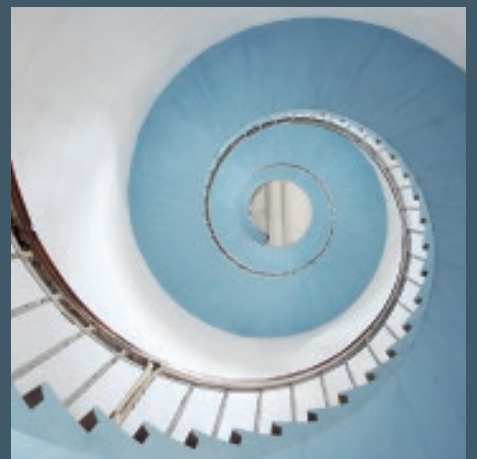
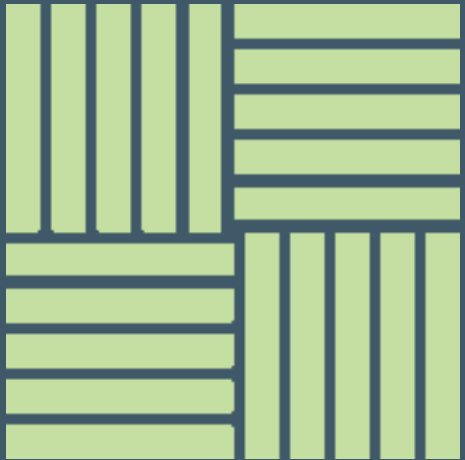


THE SCOTTISH AMERICAN INVESTMENT COMPANY P.L.C.

SAINTS
Income again and again



Annual Report and Financial Statements
31 December 2016



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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 are in any doubt as to the action you should take you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial advisor authorised under the Financial Services and Markets Act 2000 immediately if you are in the United Kingdom or, if not, from another 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 and the accompanying 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 2016

Dividend 10.825p

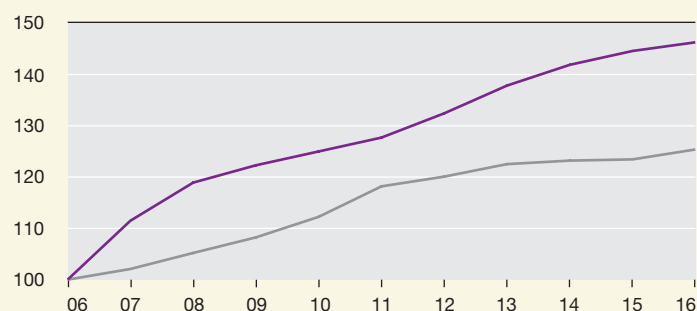
Yield 3.3%

Ten Year Summary

Dividend versus Inflation

(figures rebased to 100 at 31 December 2006)

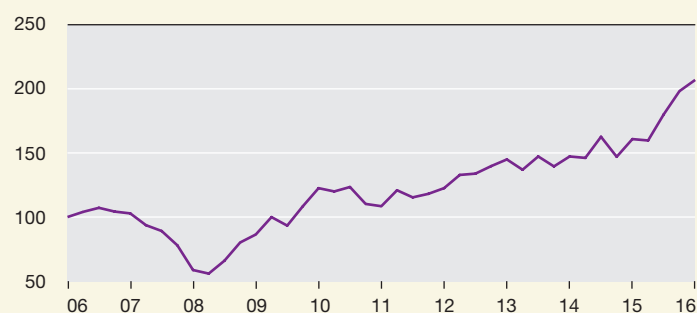
— SAINTS dividend
— CPI



Share Price

(figures rebased to 100 at 31 December 2006)

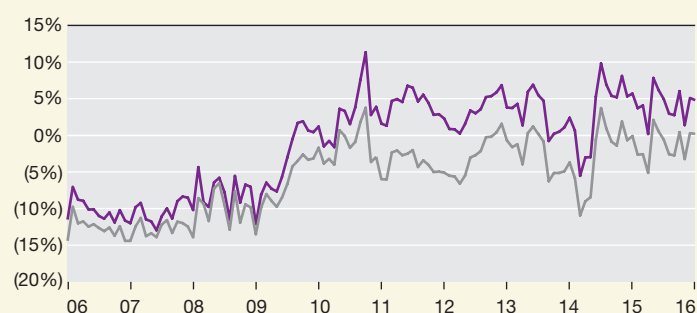
— Share price total return



Premium/(Discount)

(plotted as at month end dates)

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



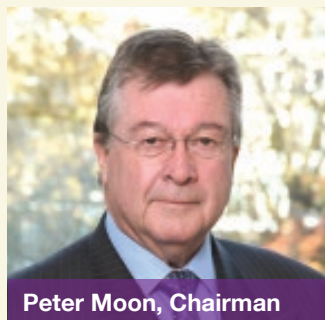
Source: Thomson Reuters Datastream/Baillie Gifford.

Past performance is not a guide to future performance.

Strategic Report

This Strategic Report, which includes pages 2 to 21 and incorporates the Chairman's Statement, has been prepared in accordance with the Companies Act 2006.

Chairman's Statement



The Company's objective is to deliver real dividend growth by increasing capital and growing income. An increased dividend of 10.825p (2015 – 10.70p) will extend the Company's record of raising its dividend to thirty seven consecutive years.

Overview

To say that it has been an eventful year for investment markets is something of an understatement. Looking back over the year of the Brexit vote and of the Republican victory in the US presidential elections, it is striking not just that both of these events were largely unpredicted but also that even those who did predict them generally misjudged the short term impact on markets.

Since President Trump's victory, hopes for a significant boost to the US economy from infrastructure spending and tax cuts have, for the time being at least, outweighed any concerns about longer term debt problems, protectionism and the consequent risk of a decline in global trade.

Closer to home, while sterling was an early casualty of the Referendum result, markets generally stayed calm. But Brexit negotiations have yet to start, and are unlikely to conclude before late 2018. Uncertainty will have a cost, but it is too soon to be sure of the full economic consequences of leaving the EU.

Despite or even partly because of this tumultuous background markets have delivered very good returns over the year, especially for sterling investors who have benefitted from the currency appreciation of their overseas assets. Your Company's investments have benefitted accordingly, particularly equities which represent the majority of SAINTS' portfolio for their long-term income and capital growth potential. In addition it is pleasing to report that the Company's investments in property have again delivered a healthy return, in contrast to many segments of the UK commercial property sector.

Total Return Performance

The Company's net asset value total return (capital and income) for the year was 29.8% and the share price total return was 28.7%. The total return from the global equity market was 29.6%. Whilst it is encouraging that returns have matched the very strong returns of equities generally over the year, it is a coincidence that they are so close, particularly as 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 the Company to deliver a high and growing yield and service its borrowings. In addition, both the Managers and your Board have a long term perspective and so we do not believe that it is generally helpful to dwell on the comparison of performance against any equity index over short periods.

Nonetheless it is worth highlighting that, whilst on the one hand the operational performance of the Company's equity investments has been generally encouraging, currency movements have detracted from relative performance over the year. Given that the Company has greater exposure to sterling-denominated assets than their weighting in the comparative global index, sterling's weakness has been unhelpful in this regard. Overall, however, returns have been helped by the sound operational performance already mentioned and also by another good year for the Company's property investments. The principal contributors to and detractors from performance are explained in more detail in the Managers' Review.

Revenues

Earnings per share were almost unchanged at 10.46p, as was investment income of £18.6m. Overseas equity income has been helped by currency movements, and bond income has also increased. Income from property was stable despite some adjustments to the portfolio, and over the course of the year the proportion of rental income which is linked to inflation was again increased. Both managers (Baillie Gifford and, for the Company's property investments, OLIM) continue at the Board's request to place increasing emphasis on supporting the dependability and the future growth of the Company's dividend in line with its objective.

Dividend and Inflation

A final dividend of 2.725p is recommended which will take the full year dividend to 10.825p per share, 1.2% higher than the 2015 dividend of 10.70p.

The recommended dividend is largely, but not fully, covered by this year's earnings. The Company has built up revenue reserves in the past with a view to facilitating the smooth progression of dividends. The Board has taken into account both these reserves (which will stand at 9.53p per share after the recommended final dividend) and the overall performance of and prospects for the Company's investments in recommending a dividend which reinforces its progressive dividend policy. In recent years the Company has effected a significant shift in its allocation away from fixed income investments and towards 'real assets' where income is expected to grow in the future. Your Board is confident that this growth will permit both further increases in the Company's dividend and a return to a fully covered dividend. In the meantime, in an environment where increases in interest rates are increasingly likely, the marked reduction in exposure to fixed income investments should be helpful to total returns.

This year's increase, whilst slightly below the annual rate of inflation of 1.6% as measured by CPI, extends the Company's record of annual dividend increases to thirty seven years. Over the

last ten years the Company's dividends have increased at well over the rate of inflation, as illustrated by the first chart on page 1. Whilst a picture is normally worth a thousand words, it is perhaps an even more striking illustration of the power of compound growth that the 2016 dividend of 10.825p will be some 46% higher than the 2006 dividend of 7.4p.

Borrowings

SAINTS' borrowings take the form of a single £80m debenture which is due for repayment in April 2022. During 2016, the borrowings mainly funded a range of higher yielding commercial property and, to a much lesser extent, some fixed income investments.

The book value of the debenture is £84.1m which, at the year end, was equivalent to approximately 19% of shareholders' funds. The estimated market or fair value of the debenture was £103.2m, a decrease from the previous year's value of £103.6m. Whilst the market value of the Company's borrowings will continue to be influenced by prevailing interest rates, over the coming years we continue to expect declines in both the debenture's book and market values, and a narrowing between those values, as it approaches its final redemption value of £80m.

Outlook

The longer-term implications of both Brexit and President Trump's victory will take a while to emerge. Inflation in the UK is likely to pick up this year as the fall in sterling causes imported goods to become more expensive, as last year's falls in the oil price drop out of the figures and as wages, housing costs and interest rates start to rise. In the US interest rate rises are also likely, and indeed the progression of the economic cycle does raise the question of whether significant fiscal stimulus is actually required. Assuming it gets Congressional approval later in the year, fiscal stimulus which turned out to be unnecessary might have the unfortunate effect of stoking wage inflation that is already evident. Markets have been strong and, whilst inflation often helps equities, it is fair to say both that starting valuations are not particularly low and that the market's earnings growth thus far has not been especially encouraging.

The Board and the Managers are alert to the potential challenges and opportunities arising from the UK electorate's vote to leave the European Union. It is worth emphasising the international nature of the Company's investments, including many of those listed in the UK. It is also important to note the supportive characteristics of the Company's property investments including healthy covenants, long lease lengths and, in many cases, inflation-linked rents. In this environment, your Board endorses the Managers' approach, which is built on investing globally in individual businesses which are operationally dependable and which produce and distribute strong and growing cash-flows. The equity portfolio's prospects for growth and resilience are quite distinct from the prospects for the market as a whole. The Company's investments in property and selected bonds provide additional sources of income and returns. The Board believes that the portfolio as a whole is well placed to support the continued growth of the Company's dividend over time and recent operational performance has largely supported our confidence in the prospects of the Company's portfolio.

The Board and the Managers

My fellow Board members and I would like to record our thanks for all Sir Brian Ivory's considerable efforts on behalf of the Company and its shareholders over many years as a Director and as Chairman, prior to his stepping down from the Board at last April's Annual General Meeting. I hope to carry forward the Chairmanship with similar energy and application.

We were also delighted to welcome Lord Macpherson of Earl's Court (formerly Sir Nicholas Macpherson GCB) to the Board in September. His considerable experience and knowledge will undoubtedly be a great benefit to the Company in the years ahead.

Lastly, I wanted to highlight the appointment of James Dow and Toby Ross as deputy managers of the Company, which was announced at the interim stage. The appointments reflect Baillie Gifford's team-based approach and the Board looks forward to a fruitful and productive working relationship with James, Toby and the manager Dominic Neary in the future.

AGM

The AGM will be held at 11am on Thursday 6 April at Baillie Gifford's offices at Calton Square, 1 Greenside Row, Edinburgh. The Managers will make a presentation on the investment portfolio and there will also be an opportunity to ask questions. The Directors and the Managers look forward to meeting you there.

Peter Moon
Chairman
15 February 2017

One Year Summary

The following information illustrates how SAINTS has performed over the year to 31 December 2016.

	31 December 2016	31 December 2015	% change
Total assets (before deduction of debenture)*	£515.6m	£433.2m	
Debenture (book value)	£84.1m	£84.7m	
Shareholders' funds	£431.5m	£348.5m	
Net asset value per ordinary share (debenture at fair value)#	309.2p	247.5p	24.9
Net asset value per ordinary share (debenture at book value)#	323.5p	261.7p	23.6
Share price	324.0p	261.5p	23.9
Benchmark†			26.2
Premium (debenture at fair value)	4.8%	5.7%	
Premium/(discount) (debenture at book value)	0.2%	(0.1%)	
Revenue earnings per ordinary share	10.46p	10.47p	(0.1)
Dividends paid and payable in respect of the year	10.825p	10.70p	1.2
Ongoing charges	0.87%	0.93%	
Active share#	89%	89%	

Year to 31 December	2016	2015
Total returns (%)##		
Net asset value (debenture at fair value)	29.8%	5.9%
Net asset value (debenture at book value)	28.2%	5.0%
Share price	28.7%	9.2%
Benchmark†	29.6%	4.1%

Year to 31 December	2016	2016	2015	2015
Year's high and low	High	Low	High	Low
Net asset value (debenture at fair value)	315.9p	227.5p	269.8p	221.7p
Net asset value (debenture at book value)	331.2p	244.0p	286.4p	236.9p
Share price	324.0p	230.0p	275.0p	233.0p
Premium/(discount) – debenture at fair value	8.2%	(2.3%)	8.1%	(7.3%)
Premium/(discount) – debenture at book value	2.3%	(7.4%)	2.2%	(12.9%)

	31 December 2016	31 December 2015
Net return per ordinary share		
Revenue	10.46p	10.47p
Capital	62.16p	2.70p
Total	72.62p	13.17p

* Net of current liabilities.

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

See Glossary of Terms on page 61.

‡ Source: Thomson Reuters Datastream/Baillie Gifford.

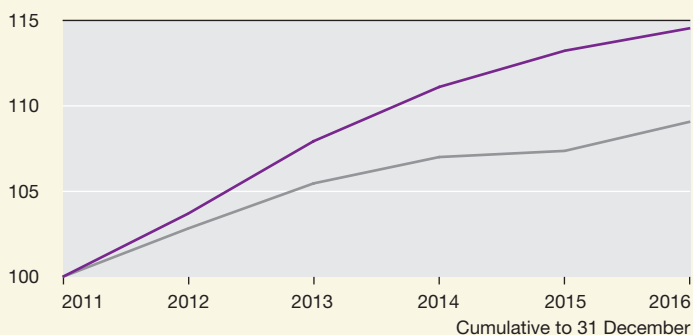
Past performance is not a guide to future performance.

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 2016.

Dividend versus Inflation

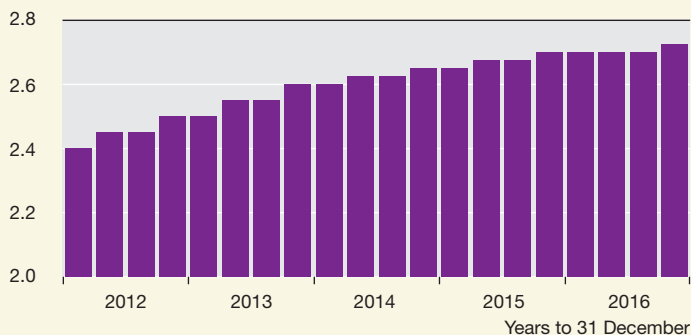
(figures rebased to 100 at 31 December 2011)



Source: Thomson Reuters Datastream.

— SAINTS dividend
— CPI

Five Year Quarterly Dividends Paid (pence)

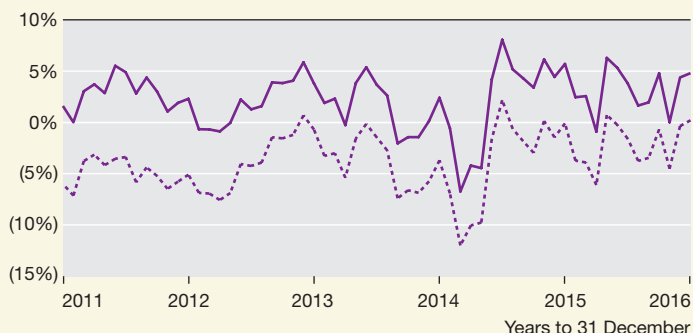


Source: Thomson Reuters Datastream/Baillie Gifford.

■ SAINTS dividend (pence)

Premium/(discount) to Net Asset Value

(plotted on a monthly basis)



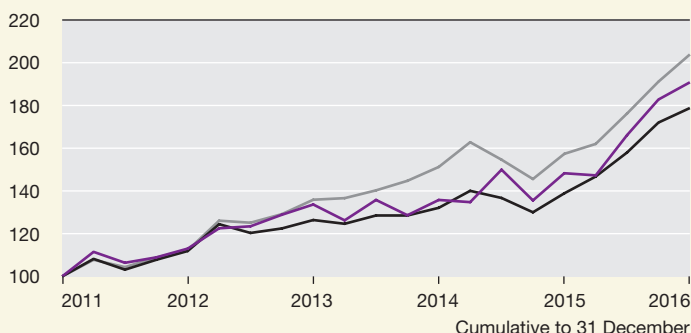
Source: Thomson Reuters Datastream/Baillie Gifford.

— 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 2011)



Source: Thomson Reuters Datastream/Baillie Gifford.

— Share price total return
— Benchmark* total return
— NAV total return (fair value)

* With effect from 1 January 2014, the portfolio benchmark against which performance has been measured is FTSE All-World Index (in sterling terms). For the earlier years covered by the graphs above, 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 graphs above, the returns on both benchmarks for their respective periods have been linked to form a single benchmark.

See Glossary of Terms on page 61.

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.

The Company is an Alternative Investment Fund (AIF) 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 11 to 13 and a detailed analysis of the Company's investment portfolio held at the year end is set out on pages 14 to 20.

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 235,000 ordinary shares at a premium to net asset value (2015 – 485,000). 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.

The one, five and ten year records of the KPIs are shown on pages 4, 5 and 21.

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

Principal Risks

As explained on pages 27 and 28, there is an ongoing process for identifying, evaluating and managing the risks faced by the Company. The Directors have carried out a robust assessment of the principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity. The principal risks associated with the Company are as follows:

Investment Strategy Risk – pursuing an investment strategy to fulfil the Company's objective which the market perceives to be unattractive or inappropriate, or an 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.

Financial Risk – the Company's assets consist mainly of listed securities and its principal 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 17 to the Financial Statements on pages 47 to 51. 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.

Regulatory Risk – failure to comply with applicable legal and regulatory requirements such as the tax rules for investment companies, the UKLA 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 cyber hacking. 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 Internal Audit Department and a summary of the key points is reported to the Audit Committee and any concerns investigated. In addition, the existence of assets is subject to annual external audit by KPMG.

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 or major disaster. 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.

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. To manage this risk, 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 extent 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. The majority of the Company's investments are in quoted securities that are readily realisable. Further information on leverage can be found in Note 18 on page 52 and the Glossary of Terms on page 61.

Political Risk – political developments will be closely monitored and considered by the Board and the Managers. The Board has noted the results of the UK referendum on continuing membership of the European Union. Whilst there is considerable uncertainty at present, the Board will continue to monitor developments as they occur and assess the potential consequences for the Company's future activities.

Viability Statement

In accordance with provision C2.2 of the UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a minimum period of five years. The Directors continue to believe this 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 risks facing SAINTS nor to the controls in place to effectively mitigate those risks. Moreover, the Directors do not reasonably envisage any change in strategy or any events which would prevent the Company from operating over a minimum period of five years.

In considering the viability of the Company, the Directors have conducted a robust assessment of each of the principal 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

leverage comprising a fixed term Debenture which has a nominal value of £80m and is redeemable at par in 2022, its 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. 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.

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 as a minimum.

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, these requirements do not apply to the Company.

Gender Representation

The Board comprises five Directors, four male and one female. The Company has no employees. The Board's policy on diversity is set out on page 26.

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 28.

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 11 to 13.

Investment Approach

SAINTS aims to provide its shareholders with a greater yield than that of global equity markets, and a dependable dividend income stream that grows faster than inflation over time. In order to achieve this the Company's strategy is to allocate the majority of its assets to a portfolio of carefully selected global equities in order to access the inflation-beating capital and income growth potential that equities offer over the long term. We believe that this approach will support resilient and growing dividends to SAINTS' shareholders over the long term alongside attractive capital growth.

We recognise that many of SAINTS' shareholders rely on the income that they derive from their investment in the Company. Therefore when investing SAINTS' capital we deliberately construct a portfolio which is very different from conventional equity market indices, the income of which can be unreliable because of undue dependence on dividends from a small number of companies in cyclical and capital-intensive industries. We scour global equity markets looking for exceptional companies that have the potential to deliver persistently both robust cash flow growth and dependable dividends irrespective of the prevailing economic climate. Our investment time horizon is deliberately long term, and we expect our patient ownership of such companies to generate superior returns over time alongside a growing and dependable income stream. We construct a portfolio of these stocks in a considered manner, ensuring appropriate diversification of both income and capital, as well as a balance of growth potential and income generation.

In order to identify such businesses our analytical process focuses on the dependability and growth potential of companies' cash flow available for dividends, after growth and maintenance capital expenditure needs are met. We recognise that the nature of the opportunities for cash flow growth vary, and to illustrate this we cluster SAINTS' equity investments accordingly into four main categories:

- **Compounding Machines:** strong companies with enduring competitive positions in attractive markets that we expect to generate consistent, above-average cash flow and dividend growth.
- **Exceptional Revenue Opportunity:** leading companies in rapidly-growing markets that we expect to generate exceptional growth in earnings and cash flow.
- **Profitability Transformation:** companies whose management teams have identified a clear path to realising the full margin potential of their business and that we expect to generate exceptional cash flow and dividend growth.
- **Capital Decisions:** companies that we expect to experience a structural increase in cash flow available for dividends, for example as a result of falling capital expenditure requirements.

Figure 1 on page 10 presents an illustration of the portfolio as at 31 December 2016 using this categorisation. Each block represents an individual holding, and the height of each block indicates the size of the holding. The colour of each block shows the category of cash flow growth to which we assign the company, and the column in which a block appears indicates the stock's dividend yield.

As Figure 1 shows, the portfolio's largest category exposure is to Compounding Machines. While we set no specific limits for exposure in any one category, we expect Compounding Machines to be the largest category of equity investment since they are stocks which directly serve SAINTS' objective of

consistent and dependable long-term dividend growth. We see significant attraction across all categories however, particularly in a diversified global portfolio, and the chart shows how these are distributed across the portfolio. We intend to present this portfolio representation in future Annual Reports as we believe it is informative as to how your investment in SAINTS is managed.

Borrowed Funds

As an investment company SAINTS benefits from the ability to use borrowings to enhance the Company's ability to meet its investment objectives. SAINTS has long-term borrowings in the form of a debenture. The borrowed money is invested opportunistically with the intention of beating the cost of these borrowings and, in addition to equities, other asset classes including property and fixed income instruments are considered. All asset allocation decisions aim to strike the right balance of total return potential, and of income contribution, dependability and growth at the whole portfolio level.

A directly-held portfolio of UK commercial property, managed by OLIM, has been a favoured investment for the borrowed funds for many years, albeit that the allocation to this property portfolio has varied over time. Properties are selected for the portfolio on the basis of their growth, income and dependability characteristics.

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 therefore made only when the total return potential and the absolute level of income is significant.

Summary

Objective: To deliver real dividend growth by increasing capital and growing income.

- The objective 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;
 - If ultimately required, SAINTS' has the ability to pay dividends from capital profits.
- Outcome: an investment for the long term with significant growth potential, and a strong and dependable income stream.

Drivers of Free Cash Flow Growth

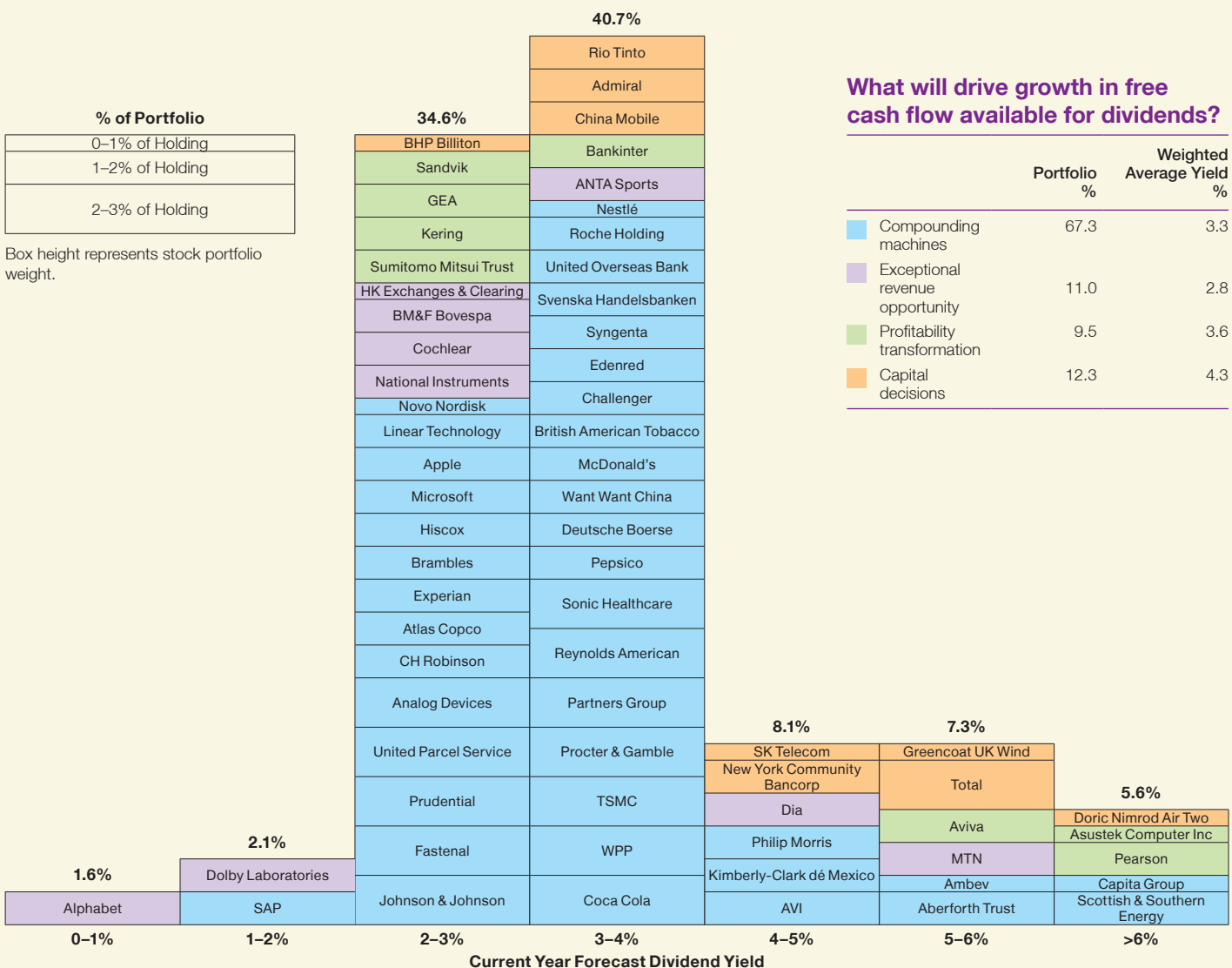
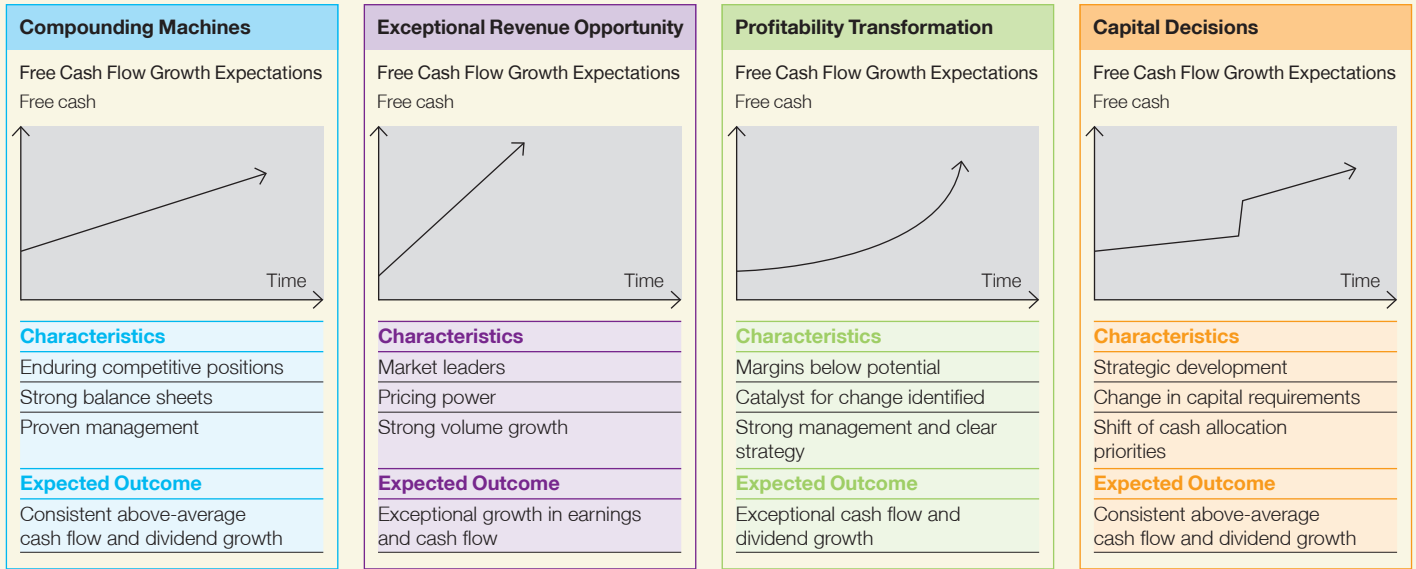


Figure 1: Graphical representation of SAINTS equity portfolio holdings as at 31 December 2016, ordered by dividend yield and colour coded by the categorisation of what will drive growth in free cash flow available for dividends.

Source: IBES, Bloomberg, Baillie Gifford. Holding sizes and forecast yields are as at 31 December 2016. 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.

Managers' Review

Performance Overview

After a weak start in January equity markets made solid progress over the course of 2016 as the outlook for corporate earnings stabilised, signs of inflation and US growth emerged, and asset prices continued to be supported by monetary policies in many economies. Equity market progress was achieved despite very significant political surprises with the UK's vote to leave the European Union in June and November's election of Donald Trump to be the President of the United States. Strength has been broad-based and, for a UK-based investor, the uptrend has been far stronger than local currency returns would suggest, with general US dollar strength combining with Brexit-related sterling weakness to enhance sterling investment returns.

In the first half of the year quality, dependability and predictability continued to be valued by the market, while in the second half of the year this cautious tone was generally replaced with a rotation into more cyclical, value-oriented stocks as risk appetites returned in advance of the Federal Reserve Board's long-anticipated December rate rise; this trend was amplified following Donald Trump's success in the US election which has raised hopes for strong fiscal stimulus policies in the US.

The 2016 investment result for SAINTS was accordingly strong, with NAV per share rising by 24.9% to 309.2p from 247.5p on the fair value measure. The NAV total return which includes both capital movements and income receipts was 29.8%, while the share price total return was 28.7%¹. Total income for the year was £18.6m leading to earnings per share of 10.46p, which compare to £18.6m and 10.47p, respectively, for 2015.

The Company was fully invested throughout the year with the major part of the portfolio being invested in shares of companies listed on world stock markets. Dividend progression amongst SAINTS' equity holdings was positive, with median ordinary dividend growth of 5%; indeed, several portfolio companies including Partners Group, Hong Kong Exchanges, Bankinter, TSMC, Admiral and Cochlear raised their annual dividends by over 20% in 2016. Despite this dividend growth profile, the revenue contribution from equities of £13.5m in 2016 was effectively unchanged versus 2015 as ordinary dividend growth was offset by a lower contribution from special dividends. Rental income in 2016 was also flat at £4.0m as the income from a new purchase along with rent increases across the portfolio served to offset the loss of income from some higher-yielding properties which were sold towards the end of 2015. The revenue contribution from bonds rose modestly to £1.0m primarily as a result of currency movements.

All asset classes contributed positively to the strong investment result recorded for the year with total returns of 26.7% for the equity portfolio, 48.2% for the fixed interest portfolio and 9.3% for the directly-held property portfolio². While the depreciation of sterling following the UK's European Union Referendum was positive in absolute terms for the Company's overseas shareholdings and dividend income, SAINTS' greater emphasis on sterling assets created a significant headwind to relative performance when compared with SAINTS' FTSE All-World comparative index.

At the individual asset level the top contributors to the portfolio's performance were predominantly in the equity portfolio. For example, their market-leading positions and strong customer demand led TSMC, the semiconductor manufacturing company, and Partners Group, the private markets investment manager, to report strong operational and financial results which in turn drove very strong share price performance. The portfolio also benefitted from corporate activity with the announced acquisitions of Linear Technology by Analog Devices, of Reynolds American by British American Tobacco and of Syngenta by ChemChina (all of which, with the exception of ChemChina, were held in SAINTS). Outside of the equity portfolio economic and political optimism in Brazil caused the Brazilian inflation-linked government bond holding to recover strongly in both local currency and sterling terms placing it amongst the top contributors to performance. The largest detractors from performance were concentrated in the UK equity market, and were typically more domestically-oriented companies such as Provident Financial and Capita, the prospects of which were perceived to be less attractive in the wake of the vote to leave the European Union. Capita also reported company-specific challenges later in 2016 which also impacted share price performance negatively.

Whilst being largely driven by the performance of the Company's assets, SAINTS' fair value NAV is also affected by any changes in the market value of its debenture borrowings. In 2016 this fell as UK interest rate expectations continued to rise, leading to a positive impact of 1.6% on the Company's NAV.

Equity Portfolio

Over the year an average of 82.3% of the Company's assets was invested in equities. Expressed as a percentage of shareholders' funds the figure was 100.3%. In the 2014 and 2015 Annual Reports we discussed the evolution of the equity portfolio into a form that is designed to support more directly SAINTS' intention to deliver dependable real dividend growth over time. Our specific actions were to increase the portfolio's exposure to stocks which offer the powerful combination of a dependable income stream, an attractive yield and solid growth prospects (Compounding Machines) while de-emphasising high-yielding but lower growth or higher risk stocks (Capital Decisions and Profitability Transformation), and placing greater demands, in terms of growth and capital return potential, on stocks which offer a lower income stream to the portfolio (Exceptional Revenue Opportunity). The period of transition is now complete and, as a result, turnover of the equity portfolio fell to 16.8% in 2016, which reflects our investment time horizon of at least five years.

While there has been little change to the overall allocations to the four stock categories in 2016, there have been some changes to the holdings within the categories. For example, in Compounding Machines (67%) we added names such as Ambev, the dominant South American brewer, which boasts strong cash generation and in which we see significant opportunities for volume, revenue and margin growth alongside an attractive yield. Challenger, the leading provider of annuity investment products to the Australian post-retirement savings market, was also added to the portfolio. The company has an attractive dividend yield and several structural

¹ For comparison the total return for the FTSE All World Index in 2016 was 29.6%.

² This includes a return of 5.6% in the second half of the year, despite the post-Referendum pressures on many areas of the property market.

drivers that should drive growth in its business over many years: increases in superannuation savings, a growing retiree population, and the rising emphasis on annuities as a retirement portfolio building block. We also purchased shares in Novo Nordisk, the world's leading diabetes care company, whilst we sold the shares of financial companies where we felt that the risk profile around sustained dividend growth had increased, such as Provident Financial following the vote to leave the European Union, and the Bank of China Hong Kong which is vulnerable to continued slowing growth and deleveraging in China.

Exceptional Revenue Opportunities represented 11% of the equity portfolio at the end of 2016. Within this category we added National Instruments, the maker of high-end equipment and software for complex electronic testing. The company has established itself as the leading provider of testing equipment to engineers and scientists and we see a range of drivers of future growth for the company, in particular its increasing presence in new markets such as semiconductor, 5G radio frequency testing, and industrial embedded solutions. Despite these exciting growth opportunities free cash flow generation is strong and dividends are the priority for excess cash, leading the stock to offer a yield above that of global indices. Within this category we sold Zillow, the US real estate web business, as it has become increasingly clear that it will be investing its cash flows heavily into the business over the next few years and therefore will not contribute to the portfolio's income within a reasonable time frame.

The Profitability Transformation category stood at 10% of the equity portfolio at year end. Over the course of the year we said farewell to a number of longer-term holdings within this category where we felt that the potential for fundamental improvement had run its course, particularly where the business has an element of economic sensitivity, such as Harley Davidson (motorcycles), Konecranes (industrial lifting equipment) and Hays (recruitment services). In this category we took new holdings in Kering, the owner of a number of upper-tier clothing and accessories brands, and Pearson, the education business. Initial experiences with these two stocks have been markedly different. While Kering has experienced a rerating on rapidly growing earnings as the expected turnaround of the Gucci and Puma brands appears to be firmly underway, Pearson has been weak as the hoped-for progress in the digital content business has been undermined by a collapse in North American text book sales and has provoked the company to further examine its portfolio of businesses. Within Capital Decisions there were no significant changes and this category represented 12% of the equity portfolio at the end of December 2016.

Direct Property Portfolio

The direct property investments are managed by OLIM Property Limited, a specialist property manager. At the end of 2016 the portfolio consisted of 22 commercial properties in a variety of locations across the United Kingdom. The 2016 total return was 9.3%. The capital value of the property portfolio stood at £61m at the year end, representing 11.8% of the total investment portfolio.

Transactions in the property portfolio over recent years have lent increasing support to SAINTS' investment objective, typically providing a strong stream of growing, dependable, and often inflation-linked rental income and significant capital appreciation

potential. SAINTS' property portfolio enters 2017 with a supportive yield of 6.8%, income dependability reinforced by a weighted average unexpired lease length of 19 years, and attractive income growth potential with 61% of rental income RPI-linked and a further 7% on fixed increases.

One property was purchased during the year and none were sold. The new property is a petrol station and convenience store, let to Co-operative Foodstores Limited, located in Crawley, the largest town in West Sussex, near Gatwick airport. The property offers an attractive net initial yield of 5.9% with 2% fixed rental increases annually until 2027. Such properties are typical of SAINTS direct property investments – while the headline may appear unexciting, the financial characteristics are extremely appealing and consistent with SAINTS' aims. The purchase of an additional property – a datacentre – was agreed in late December 2016 with the transaction completing in early January 2017. The cost was £15m and funded through the sale of equities in the portfolio.

Bond Portfolio

The allocation to fixed income remained small at 5.0% of total assets. We added the Alibaba Mandatory Exchange Trust to the portfolio – in effect a bond yielding 5.75% which in 2019 converts into the US-listed ADRs of Alibaba, the Chinese internet company. We saw this instrument as an opportunity to gain exposure to the exciting stock appreciation potential of Alibaba whilst simultaneously generating an attractive income stream. A small position in Enquest paper was sold.

Outlook

Asset prices have continued to be propped up by monetary policies globally, yet global GDP growth remains sluggish and inflation relatively benign. Our outlook therefore is optimistic for the companies within the portfolio, tempered with concerns about the path of the world economy. We are entering uncharted waters. There is now a populist President in the US who is talking openly about raising trade barriers, and who more broadly appears keen to roll back the trend towards globalisation which has benefited world economic growth over many years. The UK, meanwhile, is about to undergo a profound change in its relationship with Europe, its largest trading partner.

Against this backdrop central banks and governments around the world must walk a tightrope of promoting steady acceleration in growth and inflation while attempting to return monetary policy to some semblance of normality. Such uncertainties are likely to lead central banks to err towards caution, particularly given the limited firepower available should tightening be pursued too aggressively. Therefore, in the absence of any inflationary shocks, rate rises are likely to be steady and well-signalled. Nonetheless recent developments have prompted a market rotation from defensive stocks into more economically-sensitive areas of the market. It remains to be seen if economic growth and resultant corporate earnings will be sufficiently strong over the coming months and years to maintain this optimistic market mood.

In the face of such uncertainty we believe that now, as much as ever, it is important for us to focus on investing the assets of your Company in well-managed businesses with strong balance sheets; that are likely to generate robust and growing cash flows; and which are committed to paying dividends back to their

shareholders. While SAINTS' dividend was marginally uncovered in 2015 and 2016 we believe that over the course of a transitional period since the global financial crisis we have made the right investment decisions to ensure that the structure of SAINTS' revenue account will lead the Company to meet its objective to deliver real dividend growth by increasing capital and growing income into the future. Today more than 70% of SAINTS' revenues derive from the growth engine of the equity portfolio and its dependable dividend income stream, with the majority of the remainder benefiting from the steady and dependable rental income growth of the bespoke property portfolio. It is this structure and our unrelenting focus on generating a dependable and growing stream of income from SAINTS' investment portfolio that we believe will stand shareholders in very good stead through these uncertain times and beyond.

Dominic Neary
James Dow
Toby Ross
Baillie Gifford & Co
15 February 2017

Performance Attribution for the year to 31 December 2016

Portfolio breakdown	Average allocation SAINTS %	Average allocation benchmark %	Total return# SAINTS %	Total return benchmark %
Global Equities	100.3	100.0	26.7	29.6
Bonds	5.3		48.2	
Direct Property	15.1		9.3	
Deposits	1.1		–	
Debenture at book value	(21.8)		6.8	
Portfolio Total Return (debenture at book value)			29.1	29.6
Other items*			(0.9)	
Fund Total Return (debenture at book value)			28.2	29.6
Adjustment for change in fair value of debenture			1.6	
Fund Total Return (debenture at fair value)			29.8	29.6

Past performance is not a guide to future performance.

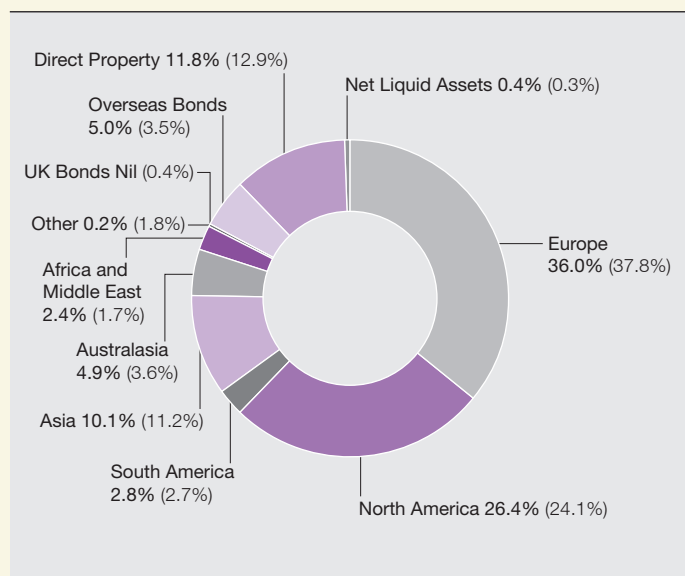
Source: Baillie Gifford.

The above returns are calculated on a total return basis with net income reinvested.

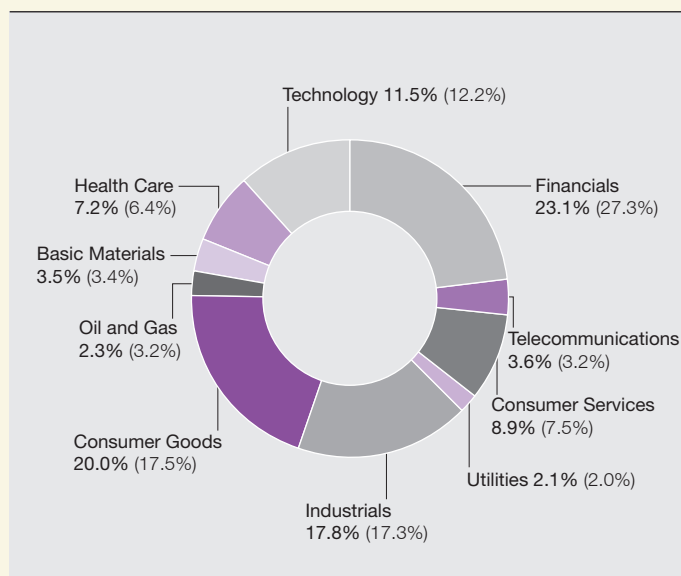
* Includes Baillie Gifford and OLIM management fees.

Distribution of Portfolio

Geographical as at 31 December 2016 (2015)



Equities by Sector as at 31 December 2016 (2015)



Thirty Largest Equity Holdings

Name	Business	2016 Value £'000	2016 % of total assets	2015 Value £'000
Coca Cola	Beverage manufacturer	12,582	2.4	8,761
WPP	Advertising agency	10,951	2.1	9,914
Johnson and Johnson	Pharmaceuticals and healthcare products	10,414	2.0	5,919
Taiwan Semiconductor Manufacturing	Semiconductor manufacturer	10,307	2.0	7,806
Fastenal	Distribution and sales of industrial supplies	9,842	1.9	6,614
Procter & Gamble	Household product manufacturer	9,711	1.9	6,483
Total	Integrated oil company	9,616	1.9	6,521
Partners Group	Asset management	9,539	1.8	6,680
Reynolds American	Cigarette manufacturer	9,151	1.8	6,817
Prudential	Life insurer	8,990	1.7	3,748
United Parcel Service	Courier services	8,864	1.7	5,755
Scottish & Southern Energy	Electricity utility	8,633	1.7	5,274
Sonic Healthcare	Laboratory testing	8,557	1.7	5,693
Analog Devices	Integrated circuits	8,463	1.6	6,945
Anta Sports Products	Sportswear manufacturer and retailer	8,021	1.6	5,513
Pepsico	Snack and beverage manufacturer	7,861	1.5	6,774
AVI	Staple foods manufacturer	7,856	1.5	5,148
Deutsche Boerse	Securities exchange owner/operator	7,845	1.5	8,218
New York Community Bankcorp	Banking	7,461	1.4	5,822
China Mobile	Mobile telecommunication services	7,297	1.4	5,382
CH Robinson	Delivery and logistics	7,281	1.4	4,175
Atlas Copco	Engineering	7,232	1.4	4,453
Experian	Credit scoring and marketing services	7,034	1.4	4,888
Want Want	Snacks and milk-based products	6,974	1.4	5,566
Alphabet Class A and C	Online search engine	6,877	1.3	5,469
Kimberly-Clark de México	Paper-based household products	6,624	1.3	7,288
McDonald's	Fast food restaurants	6,516	1.3	6,742
Sumitomo Mitsui Trust Holdings	Trust bank and investment manager	6,499	1.3	3,939
Microsoft	Computer software	6,488	1.3	6,185
Admiral	Car insurance	6,478	1.3	6,591
		249,964	48.5	185,083

Investment Changes

	Valuation at 31 December 2015 £'000	Net acquisitions/ (disposals) £'000	Appreciation/ (depreciation) £'000	Valuation at 31 December 2016 £'000
United Kingdom Equities	95,038	(1,899)	231	93,370
Overseas Equities	264,176	(10,326)	79,580	333,430
Total Equities	359,214	(12,225)	79,811	426,800
Direct Property	56,000	3,735	1,265	61,000
Bonds	16,654	1,345	7,755	25,754
Total Investments	431,868	(7,145)	88,831	513,554
Net Liquid Assets	1,341	320	407	2,068
Total Assets	433,209	(6,825)	89,238	515,622

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

Classification of Investments

Classification	UK %	Overseas %	2016 Total %	2015 Total %
Equities:				
Oil and gas producers	–	1.9	1.9	2.4
Oil equipment, services and distribution	–	–	–	0.3
Oil and Gas	–	1.9	1.9	2.7
Chemicals	–	1.0	1.0	0.9
Mining	1.9	–	1.9	1.8
Basic Materials	1.9	1.0	2.9	2.7
Electronic and electrical equipment	–	1.1	1.1	–
General Industrials	–	1.3	1.3	2.5
Industrial engineering	–	3.4	3.4	2.4
Industrial transportation	0.8	3.1	3.9	2.3
Support services	2.1	2.9	5.0	7.2
Industrials	2.9	11.8	14.7	14.4
Automobiles and parts	–	–	–	0.7
Food producers	–	8.4	8.4	7.0
Household goods and home construction	–	1.9	1.9	1.5
Personal goods	–	2.8	2.8	3.0
Tobacco	1.0	2.5	3.5	3.7
Consumer Goods	1.0	15.6	16.6	15.9
Health care equipment and services	–	2.6	2.6	2.5
Pharmaceuticals and biotechnology	–	3.4	3.4	2.8
Health Care	–	6.0	6.0	5.3
Food and drug retailers	–	2.2	2.2	1.6
General retailers	–	1.1	1.1	1.0
Media	3.2	0.9	4.1	2.3
Consumer Services	3.2	4.2	7.4	4.9
Mobile telecommunications	–	3.0	3.0	2.7
Telecommunications	–	3.0	3.0	2.7
Electricity	1.7	–	1.7	1.7
Utilities	1.7	–	1.7	1.7
Banks	–	5.7	5.7	5.7
Non-life insurance	2.5	–	2.5	3.7
Life insurance	2.6	1.0	3.6	2.2
Real estate	–	–	–	1.9
Financial services	–	4.8	4.8	5.9
Equity investment instruments	2.3	–	2.3	2.8
Real estate investment and services	–	0.2	0.2	0.3
Financials	7.4	11.7	19.1	22.5
Software and computer services	–	3.4	3.4	6.0
Technology hardware and equipment	–	6.1	6.1	4.1
Technology	–	9.5	9.5	10.1
Total Equities	18.1	64.7	82.8	
Total Equities – 2015	21.9	61.0		82.9
Direct Property	11.8	–	11.8	12.9
Bonds	–	5.0	5.0	3.9
Net Liquid Assets	2.2	(1.8)	0.4	0.3
Total Assets	32.1	67.9	100.0	
Total Assets – 2015	37.3	62.7		100.0
Debenture	(16.3)	–	(16.3)	(19.6)
Equity Shareholders' Funds	15.8	67.9	83.7	
Equity Shareholders' Funds – 2015	17.7	62.7		80.4
Number of equity investments	17	54	71	76

List of Investments at 31 December 2016

Classification	Name	Fair value £'000	% of total assets
United Kingdom Equities			
Mining	BHP Billiton	3,932	
	Rio Tinto	6,031	
		9,963	1.9
Industrial transportation	Doric Nimrod Air Two	3,996	0.8
Support services	Capita	3,951	
	Experian	7,034	
		10,985	2.1
Tobacco	British American Tobacco	5,276	1.0
Media	Pearson	5,630	
	WPP	10,951	
		16,581	3.2
Electricity	Scottish & Southern Energy	8,633	1.7
Nonlife insurance	Admiral	6,478	
	Hiscox	6,450	
		12,928	2.5
Life insurance	Aviva	4,427	
	Prudential	8,990	
		13,417	2.6
Equity investment instruments	Aberforth Geared Income Trust	5,367	
	Greencoat UK Wind	3,347	
	Level E Maya Fund*	1,919	
	Terra Catalyst Fund	958	
		11,591	2.3
Total United Kingdom Equities		93,370	18.1

* Unquoted.

Classification	Name	Fair value £'000	% of total assets
Overseas Equities			
Oil and gas producers	Total	9,616	1.9
Chemicals	Syngenta	5,128	1.0
General industrials	Brambles	6,478	1.3
Electronic and electrical equipment	National Instruments	5,498	1.1
Industrial engineering	Atlas Copco	7,232	
	GEA Group	5,299	
	Sandvik	4,843	
		17,374	3.4
Industrial transportation	CH Robinson WWD	7,281	
	United Parcel Service	8,864	
		16,145	3.1
Support services	Edenred	5,137	
	Fastenal	9,842	
		14,979	2.9
Food producers	AVI	7,856	
	Nestlé	4,131	
	Want Want	6,974	
		18,961	3.7
Personal goods	Anta Sports Products	8,021	
	Kimberly-Clark de México	6,624	
		14,645	2.8
Tobacco	Phillip Morris	3,761	
	Reynolds American	9,151	
		12,912	2.5
Health care equipment and services	Cochlear	4,954	
	Sonic Healthcare	8,557	
		13,511	2.6
Pharmaceuticals and biotechnology	Johnson and Johnson	10,414	
	Novo Nordisk	3,063	
	Roche Holdings	4,372	
		17,849	3.4
Food and drug retailers	Dia	4,669	
	McDonald's	6,516	
		11,185	2.2
General retailers	Kering	5,864	1.1
Media	Dolby Laboratories	4,470	0.9
Mobile telecommunications	China Mobile	7,297	
	MTN Group	4,321	
	SK Telecom	3,821	
		15,439	3.0
Banks	Bankinter	6,092	
	New York Community Bankcorp	7,461	
	Sumitomo Mitsui Trust Holdings	6,499	
	Svenska Handelsbanken	4,770	
	United Overseas Bank	4,607	
		29,429	5.7

Classification	Name	Fair value £'000	% of total assets
Overseas Equities			
Life insurance	Challenger	5,125	1.0
Financial services	BM&F Bovespa	4,231	
	Deutsche Boerse	7,845	
	Hong Kong Exchanges and Clearing	3,333	
	Partners Group	9,539	
		24,948	4.8
Software and computer services	Alphabet Class A and C	6,877	
	Microsoft	6,488	
	SAP	4,325	
	17,690	3.4	
Technology hardware and equipment	Analog Devices	8,463	
	Apple	5,913	
	Asustek Computer	1,430	
	Linear Technology	5,286	
	Taiwan Semiconductor Manufacturing	10,307	
	31,399	6.1	
Household goods and home construction	Procter & Gamble	9,711	1.9
	Beverages		
	Ambev	3,786	
	Coca Cola	12,582	
	Pepsico	7,861	
	24,229	4.7	
Real estate investment and services	Cambium Global Timberland	844	
	D Carnegie	1	
	845	0.2	
Total Overseas Equities		333,430	64.7
Total Equities		426,800	82.8
Direct Property			
Direct Property	See table on page 20.	61,000	11.8
Bonds			
US dollar denominated	Alibaba Convertible 5.75% 2019	7,622	
	Athena Debt Opportunities Fund	10,564	
	18,186	3.5	
Brazilian real denominated	Brazil CPI Linked 15/05/2045	7,568	1.5
Total Bonds		25,754	5.0
Total Investments		513,554	99.6
Net Liquid Assets		2,068	0.4
Total Assets (before deduction of debenture)		515,622	100.0

Property Portfolio

Location	Type	Tenant	2016 Value £'000	2016 % of total assets	2015 Value £'000
Basingstoke	Warehouse	G4S Cash Solutions (UK) Ltd	3,300	0.6	3,100
Beccles	Restaurant	Prezzo Limited	1,300	0.3	1,200
Biggleswade	Warehouse	Quest Automotive Products UK Limited	4,400	0.9	4,300
Bishops Stortford	Restaurant	Prezzo Limited	1,500	0.3	1,400
Blandford Forum	Restaurant	Prezzo Limited	1,100	0.2	1,000
Cleethorpes	Public House	Barley Pub Company Limited	750	0.1	750
Crawley*	Petrol Station and Convenience Store	Co-operative Food Stores Limited	3,600	0.7	–
Dundee	Public House	J D Wetherspoon Plc	1,250	0.2	1,250
Earley	Public House	Spirit Pub Company (Managed) Limited	3,000	0.6	2,900
Inverness	Warehouse	Brake Brothers Limited	2,750	0.5	2,750
Kenilworth	Nursing Home	Care UK Community Partnerships Limited	6,800	1.3	6,900
Leicester	Car Showroom	Sytner Properties Limited	3,450	0.7	3,750
Luton	Public House	Slug and Lettuce Company Limited	2,500	0.5	2,450
New Romney	Holiday Village	Park Resorts Ltd	10,000	1.9	9,500
Newport Pagnell	Car Showroom	Reg Vardy (Property) Management Limited	4,150	0.8	4,150
Oxford	Public House	Spirit Pub Company (Managed) Limited	2,100	0.4	1,950
Portsmouth	Public House	J D Wetherspoon Plc	2,500	0.5	2,400
Prestatyn	Public House	Stonegate Pub Company Limited	1,450	0.3	1,400
Redditch	Warehouse	Weston Body Hardware Ltd	1,500	0.3	1,500
Sale	Public House	Slug and Lettuce Company Limited	650	0.1	650
Torquay	Public House	Mitchells & Butler Retail Limited	1,350	0.3	1,350
Winchester	Public House	Fuller Smith & Turner Plc	1,600	0.3	1,350
			61,000	11.8	56,000

* Property purchased during the year.

There were no properties sold during the year.

The Strategic Report, which includes pages 2 to 21, was approved by the Board on 15 February 2017.

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 † %	Equity gearing # %	Potential gearing ‡ %
2006	15,326	10,002	7.55	7.40	0.78	5	24
2007	17,751	11,345	8.56	8.25	0.80	5	24
2008	20,901	13,905	10.50	8.80	0.84	0	44
2009	17,194	11,989	9.05	9.05	1.02	(3)	32
2010	16,379	11,271	8.51	9.25	0.90	(4)	26
2011	17,316	12,346	9.32	9.45	0.89	(1)	30
2012	18,556	13,564	10.22	9.80	0.94	(2)	27
2013	18,421	13,541	10.21	10.20	0.90	4	25
2014	18,782	13,940	10.51	10.50	0.90	1	25
2015	18,626	13,913	10.47	10.70	0.93	2	24
2016	18,630	13,939	10.46	10.825	0.87	0	19

* 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.

† Calculated as total operating costs divided by average net asset value (with debt at fair value) in accordance with AIC guidelines.

Total assets (including all debt used for investment purposes) less cash, bonds (ex convertibles) and property divided by shareholders' funds.

‡ Total assets (including all debt used for investment purposes) divided by shareholders' funds.

Gearing Ratios

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) %
2006	462,673	89,079	373,594	282.0	272.6	241.3	(14.4)	(11.5)
2007	460,094	88,708	371,386	280.3	272.7	240.0	(14.4)	(12.0)
2008	289,087	88,312	200,775	151.5	145.3	130.5	(13.9)	(10.2)
2009	365,067	87,892	277,175	209.2	206.0	181.0	(13.5)	(12.1)
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

¶ Net asset value per ordinary share has been calculated after deducting the debenture at either book value or fair value. See Glossary of Terms on page 59.

§ Premium/(discount) 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 on page 59.

Cumulative Performance (taking 2006 as 100)

At 31 December	Net asset value per share	Net asset value total return	Share price	Share price total return	Benchmark	Benchmark total return	Earnings per ordinary share	Dividends per ordinary share (net)	Consumer price index
2006	100	100	100	100	100	100	100	100	100
2007	99	102	99	103	101	107	113	111	102
2008	54	57	54	59	103	79	139	119	105
2009	74	84	75	86	86	99	120	122	108
2010	89	104	102	123	97	114	113	125	112
2011	79	96	86	108	110	109	123	128	118
2012	84	108	93	123	115	122	135	132	120
2013	92	122	106	145	114	147	135	138	123
2014	92	127	103	147	124	164	139	142	123
2015	93	134	108	161	126	171	139	145	123
2016	115	172	134	207	158	221	139	146	125

Compound annual returns

5 year	7.9%	12.4%	9.2%	13.9%	7.5%	15.3%	2.5%	2.7%	1.2%
10 year	1.4%	5.6%	3.0%	7.6%	4.7%	8.3%	3.4%	3.9%	2.3%

On 1 January 2004 the Company changed its benchmark from 65% FTSE All-Share Index and 35% FTSE World Ex UK Index to 70% FTSE All-Share Index and 30% FTSE World Ex UK Index and with effect from 1 January 2009, the Company's benchmark became 50% FTSE All-Share Index and 50% FTSE All-World ex UK Index. With effect from 1 January 2014, the Company's benchmark became 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.

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 on 4 April 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 Asian Investment Trust plc, First Property plc and Gresham House plc. He is 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 Asian Investment Trust plc.

Eric Hagman, CBE, CA

Mr Hagman joined the Board in 2005 and became Chairman of the Audit Committee in 2009. 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.

Lord Kerr of Kinlochard, GCMG

Lord Kerr joined the Board in 2002 and was appointed Senior Independent Director in 2012. He was Ambassador to the US and the EU, and Foreign Office Permanent Under-Secretary. He is currently deputy chairman of Scottish Power, and chairman of the Centre for European Reform. He was formerly deputy chairman of Royal Dutch Shell plc, a director of Rio Tinto plc, chairman of Imperial College London and a trustee of the National Gallery.

Lord Macpherson of Earl's Court, GCB

Lord Macpherson joined the Board on 15 September 2016. 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 and Audit Committees.



From left to right: Bronwyn Curtis, Lord Macpherson of Earl's Court, Peter Moon, Lord Kerr of Kinlochard, Eric Hagman.

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. 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 seven 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 £155 billion. Based in Edinburgh, it is one of the leading privately owned investment management firms in the UK, with 41 partners and a staff of around 900.

The manager of SAINTS is Dominic Neary and the deputy managers are James Dow and Toby Ross. Dominic is Head of the Global Income Growth Team and is responsible for SAINTS' equity investments. He works 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 2016.

Corporate Governance

The Corporate Governance Report is set out on pages 26 to 28 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. 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 sooner. The annual management fee is 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;
- 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 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 AIFMD, BNY Mellon Trust & Depositary (UK) Limited has been appointed as Depositary to the Company.

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 has delegated the custody function to The Bank of New York Mellon SA/NV.

Directors

Information about the Directors, including their relevant experience, can be found on page 22.

Lord Macpherson of Earl's Court, having been appointed on 15 September 2016, is required to seek election by shareholders at the Annual General Meeting. The Directors believe his considerable experience and knowledge enhances the Board and recommend his election to shareholders.

All other Directors will retire at the Annual General Meeting and offer themselves for re-election. Following formal performance evaluation, the Chairman confirms the Directors' performance continues to be effective and each remains committed to the Company.

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 2016 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 2.725p per ordinary share which, together with the interim dividends already paid, makes a total of 10.825p for the year. If approved, the recommended final dividend on the ordinary shares will be paid on 12 April 2017 to shareholders on the register at the close of business on 10 March 2017. The ex-dividend date is 9 March 2017. The Company's Registrar offers a Dividend Reinvestment Plan (see page 57) and the final date for the receipt of elections for reinvestment of this dividend is 22 March 2017.

Share Capital

Capital Structure

The Company's capital structure consists of 133,395,943 ordinary shares of 25p each (2015 – 133,160,943 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 59.

Major Interests in the Company's Shares

Name	No. of ordinary 25p shares held at 31 December 2016	% of issue
Brewin Dolphin Limited	6,623,973	5.0
DC Thomson & Co Ltd	4,100,000	3.1

There have been no changes to the major interests in the Company's shares disclosed between 31 December 2016 and 14 February 2017.

Annual General Meeting

Share Issuance Authority

Resolution 12 in the Notice of Annual General Meeting seeks to renew the Directors' general authority to issue shares up to an aggregate nominal amount of £11,116,328. This amount represents 33.33% 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 12 which would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

Resolution 13, 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 £3,334,898 (representing 10% of the issued ordinary share capital of the Company as at 14 February 2017). The authorities sought in Resolutions 12 and 13 will continue until the conclusion of the Annual General Meeting to be held in 2018 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 2016, the Company issued at a premium to net asset value on two separate occasions a total amount of 235,000 shares at an average price of 278.5p per share, raising proceeds of £656,000. No shares were held in treasury as at 14 February 2017.

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 last year, 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 14 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 4 April 2016 in respect of 19,960,825 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 Directors are seeking shareholders' approval at the Annual General Meeting to renew the authority to make market purchases of up to 19,996,052 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 2018. 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 on the London Stock Exchange.

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 15 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 17 to the accounts.

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 Auditors

The Directors confirm that so far as each of the Directors is aware there is no relevant audit information of which the Company's Auditor is unaware and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Independent Auditor

During the year the Company tendered its audit (see Audit Committee Report on page 29). The Auditor, KPMG LLP, is willing to continue in office and in accordance with section 489 and section 491(1) 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 post Balance Sheet events up to 14 February 2017 that require disclosure in the financial statements.

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.

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.

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.

By order of the Board
Peter Moon
15 February 2017

Corporate Governance Report

The Board is committed to achieving and demonstrating high standards of Corporate Governance. This statement outlines how the principles of the 2014 UK Corporate Governance Code (the 'Code'), which can be found at www.frc.org.uk and the 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 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. 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 five 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 Kerr of Kinlochard.

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 22.

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, Lord Kerr of Kinlochard 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. The Board concurs with the view expressed in the AIC Code that long serving Directors should not be prevented from being considered independent. Following a formal performance evaluation, the Board has concluded that, notwithstanding their length of service, Mr Moon, Lord Kerr of Kinlochard 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. With the exception of Ms Curtis, the Annual General Meeting was attended by all Directors serving at that date.

Directors' Attendance at Meetings

	Board	Audit Committee	Nomination Committee
Number of meetings	6	2	1
Peter Moon	6	2	1
Bronwyn Curtis	5	2	1
Eric Hagman	6	2	1
Lord Kerr of Kinlochard	6	2	1
Lord Macpherson of Earl's Court (appointed 15 September 2016)	2	–	–
Sir Brian Ivory (retired 4 April 2016)	2	1	–

Nomination Committee

The Nomination Committee consists of the whole 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 with due regard for the benefits of diversity including gender. The priority in appointing new Directors is to identify the candidate with the best range of skills and experience to complement existing Directors. The Board therefore does not consider it appropriate to set diversity targets or apply a diversity policy.

Following the retirement of Sir Brian Ivory during the year, the Board agreed to appoint a new Director. The Committee identified the skills and experience that would be required having due regard for the benefits of diversity on the Board. The Committee considered several candidates and Lord Macpherson of Earl's Court was identified as the preferred candidate due to his considerable knowledge and experience which will be of great benefit to the Company. He was appointed to the Board with effect from 15 September 2016.

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 and of 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 Kerr of Kinlochard. 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.

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 31 and 32.

Audit Committee

The report of the Audit Committee is set out on pages 29 and 30.

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 Controls 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 management 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' issued in September 2014, 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, BNY Mellon Trust & Depositary (UK) 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 Depositary has delegated the custody function to The Bank of New York Mellon SA/NV London Branch. The Custodian prepares a report on its key controls and safeguards which is independently reviewed by KPMG LLP.

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 note 18 on page 52), 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 remedial measures being taken.

Going Concern

In accordance with The Financial Reporting Council's guidance on going concern and liquidity risk, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Company's principal 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 17 to the Financial Statements. 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. Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal risks and other matters 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. 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.

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 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.

By order of the Board
Peter Moon
15 February 2017

Audit Committee Report

The Audit Committee consists of all independent Directors. The members of the Committee consider that they have the requisite financial skills and experience to fulfil the responsibilities of the Committee. Mr E Hagman, Chairman of the Committee, is a Chartered Accountant. 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 existence, valuation and legal title of investments and property as they represent 99.6% 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 and 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 Auditor confirmed to the Committee that the investments had been valued in accordance with the stated accounting policies and that the value of all the investments had been agreed to external price sources and the portfolio holdings agreed to confirmations from the Company's custodian.

The Auditor also confirmed that title to properties had been agreed to confirmations from the Company's solicitors and valuations to the report provided by Savills.

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

During the year the Company tendered its audit. Invitations to tender were issued to 4 audit firms, resulting in comprehensive proposals of a very high standard being submitted and 2 firms being invited to present their approach in more detail to the Audit Committee. In evaluating the firms, the primary focus was on audit quality, with specific consideration being given to audit approach and delivery with attention on the firms' approach to audit engagement team quality; insight into future developments likely to affect the Company; and independence. Following a robust and transparent review process, where the firms were subjected to scrutiny and appropriate challenge, the Board unanimously decided to reappoint KPMG LLP as Auditor.

In accordance with mandatory audit rotation requirements, the Committee intends to undertake a further tender process during the year to 31 December 2024.

Internal Controls and Risk Management

The Committee reviewed the effectiveness of the Company's risk management and internal controls systems as described on pages 27 and 28. 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:

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

Governance Report

- The extent of non-audit services provided by the external Auditor. Non-audit fees for the year to 31 December 2016 were £950 and related to the certification of financial information for the debenture trustee. The Committee does not believe that this 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;
- Responses to the ICAS Annual Audit Assessment questionnaire;
- 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 12 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. Ms Burnet, the current partner, was appointed over four years' ago and so will continue as partner only until the conclusion of the 2016 audit. Following KPMG's successful tender, a new audit director will be appointed with full audit sign off authority commencing with the 2017 audit.

KPMG 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. KPMG also acted as Auditor to the Manager up to June 2016 and Ms Burnet was the lead relationship partner. A separate audit director was responsible for the Baillie Gifford audit and KPMG had outlined the procedures that would be put in place in the unlikely event that a conflict of interest should arise.

Having carried out the review and tender process as described above, the Committee is satisfied that the Auditor remains independent and effective.

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 33 to 35.

By order of the Board
Eric Hagman
Audit Committee Chairman
15 February 2017

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 April 2014 and so an ordinary resolution for the approval of the Remuneration Policy will be put to the members at the forthcoming Annual General Meeting on 6 April 2017. No changes are proposed to the policy.

The Board reviewed the level of fees during the year and concluded that, with effect from 1 January 2017, the Chairman's fee would increase from £35,000 to £38,500 per annum, the Directors' fees would increase from £20,000 to £22,000 per annum and the additional fee for the Audit Committee Chairman would increase from £3,000 to £5,000 per annum. The fees were last increased with effect from 1 January 2013.

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. 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. At the Annual General Meeting held in 2016, shareholders approved that Directors' remuneration shall not exceed £30,000 per annum per Director with a maximum additional remuneration of £25,000 per annum for the Chairman.

The basic and additional fees payable to Directors in respect of the year ended 31 December 2016 and the fees payable in respect of the year ending 31 December 2017 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 2017 £	Fees for year ended 31 Dec 2016 £
Non-executive Director fee	22,000	20,000
Additional fee for Chairman	16,500	15,000
Additional fee for Chairman of the Audit Committee	5,000	3,000

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 34 and 35.

Directors' Remuneration for the Year (audited)

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

Name	2016 Fees £	2016 Taxable benefits* £	2016 Total £	2015 Fees £	2015 Taxable benefits* £	2015 Total £
Peter Moon (Chairman)	31,192	4,886	36,078	20,000	4,424	24,424
Bronwyn Curtis	20,000	3,936	23,936	20,000	3,707	23,707
Eric Hagman	23,000	2,483	25,483	23,000	3,193	26,193
Lord Kerr of Kinlochard	20,000	6,026	26,026	20,000	6,137	26,137
Lord Macpherson of Earl's Court (appointed 15 September 2016)	5,923	922	6,845	–	–	–
Sir Brian Ivory (retired 4 April 2016)	9,019	278	9,297	35,000	761	35,761
	109,134	18,531	127,665	118,000	18,222	136,222

* Comprises travel and subsistence expenses incurred by or on behalf of Directors in the course of travel to attend Board and Committee meetings held at the Company's registered office in Edinburgh. These amounts have been grossed up for income tax and, if applicable, National Insurance contributions.

Sums Paid to Third Parties (audited)

During the year, no fees (2015 – £7,625) were paid to Enitar Ltd in respect of Sir Brian Ivory's Director's fees. These payments were for making his services available as a Director of the Company.

Directors' Interests (audited)

Name	Nature of interest	Ordinary 25p shares held at 31 December 2016	Ordinary 25p shares held at 31 December 2015
Peter Moon	Beneficial	10,000	10,000
Bronwyn Curtis	Beneficial	3,000	3,000
Eric Hagman	Beneficial	2,000	2,000
Lord Kerr of Kinlochard	Beneficial	141,417	133,696
Lord Macpherson of Earl's Court	Beneficial	2,500	–

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. Subsequent to the year end, Lord Macpherson purchased a further 5,000 shares. There have been no other changes intimated in the Directors' interests up to 14 February 2017.

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, 97.3% were in favour, 2.2% were against and votes withheld were 0.5%.

At the Annual General Meeting held on 26 November 2014, of the proxy votes received in respect of the Directors' Remuneration Policy, 99.5% were in favour, 0.2% were against and votes withheld were 0.3%.

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.

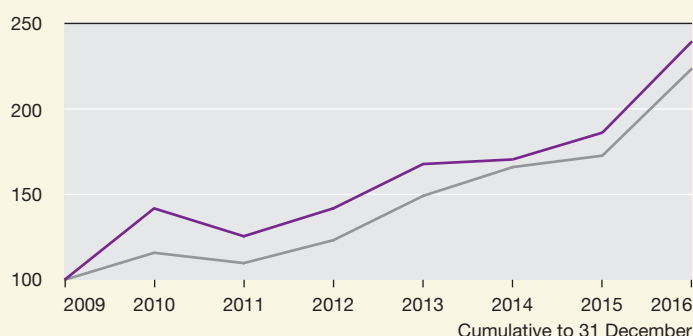
	2016 £000	2015 £000	Change %
Directors' Remuneration	128	136	(5.9)
Dividends paid to shareholders	14,397	14,150	1.7

Company Performance

The graph below 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 benchmark index. This index was chosen for comparison purposes, as it is the index against which the Company has measured its performance over the period covered by the graph.

Performance Graph

(figures rebased to 100 at 31 December 2009)



Source: Thomson Reuters Datastream/Baillie Gifford.

— SAINTS share price
— Benchmark*

All figures are total return (assuming net dividends reinvested).

* 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.

Past performance is not a guide to future performance.

Approval

The Directors' Remuneration Report on pages 31 and 32 was approved by the Board of Directors and signed on its behalf on 15 February 2017.

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, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with applicable law and UK 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 the profit or loss of the Company 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of 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.

Each of the Directors, whose names and functions are listed within the Directors and Management section, confirm that, to the best of their knowledge:

- the Financial Statements, which have been prepared in accordance with applicable law and UK Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', give a true and fair view of the assets, liabilities, financial position and net return of the Company;
- 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 performance, business model and strategy; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board
Peter Moon
15 February 2017

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.

Independent Auditor's Report

to the members of The Scottish American Investment Company P.L.C. ('the Company') only

Opinions and conclusions arising from our audit

Our opinion on the financial statements is unmodified

We have audited the financial statements of The Scottish American Investment Company P.L.C. for the year ended 31 December 2016 set out on pages 36 to 52. In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its net 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.

Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement, in decreasing order of audit significance, that had the greatest effect on our audit were as follows (unchanged from 2015):

Carrying amount of listed equity and fund investments (£426.8m (2015 – £359.2m))

Refer to page 29 (Audit Committee Report), page 40 (Accounting Policies) and pages 44 and 45 (Financial Disclosures)

- **The risk:** The Company's portfolio of listed equity and fund investments makes up 82.8% of the Company's total assets (by value) and is considered to be one of the key drivers of results. We do not consider these investments to be at 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.
- **Our response:** Our procedures over the completeness, valuation and existence of the Company's quoted investment portfolio included, but were not limited to:
 - documenting and assessing the processes in place to record investment transactions and to value the portfolio;
 - agreeing the valuation of 100 per cent of investments in the portfolio to externally quoted prices; and
 - agreeing 100 per cent of investment holdings in the portfolio to independently received third party confirmations.

Valuation of property investments (£61.0m (2015 – £56.0m))

Refer to page 29 (Audit Committee Report), page 40 (Accounting Policies) and pages 44 and 45 (Financial Disclosures)

- **The risk:** The Company's property investments make up 11.8% of total assets (by value). The portfolio comprises 22 properties which are externally valued by a qualified independent valuer. The fair value of each property requires

significant judgement and estimation, in particular over the key assumptions of the estimated rental value and the yield. The key assumptions involve subjective assessment of the effect of a number of factors including location, quality and condition of the building. Due to the uncertainty prevalent within the property market and the subjective nature of property valuations, we consider the valuation of properties to be at risk of significant misstatement.

- **Our response:** With assistance from our property valuation specialist, our procedures, among others, over the valuation of the Company's property investment portfolio included:
 - Evaluating the competence and experience of the external valuers;
 - Critically assessing whether the valuations were in accordance with the RICS Valuation Professional Standards and FRS 102 and that the methodology adopted was appropriate by reference to acceptable valuation practice;
 - Challenging the key assumptions upon which the valuations were based by benchmarking these against industry data (including rental yields), assessing them against our own expectations and comparing valuations to recent comparable property sales price;
 - Assessing whether and how the impact of tenancy and income changes in the year have been incorporated in the property valuations; and
 - Considering the adequacy of the Company's disclosures relating to the valuation of property investments.

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

Materiality for the financial statements as a whole was set at £5.2m (2015 – £4.3m), determined with reference to a benchmark of total assets, of which it represents 1% (2015 – 1%).

In addition, we applied materiality of £750,000 (2015 – £900,000) to income from investments and rental 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 reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £260,000 (2015 – £200,000), 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 all performed at Baillie Gifford & Co's head office in Edinburgh.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and

- the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

- we have not identified material misstatements in those Reports; and
- in our opinion, those Reports have been prepared in accordance with the Companies Act 2006.

We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the Directors' statement of viability on page 8, concerning the principal risks, their management, and, based on that, the Directors' assessment and expectations of the Company's continuing in operation over the 5 years to 2022; or
- the disclosures in note 1 of the financial statements concerning the use of the going concern basis of accounting.

We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and 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; or
- the Audit Committee Report does not appropriately address matters communicated by us to the Audit Committee.

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.

Under the Listing Rules we are required to review:

- the Directors' statements, set out on pages 8 and 28, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement on pages 26 to 28 relating to the Company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 33, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Catherine Burnet (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
15 February 2017

Income Statement

For the year ended 31 December

	Notes	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000
Net gains on investments – securities	9	–	87,566	87,566	–	7,038	7,038
Net gains on investments – property	9	–	1,265	1,265	–	1,643	1,643
Currency losses	14	–	(1,084)	(1,084)	–	(272)	(272)
Income	2	18,630	–	18,630	18,626	–	18,626
Management fees	3	(775)	(1,440)	(2,215)	(690)	(1,282)	(1,972)
Other administrative expenses	4	(968)	–	(968)	(1,137)	–	(1,137)
Net return before finance costs and taxation		16,887	86,307	103,194	16,799	7,127	23,926
Finance costs of borrowings	5	(2,015)	(3,741)	(5,756)	(2,028)	(3,767)	(5,795)
Net return on ordinary activities before taxation		14,872	82,566	97,438	14,771	3,360	18,131
Tax on ordinary activities	6	(933)	293	(640)	(858)	226	(632)
Net return on ordinary activities after taxation		13,939	82,859	96,798	13,913	3,586	17,499
Net return per ordinary share	7	10.46p	62.16p	72.62p	10.47p	2.70p	13.17p

A final dividend for the year of 2.725p is proposed (2015 – 2.70p), making a total dividend for the year of 10.825p (2015 – 10.70p). More information on dividend distributions can be found in note 8 on page 43.

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 40 to 52 are an integral part of this statement.

Balance Sheet

As at 31 December

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Fixed assets					
Investments – securities	9	452,554		375,868	
Investments – property	9	61,000		56,000	
			513,554		431,868
Current assets					
Debtors	10	1,116		1,115	
Cash and cash equivalents	17	4,174		3,399	
			5,290		4,514
Creditors					
Amounts falling due within one year	11	(3,222)		(3,173)	
			2,068		1,341
Net current assets					
			515,622		433,209
Creditors					
Amounts falling due after more than one year	12		(84,112)		(84,756)
Net assets					
			431,510		348,453
Capital and reserves					
Called up share capital	13		33,349		33,290
Share premium	14		2,131		1,534
Capital redemption reserve	14		22,781		22,781
Capital reserve	14		356,897		274,038
Revenue reserve	14		16,352		16,810
Shareholders' funds					
			431,510		348,453
Net asset value per ordinary share					
(Debenture at fair value)	15		309.2p		247.5p
Net asset value per ordinary share					
(Debenture at book value)	15		323.5p		261.7p

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 15 February 2017.

Peter Moon
Chairman

The accompanying notes on pages 40 to 52 are an integral part of this statement.

Statement of Changes in Equity

For the year ended 31 December 2016

	Notes	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 January 2016		33,290	1,534	22,781	274,038	16,810	348,453
Shares issued	13	59	597	–	–	–	656
Net return on ordinary activities after taxation	7	–	–	–	82,859	13,939	96,798
Dividends paid in the year	8	–	–	–	–	(14,397)	(14,397)
Shareholders' funds at 31 December 2016		33,349	2,131	22,781	356,897	16,352	431,510

For the year ended 31 December 2015

	Notes	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 January 2015		33,169	357	22,781	270,452	17,047	343,806
Shares issued	13	121	1,177	–	–	–	1,298
Net return on ordinary activities after taxation	7	–	–	–	3,586	13,913	17,499
Dividends paid in the year	8	–	–	–	–	(14,150)	(14,150)
Shareholders' funds at 31 December 2015		33,290	1,534	22,781	274,038	16,810	348,453

The accompanying notes on pages 40 to 52 are an integral part of this statement.

Cash Flow Statement

For the year ended 31 December

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Cash flows from operating activities					
Net return on ordinary activities before taxation		97,438		18,131	
Net gains on investments – securities		(87,566)		(7,038)	
Net gains on investments – property		(1,265)		(1,643)	
Currency losses		1,084		272	
Finance costs of borrowings		5,756		5,795	
Overseas withholding tax		(625)		(651)	
Changes in debtors and creditors		233		(79)	
Other non-cash changes		(65)		(93)	
Cash from operations			14,990		14,694
Interest paid			(6,400)		(6,400)
Net cash inflow from operating activities			8,590		8,294
Cash flows from investing activities					
Acquisitions of investments		(83,824)		(106,814)	
Disposals of investments		91,034		104,757	
Forward currency contracts		(1,691)		188	
Net cash inflow/(outflow) from investing activities			5,519		(1,869)
Cash flows from financing activities					
Equity dividends paid	8	(14,397)		(14,150)	
Shares issued	13	656		1,298	
Net cash outflow from financing activities			(13,741)		(12,852)
Increase/(decrease) in cash and cash equivalents			368		(6,427)
Exchange movements			407		(151)
Cash and cash equivalents at 1 January			3,399		9,977
Cash and cash equivalents at 31 December*			4,174		3,399

* Cash and cash equivalents represent cash at bank and short term money market deposits repayable on demand.

The accompanying notes on pages 40 to 52 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 2016 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. The Company has early adopted the amendments to section 34 of FRS 102 regarding fair value hierarchy disclosures (see note 9 on page 44).

(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 will be retained.

The Financial Statements have been prepared in accordance with the Companies Act, applicable UK 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. 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 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) Franked income is stated net of tax credits.
- (iv) Unfranked investment income includes the taxes deducted at source.
- (v) Interest receivable on deposits is recognised on an accruals basis.
- (vi) 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.
- (vii) 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) Accounting 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 most significant estimation and uncertainty relates to the valuation of the property portfolio. External, independent professional valuers 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.

2 Income

	2016 £'000	2015 £'000
Income from investments		
UK dividends	3,176	3,666
UK interest	157	238
Overseas dividends	10,316	10,017
Overseas interest	873	660
	14,522	14,581
Other income		
Deposit interest	64	17
Rental income	4,021	4,004
Other income	23	24
	4,108	4,045
Total income	18,630	18,626
Total income comprises		
Dividends from financial assets designated at fair value through profit or loss	13,492	13,683
Interest from financial assets designated at fair value through profit or loss	1,030	898
Interest from financial assets not at fair value through profit or loss	64	17
Other income not from financial assets	4,044	4,028
	18,630	18,626

3 Management Fees

	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000
Investment management fee	672	1,247	1,919	592	1,099	1,691
Property management fee	103	193	296	98	183	281
	775	1,440	2,215	690	1,282	1,972

Details of the Investment Management Agreement and Property Management Agreement are disclosed on page 23. Baillie Gifford & Co Limited's annual management fee is 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

	2016 £'000	2015 £'000
General administrative expenses	714	864
Custodian/depositary fees	125	136
Auditor's remuneration for audit services	19	18
Auditor's remuneration for non-audit services – reporting on debenture covenants	1	1
Directors' fees (see Directors' Remuneration Report on page 31)	109	118
	968	1,137

5 Finance Costs of Borrowings

	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000
Financial liabilities not at fair value through profit or loss						
Debenture interest	2,015	3,741	5,756	2,028	3,767	5,795

6 Tax on Ordinary Activities

	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000
UK corporation tax	314	(314)	–	251	(251)	–
Overseas taxation	640	–	640	632	–	632
Double taxation relief	(21)	21	–	(25)	25	–
	933	(293)	640	858	(226)	632

	2016 £'000	2015 £'000
The tax charge for the year is lower than the standard rate of corporation tax in the UK of 20% (2015 – 20.25%)		
The differences are explained below:		
Net return on ordinary activities before taxation	97,438	18,131
Net return on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 20% (2015 – 20.25%)	19,488	3,672
Capital returns not taxable	(17,550)	(1,703)
Income not taxable	(2,660)	(2,740)
Taxable loss not utilised	722	771
Overseas tax	640	632
Total tax charge for the year	640	632

At 31 December 2016 the Company had a potential deferred tax asset of £3,726,000 (2015 – £3,630,000) in respect of taxable losses which are available to be carried forward and offset against future taxable profits. A deferred tax asset has not been recognised on these losses as it is considered unlikely that the Company will make suitable taxable revenue profits in excess of deductible expenses in future periods. The potential deferred tax asset has been calculated using a corporation tax rate of 17% (2015 – 20%).

7 Net Return per Ordinary Share

	2016 Revenue	2016 Capital	2016 Total	2015 Revenue	2015 Capital	2015 Total
Net return per ordinary share	10.46p	62.16p	72.62p	10.47p	2.70p	13.17p

Revenue return per ordinary share is based on the net revenue on ordinary activities after taxation of £13,939,000 (2015 – £13,913,000) and on 133,291,026 (2015 – 132,864,655) 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 £82,859,000 (2015 – net capital gain of £3,586,000), and on 133,291,026 (2015 – 132,864,655) 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

	2016	2015	2016 £'000	2015 £'000
Amounts recognised as distributions in the year:				
Previous year's final (paid 5 April 2016)	2.70p	2.65p	3,595	3,516
First interim (paid 24 June 2016)	2.70p	2.65p	3,598	3,516
Second interim (paid 23 September 2016)	2.70p	2.675p	3,602	3,559
Third interim (paid 16 December 2016)	2.70p	2.675p	3,602	3,559
	10.80p	10.65p	14,397	14,150

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 £13,939,000 (2015 – £13,913,000).

	2016	2015	2016 £'000	2015 £'000
Dividends paid and payable in respect of the year:				
First interim (paid 24 June 2016)	2.70p	2.65p	3,598	3,516
Second interim (paid 23 September 2016)	2.70p	2.675p	3,602	3,559
Third interim (paid 16 December 2016)	2.70p	2.675p	3,602	3,559
Current year's proposed final dividend (payable 12 April 2017)	2.725p	2.70p	3,635	3,595
	10.825p	10.70p	14,437	14,229

9 Investments

As at 31 December 2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Securities				
Listed equities/funds	424,881	1,919	–	426,800
Bonds	–	15,190	10,564	25,754
Property				
Freehold	–	–	61,000	61,000
Total financial asset investments	424,881	17,109	71,564	513,544
As at 31 December 2015	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Securities				
Listed equities/funds	350,346	1,808	–	352,154
Other equities	–	–	7,061	7,061
Bonds	1,735	6,335	8,583	16,653
Property				
Freehold	–	–	56,000	56,000
Total financial asset investments	352,081	8,143	71,644	431,868

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. Property investments are not financial assets and therefore the fair value hierarchy does not apply to these assets.

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 2015	323,438	14,166	40,578	378,182
Investment holding gains at 31 December 2015	35,776	2,488	15,422	53,686
Value of investments at 31 December 2015	359,214	16,654	56,000	431,868
Movements in year:				
Purchases	73,585	6,504	3,735	83,824
Sales – proceeds	(85,810)	(5,224)	–	(91,034)
– gains/(losses) on sales	14,829	(342)	–	14,487
Amortisation of fixed income book cost	–	65	–	65
Changes in investment holding gains	64,982	8,097	1,265	74,344
Value of investments at 31 December 2016	426,800	25,754	61,000	513,554
Cost of investments at 31 December 2016	326,042	15,169	44,313	385,524
Investment holding gains at 31 December 2016	100,758	10,585	16,687	128,030
Value of investments at 31 December 2016	426,800	25,754	61,000	513,554

* Includes funds.

The purchases and sales proceeds figures above include transaction costs of £390,000 (2015 – £819,000) and £47,000 (2015 – £208,000) respectively. Of the gains on sales during the year of £14,487,000 (2015 – gains of £9,653,000) a net gain of £10,037,000 (2015 – gain of £7,047,000) was included in investment holding gains at the previous year end.

The property was valued on an open market basis by Savills as at 31 December 2016.

	2016 £'000	2015 £'000
Net gains/(losses) on investments		
Securities:		
Gains on sales	14,487	11,356
Changes in investment holding gains	73,079	(4,318)
	87,566	7,038
Property:		
Losses on sales	–	(1,703)
Changes in investment holding gains	1,265	3,346
	1,265	1,643
	88,831	8,681

10 Debtors

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Accrued income and prepaid expenses	831	837
Taxation recoverable	285	278
	1,116	1,115

11 Creditors – amounts falling due within one year

	2016 £'000	2015 £'000
Interest payable	1,438	1,438
Rental income prepaid	669	668
Loss on forward currency contracts	–	200
Other creditors and accruals	1,115	867
	3,222	3,173

Included in other creditors is £512,000 (2015 – £424,000) 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 40), has been calculated as follows:

	2016 £'000	2015 £'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	(6,253)	(5,648)
Net amortisation during the year	(644)	(605)
Carrying value of 8% Debenture Stock at end of year	84,112	84,756

13 Called Up Share Capital

	2016 Number	2016 £'000	2015 Number	2015 £'000
Allotted, called up and fully paid ordinary shares of 25p each	133,395,943	33,349	133,160,943	33,290

During the year, 235,000 (2015 – 485,000) shares were issued at a premium to net asset value raising proceeds of £656,000 (2015 – £1,298,000). At 31 December 2016 the Company had authority to buy back 19,960,825 ordinary shares and to allot 13,081,092 ordinary shares without application of pre-emption rights in accordance with the authorities granted at the AGM in April 2016. 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 2016	33,290	1,534	22,781	274,038	16,810	348,453
Gains on investments – securities	–	–	–	87,566	–	87,566
Gains on investments – property	–	–	–	1,265	–	1,265
Shares issued	59	597	–	–	–	656
Management fees charged to capital	–	–	–	(1,440)	–	(1,440)
Finance costs charged to capital	–	–	–	(3,741)	–	(3,741)
Taxation credit to capital	–	–	–	293	–	293
Exchange differences on forward currency contracts	–	–	–	(1,491)	–	(1,491)
Other exchange differences	–	–	–	407	–	407
Revenue return on ordinary activities after taxation	–	–	–	–	13,939	13,939
Dividends paid in the year	–	–	–	–	(14,397)	(14,397)
At 31 December 2016	33,349	2,131	22,781	356,897	16,352	431,510

The Capital Reserve includes investment holding gains of £128,030,000 (2015 – gains of £53,686,000) 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:

	2016	2015	2016 £'000	2015 £'000
Ordinary shares of 25p	323.5p	261.7p	431,510	348,453

Net asset value per ordinary share is based on the net assets as shown above and on 133,395,943 (2015 – 133,160,943) 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 323.5p to 309.2p. Taking the market price of the ordinary shares at 31 December 2016 of 324.0p, this would have given a premium to net asset value of 4.8% as against a premium of 0.2% on a traditional basis. At 31 December 2015 the effect would have been to reduce net asset value per ordinary share from 261.7p to 247.5p. Taking the market price of the ordinary shares at 31 December 2015 of 261.5p, this would have given a premium to net asset value of 5.7% as against a discount of 0.1% on a traditional basis.

16 Related Party Transactions

The Directors' fees for the year are detailed in the Directors' Remuneration Report on page 31.

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.

17 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.

17 Financial Instruments (continued)

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. Details of derivative financial instruments outstanding at the Balance Sheet date are shown on page 51.

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. 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.

	Investments £'000	Cash and cash equivalents £'000	Forward currency contracts £'000	Debentures £'000	Other debtors and creditors * £'000	Net exposure £'000
At 31 December 2016						
US dollar	154,625	38	(7,600)	–	223	147,286
Euro	48,847	35	(2,520)	–	406	46,768
Hong Kong dollar	25,626	–	–	–	–	25,626
Australian dollar	25,113	–	–	–	–	25,113
Swiss franc	23,169	–	–	–	–	23,169
Other overseas currencies	80,959	–	–	–	274	81,233
Total exposure to currency risk	358,339	73	(10,120)	–	903	349,195
Sterling	155,215	4,101	10,120	(84,112)	(3,009)	82,315
	513,554	4,174	–	(84,112)	(2,106)	431,510

* Includes net non-monetary assets of £27,000.

	Investments £'000	Cash and cash equivalents £'000	Forward currency contracts £'000	Debentures £'000	Other debtors and creditors * £'000	Net exposure £'000
At 31 December 2015						
US dollar	120,737	25	(8,141)	–	167	112,788
Euro	36,679	–	(708)	–	375	36,346
Hong Kong dollar	23,255	101	–	–	–	23,356
Swiss franc	20,934	–	–	–	–	20,934
Australian dollar	15,629	–	–	–	–	15,629
Other overseas currencies	54,478	–	–	–	286	54,764
Total exposure to currency risk	271,712	126	(8,849)	–	828	263,817
Sterling	160,156	3,273	8,649	(84,756)	(2,686)	84,636
	431,868	3,399	(200)	(84,756)	(1,858)	348,453

* Includes net non-monetary assets of £27,000.

17 Financial Instruments (continued)

Currency Risk Sensitivity

At 31 December 2016, 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 2015.

	2016 £'000	2015 £'000
US dollar	7,364	5,639
Euro	2,338	1,817
Hong Kong dollar	1,281	1,168
Australian dollar	1,256	782
Swiss franc	1,159	1,047
Other overseas currencies	4,062	2,738
	17,460	13,191

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

	2016 Fair value £'000	2016 Weighted average interest rate	2016 Weighted average fixed rate period *	2015 Fair value £'000	2015 Weighted average interest rate	2015 Weighted average fixed rate period *
Fixed rate:						
UK bonds	–	–	–	1,735	23.8%	n/a
US dollar denominated bonds	7,622	5.75%	2 years	–	–	–
Floating rate:						
Brazilian bonds (interest rate linked to Brazilian CPI)	7,568	10.4%	28 years	6,336	11.8%	29 years
Fixed Interest Collective Investment Funds:						
US dollar denominated fund	10,564	2.3%	n/a	8,583	1.0%	n/a
Cash and short term deposits:						
Other overseas currencies	73	–	n/a	126	–	n/a
Sterling	4,101	0.2%	n/a	3,273	0.4%	n/a

* Based on expected maturity date.

17 Financial Instruments (continued)

Financial Liabilities

	2016 £'000	2015 £'000
The interest rate risk profile of the Company's financial liabilities at 31 December was:		
Fixed rate – sterling	84,112	84,756
The maturity profile of the Company's financial liabilities at 31 December was:		
In more than five years – 6 years (2015 – 7 years)	84,112	84,756

Interest Rate Risk Sensitivity

An increase of 100 basis points in bond yields as at 31 December 2016 would have decreased total net assets and total return on ordinary activities by £1,006,000 (2015 – £829,000) and would have increased the net asset value per share (with debenture at fair value) by 2.6p (2015 – 3.3p). A decrease of 100 basis points would have had an equal but opposite effect.

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 17 to 20. In addition, a list of the 30 largest equity holdings together with various analyses of the portfolio by asset class and industrial sector are contained in the Strategic Report.

98.5% of the Company's net assets are invested in quoted equities. A 5% increase in quoted equity valuations at 31 December 2016 would have increased total assets and total return on ordinary activities by £21,244,000 (2015 – £17,855,000). A decrease of 5% would have had an equal but opposite effect.

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 14.6% of net assets at 31 December 2016 (2015 – 18.6%). 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.

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 Bank of New York Mellon SA/NV London Branch. 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.

17 Financial Instruments (continued)

Credit Risk Exposure

The exposure to credit risk at 31 December was:

	2016 £'000	2015 £'000
Bonds	25,754	16,654
Cash and short term deposits	4,174	3,399
Debtors and prepayments	1,116	1,115
	31,044	21,168

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.

	2016 Nominal £'000	2016 Book £'000	2016 Fair £'000	2015 Nominal £'000	2015 Book £'000	2015 Fair £'000
8% debenture stock 2022	80,000	84,112	103,200	80,000	84,756	103,600

Gains and Losses on Hedges

The following forward currency contracts were open at 31 December:

At 31 December 2016 Currency sold	Currency amount sold	Currency bought	Currency amount bought	Settlement date	Fair value £'000
US dollar	\$9,400,000	Sterling	£7,599,892	8/2/17	11
Euro	€2,950,000	Sterling	£2,520,543	8/2/17	(11)
					-

At 31 December 2015 Currency sold	Currency amount sold	Currency bought	Currency amount bought	Settlement date	Fair value £'000
US dollar	\$12,000,000	Sterling	£8,141,373	13/1/16	181
Euro	€960,000	Sterling	£707,738	13/1/16	19
					200

Realised currency gains/(losses) are taken to the capital reserve and are not reflected in the revenue account unless they are of a revenue nature.

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 27 and 28. The Company has the authority to issue and buy back its shares (see pages 24 and 25) 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.

18 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 2016) are available at www.bailliegifford.com.

The Company's maximum and actual leverage levels (see Glossary of Terms on page 61) at 31 December 2016 are shown below:

Leverage

	Gross method	Commitment method
Maximum limit	3.00:1	2.00:1
Actual	1.26:1	1.20:1

Cost-effective Ways to Buy and Hold Shares in SAINTS



The Share Plan and ISA brochure available at www.saints-it.com



The Baillie Gifford Children's Savings Plan available at www.saints-it.com

Baillie Gifford Savings Management Limited offers a number of plans that enable you to buy and hold shares of SAINTS cost-efficiently. Purchases and sales are normally subject to a dealing price spread and Government stamp duty of 0.5% is payable on purchases.

The Baillie Gifford Investment Trust Share Plan

- No initial charge
- No annual wrapper charge
- Normally cheaper than dealing through a stockbroker
- Invest a lump sum from £250 or monthly from just £30
- No maximum investment limits
- Stop and start saving at any time with no charge
- Twice weekly dealing (usually Tuesday and Friday)
- A withdrawal charge of just £22

The Baillie Gifford Investment Trust ISA

- Tax-efficient investment
- No set-up charge
- Flat rate annual management charge of £32.50 + VAT
- Lump sum investment from £2,000 up to a maximum of £15,240 each year
- Save monthly from £100
- A withdrawal charge of just £22

ISA Transfers

- Transfer existing ISAs from other plan managers into the Baillie Gifford ISA
- Consolidate your plans into a managed global investment
- Minimum transfer value £2,000

The Baillie Gifford Children's Savings Plan

- An excellent way for parents, grandparents or other adults to invest for a child
- No initial charge
- No annual wrapper charge
- The option of a designated account or a bare trust in favour of the child
- Flexible investment options: lump sum from £100 or monthly saving from just £25
- A withdrawal charge of just £22

Online Management Service

You can also open and manage your Share Plan/Children's Savings Plan* and/or ISA online through our secure Online Management Service (OMS) which can be accessed through the Baillie Gifford website at www.bailliegifford.com/oms. As well as being able to view the details of your plan online, the service also allows you to:

- obtain current valuations;
- make lump sum investments, except where there is more than one holder;
- switch between investment trusts, except where there is more than one holder;
- sell part or all of your holdings, except where there is more than one holder; and
- update certain personal details e.g. address and telephone number.

*Please note that a bare trust cannot be opened via OMS. A bare trust application form must be completed. Certain restrictions apply for accounts where there is more than one holder.

Further information

If you would like more information on any of the plans described above, please contact the Baillie Gifford Client Relations Team (see contact details on page 55).

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.

Details of other risks that apply to investment in these savings vehicles are contained in the product brochures.

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. The Board warmly supports the promotion of the plans described on page 53 in order to bring the merits of SAINTS to as wide an audience as possible.

Trust Magazine

Trust is the Baillie Gifford investment trust magazine which is published three times 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. *Trust* plays an important role in helping to explain our products so that readers can really understand them. For a copy of *Trust*, please contact the Baillie Gifford Client Relations Team.

An online version of *Trust* can be found at www.bgtrustonline.com.

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, either about SAINTS or the plans described on page 53.

Literature in Alternative Formats

It is possible to provide copies of the literature in alternative formats, such as large print or on audio tape. Please contact the Baillie Gifford Client Relations Team for more information.

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

Fax: 0131 275 3955

Client Relations Team

Baillie Gifford Savings Management Limited
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 or if you have any questions about the suitability of any of these plans for you, 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, by asking a professional adviser to do so, or through the Baillie Gifford savings vehicles (see page 53). 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.co.uk 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 SCAM

Legal Entity Identifier 549300NF03XVC51FB447

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 57 for more details) for that dividend.

Dividend Dates for 2017

	Final 2016	First interim *	Second interim *	Third interim *
Dividend announced	9/2/17	16/5/17	28/7/17	14/11/17
Ex-dividend date	9/3/17	25/5/17	17/8/17	23/11/17
Record date	10/3/17	26/5/17	18/8/17	24/11/17
DRIP election date	22/3/17	2/6/17	1/9/17	27/11/17
Dividend paid	12/4/17	23/6/17	22/9/17	18/12/17

* 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 2017 AGM is being held on 6 April 2017.

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 2016, the 10% tax credit on dividends was replaced with an individual annual tax free allowance of £5,000 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

	2016 Number of shares held	2016 %	2015 Number of shares held	2015 %
Institutions	18,219,252	13.6	19,380,065	14.6
Intermediaries	71,865,322	53.9	68,830,329	51.7
Individuals	14,635,975	11.0	17,433,453	13.1
Baillie Gifford Share Plan/ISA	28,505,025	21.4	27,102,392	20.3
Marketmakers	170,369	0.1	414,704	0.3
	133,395,943	100.0	133,160,943	100.0

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.

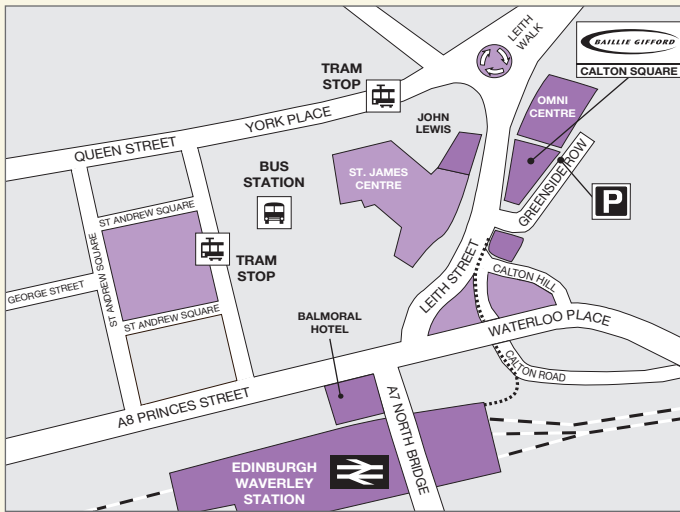
Shareholders, excluding those whose shares are held in CREST, who come on to the share register after 1 January 2016 will be sent a certification form for the purposes of collecting this information.

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.

Baillie Gifford Savings Management Limited (BGSM) is the ISA Manager of the Baillie Gifford Investment Trust ISA and the Manager of the Baillie Gifford Investment Trust Share Plan and Children's Savings Plan. BGSM is wholly owned by Baillie Gifford & Co. Both are authorised and regulated by the Financial Conduct Authority. Baillie Gifford only provides information about its products and does not provide investment advice. The staff of Baillie Gifford and SAINTS' Directors may hold shares in SAINTS and may buy or sell such shares from time to time.




Notice of Annual General Meeting



The Annual General Meeting of the Company will be held at the offices of Baillie Gifford & Co, Calton Square, 1 Greenside Row, Edinburgh EH1 3AN, on Thursday, 6 April 2017 at 11am.

If you have any queries as to how to vote or how to attend the meeting, please call us on 0800 917 2112.

Baillie Gifford may record your call.

	By Rail: Edinburgh Waverley – approximately a 5 minute walk away
	By Bus: Lothian Buses local services include: 1, 5, 7, 8, 10, 12, 14, 15, 15A, 16, 22, 25, 34
	By Tram: Stops at St Andrew Square and York Place
..... Access to Waverley Train Station on foot	

Notice is hereby given that the one hundred and forty fourth 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, 6 April 2017 at 11am. Coffee will be available after the meeting and the Portfolio Managers responsible for SAINTS will give a short presentation on the investment outlook. 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 2016 with the Reports of the Directors and of the Independent Auditor thereon.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Annual Report on Remuneration for the year to 31 December 2016.
4. To declare a final dividend.
5. To re-elect Peter Moon as a Director.
6. To re-elect Eric Hagman as a Director.
7. To re-elect Lord Kerr of Kinlochard as a Director.
8. To re-elect Bronwyn Curtis as a Director.
9. To elect Lord Macpherson of Earl's Court as a Director.
10. 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.
11. To authorise the Directors to determine the remuneration of the Independent Auditor of the Company.
12. 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 £11,116,328 (representing approximately 33 per cent of the nominal value of the issued share capital as at 14 February 2017), 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 13 as a special resolution:

13. That, subject to the passing of resolution 12 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 12 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 £3,334,898 being approximately 10% of the nominal value of the issued share capital of the Company, as at 14 February 2017.

To consider and, if thought fit, to pass resolution 14 as an ordinary resolution:

14. 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 15 as a special resolution:

15. 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 19,996,051, 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 on the London Stock Exchange; 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 2017, 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.

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, PO Box 82, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or www.eproxyappointment.com no later than 2 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.

By order of the Board
Baillie Gifford & Co Limited
Company Secretary
6 March 2017

Shareholder Information

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 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. Shareholders participating in the Baillie Gifford Investment Trust Share Plan, Children's Savings Plan or the Baillie Gifford Investment Trust ISA who wish to vote and/or attend the meeting must complete and return the enclosed reply-paid Form of Direction.
9. 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.
10. 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.
11. 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.
12. 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.
13. 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.
14. Members have the right to ask questions at the meeting in accordance with section 319A of the Companies Act 2006.
15. As at 14 February 2017 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consisted of 133,395,943 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 14 February 2017 were 133,395,943 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 proxy will need to ensure that both he and his 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.

Glossary of Terms

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 Fair Value)

Borrowings are valued at an estimate of their market worth.

Net Asset Value (Debenture at Book Value)

Borrowings are valued at adjusted net issue proceeds.

Discount/Premium

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.

Total Return

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

Ongoing Charges

The total expenses (excluding borrowing costs) incurred by the Company as a percentage of the average net asset value (with debt at fair value).

Gearing

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

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

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.

Directors

Chairman:
Peter Moon

Bronwyn Curtis, OBE
Eric Hagman, CBE, CA
Lord Kerr of Kinlochard, GCMG
Lord Macpherson of Earl's Court, GCB

Alternative Investment Fund Managers, Secretaries and Registered Office

Baillie Gifford & Co Limited
Calton Square
1 Greenside Row
Edinburgh
EH1 3AN
Tel: 0131 275 2000
www.bailliegifford.com

Registrar

Computershare
Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Tel: 0370 707 1282

Company Broker

Winterflood Investment Trusts
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London
EC4R 2GA

Independent Auditor

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Depositary

BNY Mellon Trust & Depositary
(UK) Limited
BNY Mellon Centre
160 Queen Victoria Street
London
EC4V 4LA

Company Details

www.saints-it.com
Company Registration
No. SC000489
ISIN GB0007873697
Sedol 0787369
Ticker SCAM
Legal Entity Identifier:
549300NF03XVC5IFB447

Further Information

Client Relations Team
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Management Limited
Calton Square
1 Greenside Row
Edinburgh EH1 3AN
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