are used also to achieve the portfolio characteristics that assist the Company in meeting its investment objectives. The Company had no foreign currency contracts in place during the years to 31 December 2020 or 2019. Cash amounts received in foreign currencies are converted to sterling on a regular basis.

Exposure to currency risk through asset allocation, which is calculated by reference to the currency in which the asset or liability is quoted, is shown below.

At 31 December 2020	Investments £'000	Cash and cash equivalents £'000	Debentures £'000	Other debtors and creditors * £'000	Net exposure £'000
US dollar	298,021	37	–	525	**298,583**
Euro	89,097	98	–	16	**89,211**
Hong Kong dollar	65,532	–	–	–	**65,532**
Swiss franc	62,273	–	–	686	**62,959**
Australian dollar	29,207	–	–	–	**29,207**
Brazilian real	21,221	–	–	28	**21,249**
Swedish krona	13,612	–	–	–	**13,612**
Danish krone	13,349	–	–	66	**13,415**
Japanese yen	12,973	–	–	–	**12,973**
Other overseas currencies	31,300	–	–	316	**31,616**
Total exposure to currency risk	**636,585**	**135**	–	**1,637**	**638,357**
Sterling	166,959	9,566	(81,108)	(2,612)	**92,805**
	803,544	**9,701**	**(81,108)**	**(975)**	**731,162**

* Includes net non-monetary assets of £73,000.

18 Financial Instruments (continued)

At 31 December 2019	Investments £'000	Cash and cash equivalents £'000	Debentures £'000	Other debtors and creditors * £'000	Net exposure £'000
US dollar	194,538	67	–	366	**194,971**
Euro	90,680	–	–	502	**91,182**
Hong Kong dollar	35,788	47	–	–	**35,835**
Swiss franc	55,397	–	–	–	**55,397**
Australian dollar	30,964	–	–	–	**30,964**
Brazilian real	27,249	–	–	171	**27,420**
Swedish krona	24,187	–	–	–	**24,187**
Danish krone	8,805	–	–	–	**8,805**
Japanese yen	12,806	–	–	–	**12,806**
Other overseas currencies	25,504	–	–	–	**25,504**
Total exposure to currency risk	**505,918**	**114**	–	**1,039**	**507,071**
Sterling	170,546	7,343	(81,930)	(2,542)	**93,417**
	676,464	**7,457**	**(81,930)**	**(1,503)**	**600,488**

* Includes net non-monetary assets of £38,000.

Currency Risk Sensitivity

At 31 December 2020, if sterling had strengthened by 5% in relation to all currencies, with all other variables held constant, total net assets and total return on ordinary activities would have decreased by the amounts shown below. A 5% weakening of sterling against all currencies, with all other variables held constant, would have had a similar but opposite effect on the financial statement amounts. The analysis is performed on the same basis for 2019.

	2020 £'000	2019 £'000
US dollar	14,929	9,749
Euro	4,461	4,559
Hong Kong dollar	3,277	1,792
Swiss franc	3,148	2,770
Australian dollar	1,460	1,548
Brazilian real	1,062	1,371
Swedish krona	681	1,209
Danish krone	671	440
Japanese yen	649	640
Other overseas currencies	1,580	1,276
	31,918	**25,354**

18 Financial Instruments (continued)

Interest Rate Risk

Interest rate movements may affect directly:

— the fair value of the investments in fixed interest rate securities;

— the level of income receivable on cash deposits;

— the fair value of the Company's fixed-rate borrowings; and

— the interest payable on any variable rate borrowings which the Company may take out.

Interest rate movements may also impact upon the market value of the Company's investments other than its fixed income securities. The effect of interest rate movements upon the earnings of a company may have a significant impact upon the valuation of that company's equity.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and when entering borrowing agreements.

The Board reviews on a regular basis the amount of investments in cash and fixed income securities and the income receivable on cash deposits, floating rate notes and other similar investments.

The Company finances part of its activities through borrowings at approved levels. The amount of such borrowings and the approved levels are monitored and reviewed regularly by the Board.

Movements in interest rates, to the extent that they affect the fair value of the Company's fixed rate borrowings, may also affect the amount by which the Company's share price is at a discount or a premium to the net asset value.

The interest rate risk profile of the Company's financial assets and liabilities at 31 December is shown below.

Financial Assets

	2020 Fair value £'000	2020 Weighted average interest rate	2020 Weighted average fixed rate period *	2019 Fair value £'000	2019 Weighted average interest rate	2019 Weighted average fixed rate period *
Fixed rate:						
Sterling denominated bonds	3,142	5.08%	5 years	–	–	–
Euro denominated bonds	4,282	3.67%	3 years	–	–	–
US dollar denominated bonds	18,379	3.82%	9 years	6,625	5.65%	7 years
Dominican peso denominated bonds	2,384	7.35%	3 years	–	–	–
Indonesian rupiah denominated bonds	2,500	6.05%	8 years	–	–	–
Peruvian sol denominated bonds	2,458	3.81%	12 years	–	–	–
Floating rate:						
Brazilian bonds (interest rate linked to Brazilian CPI)	5,107	7.79%	24 years	6,917	7.52%	25 years
Mexican bonds (interest rate linked to Mexican CPI)	2,523	6.86%	20 years	–	–	–
Cash and short term deposits:						
Other overseas currencies	135	–	n/a	114	–	n/a
Sterling	9,566	0.08%	n/a	7,343	0.48%	n/a

* Based on expected maturity/redemption date.

Financial Liabilities

	2020 £'000	2019 £'000
The interest rate risk profile of the Company's financial liabilities at 31 December was:		
Fixed rate – sterling	**81,108**	**81,930**
The maturity profile of the Company's financial liabilities at 31 December was:		
In more than one year, but not more than two years	**81,108**	**–**
In more than two years, but not more than five years	**–**	**81,930**

Interest Rate Risk Sensitivity

An increase of 100 basis points in bond yields as at 31 December 2020 would have decreased total net assets and total return on ordinary activities by £2,807,000 (2019 – £1,387,000) and would have decreased the net asset value per share (with debenture at fair value) by 1.1p (2019 – increase of 0.3p). A decrease of 100 basis points would have had an equal but opposite effect.

18 Financial Instruments (continued)

Other Price Risk

Changes in market prices other than those arising from interest rate risk or currency risk may also affect the value of the Company's net assets.

The Board manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Investment Manager. The Board meets regularly and at each meeting reviews investment performance, the investment portfolio and the rationale for the current investment positioning to ensure consistency with the Company's objectives and investment policies.

Other Price Risk Sensitivity

A full list of the Company's investments is shown on pages 18 to 20. In addition, various analyses of the portfolio by asset class and industrial sector are contained in the Strategic Report.

92.7% of the Company's net assets are invested in quoted equities. A 5% increase in quoted equity valuations at 31 December 2020 would have increased total assets and total return on ordinary activities by £33,880,000 (2019 – £28,893,000). A decrease of 5% would have had an equal but opposite effect. 11.6% of the Company's net assets are invested in direct property.

Property Sensitivity Analysis

The valuations of investment properties are sensitive to changes in the assumed significant unobservable inputs. A significant increase/(decrease) in estimated rental values in isolation would result in a significantly higher/(lower) fair value of the properties. A significant increase/(decrease) in the all risks yield in isolation would result in a significantly (lower)/higher fair value.

There are interrelationships between the yields and rental values as they are partially determined by market rate conditions.

The sensitivity of the valuation to changes in the most significant inputs per class of investment property are shown below:

Estimated movement in fair value of investment properties at 31 December 2020 arising from:	Retail and leisure £'000	Office £'000	Industrial £'000	Other £'000	Total £'000
Increase in rental value by 5%	150	200	450	–	**800**
Decrease in rental value by 5%	(150)	(150)	(450)	–	**(750)**
Increase in yield by 0.5%	3,500	1,100	1,650	550	**6,800**
Decrease in yield by 0.5%	(3,150)	(1,050)	(1,350)	(450)	**(6,000)**

Estimated movement in fair value of investment properties at 31 December 2019 arising from:	Retail and leisure £'000	Office £'000	Industrial £'000	Other £'000	Total £'000
Increase in rental value by 5%	150	150	500	–	**800**
Decrease in rental value by 5%	(200)	(150)	(500)	–	**(850)**
Increase in yield by 0.5%	3,750	1,100	1,500	600	**6,950**
Decrease in yield by 0.5%	(3,275)	(1,000)	(1,300)	(500)	**(6,075)**

This represents the best estimate of a reasonable possible shift in estimated rental values and yield, having regard to historical volatility of the value and yield.

Despite the impact of Covid-19 on the property market, the sensitivities for 2020 remain unchanged from 2019. In arriving at the valuations for 31 December 2020, Savills considered the calibre and diversity of the tenants, length of lease term and whether tenants had been adversely impacted as a result of Covid-19 and concluded that the valuations reflected prevailing market conditions.

Liquidity Risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted securities that are readily realisable. The Company's holdings in direct property and unlisted investments, which are not considered to be readily realisable, amount to 11.6% of net assets at 31 December 2020 (2019 – 14.2%). The Company has the power to take out borrowings, which give it access to additional funding when required.

The Board gives guidance to the Investment Managers as to the maximum amount of the Company's resources that should be invested in any one holding and to the maximum aggregate exposure to any one entity (see investment policy on page 6). The Board also sets parameters for the degree to which the Company's net assets are invested in quoted equities.

18 Financial Instruments (continued)

Credit Risk

This is the risk that a failure of a counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss. This risk is managed as follows:

- where the Investment Manager makes an investment in a bond or other security with credit risk, that credit risk is assessed and then compared to the prospective investment return of the security in question;
- the Board regularly receives information from the Investment Manager on the credit ratings of those bonds and other securities in which the Company has invested;
- the Depositary is liable for the loss of financial instruments held in custody. The Depositary will ensure that any delegate segregates the assets of the Company. The Depositary has delegated the custody function to The Bank of New York Mellon (International) Limited. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Investment Manager monitors the Company's risk by reviewing the custodian's internal control reports and reporting its findings to the Board;
- investment transactions are carried out with a large number of brokers whose creditworthiness is reviewed by the Investment Manager. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations before any transfer of cash or securities away from the Company is completed;
- transactions involving derivatives, structured notes and other arrangements wherein the creditworthiness of the entity acting as broker or counterparty to the transaction is likely to be of sustained interest are subject to rigorous assessment by the Investment Manager of the creditworthiness of that counterparty. The Company's aggregate exposure to each such counterparty is monitored regularly by the Board; and
- cash is only held at banks that are regularly reviewed by the Managers.

Credit Risk Exposure

The exposure to credit risk at 31 December was:

	2020 £'000	2019 £'000
Bonds	40,775	13,542
Cash and short term deposits	9,701	7,457
Debtors and prepayments	2,531	1,501
Deferred expenses	207	207
	53,214	**22,707**

None of the Company's financial assets are past due or impaired.

Fair Value of Financial Assets and Financial Liabilities

The Directors are of the opinion that the financial assets and liabilities of the Company are stated at fair value in the Balance Sheet with the exception of the long term borrowings which are stated at amortised cost. The fair value (determined as the asking price as traded on an active market) of the debenture stock is shown below.

	2020 Nominal £'000	2020 Book £'000	2020 Fair £'000	2019 Nominal £'000	2019 Book £'000	2019 Fair £'000
8% debenture stock 2022	**80,000**	**81,108**	**86,928**	**80,000**	**81,930**	**91,024**

Capital Management

The capital of the Company is its share capital and reserves as set out in notes 13 and 14 together with its borrowings (see note 12). The objective of the Company is to deliver real dividend growth by increasing capital and growing income. The Company's investment policy is set out on page 6. In pursuit of the Company's objective, the Board has a responsibility for ensuring the Company's ability to continue as a going concern and details of the related risks and how they are managed are set out on pages 7 and 8 and on pages 28 and 29. The Company has the authority to issue and buy back its shares (see pages 25 and 26) and changes to the share capital during the year are set out in notes 13 and 14. The Company does not have any externally imposed capital requirements other than the covenants on its debenture which are detailed in note 12.

19 Subsequent Events

With effect from 1 January 2021, the allocation of management fees and finance costs has been revised to charge 25% to revenue and 75% to capital. Prior to 31 December 2020, the allocation was 35% to revenue and 65% to capital. This change will be reflected in the Annual Report and Financial Statements for the year ending 31 December 2021.

Cost-effective Ways to Buy and Hold Shares in SAINTS

Information on how to invest in SAINTS can be found at www.saints-it.com.

Risks

— Past performance is not a guide to future performance.

— SAINTS is a listed UK Company. The value of its shares and any income from them can fall as well as rise and investors may not get back the amount invested.

— SAINTS has borrowed money to make further investments (sometimes known as 'gearing' or 'leverage'). The risk is that when this money is repaid by the Company, the value of these investments may not be enough to cover the borrowing and interest costs, and the Company will make a loss. If the Company's investments fall in value, any gearing will increase the amount of this loss.

— SAINTS can buy back its own shares. The risks from borrowing, referred to above, are increased when a company buys back its own shares.

— SAINTS invests in overseas securities. Changes in the rates of exchange may also cause the value of your investment (and any income it may pay) to go down or up.

— SAINTS invests in emerging markets where difficulties in dealing, settlement and custody could arise, resulting in a negative impact on the value of your investment.

— SAINTS invests in corporate bonds which are generally perceived to carry a greater possibility of capital loss than investment in, for example, higher rated UK government bonds. Bonds issued by companies and governments may be adversely affected by changes in interest rates and expectations of inflation.

— 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 that SAINTS might receive upon their sale.

— SAINTS can make use of derivatives. The use of derivatives may impact upon performance.

— SAINTS has some direct property investments which may be difficult to sell. Valuations of property are only estimates based on the valuer's opinion. These estimates may not be achieved when the property is sold.

— SAINTS charges 65% of its investment management fee, borrowing costs and property management fee to capital, which reduces the capital value. Also, where income is low, the remaining expenses may be greater than the total income received, meaning the Company may not pay a dividend and the capital value could be further reduced.

You should note that tax rates and reliefs may change at any time and their value depends on your circumstances.

The favourable tax treatment of ISAs may change.

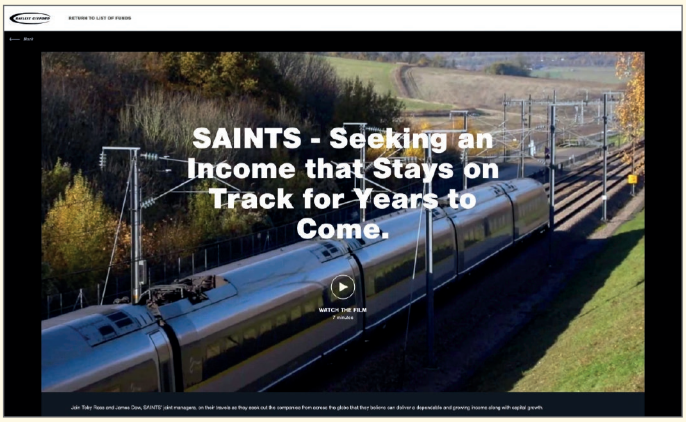
The Company is listed on the London Stock Exchange and is not authorised or regulated by the Financial Conduct Authority.

Further details of the risks associated with investing in the Company, including how charges are applied, can be found at www.saints-it.com, or by calling Baillie Gifford on 0800 917 2112.

The information and opinions expressed within this Annual Report and Financial Statements are subject to change without notice. This information has been issued and approved by Baillie Gifford & Co Limited, the Managers and Secretaries, and does not in any way constitute investment advice.

Communicating with Shareholders

Trust Magazine



A SAINTS web page at www.saints-it.com

Promoting SAINTS

Baillie Gifford carries out extensive marketing activity to promote SAINTS to institutional, intermediary and direct investors.

Trust Magazine

Trust is the Baillie Gifford investment trust magazine which is published twice a year. It provides an insight to our investment approach by including interviews with our fund managers, as well as containing investment trust news, investment features and articles about the trusts managed by Baillie Gifford, including SAINTS. For a copy of *Trust*, please contact the Baillie Gifford Client Relations Team.

An online version of *Trust* can be found at www.bailliegifford.com/trust.

SAINTS on the Web

Up-to-date information about SAINTS, including a monthly commentary, recent portfolio information and performance figures can be found on SAINTS' page of the Managers' website at www.saints-it.com.

You can also find a brief history of SAINTS, an explanation of the effects of gearing and a flexible performance reporting tool.

If you are interested in investing directly in SAINTS, you can do so online. There are a number of companies offering real time online dealing services – find out more on the Platforms section of the Managers' website: www.bailliegifford.com.

Suggestions and Questions

Any suggestions on how communications with shareholders can be improved are welcomed, so please contact the Baillie Gifford Client Relations Team (see contact details below) and give them your suggestions. They will also be very happy to answer questions that you may have about SAINTS.

Client Relations Team Contact Details

Telephone: 0800 917 2112
Your call may be recorded for training or monitoring purposes.

Email: trustenquiries@bailliegifford.com
Website: www.bailliegifford.com

Client Relations Team
Baillie Gifford Client Relations Team
Calton Square
1 Greenside Row
Edinburgh EH1 3AN

SAINTS specific queries
Please use the following contact details:
Email: saints@bailliegifford.com
Website: www.saints-it.com

Please note that Baillie Gifford is not permitted to give financial advice. If you would like advice please ask an authorised intermediary.

Further Shareholder Information

How to Invest

The Company's shares are traded on the London Stock Exchange. They can be bought by placing an order with a stockbroker or by asking a professional adviser to do so. If you are interested in investing directly in SAINTS you can do so online. There are a number of companies offering real time online dealing services – find out more by visiting the investment trust pages at www.bailliegifford.com.

Sources of Further Information on the Company

The price of shares is quoted daily in the Financial Times and can also be found on SAINTS' page of the Baillie Gifford website at www.saints-it.com, Trustnet at www.trustnet.com and on other financial websites. Company factsheets are also available on the Baillie Gifford website and are updated monthly. These are available from Baillie Gifford on request.

SAINTS Share Identifiers

ISIN GB0007873697

Sedol 0787369

Ticker SAIN

Legal Entity Identifier 549300NF03XVC5IFB447

AIC

The Company is a member of the Association of Investment Companies.

Dividend Dates

The table below gives the actual and anticipated quarterly dividend dates.

The ex-dividend date is the date on which entitlement to receive the net dividend is established. The record date is the date on which shares must be registered following purchase to receive the dividend direct. Otherwise you will have to claim it from the agent through whom you purchased your shares. The DRIP election date is the final date for electing to participate in the Dividend Reinvestment Plan (see page 61 for more details) for that dividend.

Dividend Dates for 2021

	Final 2020	First interim *	Second interim *	Third interim *
Dividend announced	12/2/21	20/5/21	30/7/21	3/11/21
Ex-dividend date	4/3/21	27/5/21	12/8/21	18/11/21
Record date	5/3/21	28/5/21	13/8/21	19/11/21
DRIP election date	17/3/21	2/6/21	27/8/21	26/11/21
Dividend paid	9/4/21	23/6/21	20/9/21	17/12/21

* Anticipated dates.

Interest

Interest is paid on the 8% Debenture Stock in April and October.

Announcement of Results and Reports

SAINTS' results for the half year to 30 June will be announced in July and the results for the year to 31 December will be announced in mid February. The Interim Report will be posted to shareholders in August and the Annual Report in early March. The 2021 AGM is being held on 1 April.

How You are Taxed

— **Capital** As an investment trust, SAINTS pays no capital gains tax. This means that, while assets remain invested in SAINTS, they are managed free of such tax. However, should you decide to sell your SAINTS' shares, you may be subject to capital gains tax.

  If you held SAINTS' shares on or before 31 March 1982 the market value of the ordinary shares (adjusted for present capital) on that date of 33.125p will be required for your capital gains tax computation.

— **Income** The dividends you receive from your SAINTS' shares are taxed as income. With effect from 6 April 2018, the individual annual tax free allowance is £2,000 across all dividend income, above which there is a tax liability. Dividends received should be declared on your Tax Return. For further information, please visit the hmrc.gov.uk website.

Shareholders are recommended to consult their professional adviser as to their tax position.

Share Register Enquiries

Computershare Investor Services PLC maintains the share register on behalf of the Company. In the event of queries regarding shares registered in your own name, please contact the Registrars on 0370 707 1282. This helpline also offers an automated self-service functionality (available 24 hours a day, 7 days a week) which allows you to:

— hear the latest share price;

— confirm your current share holding balance;

— confirm your payment history; and

— order Change of Address, Dividend Bank Mandate and Stock Transfer forms.

By quoting the reference number on your share certificate you can check your holding on the Registrar's website at www.investorcentre.co.uk.

They also offer a free, secure share management website service which allows you to:

— view your share portfolio and see the latest market price of your shares;

— calculate the total market price of each shareholding;

— view price histories and trading graphs;

— register to receive communications from the Company, including the Annual Report, in electronic format;

— update bank mandates and change address details;

— use online dealing services; and

— pay dividends directly into your overseas bank account in your chosen local currency.

To take advantage of this service, please log in at www.investorcentre.co.uk and enter your Shareholder Reference Number and Company Code (this information can be found on the last dividend voucher or your share certificate).

Dividend Reinvestment Plan

Computershare operate a Dividend Reinvestment Plan which can be used to buy additional shares instead of receiving your dividend via cheque or into your bank account. For further information log in to www.investorcentre.co.uk and follow the instructions or telephone 0370 707 1694.

Electronic Proxy Voting

If you hold stock in your own name you can choose to vote by returning proxies electronically at www.eproxyappointment.com.

If you have any questions about this service please contact Computershare on 0370 707 1282.

CREST Proxy Voting

If you are a user of the CREST system (including a CREST Personal Member), you may appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. For further information please refer to the CREST Manual.

SAINTS is an investment trust. Investment trusts offer investors the following:

— participation in a diversified portfolio of shares;

— constant supervision by experienced professional managers; and

— the Company is free from capital gains tax on capital profits realised within its portfolio.

Analysis of Shareholders at 31 December

	2020 Number of shares held	2020 %	2019 Number of shares held	2019 %
Institutions	22,319,029	13.7	18,903,120	12.8
Intermediaries	126,135,827	77.6	115,159,598	78.1
Individuals	13,683,336	8.4	13,154,873	8.9
Marketmakers	457,751	0.3	303,352	0.2
	162,595,943	**100.0**	**147,520,943**	**100.0**

Data Protection

The Company is committed to ensuring the confidentiality and security of any personal data provided to it. Further details on how personal data is held and processed on behalf of the Company can be found in the privacy policy available on the Company's website www.saints-it.com.

Automatic Exchange of Information

In order to fulfil its legal obligations under UK tax legislation relating to the automatic exchange of information, The Scottish American Investment Company P.L.C. is required to collect and report certain information about certain shareholders.

The legislation requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. Accordingly, The Scottish American Investment Company P.L.C. will have to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

Shareholders, excluding those whose shares are held in CREST, who come on to the share register will be sent a certification form for the purposes of collecting this information.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders https://www.gov.uk/government/publications/exchange-of-information-account-holders.

The Financial Statements have been approved by the Directors of The Scottish American Investment Company P.L.C.

Notice of Annual General Meeting

Covid-19 coronavirus – Important note regarding arrangements for the Annual General Meeting (AGM)

The Board of The Scottish American Investment Company P.L.C. (SAINTS) recognises the public health risk associated with the Covid-19 outbreak arising from public gatherings and notes the continuing Government's measures restricting such gatherings, travel and attendances at workplaces.

At the same time, the Board is conscious of the legal requirement for SAINTS to hold its AGM before the end of June 2021. Given the current uncertainty around when public health concerns will have abated, the Board has for the time being decided to aim to follow the Company's corporate timetable and, accordingly, the Company's AGM is being convened to take place at 11.00am on Thursday, 1 April 2021 at the offices of Baillie Gifford & Co, Calton Square, 1 Greenside Row, Edinburgh EH1 3AN most likely without access for shareholders. The Board will, however, continue to monitor developments and any changes will be advised to shareholders and details will be updated on the Company's website.

In the meantime, the Board encourages all shareholders to submit proxy voting forms as soon as possible and, in any event, by no later than 11.00am on 30 March 2021. We would encourage shareholders to monitor the Company's website at www.saints-it.com. Should shareholders have questions for the Board or the Managers or any queries as to how to vote, they are welcome as always to submit them by email to trustenquiries@bailliegifford.com or call 0800 917 2112. Baillie Gifford may record your call.

Notice is hereby given that the one hundred and forty eighth Annual General Meeting of The Scottish American Investment Company P.L.C. will be held at the Registered Office of the Company, Calton Square, 1 Greenside Row, Edinburgh EH1 3AN on Thursday, 1 April 2021 at 11.00am. Whilst there will be no live presentation from the Managers on the day of the AGM , the Managers will record a presentation which will be available on the Company's website at **www.saints-it.com**. In addition, a recording of a webinar on 23 February 2021 to discuss the investment portfolio will also be available. The following resolutions will be proposed at the AGM:

Ordinary Business

To consider, and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. To receive and adopt the Financial Statements of the Company for the year to 31 December 2020 with the Reports of the Directors and of the Independent Auditor thereon.
2. To approve the Directors' Annual Report on Remuneration for the year to 31 December 2020.
3. To declare a final dividend.
4. To re-elect Peter Moon as a Director.
5. To re-elect Bronwyn Curtis as a Director.
6. To re-elect Lord Macpherson of Earl's Court as a Director.
7. To re-elect Dame Mariot Leslie as a Director.
8. To re-elect Karyn Lamont as a Director.
9. To re-appoint KPMG LLP as Independent Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which the Financial Statements are laid before the Company.
10. To authorise the Directors to determine the remuneration of the Independent Auditor of the Company.
11. That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ('Securities') provided that such authority shall be limited to the allotment of shares and the grant of rights in respect of shares with an aggregate nominal value of up to £13,671,211.25 (representing approximately 33 per cent. of the nominal value of the issued share capital as at 10 February 2021), such authority to expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, unless previously revoked, varied or extended by the Company in a general meeting, save that the Company may at any time prior to the expiry of this authority make an offer or enter into an agreement which would or might require Securities to be allotted or granted after the expiry of such authority and the Directors shall be entitled to allot or grant Securities in pursuance of such an offer or agreement as if such authority had not expired.

To consider and, if thought fit, to pass resolution 12 as a special resolution:

12. That, subject to the passing of resolution 11 above, and in substitution for any existing power but without prejudice to the exercise of any such power prior to the date hereof, the Directors of the Company be and they are hereby generally empowered, pursuant to sections 570 and 573 of the Companies Act 2006 (the 'Act'), to allot equity securities (within the meaning of section 560(1) of the Act), for cash pursuant to the authority given by resolution 11 above and by the sale of treasury shares as if section 561(1) of the Act did not apply to any such allotment of equity securities, provided that this power:
    - (a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and
    - (b) shall be limited to the allotment of equity securities up to an aggregate nominal value of £4,101,773.50 being approximately 10% of the nominal value of the issued share capital of the Company, as at 10 February 2021.

To consider and, if thought fit, to pass resolution 13 as an ordinary resolution:

13. That the Directors be authorised, for the purposes of LR 15.4.11 of the Listing Rules of the UK Listing Authority, to issue further ordinary shares (including selling treasury shares) for cash at a price below the net asset value per share of those shares (with borrowings valued at book) without first offering those shares pro rata to existing shareholders.

To consider and, if thought fit, to pass resolution 14 as a special resolution:

14. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of section 693(4) of the Act) of fully paid ordinary shares of 25 pence each in the capital of the Company ('ordinary shares') (either for retention as treasury shares or for cancellation), provided that:
    - (a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 24,594,234, or, if less, the number representing approximately 14.99% of the issued ordinary share capital of the Company as at the date of the passing of this resolution;
    - (b) the minimum price (excluding expenses) which may be paid for each ordinary share is 25 pence;
    - (c) the maximum price (excluding expenses) which may be paid for each ordinary share shall not be more than the higher of:
        - (i) 5 per cent. above the average closing price on the London Stock Exchange of an ordinary share over the five business days immediately preceding the date of purchase; and
        - (ii) the higher of the last independent trade and the highest current independent bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy back programmes and stabilisation of financial instruments (No. 2273/2003); and
    - (d) unless previously varied, revoked or renewed by the Company in a general meeting, the authority hereby conferred shall expire at the conclusion of the Company's Annual General Meeting to be held in respect of the financial year ending 31 December 2021, save that the Company may, prior to such expiry, enter into a contract to purchase ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.

By order of the Board
Baillie Gifford & Co Limited
Company Secretary
1 March 2021

Notes

1. As a member you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the AGM. A proxy need not be a member of the Company but must attend the AGM to represent you. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You can only appoint a proxy using the procedure set out in these notes and the notes to the proxy form. You may not use any electronic address provided either in this notice or any related documents (including the Financial Statements and proxy form) to communicate with the Company for any purpose other than those expressly stated.
2. To be valid any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand at the Registrars of the Company at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or **www.eproxyappointment.com** no later than two days (excluding non-working days) before the time of the meeting or any adjourned meeting.
3. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and/or by logging on to the website **www.euroclear.com/CREST**. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
4. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrar (ID 3RA50) no later than 2 days (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

5. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST service by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
6. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
7. The return of a completed proxy form or other instrument of proxy will not prevent you attending the AGM and voting in person if you wish.
8. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and section 311 of the Companies Act 2006 the Company specifies that to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company no later than 2 days (excluding non-working days) prior to the commencement of the AGM or any adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
9. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
10. The statement of the rights of shareholders in relation to the appointment of proxies in Notes 1 and 2 above does not apply to Nominated Persons. The rights described in those Notes can only be exercised by shareholders of the Company.
11. The members of the Company may require the Company to publish, on its website, (without payment) a statement (which is also passed to the Auditor) setting out any matter relating to the audit of the Company's accounts, including the Auditor's report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5% of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address and be sent to the Company at Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN.
12. Information regarding the Annual General Meeting, including information required by section 311A of the Companies Act 2006, is available from the Company's page of the Managers' website at www.saints-it.com.
13. Given the risks posted by the spread of Covid-19 and following the related guidance received from the Government, shareholders are not expected to attend the AGM and the Company currently intends to impose entry restrictions on certain persons wishing to attend the AGM in order to ensure the safety of those having to attend the AGM to ensure it will be quorate. All shareholders are strongly encouraged to exercise their votes in respect of the AGM in advance. This should ensure that votes are registered and count at the AGM. Furthermore, the Board always welcomes questions from the Company's shareholders at the AGM and this year shareholders are invited to submit their questions to the Board in advance. The answers to these questions will be posted on the Company's page of the Managers' website after the AGM. Shareholders should submit any questions they may have to trustenquiries@bailliegifford.com before 26 March 2021.
14. Members have the right to ask questions at the meeting in accordance with section 319A of the Companies Act 2006.
15. As at 10 February 2021 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consisted of 164,070,943 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 10 February 2021 were 164,070,943 votes.
16. Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the meeting as his/her proxy will need to ensure that both he/she and his/her proxy complies with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
17. No Director has a contract of service with the Company.

Alternative Investment Fund Managers (AIFM) Directive

In accordance with the AIFM Directive, information in relation to the Company's leverage and the remuneration of the Company's AIFM, Baillie Gifford & Co Limited, is required to be made available to investors. In accordance with the Directive, the AIFM remuneration policy is available at **www.bailliegifford.com** or on request (see contact details on the back cover) and the numerical remuneration disclosures in respect of the AIFM's first relevant reporting period (year ended 31 March 2020) are available at **www.bailliegifford.com**.

The Company's maximum and actual leverage levels (see Glossary of Terms and Alternative Performance Measures on pages 66 and 67) at 31 December 2020 are shown below:

Leverage

	Gross method	Commitment method
Maximum limit	3.00:1	2.00:1
Actual	1.10:1	1.11:1

Third Party Data Provider Disclaimer

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Glossary of Terms and Alternative Performance Measures (APM)

Total Assets

Total assets less current liabilities, before deduction of all borrowings.

Net Asset Value

Net Asset Value (NAV) is the value of total assets less liabilities (including borrowings). The NAV per share is calculated by dividing this amount by the number of ordinary shares in issue.

Net Asset Value (Debenture at Book Value)

Borrowings are valued at adjusted net issue proceeds. Book value approximates amortised cost.

Net Asset Value (Debenture at Fair Value) (APM)

Borrowings are valued at an estimate of their market worth. This indicates the cost to the Company of repaying its borrowings under current market conditions. It is a widely reported measure across the investment trust industry.

	31 December 2020	31 December 2019
Shareholders' funds (debenture at book value)	£731,162,000	£600,488,000
Add: book value of debenture	£81,108,000	£81,930,000
Less: fair value of debenture	(£86,928,000)	(£91,024,000)
Shareholders' funds (debenture at fair value)	£725,342,000	£591,394,000
Shares in issue at year end	162,595,943	147,520,943
Net Asset Value per ordinary share (debenture at fair value)	446.1p	400.9p

Discount/Premium (APM)

As stockmarkets and share prices vary, an investment trust's share price is rarely the same as its NAV. When the share price is lower than the NAV per share it is said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, this situation is called a premium.

	2020 NAV (book)	2020 NAV (fair)	2019 NAV (book)	2019 NAV (fair)
Closing NAV per share	449.7p	446.1p	407.1p	400.9p
Closing share price	464.0p	464.0p	426.0p	426.0p
Premium	**3.2%**	**4.0%**	**4.6%**	**6.3%**

Ongoing Charges (APM)

The total expenses (excluding borrowing costs) incurred by the Company as a percentage of the average net asset value (with debt at fair value). The ongoing charges have been calculated on the basis prescribed by the Association of Investment Companies.

A reconciliation from the expenses detailed in the Income Statement on page 41 is provided below.

	31 December 2020	31 December 2019
Investment management fee	£3,134,000	£2,992,000
Other administrative expenses	£1,221,000	£1,247,000
Total expenses (a)	**£4,355,000**	**£4,239,000**
Average daily cum-income net asset value (with debt at fair value) (b)	£621,179,000	£549,105,000
Ongoing charges (a) ÷ (b) (expressed as a percentage)	**0.70%**	**0.77%**

Total Return (APM)

The total return is the return to shareholders after reinvesting the net dividend on the date that the share price goes ex-dividend.

		2020 NAV (book)	2020 NAV (fair)	2020 Share price	2019 NAV (book)	2019 NAV (fair)	2019 Share price
Opening NAV per share/share price	(a)	407.1p	400.9p	426.0p	343.0p	336.4p	351.0p
Closing NAV per share/share price	(b)	449.7p	446.1p	464.0p	407.1p	400.9p	426.0p
Dividend adjustment factor*	(c)	1.029353	1.028917	1.028233	1.030459	1.031180	1.030751
Adjusted closing NAV per share/share price	(d = b x c)	462.9p	459.0p	477.1p	419.5p	413.4p	439.1p
Total return	(d ÷ a)-1	**13.7%**	**14.5%**	**12.0%**	**22.3%**	**22.9%**	**25.1%**

* The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the cum income NAV at the ex-dividend date.

Gearing (APM)

At its simplest, gearing is borrowing. Just like any other public company, an investment trust can borrow money to invest in additional investments for its portfolio. The effect of the borrowing on the shareholders' assets is called 'gearing'. If the Company's assets grow, the shareholders' assets grow proportionately more because the debt remains the same. But if the value of the Company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

Gearing represents borrowings at book less cash and cash equivalents expressed as a percentage of shareholders' funds.

Potential gearing is the Company's borrowings expressed as a percentage of shareholders' funds.

Equity gearing is the Company's borrowings adjusted for cash, bonds and property expressed as a percentage of shareholders' funds.

Leverage (APM)

For the purposes of the Alternative Investment Fund Managers (AIFM) Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other.

Active Share (APM)

Active share, a measure of how actively a portfolio is managed, is the percentage of the listed equity portfolio that differs from its comparative index. It is calculated by deducting from 100 the percentage of the portfolio that overlaps with the comparative index. An active share of 100 indicates no overlap with the index and an active share of zero indicates a portfolio that tracks the index.

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