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THE SCOTTISH AMERICAN INVESTMENT COMPANY P.L.C.

Annual Report and
Financial Statements

31 December 2023

The Scottish American Investment Company P.L.C. (SAINTS)

Income again and again

Managed by

Baillie Gifford™

Investor disclosure document

The UK Alternative Investment Fund Managers Regulations 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 **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 Financial Conduct Authority ('FCA'). 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 to ordinary retail investors in accordance with the rules of the FCA in relation to non-mainstream investment products.

This document is important and requires your immediate attention.

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

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

Baillie Gifford™

Contents

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

Financial highlights

Year to 31 December 2023

Dividend

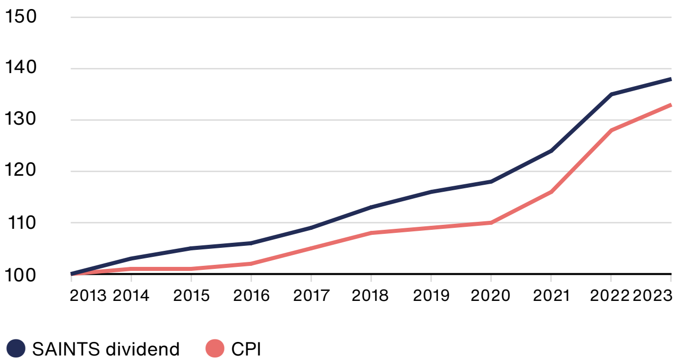
14.10p

Yield

2.6%

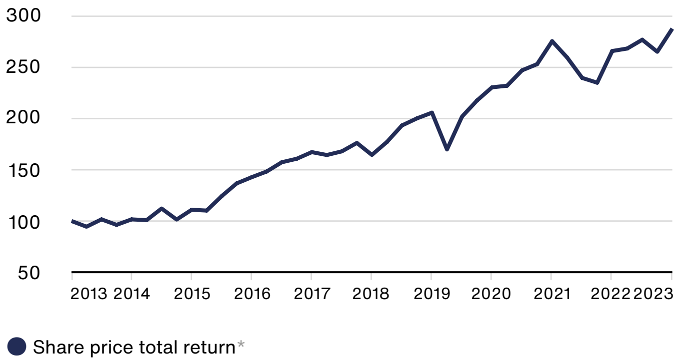
Dividend versus inflation

(figures rebased to 100 at 31 December 2013)



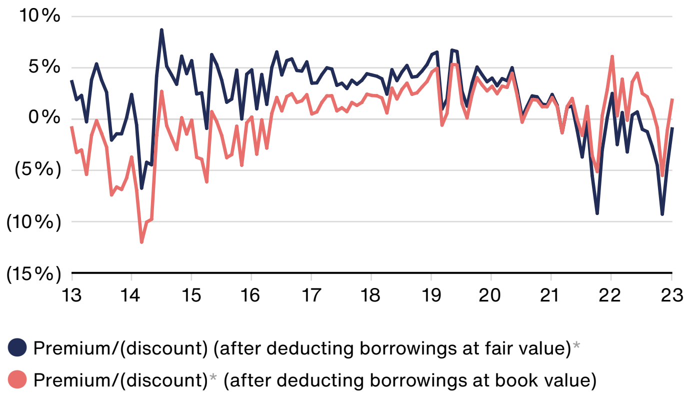
Share price total return

(figures rebased to 100 at 31 December 2013)



Premium/(discount)*

(figures plotted at month end dates)



Source: LSEG/Baillie Gifford and relevant underlying index providers. See disclaimer on page 112.

* Alternative performance measure – see glossary of terms and alternative performance measures on pages 118 to 120.

Past performance is not a guide to future performance.

Strategic report

This strategic report, which includes pages 05 to 49 and incorporates the Chairman's statement, has been prepared in accordance with the Companies Act 2006.

Chairman's statement

Lord Macpherson of Earl's Court

Chairman

Appointed to the Board in 2016 and as Chairman in 2022

SAINTS' objective is to deliver real dividend growth by increasing capital and growing income. The Board is recommending a final dividend which will bring the total dividends for the year to 14.10p per share, an increase of 2% over the previous year. The Company continues to meet its objective of growing dividends ahead of inflation over the long term, and the recommended dividend will also extend the Company's record of raising its dividend to fifty consecutive years.

Overview

2023 has been a strange year for the world and in investment markets. Macroeconomics and geopolitics have remained to the fore, but the intense focus on inflation and the path of interest rates, and on whether the landing will be hard or soft, has meant that economic news which seems bad has often been taken by the market as good. A war is raging in Europe, yet the vagaries of US and European politics have tested the strength of Western support, even as the crisis in the Middle East has diverted attention elsewhere. Tensions with and challenges within China continue to have far reaching effects, from onshoring in the US to heightened fears over the future of Artificial Intelligence ('AI'). And at the coalface, companies have had to contend with rising debt costs, a banking crisis in the US, customers with falling real wages and the prospect of faltering demand.

However, whilst there have been many causes of concern, as envisaged a year ago economies have continued to grow. Central banks may have been slow to respond to the inflationary threat. But they have subsequently shown admirable independence in doing what is necessary to bring inflation under control. Inflationary pressures have subsided, and interest rate expectations have moved downwards, providing some support in the final months of the year both to equity and property prices. The market has climbed the proverbial wall of worry, helped by earnings which, collectively and thus far, have continued to rise. But the pattern of performance within the market has been unusual: its gains have been highly concentrated, driven by a handful of very large technology companies in the US which are taken as being in an AI sweetspot, augmented by beneficiaries of strong energy prices and high interest rates.

In this environment, SAINTS' emphasis on steady earnings growth and dependability has stood the Company in good stead in terms of both the operational performance of its holdings and its absolute NAV performance. But unsurprisingly its NAV returns have not kept pace with the market and, in the context of a widening of discounts across the investment trust sector, SAINTS' share price has not kept pace with its NAV over the year.

For the long term investor, however, it is the underlying growth and the growth prospects of SAINTS' holdings which are of most importance. And here the Managers' Review on pages 14 to 21 tells an encouraging story.

Given the long-term nature of the Company's objectives, it is worth emphasising both SAINTS' successful record of raising its dividend ahead of inflation over the long term, and the strong total returns it has delivered. In particular, as SAINTS' 150th anniversary year draws to a close, the Board and the managers are pleased that 2023 marked the fiftieth successive year of dividend growth for SAINTS' shareholders.

Dividend and inflation

The Board recommends a final dividend of 3.80p which will take the full year dividend to 14.10p per share, 2% higher than the 2022 dividend of 13.82p. This year's increase is modest when set against last year's 9% increase and, whilst inflation has moderated since last year, does not match the annual rate of inflation of 4% as measured by CPI over 2023.

It remains the Company's objective to deliver real dividend growth over the long term, and over the last ten years the Company's dividends have in the round increased at a rate (3.3% per annum) which has been above the rate of inflation (2.9% per annum).

Revenues

Whilst investment income has remained steady at £30m, earnings per share dipped to 13.48p over the year, a decrease of 2.5%. Operational performance of the holdings has been generally encouraging. Equity income has fallen a little, due to a reduction in special dividends during the year. Infrastructure dividends grew healthily, while income from bonds dropped back due to a combination of exchange rates and divestments to fund property purchases. Rental income from property was a little lower, as the property managers made a number of sales with a view to reinvesting the proceeds to enhance the quality, dependability and lease length of the portfolio: to this end, the purchase of the M23 Pease Pottage motorway service area, which was completed after the year end, is a welcome addition to the portfolio. Despite all that, and modest share issuance, revenues per share before tax were broadly in line with last year. However, there was an increase in the rate of taxation during the year, which was partly due to withholding taxes on dividends, and partly a function of a higher corporation tax rate in the UK. This increase in taxation largely accounts for the slight drop in earnings per share.

Both managers (Baillie Gifford and, for the Company's property investments, OLIM) continue to focus on supporting the dependability and the future growth of the Company's dividend in line with its objective.

Total return performance

SAINTS delivered a strong absolute return over the year: its share price total return was 8.2% and the net asset value total return (capital and income with borrowing at fair) was 11.8%. However, SAINTS' returns did not keep up with global equities (as measured by the total of return of the FTSE All-World Index in sterling terms) which returned 15.7% over 2023. As mentioned above, SAINTS' share price return has, in common with investment trusts generally, been affected by a broadening of discounts.

There were two principal reasons why SAINTS' NAV return did not keep pace with the market, both of which relate to features which the Board regard as intrinsic strengths of SAINTS. The first is the nature of its equity portfolio, which is built for and has delivered dependability and growth in income and capital over the long term. Many of the large technology related companies which have dominated market returns over the year do not sit well with this approach, and so SAINTS has not owned them. Consequently, the equity portfolio, which accounts for the major part of your Company's assets, has lagged the market.

The second reason relates to SAINTS' diversification of assets and in particular to its property investments. These bring benefits in terms of diversifying sources of return, spreading risk and boosting revenues, but will not always keep pace with equities. This year, they have not done so, and the return from the property portfolio has been negative.

The Managers and your Board have a long-term perspective and we would therefore encourage shareholders to assess your Company's performance over the long term. SAINTS has delivered a strong NAV return of 84.5% over the past five years, handsomely outperforming the 72.7% average return of the Global equity income sector and the 77.8% return of global equities as measured by the Company's benchmark. It is noteworthy also that SAINTS' Property holdings have returned 39.2% over the past five years, outperforming the property sector more generally.

The principal contributors to and detractors from performance and the changes to the equity, property and bond investments are explained in more detail in the Managers' Review on pages 14 to 21.

Borrowings

In recent years SAINTS' long term borrowings have been refinanced and modestly increased at advantageous interest rates. The cost of these borrowings in just under 3% per annum.

The book value of the total borrowings is £94.7m which, at the year end, was equivalent to approximately 10.1% of shareholders' funds. The estimated market or fair value of the borrowings was £68.2m, an increase from the previous year's value of £65.5m.

Environmental, Social and Governance (ESG)

It is important to emphasise that the Board of SAINTS recognises the importance of considering Environmental, Social and Governance (ESG) factors when making investments, and in acting as a responsible steward of capital. We consider that Board oversight of such matters is an important part of our responsibility to shareholders, and SAINTS' ESG Policy is available to view on the Company's website (**saints-it.com**).

The Board has been strongly supportive of Baillie Gifford's approach and of their constructive engagement with the companies you own, and with potential holdings, in relation to crucially important challenges including climate change. The Board is also supportive of OLIM's approach in relation to property, and in particular of its consideration of environmental factors including climate change in assessing the suitability of SAINTS' investments. I would encourage shareholders to read SAINTS' annual Stewardship Report which can also be accessed on the Company's website (**saints-it.com**). There is also further detail in the Managers' Review on pages 14 to 21.

Issuance and buybacks

Over the year the Company has raised £8.3m from new share issuance, at a premium to net asset value prevailing from time to time in order to satisfy investor demand. This is the ninth year in a row when the Company has been able to issue shares. Such issuance serves the interests of existing shareholders by enhancing net asset value, reducing costs per share and helping further to improve liquidity. No shares were bought back during the year.

The Board and the Managers

In April 2023, it was announced that Bronwyn Curtis would not be seeking re-election to the Board in 2024. It remains her intention not to do so, and she will step down at the conclusion of this year's AGM. We thank her for her wise contribution over many years of service as a Director and, more recently, as the Senior Independent Director. At the Board's request, Dame Mariot Leslie has agreed, subject to her re-election as a Director, to take over as Senior Independent Director following Bronwyn's retirement.

The Board, assisted by external consultants, conducted a recruitment exercise during 2023 and in November were pleased to announce Padmesh Shukla will be joining the Board on 20 February 2024. Padmesh is the Chief Investment Officer of the Transport For London Pension Fund, and has over 25 years of investment experience, including 12 years in his current role at TFL. He was formerly head of Climate Change Financing at the London Development Agency, and prior to that he had worked at the World Bank, as a Researcher at Harvard and in real estate. He is currently a member of the Church of England Pensions Investment Committee. His appointment will fall to be ratified by shareholders at the AGM in 2024.

It was announced at the beginning of August that Ross Mathison had become deputy manager of SAINTS. Toby Ross is today stepping back from his role as manager of SAINTS to concentrate on his other responsibilities at Baillie Gifford. The Board thanks Toby for his significant contribution to SAINTS in recent years, and looks forward to continuing to work with James Dow as manager and Ross Mathison in the coming years.

Outlook

The coming year will be full of political uncertainty, with voters in countries representing half the world's population going to the polls. However, in my view, commentators tend to overemphasise the role of politics in economic performance. Of course, there are occasional outliers – France in 1981 and the UK in the autumn of 2022 come to mind – but poor policy choices are generally corrected sooner than later. And independent central banks, and the rule of law, provide a degree of protection. The recent resilience of the world economy has been encouraging. But the full force of higher interest rates has yet to work its way through the system. As it does, growth could become more challenging and corporate results may fall below expectations. Whether the landing is soft or hard, it is likely to be a year in which pricing power and balance sheet strength are of growing importance. At the same time, both the changing world and entrenched competitive advantages will continue to present opportunities for secular growth at the company level. And lower valuations will provide buying opportunities across asset classes.

As a Board, we believe a long-term approach based on investing globally for sustainable growth is the best route to achieving SAINTS' aim of growing the dividend ahead of inflation over time. As we look ahead, we also take considerable comfort from the nature of SAINTS' investments, and from the managers' emphasis on quality, on dependability and on growth far out into the future. We are encouraged that, as is outlined further in the Managers' Review, Baillie Gifford have continued to find new and attractive opportunities, and we also believe that both the quality and duration of SAINTS' property portfolio have been enhanced over the past year.

SAINTS has been working for individual investors for 150 years. It is built to help shareholders' income keep pace with inflation, as well as providing capital growth. And it is built for resilience.

AGM

The AGM will be held at 11.30am on Thursday 4 April 2024 at Baillie Gifford's offices at Calton Square, 1 Greenside Row, Edinburgh. The meeting will be followed by a presentation from the managers. Shareholders are cordially invited to attend the meeting and presentation.

I would remind shareholders that they are able to submit proxy voting forms before the applicable deadline and also to direct any questions or comments for the Board in advance of the meeting through the Company's Managers, either by emailing **trustenquiries@bailliegifford.com** or calling 0800 917 2112 (Baillie Gifford may record your call).

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

Lord Macpherson of Earl's Court
Chairman
14 February 2024

For a definition of terms see glossary of terms and alternative performance measures on pages 118 to 120.
Source: LSEG/Morningstar/Baillie Gifford and relevant underlying index providers. See disclaimer on page 112.
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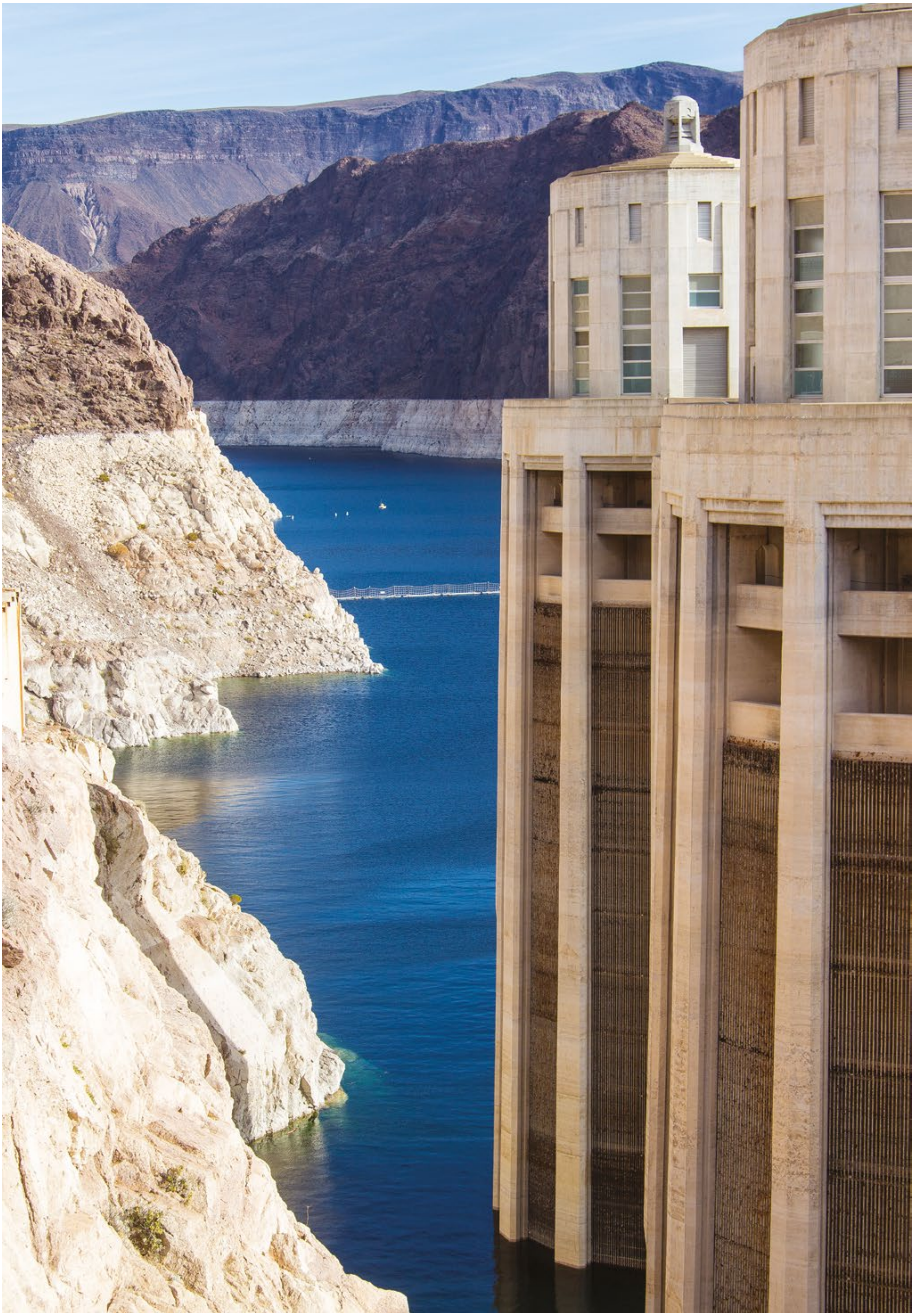


Investment approach

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

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

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

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

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

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

To identify the businesses we are looking for, we employ a disciplined research process that focuses on the dependability of a company's dividend and the growth potential of its earnings and cash flow. The opportunities for growth vary widely, but they can be broadly described as falling into one of four categories described on page 12. We have also used this categorisation to illustrate the portfolio, as at 31 December 2023 on page 13.

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

Borrowed funds

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

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

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

Similarly, SAINTS' global portfolio of infrastructure equities offer the prospect of dependable real income and capital growth over time. We hold fixed income investments where we view the income as being resistant, and where the level of income significantly exceeds the cost of borrowing.

Summary

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

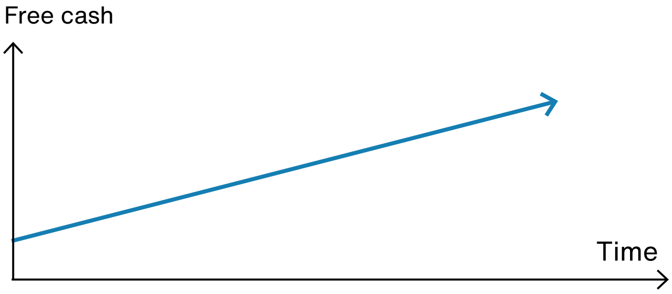
- This aim is underpinned for the long term by investment in a portfolio of equities selected for their real income and capital growth potential.
- Equity investments are complemented through the opportunistic investment of borrowed funds:
    - A high-yielding directly-held UK property portfolio offering a dependable and growing rental income stream;
    - A global portfolio of infrastructure equities to provide real growth in income and capital;
    - Fixed income investments to enhance resources.
- A robust dividend in even the most challenging of investment environments:
    - Underlying investments are selected for dependability of income alongside growth;
    - The Board and management team are committed to delivering real dividend growth sustainably into the future;
    - Significant revenue reserves to support the smooth progression of dividends.

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

Drivers of free cash flow growth

Compounding machines

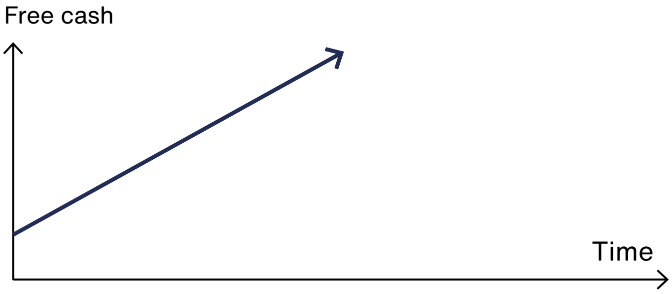
Free cash flow growth expectations



Characteristics
Enduring competitive positions
Strong balance sheets
Proven management
Expected outcome
Consistent above-average cash flow and dividend growth

Exceptional revenue opportunity

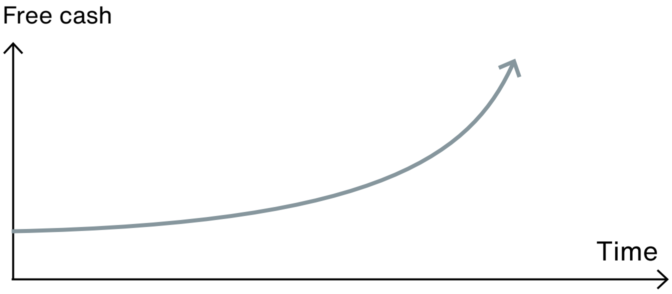
Free cash flow growth expectations



Characteristics
Market leaders
Pricing power
Strong volume growth
Expected outcome
Exceptional growth in earnings and cash flow

Management acceleration

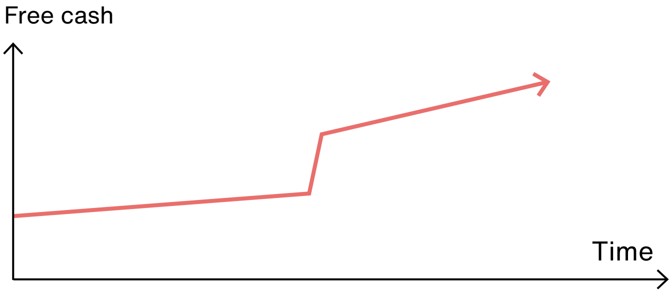
Free cash flow growth expectations



Characteristics
Margins below potential
Catalyst for change identified
Strong management and clear strategy
Expected outcome
Exceptional cash flow and dividend growth

Long-cycle returns

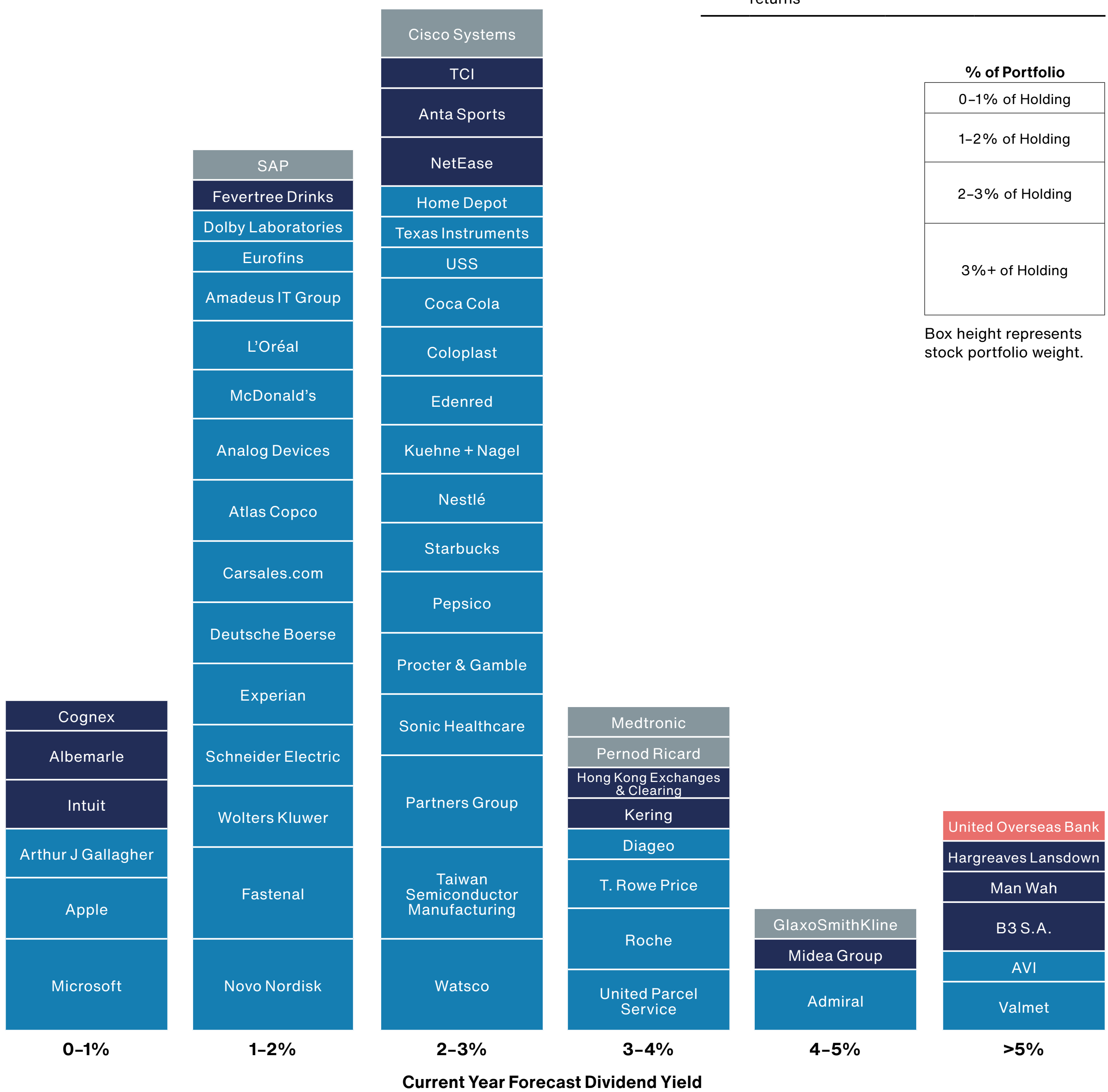
Free cash flow growth expectations



Characteristics
Strategic development
Change in capital requirements
Shift of cash allocation priorities
Expected outcome
Consistent above-average cash flow and dividend growth

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

	Portfolio %	Weighted Average Yield %
Compounding machines	80.5	2.1
Exceptional revenue opportunity	13.3	2.8
Management acceleration	4.8	2.8
Long-cycle returns	1.4	6.0



Source: IBES, Bloomberg, Baillie Gifford & Co. Holding sizes and forecast yields are as at 31 December 2023. Totals may not sum due to rounding.

Yields are based on market consensus and Baillie Gifford estimates of ordinary dividends, on a 12 month forward basis, net of withholding taxes. Excludes cash, weights have been rebalanced to 100%.

The following holdings are classified as infrastructure equity investments, and therefore are not included in the chart: Assura, BBGI, Exelon, Greencoat UK Wind, Jiangsu Expressway, Terna.

Managers' review

James Dow

Investment Manager

Toby Ross

Investment Manager

Ross Mathison

Deputy Investment Manager

During the past few years it seems that some parts of the media have become, for want of a better word, hysterical. Even the financial press, which used to be renowned for walking a line between dry and tedious, has often joined the fray of shouty headlines and breathless articles. This is understandable. Technology has disrupted the business models of traditional media channels. In a digital world, whoever conjures the most shocking headlines will gather the most clicks. And whoever accumulates the most clicks might be able to keep their jobs.

The headlines blaring at investors at the start of 2023 were alarming. Inflation was proving 'untameable', central banks were hiking 'too aggressively', and an economic 'hard landing' was certain. Investor confidence declined, and stock markets fell. By March, the mood had changed. Inflation seemed to be peaking. Many of the grim predictions at the start of the year, like crashing house prices and tumbling profits, were swiftly forgotten. In their place appeared two words promising great riches: 'Artificial Intelligence'. The stock market began a triumphant rise, which would continue until the summer.

Gloom then returned. Economic data looked 'hot', and inflation seemed persistent. Stocks fell. By November, behold! The data looked more friendly. Fears of war between the US and China, which had generated dire forecasts only months earlier, now receded. The stock market began another charge upwards, buoyed by a new hope: interest rate reductions. Stock indices reached new heights at the dawn of 2024. 'Time to buy!' was the headline.

For the long-term investor, who is earnestly attempting to grow their capital and income over a period of many years, this hysteria is unhelpful. It is rather like trying to hold a conversation at a

Source: LSEG/Baillie Gifford and relevant underlying index providers. See disclaimer on page 112.

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dinner-party while being repeatedly interrupted by a drunken guest, who veers endlessly between loud euphoria and wallowing self-pity. An unfortunate distraction.

Over the multi-year periods that matter to serious savers and investors, stock prices and dividends tend largely to follow company earnings. The key task for portfolio managers, therefore, is to identify companies with strong prospects of growing their earnings over many years. These prospects are unlikely to be affected by the monthly mood swings of the media. It is a job best done when sober.

We keep this long-term perspective in mind when we look back at 2023. In the headlines it was a year of enormous ups and downs. But what about the investments in SAINTS' portfolio? Did they largely deliver in-line with our long-term expectations for their growth in earnings and dividends?

The short answer is: yes. The more nuanced answer is that some grew faster while others saw earnings fall. But in almost every case we are satisfied that their long-term growth remains on-track. We expect this to drive continued compounding in capital and dividends in the years ahead. Here are some of the highlights.

Equity portfolio highlights

The total return from the equity portfolio† last year was 13.9%.

One of the standouts from the portfolio was Atlas Copco, the global compressor and industrial tool business, based in Sweden. This well-managed company is religiously focused on innovation to drive growth, and it is always on the look-out for strong niche businesses to acquire. Revenues in 2023 increased 22%, of which 8% came from acquisitions. Operating profit grew 23% and earnings per share rose by more than 30%. The dividend was raised by 22%, while maintaining a prudent payout ratio below 50%. Some of the strength in Atlas's growth last year was cyclical, and we would not expect the company to continue growing at these rates every single year. But taking a longer-term perspective, we note that over the past five years the company has compounded its earnings higher at an average rate of 10% a year, while the dividend has grown by 12% a year. This is exactly the sort of inflation-busting growth that drives real capital and dividend appreciation for SAINTS' shareholders, over the long-term. It's exactly the reason we invest almost 100% of SAINTS' NAV in growing companies that pay dividends, and take a long-term mindset amidst the noise of the markets.

Other strong performers in the equity portfolio last year included Watsco, the heating, ventilation and air conditioning distributor, and Fastenal, the industrial equipment distributor. Again, both are companies with terrific track records of entrepreneurship and growth, which have compounded their earnings and dividends at inflation-beating rates for many years. They continued to deliver in 2023, and we remain optimistic about their potential for continued growth in the years to come.

Novo Nordisk, the Danish pharmaceutical company, was another highlight of the year. Its pioneering medicine for appetite control, which its scientists have spent years investigating, whilst running clinical trials of thousands of patients to establish that it is both effective and safe, has resulted in significant earnings growth at the company. Since our investment in 2016 for SAINTS, it has been a strong performer. Earnings have broadly doubled, as has its dividend, meaning compound growth of about 10% per year. In 2023 there was a continued flow of good data from its clinical trials, showing reduced risk of heart attacks for patients. This data is likely to drive continued uptake of its new medicine, and revenue and profit growth in the years ahead.

† The equity portfolio here corresponds to the global equity portfolio noted on pages 28 and 29.

Our natural inclination is to let winners run, to capture the true benefits of compounding. But we are also mindful of diversification, so we trimmed the Novo Nordisk holding a little during the year, to prevent it from dominating the portfolio. It remains a large holding however, and we look forward with optimism to its continued growth.

Of the almost 60 holdings in the equity portfolio, we estimate that about a dozen saw a reduction in profits compared with 2022. In most of these cases our investigations suggest the root cause was cyclical and short-term in nature. For example, Sonic Healthcare, the lab testing company, and Roche, the pharmaceutical company, both saw their earnings drop in 2023. In both cases this was due partly to the wind-down of emergency COVID testing, which had lifted their profits in the past couple of years. The waning of this temporary boost does not undermine our view that both companies have good long-term potential for earnings and dividends growth over the next 10 years.

Not all of our investments will, of course be successful. We try hard to be patient, as long-term managers, but sometimes it becomes apparent that our investment case is simply wrong, and that growth is not materialising to the extent we hoped. In these cases we will divest, and put the capital to work in better companies. A small number of holdings had a weak 2023 that could not be excused by any cyclical headwind. In some cases our review of them led to a re-evaluation of their future prospects. During the year we divested from six holdings.

One of them was Want Want, the Chinese rice cracker and soft drink manufacturer. It had been a disappointing investment, with low earnings growth over a number of years. At first we thought this was due to temporary input cost pressure, impacting margins, and we patiently maintained our investment while the company put in place a number of actions to restore profits and growth. Over time, however, we recognised a more concerning issue. The Board seemed to have become too focused on short-term profits, which had made the company slow to recognise changing consumer preferences in China. It had resisted a shift towards modern distribution channels, and had failed to develop key new products. After visiting the company in China during 2023, and seeing limited prospects for change, we sold the position.

We also sold SAINTS' holding in Cullen Frost, the US regional bank. When we invested several years ago our hope had been that continued growth in the population of Texas, which like most 'SunBelt' states is experiencing steady inflows of people, combined with the bank's huge deposit base and strong brand, would allow Cullen Frost to grow its loan book and earnings substantially. But progress has been frustratingly slow, with intense competition in the local market. At the start of 2023 the fragility of the US banking system was highlighted by a series of local bank runs. Cullen Frost was not directly affected, but it changed our view of the risk-reward ratio: limited growth, with the potential for the equity to be wiped out. We moved on.

National Instruments was the third complete sale. This followed a very attractive bid for the company, which caused the share price to shoot up. We saw little advantage in waiting for the deal to complete, so divested from the shares. It was a similar story at Silicon Motion, where the share price rose following an acquisition approach. The bid then became mired in regulatory issues and we decided to divest, even though the share price was somewhat below the bid price. The bid was later withdrawn and the share price fell, so this has turned out to be a profitable decision.

The fifth divestment was Linea Directa, the Spanish insurance company. The shares have proven to be highly illiquid since we invested two years ago, which meant we struggled to make this into the size of holding we envisaged. With no plan in sight from the company to help improve liquidity, we decided to divest the holding.

Finally, Rio Tinto. This has been a longstanding holding, even by SAINTS' standards, dating back to the days of RTZ in the 1980s. The company has a terrific competitive position in its core business, built around the low-cost iron ore mines of western Australia. The past decade has been especially strong for its earnings and dividend growth, with rising demand from Chinese customers combined with limited new supply, driving the price of iron ore higher. But in the past few years we have started to see the outlook deteriorate. Mining companies, including Rio Tinto, are starting to invest huge sums to bring on new mines, while demand in China risks plateauing as parts of its economy mature. At the same time, the cost of mining is starting to rise sharply. Iron ore is used in steel mills, and the production of steel unfortunately results in huge emissions of carbon dioxide. As steel mills are changing to meet environmental goals, iron ore mines need to follow suit. A prime example is Rio Tinto's investment in a new mine in Guinea, where the output is more suited to low-carbon steel production. Following a series of governance failings over the years, we are concerned about the company's ability to manage this investment, in a country that is fraught with political, environmental and social risks. Our expectation is that the next decade is likely to see the company's margins, profits and dividend growth all put under serious pressure. We divested from the shares.

New purchases

The great attraction of long-term equity investing, at least when done with sobriety, is the endless stream of opportunities to invest shareholders' funds in companies with strong prospects for growth. During the year we looked at many different names, each with its own attractions. In five cases we took the opportunity to invest in a new holding where we believe the long-term results could be very rewarding. Often we invested at a time when the markets felt miserable and others were selling the shares and driving the price lower.

US-listed Home Depot is a DIY retailer with a very strong culture of service and innovation. It has a well-established brand with consumers and is building out its service in the professional trade, which we expect to grow earnings and dividends over the next 5 to 10 years. The stock market has been fretting about the impact of high interest rates on the US housing market, and by implication the company's sales. But having followed the company for over 20 years, we know this is easily over-played. Most US homeowners take 30-year fixed rate mortgages, so the housing market is less sensitive to rates than one might think. We see this as an opportunity to invest in long-term growth at an attractive share price, and accordingly took a holding in the shares.

Coloplast is a Danish manufacturer of ostomy, incontinence, urology and wound care products, with significant European and global market shares. Its product engineering strengths in adhesives technology, combined with a mindset of continuous innovation, have enabled the company to develop profitable niche positions in markets with good prospects of continued compounding: we are hopeful that earnings and dividends will grow at an attractive rate for a very long time. A strong commitment to the dividend alongside this growth make it a good fit for the portfolio.

French-listed Eurofins Scientific is a global lab business focused on testing related to food and the environment. Over the past three decades, the company has invested relentlessly in an industry-leading, internally developed technology platform and created a global network of labs. Combined with structural market growth, due to factors such as regulation, we expect this to provide solid foundations for its earnings and dividend growth, with rising returns on capital, during the next decade and beyond.

Texas Instruments is the world's largest supplier of 'analog chips': the semiconductors that deal with real-world inputs such as sound, temperature and power. Its dominant position is built on its low-cost business model, which allows it to produce these chips at scale and price them competitively. Over the years it has built up a huge library of designs and many of these chips are still in production after decades on the market, providing the company with very long-lived and profitable revenue streams. In the decade ahead, we expect growth to be driven by secular trends such as the digitisation of industrial and automotive functions, the ongoing building of datacenters and the energy transition. The company is well-managed, it has a strong balance sheet, and is committed to paying a progressive dividend. The market has been worrying about the short-term impact on margins of the company's planned capacity expansion, which has led to a decline in the valuation multiple applied to the earnings. We took this as an opportunity to invest SAINTS' capital.

UK-listed Diageo is the world's largest spirits maker, with a dominant position in the US market, and a broad portfolio of brands that are recognised and sold globally including Johnnie Walker, Gordon's and Smirnoff. Our research over the years has highlighted its world-leading marketing and brand-building capabilities. We expect global consumption of spirits to grow steadily in the next decade as consumers modify their behaviour to drink 'less but better'. And thanks to Diageo's expertise in marketing and brand-building, we believe the company should be able to capture a large share of this growth. Combined with a clear commitment to pay a resilient and steadily growing dividend, we believe it can deliver many years of steady compound growth. The shares have de-rated due to fears of a short-term inventory overhang in the spirits industry, following post-COVID restocking by bars and restaurants. We took this as an opportunity to invest in the company.

Challenges

Although the equity portfolio performed well operationally in 2023, in two respects it fell short. First, we must acknowledge that the total return was behind global equity markets, as measured by the FTSE All-World Index (in sterling terms). This can be explained by the large weight in the index of a small number of technology-related companies, which delivered very large share price appreciation during 2023. An example is Nvidia, the semiconductor manufacturer, which has a strong position in the market for AI ('Artificial Intelligence') computing and whose share price rose dramatically last year.

SAINTS' strategy is focused on the steady, long-term compounding of earnings and dividends. Some of these large technology companies, such as Microsoft and Apple, are an excellent fit with this philosophy. We also have a number of investments which should benefit from the growth expected in Artificial Intelligence, including Microsoft but also names such as TSMC, the semiconductor manufacturer that produces most of Nvidia's chips. However, some of the largest tech companies see wild swings in profits from year to year, and many of them do not pay dividends. We do not invest in such companies, even if this means that in some years we miss out on their share price appreciation. We believe that over the long-term SAINTS' approach will still perform well in terms of its core objective: growing shareholders capital and income ahead of inflation, with resilience across cycles.

Secondly, we must also observe that dividends from the equity portfolio were broadly unchanged during last year. Of the £23.0m of dividend revenue in the year, revenue from the equity portfolio was essentially flat at £21.5m. (The remaining £1.5m of dividends was from the infrastructure equity portfolio.) Of course, we would prefer it if revenue grew every year. But in 2023 there was a notable absence of special dividends paid by the portfolio's holdings. Typically, these account for about 5% of equity portfolio revenue, with the other 95% coming from 'ordinary' regular dividends. In 2023 there were remarkably few special dividends paid out, perhaps a function of economic uncertainty. The result was that, although the portfolio's ordinary dividends grew at a mid-single digit rate, the absence of special dividends resulted in total dividends remaining flat, year-over-year. Our expectation is that, going forward, normal growth will resume. Indeed, it may even accelerate a touch in 2024, assuming special dividends return.

In summary, as headlines blared and markets gyrated in 2023, the vast majority of the holdings in SAINTS' equity portfolio continued to deliver solid compounding of earnings. We made five new investments during the year, while divesting from six others. Total return performance fell a little short of global markets during the year, although it remained strong in absolute terms. Dividend income was flat, but we are sanguine about this one-year pause given that the principal underlying cause was the timing of special dividends.

We continue the sober, but ultimately very rewarding work of searching the world for exceptional companies where we see strong prospects for long-term growth.

Other investments

One of the advantages of the investment trust structure is the ability, certainly for SAINTS, to borrow at attractive, fixed rates over long periods of time. We can then invest this funding in low-risk assets where we expect the return to substantially beat the cost of borrowing. This generates additional capital returns and income for shareholders.

SAINTS currently has borrowings totalling £95m. We believe this is prudent within the context of the gross assets of the Company, which are around £1bn. The average cost of borrowing is 3%, and the borrowings on average will not mature until some time in the 2040s. The proceeds are invested in a mixture of property, fixed income and infrastructure-related assets where over time we expect returns to significantly beat the cost of borrowing.

Infrastructure portfolio

SAINTS invests in infrastructure assets through listed equity vehicles. In the short-term these investments sometimes behave like equities, but over the long-term we expect their performance to be dominated by the performance of the underlying infrastructure assets. The portfolio proved resilient in 2023, despite the headwind of sharply rising interest rates. The total return during the year was 3%.

One notable standout was Greencoat UK Wind, the windfarm owner and operator, which raised its distribution by 12% thanks to elevated power prices. The portfolio's holding in Terna, the Italian grid operator, was another highlight: its ongoing capital investments to connect renewable energy sources formed a bedrock for growth in its regulated asset base, leading to rising earnings and in turn to dividend growth of 8%. We see a similar growth opportunity at Exelon, a new purchase for the infrastructure portfolio, which owns grid infrastructure in mostly left-leaning States in the northeast of the US: renewable upgrades should drive growth in its regulated asset base and its future dividends.

The year was more challenging for Chinese toll road operator Jiangsu Expressway, which owns most of the major routes north of Shanghai. Over time we expect traffic growth in and out of Shanghai to drive revenue and earnings growth at the company. But last year it faced a slowing local economy, and it merely held its dividend flat rather than delivering the growth we were hoping for.

Broadly-speaking, however, it was a solid year for the infrastructure portfolio.

Property portfolio

The property portfolio invests in a small number of directly held assets. The portfolio had a challenging year. The total return was -1.8%.

Given the circumstances – a combination of rising interest rates and a weakening economy – it is perhaps not surprising that property prices generally fell last year. SAINTS' portfolio has not been immune from this, and the performance of the portfolio has been comparable to that of the broader commercial property sector. This is due in part to its focus on strong covenants, long leases and inflation linked rents. The manager, OLIM, has rightly steered clear of many of the structurally-challenged areas of the market, notably the office market, which has faced both cyclical challenges as well as over-supply due to changing working practices.

Over the course of the year, the manager made a number of sales and new purchases to avoid the worst of these headwinds and further bolster the resilience and rental growth prospects of the portfolio going forward. It is worth noting that by the end of 2023, SAINTS' property portfolio was essentially spread across three sectors, all of whose prospects appear structurally sound: hotels and holiday homes; supermarkets; and industrials. The tenants in these properties are the likes of Aldi, Tesco and Premier Inn (Whitbread), and the leases and covenants are of good quality. We remain optimistic that long-term returns from this portfolio will beat the cost of borrowing.

Bond portfolio

The bond portfolio had a strong year. The total return was 9.5%.

Readers may wonder how bond holdings can play a role in SAINTS, given the Company's focus on inflation-beating growth. However, as the almost 10% return from the bond portfolio showed last year, the right names can deliver good real returns, substantially beating the cost of SAINTS' borrowings, as well as being as a useful diversifier.

The highlight here was the strength of SAINTS' emerging market sovereign bond holdings. The history of defaults among many emerging market countries is surprisingly good. Large economies such as Brazil are sufficiently diverse and robust that, as long as their institutions manage them with sufficient fiscal prudence, which of course we monitor, there is unlikely to be any serious risk of the government defaulting on its debt. Despite this, these sovereign bonds often trade at very high yields, far in excess of the risk of default and SAINTS' cost of borrowing.

In our view, the real risk with these bonds is not defaults, but inflation. Emerging markets are prone to bouts of rising prices, which can devalue their currency significantly. Which in turn can mean that a (say) 8% yield in local currency can over time become much less valuable in Sterling.

For this reason, we often prefer to invest in US dollar or Euro-denominated sovereign bonds from these countries. These still pay attractive yields but without the same currency risk.

In 2023, SAINTS earned attractive yields from its portfolio of these bonds, whilst also enjoying some capital appreciation. At the start of the year markets had been worrying about inflation in many emerging economies. But central banks in these countries often proved far swifter to raise rates during 2022 than, by comparison, the Bank of England and US Federal Reserve. Perhaps their history of inflation made EM central banks a little more alert at the wheel, when inflation started to rise. This drove good results in 2023 as inflation was tamed, and their sovereign bond prices rose accordingly.

ESG

In previous years we have written about the importance of environmental, social and governance factors when investing in companies for the long-term. The odds of returns compounding are significantly reduced if companies ignore their impacts on wider stakeholders. Companies whose operations result in significant damage to the environment, for example, run a real risk of regulation hurting their future earnings, or some of their customers simply abandoning them. We pay close attention to this for every SAINTS' holding, indeed we evaluate these risks using our own in-house developed framework, to help avoid such problems and to maximise the odds of long-term growth.

Earlier, we mentioned the case of Rio Tinto. One of the factors influencing our decision to divest was a lack of confidence in its ability to deal with the many risks of investing large sums in Guinea, a country with many governance challenges, for a project with significant reputational risk if its environmental and social impacts are not well-managed. We also noted the significant cost of changing its products, which currently result in large carbon emissions by its customers.

On the positive side, our research into Novo Nordisk continues to suggest it is a company which operates with very high standards, and well-equipped to manage its impacts on stakeholders. As a healthcare company producing a new drug that is in high demand, Novo Nordisk will undoubtedly be subject to a high level of scrutiny in the years ahead.

For it to deliver the growth we expect of it, we are keen to see the management and Board continuing to operate to the highest standard. Speaking to observers of the company in the healthcare industry, this certainly appears to be the case. We will continue to engage with the senior management team to stress the importance of setting a very high bar in terms of business practices – for example around pricing, and data privacy of patients – so that the company maximises the odds of delivering its potential growth in the years ahead.

SAINTS in the year ahead

Shareholders may well have noted that SAINTS' earnings in 2023 did not quite cover the recommended full-year dividend. The earnings per share were 13.48p while the dividend is to be 14.10p, meaning the coverage ratio is 96%. One of the factors in the Board's thinking, gaining comfort with paying a slightly uncovered dividend, was the outlook for 2024 and beyond.

In the equity portfolio, we expect continued steady compounding in earnings and dividends from the vast majority of SAINTS' equity investments. It is difficult to predict the exact figure in any one year, but as a rule of thumb we seek companies which have the prospect of growing their earnings and dividends, on average over long periods of time, by 10% a year. Of course, some do better and some do worse, and sometimes we will make portfolio upgrades which weigh on near-term income: our experience has been that for long-term success it is far better to swap a troubled 5% yielder for a strong 2% yielder, and swallow the short-term hit to income in pursuit of the long-term gain. All of this said and done, we believe the equity portfolio should be able to deliver dividend growth well ahead of UK inflation.

The macroeconomic outlook for 2024 is opaque. There are hopes that Chinese consumer spending will bounce back at some point, but that was the hope at the start of 2023, and in fact sentiment deteriorated last year. The US economy looks stronger, but sceptics are warning that we have yet to see the full impact of inflation and rate rises on business and households. Europe meanwhile looks sluggish, but trading may well improve if rates show clearer signs of peaking.

SAINTS' holdings have been selected for their structural growth potential across cycles, not as 'plays' on the economy. So whatever the economic outcomes in 2024, we are hopeful of continued growth in the earnings of the portfolio. Microsoft for example has just reported very strong growth year on year, driven by uptake of its AI products. Novo Nordisk has just upgraded its growth estimate for 2024. And so on. Even if the global economy proves troublesome in 2024, it is worth remembering that our equity holdings have prudent payout ratios, meaning they should have still ample capacity to deliver dividend growth, even if their earnings growth proves a bit soggy.

In conclusion we are optimistic that revenues will grow in 2024, and that moving forward earnings growth will restore coverage of the dividend while supporting continued growth in returns to shareholders. Whatever the next set of headlines in the media, euphoric or despondent, we believe SAINTS owns a diverse portfolio of strong, well-managed, growing companies, with the potential to help the Company meet its core objectives: growing capital and income ahead of inflation, and extending its record of 50 consecutive years of increases in the dividend.

James Dow
Toby Ross
Ross Mathison
Baillie Gifford & Co
14 February 2024

Performance attribution

For the year to 31 December 2023

Portfolio breakdown	Average allocation SAINTS %	Average allocation benchmark %	Total return * SAINTS %	Total return * benchmark %
Global equities	94.3	100.0	13.9	15.7
Infrastructure equities	2.9		3.0	
Bonds	4.5		9.5	
Direct property	8.3		(1.8)	
Cash at bank	0.5		–	
Borrowings at book value	(10.5)		3.0	
Portfolio total return (borrowings at book value)			**13.0**	
Other items†			(0.5)	
Fund total return (borrowings at book value)			**12.5**	
Adjustment for change in fair value of borrowings			(0.7)	
Fund total return (borrowings at fair value)			**11.8**	

* Alternative performance measure – see glossary of terms and alternative performance measures on pages 118 to 120.

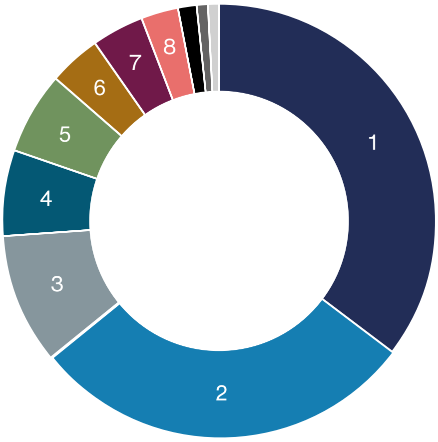
† Includes Baillie Gifford and OLIM Property Limited management fees.

Source: Baillie Gifford and relevant underlying index providers. See disclaimer on page 112.

Past performance is not a guide to future performance.

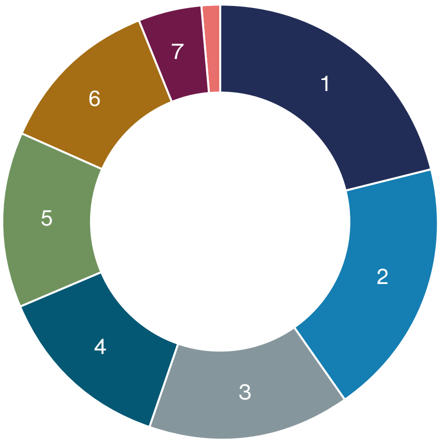
Distribution of portfolio

Geographical at 31 December 2023



		Geographical	2023 %	2022 %
●	1	Equities: North America	35.3	36.4
●	2	Equities: Europe (ex UK)	29.0	25.0
●	3	Equities: Asia	9.8	12.4
●	4	Direct Property	6.4	7.1
●	5	Equities: United Kingdom	6.0	5.7
●	6	Equities: Australasia	4.0	3.7
●	7	Bonds	3.7	4.6
●	8	Infrastructure Equities	2.8	2.6
●	9	Equities: South America	1.5	1.3
●	10	Equities: Africa and Middle East	0.7	0.7
●	11	Net Liquid Assets	0.8	0.5

Global Equities* by Sector at 31 December 2023



		Sector	2023 %	2022 %
●	1	Technology	21.2	16.5
●	2	Industrials	19.1	17.3
●	3	Financials	15.1	15.4
●	4	Consumer Staples	13.3	15.6
●	5	Consumer Discretionary	13.0	15.7
●	6	Healthcare	12.4	12.0
●	7	Basic Materials	4.6	6.1
●	8	Telecommunications	1.3	1.4

* The global equities sector analysis does not include infrastructure equities.

Review of investments

A review of the Company's ten largest equity investments as at 31 December 2023.

© Novo Nordisk.

Novo Nordisk

The Danish pharmaceutical company which has come to dominate the diabetes care market and is now one of the leading companies taking on obesity. We think this is a special company whose focus on internal development has put it in the position to reap the rewards of its game changing development of semaglutide.

Sector	Healthcare
Valuation	£41,383,000
% of total assets*	4.0%
Valuation at 31 December 2022	£40,137,000
% of total assets at 31 December 2022	4.3%
Net purchases/(sales) in year to 31 December 2023	(£13,595,000)

Watsco

Watsco is the largest Heating, Ventilation & Air Conditioning ('HVAC') distributor in the US. It operates across the country, working closely with customers and suppliers to provide the best experience possible. Its customers are small and medium sized contractors. These contractors maintain close relationships with Watsco, giving it the opportunity to add more value than a traditional distributor might, such as with its technological offering.

Sector	Industrials
Valuation	£37,466,000
% of total assets*	3.6%
Valuation at 31 December 2022	£22,763,000
% of total assets at 31 December 2022	2.4%
Net purchases/(sales) in year to 31 December 2023	£171,000

* For a definition of terms see glossary of terms and alternative performance measures on pages 118 to 120.

© Kumar Sriskandan/Alamy Stock.

Microsoft

The software behemoth whose products span cloud computing, devices, Office 365, gaming and now generative AI. Microsoft's incredible ability to find new innovative avenues for growth have led it to compound capital appreciation and income at high rates for many years, something we believe will continue for many more to come.

Sector	Technology
Valuation	£37,315,000
% of total assets*	3.6%
Valuation at 31 December 2022	£25,182,000
% of total assets at 31 December 2022	2.7%
Net purchases/(sales) in year to 31 December 2023	(£89,000)

© Bloomberg/Getty Images.

Fastenal

The largest distributor of fasteners for construction and industrial applications in North America. It is very close to its customers, delivering a tailored, flexible service, something which has been enhanced by the roll-out of its on-site vending machines. Over time, the company can take market share from smaller, independent peers and continue to compound growth at a reasonable rate.

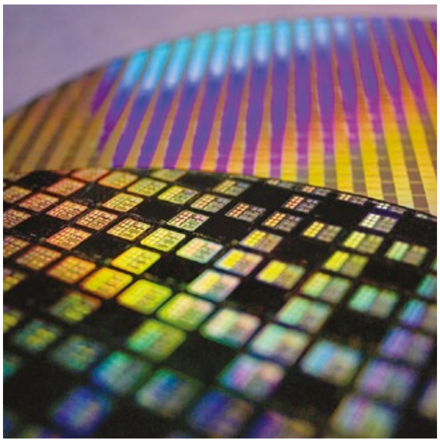
Sector	Basic Materials
Valuation	£31,673,000
% of total assets*	3.1%
Valuation at 31 December 2022	£24,739,000
% of total assets at 31 December 2022	2.6%
Net purchases/(sales) in year to 31 December 2023	(£321,000)

Partners Group

A Swiss private markets investment group. Its scale, reputation and culture has triple sided advantages, attracting flows from blue-chip clients, making it an investor of choice for companies and an employer of choice for top talent. It is well positioned to benefit from the growth of private assets in investors' portfolios.

Sector	Financials
Valuation	£28,093,000
% of total assets*	2.7%
Valuation at 31 December 2022	£15,373,000
% of total assets at 31 December 2022	1.6%
Net purchases/(sales) in year to 31 December 2023	£3,182,000

* For a definition of terms see glossary of terms and alternative performance measures on pages 118 to 120.


© Taiwan Semiconductor Manufacturing Co., Ltd.

Taiwan Semiconductor Manufacturing

TSMC is one of the world's most important companies. It is a pure-play semiconductor manufacturer with most of the world's semiconductor designers, such as Nvidia, being TSMC's customers. The demand for semiconductors has almost sky-rocketed over the past decade and we expect that demand to increase for many years to come, particularly given the advent of generative AI in the public consciousness.

Sector	Technology
Valuation	£27,554,000
% of total assets*	2.7%
Valuation at 31 December 2022	£21,884,000
% of total assets at 31 December 2022	2.3%
Net purchases/(sales) in year to 31 December 2023	£286,000


© Atlas Copco.

Atlas Copco

Atlas Copco is one of the world's best engineering companies.
It has leading market shares in air compressors and vacuum pumps which have wide industrial uses and come with very profitable aftermarket businesses.
Its decentralised organisation and innovative corporate culture set the standard for others to try and copy. Capital allocation is excellent, and we are strongly aligned with its long-term anchor shareholder, Investor AB.

Sector	Industrials
Valuation	£25,916,000
% of total assets*	2.5%
Valuation at 31 December 2022	£15,062,000
% of total assets at 31 December 2022	1.6%
Net purchases/(sales) in year to 31 December 2023	£3,839,000

© Procter and Gamble.

Procter & Gamble

Procter & Gamble is behind many of the branded consumer goods we use every day. Whether that's the Oral-B toothpaste we might use to brush our teeth in the morning, the Gillette razors for shaving or Fairy for washing up. The strength and defensibility of these brands has enabled the company to continue to grow durably despite being over 180 years old.

Sector	Consumer Staples
Valuation	£25,916,000
% of total assets*	2.5%
Valuation at 31 December 2022	£28,431,000
% of total assets at 31 December 2022	3.0%
Net purchases/(sales) in year to 31 December 2023	(£37,000)

* For a definition of terms see glossary of terms and alternative performance measures on pages 118 to 120.

© Shutterstock/Anna Hoychuk.

Apple

Apple's introduction of the iPhone in 2008 marked a paradigm shift in consumer internet. Since then, its products and operating system have become central to many peoples' lives. With its innovative culture, we think this will continue in to the future.

Sector	Technology
Valuation	£25,128,000
% of total assets*	2.4%
Valuation at 31 December 2022	£17,819,000
% of total assets at 31 December 2022	1.9%
Net purchases/(sales) in year to 31 December 2023	£77,000

© Pepsico

Pepsico

Pepsico is behind the eponymous soft drink Pepsi, as well as other brands like Mountain Dew, Doritos and Lay's. Its commitment to building a diversified product range has been an important factor in its long term success, while the low cost of its products keeps it resilient in difficult periods.

Sector	Consumer Staples
Valuation	£23,086,000
% of total assets*	2.2%
Valuation at 31 December 2022	£25,908,000
% of total assets at 31 December 2022	2.8%
Net purchases/(sales) in year to 31 December 2023	£63,000

* For a definition of terms see glossary of terms and alternative performance measures on pages 118 to 120.

List of investments

As at 31 December 2023

Name	Business	2023 Value £'000	2023 % of total assets
Global equities			
Novo Nordisk	Pharmaceutical company	41,383	4.0
Watsco	Distributes air conditioning, heating and refrigeration equipment	37,466	3.6
Microsoft	Computer software	37,315	3.6
Fastenal	Distribution and sales of industrial supplies	31,673	3.1
Partners Group	Asset management	28,093	2.7
Taiwan Semiconductor Manufacturing	Semiconductor manufacturer	27,554	2.7
Atlas Copco	Engineering	25,916	2.5
Procter & Gamble	Household product manufacturer	25,916	2.5
Apple	Consumer technology	25,128	2.4
Pepsico	Snack and beverage company	23,086	2.2
Schneider Electric	Electrical power products	22,822	2.2
Deutsche Boerse	Securities exchange owner/operator	22,716	2.2
Analog Devices	Integrated circuits	22,145	2.2
Carsales.com	Online marketplace for classified car advertisements	21,546	2.1
United Parcel Service	Courier services	20,942	2.0
Roche	Pharmaceuticals and diagnostics	20,701	2.0
Sonic Healthcare	Laboratory testing	19,894	1.9
Wolters Kluwer	Information services and solutions provider	19,113	1.9
Admiral	Car insurance	19,091	1.9
Experian	Credit scoring and marketing services	18,829	1.8
Coca Cola	Beverage company	17,655	1.7
Intuit	Software	17,425	1.7
Nestlé	Food producer	17,007	1.7
Edenred	Voucher programme outsourcer	15,649	1.5
B3 S.A.	Securities exchange owner/operator	15,509	1.5
L'Oréal	Cosmetics	14,857	1.4
Arthur J Gallagher	Insurance broker	14,513	1.4
McDonald's	Fast food restaurants	13,703	1.3
Anta Sports	Sportswear manufacturer and retailer	12,995	1.3
Kuehne + Nagel	Worldwide freight forwarder	12,650	1.2
United Overseas Bank	Commercial banking	12,253	1.2
Cisco Systems	Data networking equipment	11,299	1.1
Valmet	Manufacturer of pulp and paper machinery	10,754	1.0
SAP	Business software developer	10,465	1.0

Name	Business	2023 Value £'000	2023 % of total assets
NetEase	Online gaming company	10,127	1.0
Coloplast	Manufacturer of medical products	9,942	1.0
Albemarle	Producer of speciality and fine chemicals	9,627	0.9
T. Rowe Price	Fund manager	9,144	0.9
Starbucks	Coffee retailer	9,129	0.9
Amadeus IT Group	Technology provider for the travel industry	8,918	0.9
Texas Instruments	Semiconductor supplier	8,847	0.9
Medtronic	Medical devices company	8,735	0.9
USS	Second-hand car auctioneer	8,703	0.8
Diageo	International drinks company	8,067	0.8
Dolby Laboratories	Multimedia software	8,060	0.8
Hong Kong Exchanges and Clearing	Securities exchange owner/operator	7,739	0.8
Midea Group	Appliance manufacturer	7,321	0.7
Kering	Luxury brand conglomerate	7,194	0.7
Cognex	Industrial automation	6,904	0.7
AVI	Staple foods manufacturer	6,880	0.7
Pernod Ricard	Global spirits manufacturer	6,853	0.7
Man Wah	Sofa designer and manufacturer	6,843	0.7
TCI	Producer of health-food products	6,333	0.6
Fevertree Drinks	Producer of premium mixer drinks	5,748	0.6
GlaxoSmithKline	Pharmaceuticals, vaccines and consumer healthcare	5,430	0.5
Home Depot	Home improvement retailer	4,640	0.5
Hargreaves Lansdown	UK retail savings and investment platform	4,612	0.4
Eurofins	Laboratory testing provider	4,581	0.4
Total global equities		**888,440**	**86.3**
Infrastructure equities			
Greencoat UK Wind	UK wind farms	10,258	1.0
Terna	Electricity grid operator	5,993	0.6
BBGI Global Infrastructure	PFI/PPP fund	5,561	0.5
Assura	Primary healthcare property group	3,535	0.3
Jiangsu Expressway	Tollroad operator	2,938	0.3
Exelon	Grid and utility operator	869	0.1
Total Infrastructure equities		**29,154**	**2.8**

Name	Business	2023 Value £'000	2023 % of total assets
Direct Property	See table on page 31	**66,350**	**6.4**
Bonds			
Euro denominated	Ivory Coast 6.625% 2048	1,421	0.1
US dollar denominated	Netflix 5.375% 2029	5,766	0.6
	FMG Resources 6.125% 2032	4,390	0.4
	Brazil 7.125% 20/01/2037	1,884	0.2
	Dominican Republic 5.875% 30/01/2060	1,837	0.2
	First Quantum Minerals 6.875% 2026	1,737	0.2
	Mexico 5.75% 12/10/2110	1,591	0.1
	First Quantum Minerals 7.5% 2025	1,341	0.1
	Mercadolibre 3.125% 2031	981	0.1
		19,527	**1.9**
Brazilian real denominated	Brazil CPI Linked 15/05/2045	5,721	0.6
Dominican peso denominated	Dominican Republic 9.75% 05/06/2026	731	0.1
Indonesian rupiah denominated	Indonesia 9% 15/03/2029	3,161	0.3
	Indonesia 7.375% 15/05/2048	2,054	0.2
		5,215	**0.5**
Mexican peso denominated	Mexico IL 4% 15/11/2040	3,184	0.3
Peruvian sol denominated	Peru 6.15% 12/08/2032	2,067	0.2
Total Bonds		**37,866**	**3.7**
Total Investments		**1,021,810**	**99.2**
Net Liquid Assets		**8,102**	**0.8**
Total Assets (before deduction of borrowings)		**1,029,912**	**100.0**

Property portfolio

Location	Type	Tenant	2023 Value £'000	2023 % of total assets	2022 Value £'000
Biggleswade	Warehouse	Sherwin-Williams UK Limited	5,700	0.5	6,500
Crawley*	Petrol Station and Convenience Store	Co-operative Group Food Limited	–	–	3,300
Denbigh	Supermarket	Aldi Stores Limited	4,800	0.5	5,300
Earley	Public House	Spirit Pub Company (Managed) Limited (Greene King)	2,600	0.2	2,700
Gosport†	Supermarket	Aldi Stores Limited	5,550	0.5	–
Holyhead	Hotel	Premier Inn Hotels Limited	6,550	0.6	6,900
Kenilworth*	Nursing Home	Care UK Community Partnerships Limited	–	–	5,000
New Romney	Holiday Village	Park Resorts Limited	19,250	1.9	19,250
Otford	Public House	Spirit Pub Company (Managed) Limited (Greene King)	1,700	0.2	1,750
Pagham*	Convenience Store	Co-operative Group Food Limited	–	–	1,150
Prestatyn*	Public House	Stonegate Pub Company Limited	–	–	1,100
Ringwood†	Hotel	Premier Inn Hotels Limited	8,650	0.8	–
Southend-on-Sea	Warehouse	Booker Limited	7,900	0.8	9,400
Taunton	Bowling Alley	Mitchells & Butlers Retail (No.2) Limited (sublet to Hollywood Bowl)	3,650	0.4	4,400
			66,350	**6.4**	**66,750**

* Sold during the year.

† Purchased during the year.

One year summary*

The following information illustrates how SAINTS has performed over the year to 31 December 2023.

	31 December 2023	31 December 2022	% change
Total assets (before deduction of borrowings)†	£1,029.9m	£941.4m	
Borrowings (book value)	£94.7m	£94.7m	
Shareholders' funds	£935.2m	£846.7m	
Net asset value per ordinary share (borrowings at fair value)†	539.4p	495.5p	8.9
Net asset value per ordinary share (borrowings at book value)	524.5p	479.0p	9.5
Share price	535.0p	508.0p	5.3
Benchmark#			13.1
(Discount)/premium – (borrowings at fair value)†	(0.8%)	2.5%	
Premium† – (borrowings at book value)	2.0%	6.1%	
Revenue earnings per ordinary share	13.48p	13.82p	(2.5)
Dividends paid and payable in respect of the year	14.10p	13.82p	2.0
Ongoing charges†	0.58%	0.59%	
Active share†	87%	89%	

Year to 31 December	2023	2022
Total returns (%)†‡		
Net asset value (borrowings at fair value)	11.8	(3.7)
Net asset value (borrowings at book value)	12.5	(7.1)
Share price	8.2	(3.5)
Benchmark#	15.7	(7.3)

* For a definition of terms see glossary of terms and alternative performance measures on pages 118 to 120.

† Alternative performance measure – see glossary of terms and alternative performance measures on pages 118 to 120.

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

‡ Source: LSEG/Baillie Gifford and relevant underlying data providers. See disclaimer on page 112.

Past performance is not a guide to future performance.

Year to 31 December	2023	2023	2022	2022
Year's high and low	**High**	**Low**	**High**	**Low**
Net asset value (borrowings at fair value)†	542.4p	495.7p	529.6p	461.6p
Net asset value (borrowings at book value)	527.5p	479.2p	530.9p	454.3p
Share price	542.0p	452.0p	543.0p	440.0p
Premium/(discount) – borrowings at fair value†	6.0%	(7.2%)	3.4%	(13.0%)
Premium/(discount)† – borrowings at book value	2.5%	(10.9%)	6.2%	(9.2%)

Year to 31 December	2023	2022
Net return per ordinary share		
Revenue	13.48p	13.82p
Capital	45.63p	(51.04p)
Total	**59.11p**	**(37.22p)**

† Alternative performance measure – see glossary of terms and alternative performance measures on pages 118 to 120.

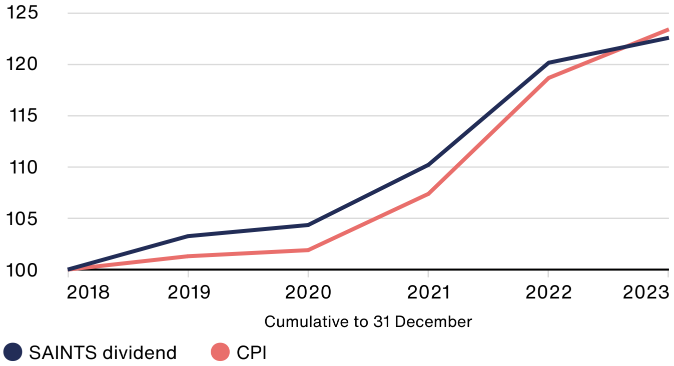
Past performance is not a guide to future performance.

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 2023.

Dividend versus Inflation

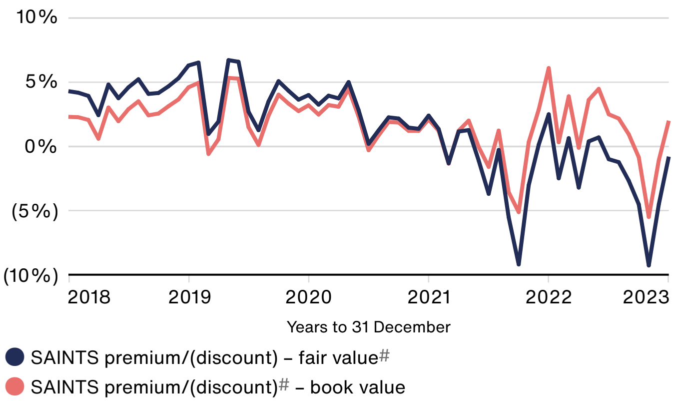
(figures rebased to 100 at 31 December 2018)



Source: LSEG and relevant underlying index providers†.

Premium/(discount)# to net asset value

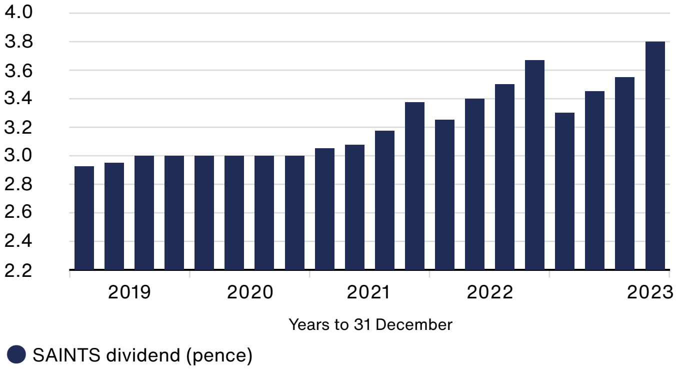
(plotted on a monthly basis)



Source: LSEG/Baillie Gifford and relevant underlying index providers†.
The premium/(discount) is the difference between SAINTS' quoted share price and its underlying net asset value.

* The Company's benchmark is the FTSE All-World Index (in sterling terms).
† See disclaimer on page 112.
# Alternative performance measure – see glossary of terms and alternative performance measures on pages 118 to 120.
Past performance is not a guide to future performance.

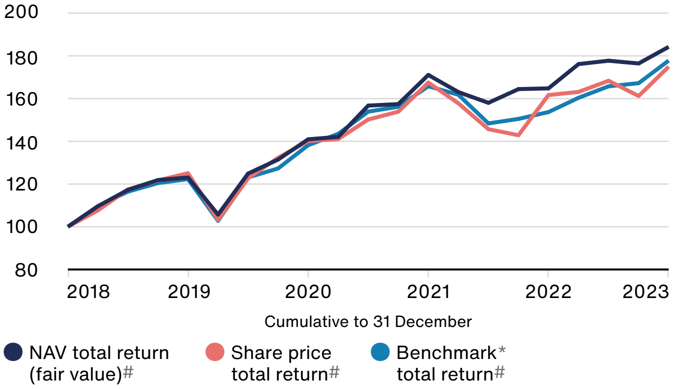
Five year quarterly dividends paid (pence)



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

Five year total return# performance

(figures rebased to 100 at 31 December 2018)



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

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

† See disclaimer on page 112.

\# Alternative performance measure – see glossary of terms and alternative performance measures on pages 118 to 120.

Past performance is not a guide to future performance.

Ten year record*

Revenue / Gearing ratios

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 † %
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
2017	20,484	15,213	11.33	11.10	0.80	(6)	17
2018	21,743	16,230	11.75	11.50	0.76	(6)	17
2019	22,950	17,096	11.87	11.875	0.77	(3)	14
2020	23,568	17,519	11.41	12.00	0.70	(7)	11
2021	27,980	21,820	12.79	12.675	0.62	(4)	10
2022	30,043	24,345	13.82	13.82	0.59	(2)	11
2023	**30,078**	**23,960**	**13.48**	**14.10**	**0.58**	**(2)**	**10**

Capital

At 31 December	Total assets £'000	Debenture stocks and loans £'000	Shareholders' funds £'000	Net asset value per share (nominal/par) p	Net asset value per share (book) p	Net asset value per share (fair) † p	Share price p	Premium/ (discount) † (book) %	Premium/ (discount) (fair) † %
2013	428,313	85,931	342,382	262.5	258.1	247.0	256.3	(0.7)	3.8
2014	429,167	85,361	343,806	263.2	259.1	243.7	249.6	(3.7)	2.4
2015	433,209	84,756	348,453	265.2	261.7	247.5	261.5	(0.1)	5.7
2016	515,622	84,112	431,510	326.6	323.5	309.2	324.0	0.2	4.8
2017	581,366	83,428	497,938	368.7	366.2	355.6	368.0	0.5	3.5
2018	566,154	82,701	483,453	345.0	343.0	336.4	351.0	2.3	4.3
2019	682,418	81,930	600,488	408.4	407.1	400.9	426.0	4.6	6.3
2020	812,270	81,108	731,162	450.4	449.7	446.1	464.0	3.2	4.0
2021	1,025,346	95,161	930,185	529.8	529.7	528.4	541.0	2.1	2.4
2022	941,388	94,714	846,674	478.9	479.0	495.5	508.0	6.1	2.5
2023	**1,029,912**	**94,728**	**935,184**	**524.3**	**524.5**	**539.4**	**535.0**	**2.0**	**(0.8)**

For a definition of terms see glossary of terms and alternative performance measures on pages 118 to 120.

* 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.

† Alternative performance measure – see glossary of terms and alternative performance measures on pages 118 to 120.

Past performance is not a guide to future performance.

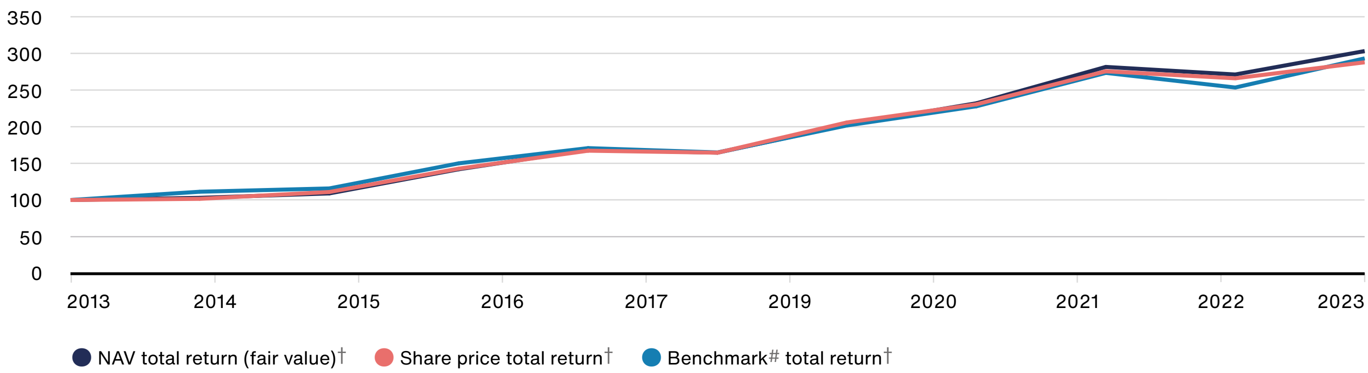
Cumulative performance (taking 2013 as 100)

At 31 December	Net asset value per share (fair) †	Net asset value (fair) total return †	Share price	Share price total return †	Benchmark #	Benchmark # total return †	Earnings per ordinary share*	Dividends per ordinary share (net)	Consumer price index
2013	100	100	100	100	100	100	100	100	100
2014	99	103	97	102	109	111	103	103	101
2015	100	109	102	111	110	116	103	105	101
2016	125	142	126	143	139	150	102	106	102
2017	144	169	144	167	154	171	111	109	105
2018	136	165	137	165	145	165	115	113	108
2019	162	203	166	206	173	202	116	116	109
2020	181	232	181	231	192	228	112	118	110
2021	214	282	211	276	226	273	125	124	116
2022	201	271	198	266	205	253	135	135	128
2023	**218**	**303**	**209**	**288**	**232**	**293**	**132**	**138**	**133**

Compound annual returns

5 year	9.9%	12.9%	8.8%	11.8%	9.7%	12.2%	2.8%	4.2%	4.3%
10 year	8.1%	11.7%	7.6%	11.2%	8.8%	11.4%	2.8%	3.3%	2.9%

Ten year total return† performance



For a definition of terms see glossary of terms and alternative performance measures on pages 118 to 120.

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

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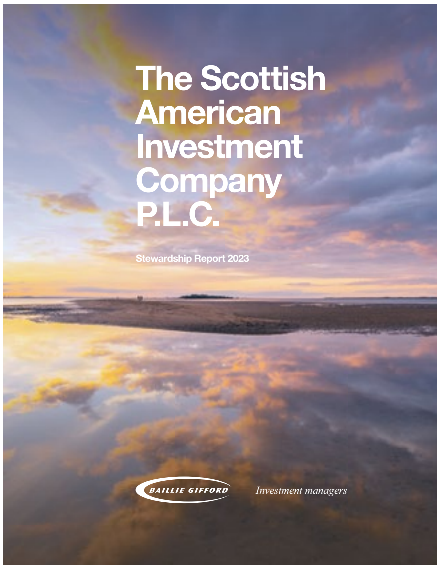
† Alternative performance measure – see glossary of terms and alternative performance measures on pages 118 to 120.

Past performance is not a guide to future performance.

Environmental, social and governance

The Company publishes an annual stewardship report which includes examples of engagement on environmental, social and governance ('ESG') matters, as well as setting out the Managers' approach to proxy voting. The annual stewardship report is available on the Company's website **saints-it.com**.



Business review

Business model

Business and status

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

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

The Company is an Alternative Investment Fund for the purposes of the UK Alternative Investment Fund Managers Regulations.

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 14 to 21 and a detailed analysis of the Company's investment portfolio held at the year end is set out on pages 23 to 31.

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.

OLIM Property Limited provide the Board with quarterly updates and meet with the Board at least once a year or otherwise when required. Annually, the Board receive a report from Baillie Gifford & Co Limited detailing its review of OLIM's asset allocation policy, business continuity plan and any breaches, errors or complaints recorded.

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 1,565,000 ordinary shares at a premium to net asset value (2022 – 1,150,000). No shares were bought back during the year.

Borrowings

As at 31 December 2023, the Company had £95m of long term secured privately placed loan notes as detailed on page 95.

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 borrowings at fair value) compared to the benchmark;
- the movement in the share price;
- the premium/discount (after deducting borrowings at fair value); and
- ongoing charges.

An explanation of these measures can be found in the glossary of terms and alternative performance measures on pages 118 to 120.

The one, five and ten year records of the KPIs are shown on pages 32 to 37.

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

Principal and emerging risks

As explained on pages 64 and 65, there is an ongoing process for identifying, evaluating and managing the risks faced by the Company on a regular basis. The Directors have carried out a robust assessment of the principal and emerging risks facing the Company including those that would threaten its business model, future performance, regulatory compliance, solvency or liquidity. There have been no significant changes to the principal risks during the year. A description of these risks and how they are being managed or mitigated is set out on the following pages. An upwards arrow, dash or downwards arrow has been included to show if the risk level has increased, not changed or decreased since it was reported in last year's Annual Report and Financial Statements.

The Board considers geopolitical concerns (including the Russia-Ukraine conflict, heightened tensions between China and both the US and Taiwan and the developing situation in the Middle East) and macroeconomic concerns (including increased inflation and interest rates) to be factors which exacerbate existing areas of risk as categorised and further explained on the following pages.

Financial risk

What is the risk?

The Company's assets consist mainly of listed securities and its principal and emerging risks are therefore market related and include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. An explanation of those risks and how they are managed is contained in note 18 to the Financial Statements on pages 97 to 102.

How is it managed?

The Board has, in particular, considered the impact of heightened market volatility from macroeconomic factors, including increased inflation and interest rates, and geopolitical concerns. To mitigate this risk at each Board meeting the Manager provides an investment policy paper which includes a detailed explanation of significant stock selection decisions and the overall rationale for holding the current portfolio. Consideration is given to portfolio movements and the top and bottom contributors to performance. The investment approach is considered in detail at the annual Strategy meeting. The value of the Company's investment portfolio and its income stream would be affected by any currency movements, but the Board believes the nature and diversification of the Company's equity portfolio moderates such risks.

Change in risk level

Current assessment of risk

This risk increased due to increased market volatility as a result of heightened geopolitical concerns and macroeconomic factors, including increased inflation and interest rates.

Investment strategy risk

What is the risk?

Pursuing an investment strategy to fulfil the Company's objective which the market perceives to be unattractive or inappropriate, or the ineffective implementation of an attractive or appropriate strategy, may lead to reduced returns for shareholders and, as a result, a decreased demand for the Company's shares. This may lead to the Company's shares trading at a widening discount to their net asset value.

How is it managed?

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 and raise any matters of concern with the Managers.

Change in risk level

Current assessment of risk

This risk is increased as the market's appetite for investment risk, and willingness to pay for future growth, has reduced during the recent period of heightened macroeconomic and geopolitical concern. Increased inflation has impacted the achievement of real dividend growth over the shorter term.

Discount risk

What is the 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.

How is it managed?

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.

Change in risk level

Current assessment of risk

The Company's shares traded at both a premium and a discount during the year. 1,565,000 shares were issued and no shares were bought back during the year.

Increased Risk Decreased Risk No Change

	What is the risk?	How is it managed?	Change in risk level	Current assessment of risk
Climate and governance risk	Perceived problems on Environmental, Social and Governance ('ESG') matters in an investee company could lead to that company's shares being less attractive to investors, adversely affecting its share price, in addition to potential valuation issues arising from any direct impact of the failure to address the ESG weakness on the operations or management of the investee company (for example in the event of an industrial accident or spillage). Environmental factors are also of significant importance in relation to the property investments as, for example, flood risk or the use of deleterious materials could reduce the attractiveness of a property and potentially its valuation and rental income prospects. Repeated failure by the Investment Manager and Property Manager to identify ESG weaknesses in investee companies or property investments, could lead to the Company's own shares being less attractive to investors, adversely affecting its own share price.	This is mitigated by the Investment Managers' strong ESG stewardship and engagement policies, and the Board's own ESG policy, which is available to view on the Managers' website: **saints-it.com**, both of which have been adopted by the Company, and which are fully integrated into the investment process as well as the extensive up-front and ongoing due diligence which the Investment Manager undertakes on each investee company. The due diligence conducted by the Investment Manager and Property Manager includes assessment of the risks inherent in climate change (see page 66). The Directors have considered the impact of climate change on the Financial Statements of the Company and this is included in note 1 to the Financial Statements on pages 88 to 90.	—	The Investment Manager and Property Manager continued to employ strong ESG stewardship and engagement policies.
Regulatory risk	Failure to comply with applicable legal and regulatory requirements such as the tax rules for investment companies, the FCA Listing Rules and the Companies Act could lead to suspension of the Company's Stock Exchange listing, financial penalties, a qualified audit report or the Company being subject to tax on capital gains.	To mitigate this risk, Baillie Gifford's Business Risk, Internal Audit and Compliance departments provide regular reports to the Audit Committee on Baillie Gifford's monitoring programmes. Major regulatory change could impose disproportionate compliance burdens on the Company. In such circumstances representation is made to ensure that the special circumstances of investment trusts are recognised. Shareholder documents and announcements, including the Company's published Interim and Annual Report and Financial Statements, are subject to stringent review processes, and procedures are in place to ensure adherence to the Transparency Directive and the Market Abuse Directive with reference to inside information.	—	All control procedures were working effectively and there were no material regulatory changes that have impacted the Company during the year.

↑ Increased Risk ↓ Decreased Risk — No Change

Custody and depositary risk

What is the risk?	How is it managed?	Change in risk level	Current assessment of risk
Safe custody of the Company's assets may be compromised through control failures by the Depositary, including breaches of cyber security.	To mitigate this risk, the Board receives six-monthly reports from the Depositary confirming safe custody of the Company's assets held by the Custodian. Cash and portfolio holdings are independently reconciled to the Custodian's records by the Managers. The Custodian's assured internal controls reports are reviewed by Baillie Gifford's Business Risk Department and a summary of the key points is reported to the Audit Committee and any concerns investigated.	—	All control procedures were working effectively.

Operational risk

What is the risk?	How is it managed?	Change in risk level	Current assessment of 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 Audit Committee reviews Baillie Gifford's Report on Internal Controls and reports by other key third party providers are reviewed by Baillie Gifford on behalf of the Board and a summary of the key points is reported to the Audit Committee and any concerns investigated. The other key third party service providers have not experienced significant operational difficulties affecting their respective services to the Company.	—	All control procedures were working effectively.

Leverage risk

What is the risk?	How is it managed?	Change in risk level	Current assessment of 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 and covenant levels are monitored regularly. Details of the Company's current borrowings can be found in note 12 on page 95. The majority of the Company's investments are in quoted securities that are readily realisable. Further information on leverage can be found on page 112 and the glossary of terms and alternative performance measures on pages 118 to 120.	—	The Company has long term borrowings in place in form of its loan notes, which have maturity dates in 2036, 2045 and 2049.

↑ Increased Risk ↓ Decreased Risk — No Change

Political risk	What is the risk?	How is it managed?	Change in risk level	Current assessment of risk
	Political change in areas in which the Company invests or may invest may have practical consequences for the Company.	Political developments are closely monitored and considered by the Board and Managers. Following the departure of the UK from the European Union and the subsequent trade agreement between the UK and the European Union, the Board continues to assess the potential consequences for the Company's future activities including those which may arise from further constitutional change. The Board also remains watchful of broader geopolitical tensions and the associated potential for armed conflict. The Board considers the nature and diversification of the Company's investments provides a good degree of protection against such political risks.	↑	This risk is increased as governments and consumers around the world continue to assess the impact of heightened geopolitical tensions.

Cyber security risk	What is the risk?	How is it managed?	Change in risk level	Current assessment of risk
	A cyber attack on Baillie Gifford's network or that of a third party service provider could impact the confidentiality, integrity or availability of data and systems.	To mitigate this risk, the Audit Committee reviews Reports on Internal Controls published by Baillie Gifford and other third party service providers. Baillie Gifford's Business Risk Department report to the Audit Committee on the effectiveness of information security controls in place at Baillie Gifford and its business continuity framework. Cyber security due diligence is performed by Baillie Gifford on third party service providers which includes a review of crisis management and business continuity frameworks.	↑	This risk is seen as increasing due to recent indications that the continuation of geopolitical tensions could lead to cyber attacks. Emerging technologies, including AI, could potentially increase information security risks. In addition, service providers operate a hybrid approach of remote and office working, thereby increasing the potential of a cyber security threat.

Emerging risks

As explained on pages 64 and 65, the Board has regular discussions on principal risks and uncertainties, including any risks which are not an immediate threat but could arise in the longer term. The Board considers that the key emerging risks arise from the interconnectedness of global economies and the related exposure of the investment portfolio to external and emerging threats such as escalating geopolitical tensions, cyber security risks including developing AI and quantum computing capabilities, and new coronavirus variants or similar public health threats. This is mitigated by the Board discussing at each Board meeting global economic and geopolitical factors and how these might impact the Company. The Board also considers the Investment Managers' close links to the investee companies and its ability to ask questions on contingency plans. The Investment Manager believes the impact of such events may be to slow growth rather than to invalidate the investment rationale. The Managers monitor certain emerging risks and have established a group to manage the response to any future events that might result in heightened levels of market volatility. Regular exercises are carried out to test the Managers' response to various scenarios.

↑ Increased Risk   ↓ Decreased Risk   — No Change

Viability statement

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

In considering the viability of the Company, the Directors have conducted a robust assessment of each of the principal and emerging risks and uncertainties, including climate change, detailed on pages 41 to 45 and in particular the impact of market risk where a significant fall in global equity markets would adversely impact the value of the investment portfolio. The Directors have also considered the Company's income and expenses and dividend policy having undertaken a review of revenue projections over a five year period and its liquidity in the context of the majority of its investments being listed equities which are readily realisable and so capable of being sold to provide funding if required. Leverage comprising private placement debt totalling £95m: £40m repayable in April 2045, £40m repayable in April 2049 and £15m repayable in June 2036, have also been considered with specific leverage and liquidity stress testing conducted during the year, including consideration of the risk of further market deterioration resulting from increasing geopolitical tensions. The stress testing did not indicate any matters of concern. 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.

Promoting the success of the Company (section 172 statement)

Under section 172 of the Companies Act 2006, the directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters and to the extent applicable) to: a) the likely consequences of any decision in the long term, b) the interests of the company's employees, c) the need to foster the company's business relationships with suppliers, customers and others, d) the impact of the company's operations on the community and the environment, e) the desirability of the company maintaining a reputation for high standards of business conduct, and f) the need to act fairly as between members of the company.

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

The Board considers that the interests of the Company's key stakeholders are aligned, in terms of wishing to see the Company deliver sustainable long-term growth, in line with the Company's stated objective and strategy, and meet the highest standards of legal, regulatory, and commercial conduct, with the differences between stakeholders being merely a matter of emphasis on those elements.

The Board's methods for assessing the Company's progress in the context of its stakeholders' interests are set out below.

Stakeholder	Why we engage	How we engage and what we do
Shareholders	Shareholders are, collectively, the Company's owners: providing them with a return for their investment in accordance with the Company's investment policy and objective is the reason for its existence.	The Board places great importance on communication with shareholders. The Annual General Meeting provides the key forum for the Board and Managers to present to shareholders on the Company's performance, future plans and prospects. It also allows shareholders the opportunity to meet with the Board and Managers and raise questions and concerns. The Chair is available to meet with shareholders as appropriate. The Managers meet regularly with shareholders and their representatives, reporting their views back to the Board. Directors also attend certain shareholder presentations, in order to gauge shareholder sentiment first hand. Shareholders may also communicate with members of the Board at any time by writing to them at the Company's registered office or to the Company's broker. These communication opportunities help inform the Board when considering how best to promote the success of the Company for the benefit of all shareholders over the long term.
Baillie Gifford – Managers and Secretaries OLIM – Property Manager	The Company's Board has delegated the management of the Company's portfolio to Baillie Gifford and the management of the Company's property portfolio to OLIM Property. The administration of the Company's operations including fulfilment of regulatory and taxation reporting requirements, to Baillie Gifford. Baillie Gifford is therefore responsible for the substantial activities of the Company and has the most immediate influence on its conduct towards the other stakeholders, subject to the oversight and strategic direction provided by the Board.	The Board seeks to engage with its Managers and Secretaries, and other service providers, in a collaborative and collegiate manner, encouraging open and constructive discussion and debate, while also ensuring that appropriate and regular challenge is brought and evaluation conducted. This approach aims to enhance service levels and strengthen relationships with the Company's providers, with a view to ensuring the interests of the Company's shareholders are best served by keeping cost levels proportionate and competitive, and by maintaining the highest standards of business conduct.
Portfolio companies	As all of the Company's operations are conducted by third party professional providers, it is the companies held in its investment portfolio which have the primary real-world impact in terms of social and environmental change, both positively and negatively, as well as generating, through their commercial success, the investment growth sought by the Company's shareholders. The investee companies have an interest in understanding their shareholders' investment rationale in order to assure themselves that long-term business strategies will be supported.	The Board is cognisant of the need to consider the impact of the Company's investment strategy and policy on wider society and the environment. The Board considers that its oversight of environmental, social and governance ('ESG') matters is an important part of its responsibility to all stakeholders and the Board has published its own ESG policy. The Board's review of the Managers includes an assessment of their ESG approach and its application in making investment decisions. The Board regularly reviews Governance Engagement reports, which document the Managers' interactions with investee companies on ESG matters (see page 38).
Brokers	The Company's brokers provide an interface between the Company's Board and its institutional shareholders.	The Company's brokers regularly attend Board meetings, and provide reports to those meetings, in order to keep the Board apprised of shareholder and wider market sentiment regarding the Company. They also arrange forums for shareholders to meet the Chair, or other Directors, outwith the normal general meeting cycle.

Stakeholder	Why we engage	How we engage and what we do
Registrars	The Company's registrars provide an interface with those shareholders who hold the Company's shares directly.	The Company Secretaries liaise with the registrars to ensure the frequency and accuracy of communications to shareholders is appropriate, and monitor shareholder correspondence to ensure that the level of service provided by the registrars is acceptable. The Managers' risk function reviews the registrars' internal controls report and reports on the outcome of this review to the Audit Committee.
Auditor	The Company's Auditor has a responsibility to provide an opinion on whether the Company's financial statements as a whole are free from material misstatement, as set out in more detail in the Auditor's Report to the Members on pages 77 to 83.	The Company's Auditor meets with the Audit Committee, in the absence of the Managers where deemed necessary, and the Managers undertake to provide all information requested by the Auditor in connection with the Company's annual audit promptly and to ensure that it is complete and accurate in all respects.
Depositary and custodian	The depositary and custodian are responsible for the safekeeping of the Company's financial instruments, as set out in more detail on page 56.	The Depositary, the Board and Managers seek to engage with the depositary and custodian in a collaborative and collegiate manner, encouraging open and constructive discussion and debate, while also ensuring that appropriate and regular challenge is brought and evaluation conducted. This approach aims to enhance service levels and strengthen relationships with the Company's providers, with a view to ensuring the interests of the Company's shareholders are best served by keeping cost levels proportionate and competitive, and by maintaining the highest standards of business conduct.
Lenders	Lenders such as holders of debt instruments (debentures, bonds and private placement loan notes) and banks providing fixed or revolving credit facilities provide the Company's gearing and have an interest in the Company's ongoing financial health and viability.	The Company's legal advisers review all legal agreements in connection with the Company's debt arrangements and advise the Board on the appropriateness of the terms and covenants therein. The Managers and Secretaries ensure that the frequency and accuracy of reporting on, for example, covenant certification, is appropriate and that correspondence from the lenders receives a prompt response.
AIC/industry peers	The Association of Investment Companies ('AIC') and the Company's investment trust industry peers have an interest in the Company's conduct and performance, as adverse market sentiment towards one investment trust can affect attitudes towards the wider industry.	The Company is a member of the AIC, and the Directors and/or the Managers and Secretaries (as appropriate) participate in technical reviews, requests for feedback on proposed legislation or regulatory developments, corporate governance discussions and/or training.
Investment platforms	Investment platforms provide an interface with shareholders who invest in the Company indirectly.	The Managers liaise with the various investment platforms on strategies for improving communications with the Company's shareholders who hold their shares via these platforms. An annual timetable of key dates is published on the Company's website, for the ease of reference of such shareholders.
Wider society and the environment	No entity, corporate or otherwise, can exist without having an influence on the society in which it operates or utilising the planet's resources. Through its third-party relationships, as noted above, the Company seeks to be a positive influence and, in circumstances where that is not possible, to mitigate its negative impacts insofar as is possible.	The Board and Managers' interactions with the various stakeholders as noted above form the principal forms of direct engagement with wider society and in respect of the environment (commercial, financial, and in terms of planetary health and resources).

The Board recognises the importance of maintaining the interests of the Company and its stakeholders in aggregate, firmly front of mind in its key decision making and Baillie Gifford & Co Limited, the Company Secretaries are at all times available to the Board to ensure that suitable consideration is given to the range of factors to which the Directors should have regard. In addition to ensuring that the Company's stated investment objective was being pursued, key decisions and actions during the year which required the Directors to have regard to applicable section 172 factors included:

- the raising of over £8m from new share issuance, at a premium to net asset value prevailing from time to time, in order to satisfy investor demand over the year and which serves the interests of current shareholders by reducing costs per share and helping to further improve liquidity; and
- as part of the Board's succession planning, the completion of the recruitment process and the announcement that Padmesh Shukla will be appointed to the Board on 20 February 2024 (see page 56). This appointment is consistent with the AIC Corporate Governance Code principle that 'a successful company is led by an effective board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society'.

Employees, human rights and community issues

The Board recognises the requirement to provide information about employees, human rights and community issues. As the Company has no employees, all its Directors are non-executive and all its functions are outsourced, there are no disclosures to be made in respect of employees, human rights and community issues. Further information on the Company's approach to environmental, social and governance (ESG) matters are provided on page 66.

Gender representation

As at 31 December 2023, and the date of this report, the Board comprises five Directors, one male and four female. The Company has no employees. The Board's policy on diversity is set out on page 63.

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 66.

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 **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 5 to 8 and the Managers' review on pages 14 to 21.

The Strategic report, which includes pages 5 to 49, was approved by the Board on 14 February 2024.

Lord Macpherson of Earl's Court
Chairman

Governance report

This governance report, which includes pages 51 to 75 outlines the Board's approach to the governance of your Company. We believe that good governance builds better outcomes and we are committed to high standards of corporate governance and transparency.

Directors and management

Directors

Lord Nicholas Macpherson of Earl's Court, GCB

Chairman

Appointed 2016

Lord Macpherson of Earl's Court, GCB joined the Board in 2016 and was appointed Chairman on 5 April 2022. He was Permanent Secretary to the Treasury from 2005 to 2016, leading the department through the global economic and financial crisis. He is currently chairman of C Hoare and Co, a member of the Advisory Council of Arcus Infrastructure Partners LLP, a Visiting Professor at King's College, London and was a non-executive director of British Land plc.

Karyn Lamont, CA

Director

Appointed 2019

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

Bronwyn Curtis, OBE

Director

Appointed 2014

Bronwyn Curtis, OBE joined the Board in 2014 and was appointed Senior Independent Director in 2022. An economist, she was Head of Global Research at HSBC Bank plc. Her previous positions included Head of European Broadcast at Bloomberg LP and Global Head of Foreign Exchange and Fixed Income Strategy at Deutsche Bank. She is chair of TwentyFour Income Fund Limited and a non-executive director of Pershing Square Holdings Limited and BH Macro Limited. She also chairs the Oversight Board at the Office for Budget Responsibility.

Dame Mariot Leslie

Director

Appointed 2019

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

Christine Montgomery

Director

Appointed 2022

Christine Montgomery joined the Board in 2022. She has over 30 years of investment management experience, most recently as Head of Global Equities for Australian Super in Melbourne from 2016 to 2019 and previously held senior global equity roles at Fidelity Worldwide Investments, Franklin Templeton Investments and Aegon. Christine is a non-executive director of Dunedin Income and Growth Investment Trust.

All Directors are members of the Nomination Committee and all Directors, with the exception of Lord Macpherson of Earl's Court, are members of the Audit Committee. Lord Macpherson stepped down from the Audit Committee in July 2022.

Portfolio Managers

James Dow
Investment Manager
Appointed 2016

James is head of Global Income Growth and manager of the Scottish American Investment Company P.L.C., as well as a member of the Portfolio Construction Group for the Sustainable Income Strategy. He joined Baillie Gifford in 2004 and became a partner in the firm in 2023. Prior to this he was an investment manager in our US Equities Team. Before joining the firm, he spent three years at The Scotsman, where he was economics editor. James is a CFA Charterholder. He graduated MA (Hons) in Economics and Philosophy from the University of St Andrews in 2000 and MSc in Development Studies from the London School of Economics in 2001.

Toby Ross
Investment Manager
Appointed 2016

Toby was formerly an investment manager in the Global Income Growth Team which he joined in 2013, and he became Joint Manager of SAINTS in 2017. In 2022 he assumed the leadership of the Sustainable Growth Team, but remained as Joint Manager of SAINTS through 2023. He has subsequently (with effect from 14 February 2024) stepped back from his role as Joint Manager of SAINTS. Toby is a partner in the firm, and first joined Baillie Gifford in 2006. He graduated MA in English Literature from the University of Cambridge in 2006 and is a CFA Charterholder.

Ross Mathison
Deputy Manager
Appointed 2023

Ross joined Baillie Gifford in 2019 as an investment manager in the Global Income Growth Team and became deputy manager of The Scottish American Investment Company P.L.C. in August 2023. Previously, he spent a year at Aviva Investors and prior to that nine years at Standard Life Investments as an investment manager, first in the European Equity Team and latterly in the Global Equity Team. Ross is a CFA Charterholder and graduated MA (Hons) in Business and Finance from Heriot-Watt University in 2008. He also sits on the board of directors at Aberlour, a Scottish children’s charity.

Managers and secretaries

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

Baillie Gifford is one of the largest investment trust managers in the UK and currently manages twelve investment trusts. Baillie Gifford also manage a listed investment company, 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 £224 billion as at 14 February 2024. Based in Edinburgh, it is one of the leading privately owned investment management firms in the UK, with 57 partners and a staff of around 1,800.

SAINTS is managed by James Dow and Ross Mathison. They work closely with the other specialist equity, bond and multi-asset class investors at Baillie Gifford. Toby Ross has (with effect from 14 February 2024) stepped back from his role as Joint Manager of SAINTS.

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

Property manager

The Company has appointed OLIM Property Limited, a specialist property manager.

OLIM Property is an FCA regulated property investment manager of UK commercial property portfolios, with individual discretionary mandates for pension funds, investment trusts and Oxford colleges. OLIM Property is owner managed with a dedicated and highly experienced team and has a 37 year record of pioneering commercial property investment expertise and consistent outperformance. The first three client mandates in 1986 were for Value and Income Trust PLC (now known as Value and Indexed Property Income Trust PLC), an Oxford College and a FTSE 100 Company's Pension Fund. Their office is based at 15 Queen Anne's Gate in Central London, adjacent to St James's Park.

Matthew Oakeshott – chairman

Joint founder of OLIM where he managed UK commercial property and equity portfolios from 1986 to 2006 and purely commercial property since then. S.G. Warburg & Co 1976, Director of Warburg Investment Management 1978. Investment Manager of Courtaulds Pension Fund 1981 to 1985. He led a management buyout of OLIM Property in 2012.

Louise Cleary – managing director

Qualified as a Member of the Royal Institution of Chartered Surveyors in 1996. She has over 20 years' experience of commercial property investment at Hermes Real Estate Investment Management, Land Securities and Asda Property Holdings and joined OLIM in 2009 and OLIM Property in 2012.

Sarah Martin – director

Qualified as a Member of the Royal Institution of Chartered Surveyors in 2008. She has over 15 years' experience at the Estates Gazette, JLL/King Sturge and joined OLIM Property in 2019.

Jo West – investment analyst

Qualified as a Member of the Royal Institution of Chartered Surveyors in 1992. She has 20 years of commercial property valuation and investment experience at Donaldsons, Gooch & Wagstaff, CBRE and British Land and joined OLIM Property in 2018.

Directors' report

The Directors present their Report together with the Financial Statements of the Company for the year to 31 December 2023.

Corporate governance

The Corporate Governance Report is set out on pages 60 to 67 and forms part of this Report.

Managers and Company Secretaries

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

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

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

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

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

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

Depositary

In accordance with the Alternative Investment Fund Managers ('AIFM') Regulations, the AIFM must appoint a Depositary to the Company. The Bank of New York Mellon (International) Limited has been appointed as the Company's Depositary.

The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. The custody function is also undertaken by The Bank of New York Mellon (International) Limited.

Directors

Information about the Directors, including their relevant experience, can be found on pages 51 and 52.

Padmesh Shukla will be appointed to the Board on 20 February 2024 and will be required to seek election by shareholders at the Annual General Meeting. All other Directors, with the exception of Ms Curtis who will stand down after the conclusion of the Annual General Meeting, will retire at the Annual General Meeting and offer themselves for re-election.

Following formal performance evaluation, the Board concluded that the performance of each of the Directors continues to be effective and each remains committed to the Company. Their contribution to the Board is greatly valued and the Board recommends their re-election to shareholders.

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 2023 and up to the date of approval of this Report, cover any liabilities that may arise to a third party, other than the Company, for negligence, default or breach of trust or duty. The Directors are not indemnified in respect of liabilities to the Company, any regulatory or criminal fines, any costs incurred in connection with criminal proceedings in which the Director is convicted or civil proceedings brought by the Company in which judgement is given against him/her. In addition, the indemnity does not apply to any liability to the extent that it is recovered from another person.

The Company maintains Directors' and Officers' Liability Insurance.

Conflicts of interest

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

Dividends

The Board recommends a final dividend of 3.80p per ordinary share which, together with the interim dividends already paid, makes a total of 14.10p for the year. If approved, the recommended final dividend on the ordinary shares will be paid on 11 April 2024 to shareholders on the register at the close of business on 1 March 2024.
The ex-dividend date is 29 February 2024.

The Company's Registrar offers a Dividend Reinvestment Plan (see page 111) and the final date for the receipt of elections for reinvestment of this dividend is 19 March 2024.

Share capital

Capital structure

The Company's capital structure consists of 178,315,943 ordinary shares of 25p each (2022 – 176,750,943 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 pages 107 to 109.

Major interests disclosed in the Company's shares

Name	No. of ordinary 25p shares held at 31 December 2023	% of issue
Rathbone Investment Management Ltd	9,116,733	5.1
Brewin Dolphin Limited	6,623,973	3.7

Holdings above are stated as per the most recent notification to a Regulatory Information Service. There have been no changes to the major interests in the Company's shares disclosed between 31 December 2023 and 13 February 2024.

Annual General Meeting

Share issuance authority

Resolution 11 in the Notice of Annual General Meeting seeks to renew the Directors' general authority to issue shares up to an aggregate nominal amount of £14,858,175.75. This amount represents approximately 33% of the Company's total ordinary share capital currently in issue and meets institutional guidelines. No issue of ordinary shares will be made pursuant to the authorisation in Resolution 11 which would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

Resolution 12, which is proposed as a special resolution, seeks to renew the Directors' authority to issue shares or sell shares held in treasury on a non pre-emptive basis (i.e. without first offering such shares to existing shareholders pro-rata to their existing holdings) for cash up to an aggregate nominal amount of £4,457,898.50 (representing approximately 10% of the issued ordinary share capital of the Company as at 13 February 2024). The authorities sought in Resolutions 11 and 12 will continue until the conclusion of the Annual General Meeting to be held in 2025 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 2023, the Company issued at a premium to net asset value on 18 separate occasions a total amount of 1,565,000 shares at an average price of 531.8p per share, raising proceeds of £8,302,000. No shares were issued between 1 January and 13 February 2024. No shares were held in treasury as at 13 February 2024.

Authority to issue shares at a discount to Net Asset Value (with borrowings valued at book)

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

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

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

Market purchase of own shares

The Company's buy-back authority was last renewed at the AGM on 6 April 2023 in respect of 26,494,966 shares of 25p each (equivalent to 14.99% of its then issued share capital). No shares were bought back during the year under review and no shares are held in treasury.

The principal reasons for share buy-backs are:

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

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

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

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

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

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

The Directors are seeking shareholders' approval at the Annual General Meeting to renew the authority to make market purchases of up to 26,729,559 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 2025. 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. an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share on the trading venue where the purchase is carried out.

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

Articles of Association

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

Financial instruments

The Company's financial instruments comprise its investment portfolio, cash balances, borrowings and debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 18 to the Financial Statements on pages 97 to 102.

Disclosure of information to Auditor

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

Independent Auditor

The Auditor, Ernst & Young LLP, is willing to continue in office and in accordance with section 489 and section 491(1) of the Companies Act 2006, resolutions concerning Ernst & Young LLP's reappointment and remuneration will be submitted to the Annual General Meeting.

Post balance sheet events

The purchase of an additional property, a motorway service station, was completed by the Company on 18 January 2024. The cost of the purchase was £18.2m. The Directors confirm that there have been no other significant post balance sheet events up to 14 February 2024 that require disclosure in the Financial Statements.

Greenhouse gas emissions and Streamlined energy and carbon reporting ('SECR')

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

Bribery Act

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

Criminal Finances Act 2017

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

Recommendation

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

On behalf of the Board
Lord Macpherson of Earl's Court
Chairman
14 February 2024

Corporate governance report

The Board is committed to achieving and demonstrating high standards of Corporate governance. This statement outlines how the principles of the 2018 UK Corporate Governance Code ('the Code'), which can be found at frc.org.uk, and the relevant principles of the Association of Investment Companies ('AIC') Code of Corporate Governance ('AIC Code') issued in 2019 were applied throughout the financial year. The AIC Code provides a framework of best practice for investment companies and can be found at theaic.co.uk.

Compliance

The Board confirms that the Company has complied throughout the year under review with the relevant provisions of the Code and the recommendations of the AIC Code. The Code includes provisions relating to the role of the chief executive, executive directors' remuneration and the need for an internal audit function. Given that the Company is an externally managed investment trust, the Board considers these provisions are not relevant to the Company (the need for an internal audit function specific to the Company has been addressed on page 69). Details of the Board's view on Directors who have served on the Board for more than nine years can be found under the Independence of Directors and Policy on Chairman's and Directors' tenure sections of this Report on pages 62 and 63.

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

The Board

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

Board of Directors

Comprises independent non-executive Directors

Chairman: Lord Macpherson of Earl's Court
Senior Independent Director: Bronwyn Curtis*

Audit Committee

Chairman: Karyn Lamont

Purpose: The primary purpose of a company's Audit Committee is to provide oversight of the financial reporting process, the audit process, the Company's system of internal controls and compliance with laws and regulations.

Nomination Committee

Chairman: Lord Macpherson of Earl's Court

Purpose: The main purpose of the Nomination Committee is to oversee Board recruitment and succession planning as well as Board appraisals including identifying training needs.

Third-party service providers appointed by the Board

Alternative Investment Fund Managers and Company Secretary:
Baillie Gifford & Co Limited (wholly owned subsidiary of Baillie Gifford & Co)

Dealing activity and transaction reporting:
Baillie Gifford Overseas Limited and Baillie Gifford Asia (Hong Kong) Limited

Property manager:
OLIM Property Limited

Ernst & Young LLP

Auditor

The Bank of New York Mellon (International) Limited

Depositary

Computershare Investor Services PLC

Registrar

Winterflood Investment Trusts

Company Broker

* Subject to her re-election at the Annual General Meeting ('AGM') in 2024, Dame Mariot Leslie will become Senior Independent Director when Bronywn Curtis steps down from the Board at the conclusion of the AGM.

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 Bronwyn Curtis.

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 pages 51 and 52.

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.

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 policy on Chairman's and Directors' tenure is on page 63.

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 core Board and Committee meetings held during the year. The Annual General Meeting was attended by all Directors.

Directors' attendance at meetings

	Board	Audit Committee	Nomination Committee
Number of meetings	**5**	**2**	**1**
Lord Macpherson of Earl's Court*	5	–	1
Bronwyn Curtis	5	2	1
Karyn Lamont	5	2	1
Dame Mariot Leslie	5	2	1
Christine Montgomery	5	2	1

* Lord Macpherson of Earl's Court ceased to be a member of the Audit Committee when he became Chairman of the Board on 5 April 2022 but attends by invitation.

Nomination Committee

The Nomination Committee consists of the whole Board due to the ongoing small size of the Board and the Chairman of the Board is Chairman of the Committee. The Committee meets on an annual basis and at such other times as may be required. The Committee has written terms of reference which include reviewing the Board composition, Board appraisal, succession planning, training and identifying and nominating new candidates for appointment to the Board. The Committee also considers whether Directors should be recommended for re-election by shareholders. The Committee is responsible for considering Directors' potential conflicts of interest and for making recommendations to the Board on whether or not any potential conflicts should be authorised.

During the year, the Committee engaged an external search consultancy, Audeliss, to recruit a new Director to join the Board. Padmesh Shukla was identified as the preferred candidate and it was announced on 29 November 2023 that he would be appointed to the Board on 20 February 2024.

The Committee believes that Mr Shukla's knowledge and experience will be of great benefit to the Company. Audeliss, which has no other connection with the Company or any of the Directors, was specifically tasked with identifying candidates with the best range of skills and experience to complement those of the existing Directors, while also considering the promotion of diversity on the Board as an integral part of the recruitment process.

Diversity policy

Appointments to the Board are made on merit and based on objective criteria, including the promotion of diversity of gender, social and ethnic backgrounds, and cognitive and personal strengths. The priority in succession planning and appointing new Directors is to identify candidates with the best range of skills and experience to complement those of the existing Directors, with a view to ensuring that the Board remains well placed to help the Company achieve its investment and governance objectives.

Board diversity

The following disclosures are provided in respect of the FCA Listing Rules targets that: i) 40% of a board should be women; ii) at least one senior role should be held by a woman; and iii) at least one board member should be from a non-white ethnic background, as defined by the Office of National Statistics ('ONS') criteria.

As an externally managed investment company with no chief executive officer (CEO) or chief financial officer (CFO), the roles which qualify as senior under FCA guidance are Chair and Senior Independent Director (SID). The Board also considers Audit Committee Chairman to represent a senior role within this context.

At 31 December 2023, which shall be used as the reference date for the disclosures in accordance with the Listing Rules 9.8.6R(9), the Board met the targets on percentage of women and women in senior roles, but not on ethnic background. While there have been no changes to Board membership between 31 December 2023 and 14 February 2024, it was announced on 29 November 2023 that Padmesh Shukla would be appointed to the Board on 20 February 2024. Furthermore, Ms Curtis, Senior Independent Director, is not offering herself for re-election and will be standing down from the Board at the conclusion of the Annual General Meeting scheduled for 4 April 2024. At the Board's request, Dame Mariot Leslie has agreed, subject to her re-election as a Director, to take over as Senior Independent Director following Ms Curtis' retirement.

Sex	Number	%	Senior roles
Men	1	20	1
Women	4	80	1*
Prefer not to say	–	–	–

* The Board also considers Audit Committee Chairman to be a senior role. The role of Audit Committee Chairman is currently held by a woman.

Ethnic background	Number	%	Senior roles
White	5	100	2*
Prefer not to say	–	–	–

* The Board also considers Audit Committee Chairman to be a senior role. The current Audit Committee Chairman's ethnic background is white.

The Board considers that its small size and the low turnover of Directors are the principal reasons why all of the Listing Rule targets were not met. The Board supports, and is ambitious to meet, all the Listing Rule diversity targets and will continue to review its size and composition both as part of its refreshment cycle and more widely. In line with recent practice, all recruitment for new Board members will be external, through the use of search agencies or platforms. Recruitment consultants will be asked to put forward candidates with the desired skillset but also with a diverse range of characteristics.

Policy on Chairman's and Directors' tenure

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

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

Performance evaluation

An appraisal of the Chairman, each Director, and a performance evaluation and review of the Board as a whole and its Committees was carried out during the year. The Chairman and each Director completed a performance evaluation questionnaire and each Director had an interview with the Chairman. The appraisal of the Chairman was led by Ms Curtis. 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.

During the year ended 31 December 2022, the Board appointed Lintstock Ltd, a firm which assists companies with the design and execution of board evaluations, to facilitate the performance evaluation of the Chairman, each Director, the Board as a whole and its Committees. External facilitation will next be considered for Board evaluations in 2025.

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 Committee

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 71 to 73.

Management Engagement Committee

The Directors have considered that a separate Management Engagement Committee is not required given the small size of the Board.

Audit Committee

The report of the Audit Committee is set out on pages 68 to 70.

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, including with regard to preparation of the Company's Annual Report and Financial Statements. These 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 a continuing process for identifying, evaluating and managing the significant risks faced by the Company in accordance with the FRC guidance 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'.

The practical measures to be taken 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 UK Alternative Investment Fund Managers Regulations (as detailed below). Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provide the Audit Committee with regular reports on their monitoring programmes. The reporting procedures for these departments are defined and formalised within a service level agreement. Baillie Gifford & Co conducts an annual review of its system of internal controls which is documented within an internal controls report which complies with ISAE 3402 – Assurance Reports on Internal Controls of Service Organisations made available to Third Parties. This report is independently reviewed by Baillie Gifford & Co's Auditor and a copy is submitted to the Audit Committee.

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

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

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

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

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

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

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

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

The risk limits, which are set by the AIFM and approved by the Board, take into account the objectives, strategy and risk profile of the portfolio. These limits including leverage (see page 112) are monitored and the sensitivity of the portfolio to key risks is undertaken periodically as appropriate to ascertain the impact of changes in key variables in the portfolio. Exceptions from limits monitoring and stress testing undertaken by Baillie Gifford's Business Risk Department are escalated to the AIFM and reported to the Board along with any remedial measures being taken.

Going concern

In accordance with The Financial Reporting Council's guidance on going concern and liquidity risk, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Company's principal and emerging risks are market related and include market risk, liquidity risk and credit risk. An explanation of these risks and how they are managed is contained on pages 41 to 45 and in note 18 to the Financial Statements. The Board has, in particular, considered recent heightened geopolitical tensions and conflicts and macroeconomic concerns, including increased inflation and interest rates, alongside specific leverage and liquidity stress testing, but does not believe the Company's going concern status is affected. The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. The Company has no short term borrowings. The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) Regulations 2011.

Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal and emerging risks and other matters, as set out in the viability statement on page 46 and revenue estimates prepared to 28 February 2025, that the Company will continue in operational existence for the assessed period to 28 February 2025, which is 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 page 121).

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 **saints-it.com** subsequent to the meeting. The notice period for the Annual General Meeting is at least twenty working days. Shareholders and potential investors may obtain up-to-date information on the Company at **saints-it.com**.

Corporate governance and stewardship

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

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

Baillie Gifford & Co, the Managers, has considered the Sustainable Finance Disclosures Regulation ('SFDR') and further details can be found on page 113.

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

Climate change

The Board recognises that climate change poses a serious threat to our environment, our society and to economies and companies around the globe. Addressing the underlying causes is likely to result in companies that are high emitters of carbon facing greater societal and regulatory scrutiny and higher costs to account for the true environmental impact of their activities. The Manager has engaged an external provider to map the carbon footprint of the equity portfolio using the information to prioritise engagement and understand what higher emitting companies are doing to manage climate risk better. The carbon intensity of The Scottish American Investment Company's equity portfolio is 91.3% lower than the Company's benchmark (FTSE All-World Index). This analysis estimate is based on 98.3% of the value of the Company's equity portfolio which reports on carbon emissions and other carbon related characteristics and is measured using data from MSCI via the Factset platform. Carbon intensity measures the carbon efficiency of the portfolio per unit of output and assesses the portfolio's exposure to carbon-intensive companies.

In evaluating property investments, OLIM, the property manager, reviews environmental and flood risk reports, surveys of sustainable transport links, energy performance certificates and proactively encourages green initiatives such as installing electric vehicle charging points, solar panels or other upgrades to improve energy performance ratings. The provision of property valuations is carried out by Savills, an external valuer, and environmental and flooding risk considerations are taken into account when arriving at the property valuations.

Baillie Gifford's Task Force on Climate-Related Financial Disclosures ('TCFD') Climate Report is available on the Managers' website at **bailliegifford.com**. A Company specific TCFD climate report is also available on the Company's page of the Company's website at **saints-it.com**.

The Managers, Baillie Gifford & Co, are signatories to the Carbon Disclosure Project.

On behalf of the Board
Lord Macpherson of Earl's Court
14 February 2024

Audit Committee report

The Audit Committee consists of all independent Directors for the year to 31 December 2023 with the exception of the Chairman of the Board, Lord Macpherson of Earl's Court, who stepped down from the Audit Committee in July 2022. The members of the Committee consider that they have the requisite financial skills and experience to fulfil the responsibilities of the Committee. Ms Lamont, the 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 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

Ernst & Young LLP, the external Auditor, attended the Interim Accounts meeting in July 2023 and the Final Accounts meeting in February 2024. 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-appoinment, remuneration and engagement letter of the external Auditor;
- Whether the audit services contract should be put out to tender;
- The policy on the engagement of the external Auditor to supply non-audit services;
- The independence, objectivity and effectiveness of the external Auditor;

- The need for the Company to have its own internal audit function;
- Internal controls reports received from the Managers and other service providers; and
- The arrangements in place within Baillie Gifford & Co whereby their staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

Internal audit

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

Financial reporting

The Committee considers that the most significant issue likely to affect the Financial Statements is the valuation of the property investments which represent 6.4% of total assets. Other key issues are the existence and legal title of the property as well as the valuation, existence and legal title of the equity and bond investments which represent 92.8% of total assets.

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

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

The Committee considered the factors, including heightened geopolitical tensions, that might affect the Company's viability over a period of five years and its ability to continue as a going concern for at least twelve months from the date of signing of the Financial Statements, together with the reports from the Managers on the cash position and cash flow projections of the Company, the liquidity of the investment portfolio, compliance with debt covenants and the Company's ability to meet its obligations as they fall due. The Committee also reviewed the viability statement on page 46 and the statement on going concern on pages 65 and 66 including the impact of increasing geopolitical tensions. Following this assessment, the Committee recommended to the Board the appropriateness of the going concern basis in preparing the Financial Statements and confirmed the accuracy of the viability statement and statement on going concern.

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

Internal controls and risk management

The Committee reviewed the effectiveness of the Company's risk management and internal controls systems as described on pages 64 and 65. No significant weaknesses were identified in the year under review.

External Auditor

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

- The audit plan for the current year;
- A report from the Auditor describing their arrangements to manage auditor independence and received confirmation of their independence; and
- The proposed audit fee and the extent of non-audit services provided by the external Auditor. For the year to 31 December 2023 the audit fee was £81,000 and there were no non-audit fees.

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

- The Auditor's fulfilment of the agreed audit plan;
- Feedback from the Secretaries on the performance of the audit team;
- The Audit Quality Inspection Report from the FRC; and
- Detailed discussion with audit personnel to challenge audit processes and deliverables.

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

- The Auditor's engagement letter;
- The Auditor's proposed audit strategy;
- The audit fee; and
- A report from the Auditor on the conclusion of the audit.

The audit partner responsible for the audit will be 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 Caroline Mercer, the current partner, has held this role for two years and will continue as audit partner until the conclusion of the 2026 audit.

Ernst & Young LLP has confirmed that it believes that it is independent within the meaning of regulatory and professional requirements and that the objectivity of the audit partner and staff is not impaired.

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

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

Accountability and audit

The respective responsibilities of the Directors and the Auditor in connection with the Financial Statements are set out on pages 74 to 83.

On behalf of the Board
Karyn Lamont
Audit Committee Chairman
14 February 2024

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. As the Remuneration Policy was last approved by shareholders at the Annual General Meeting in April 2023, shareholders' approval of the policy will be sought at the Annual General Meeting to be held in 2026.

The Board reviewed the level of fees during the year and concluded that there would be no need to change the fees. The fees were last increased with effect from 1 January 2023.

Directors' remuneration policy

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

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

Limits on Directors' remuneration

The fees for the Directors are payable monthly in arrears and are determined within the limits set out in the Company's Articles of Association. The aggregate limit of Directors' fees is currently set at £250,000 per annum. Any change to this limit requires shareholder approval.

The basic and additional fees payable to Directors in respect of the year ended 31 December 2023 and the fees payable in respect of the year ending 31 December 2024 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 the year ending 31 December 2024 £	Fees for the year ended 31 December 2023 £
Non-executive Director fee	28,000	28,000
Additional fee for Chairman	18,000	18,000
Additional fee for Chairman of the Audit Committee	6,000	6,000

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 77 to 83.

Directors' remuneration for the year (audited)

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

Name	2023 Fees £	2023 Taxable benefits * £	2023 Total £	2022 Fees £	2022 Taxable benefits * £	2022 Total £
Lord Macpherson of Earl's Court (Chairman)	46,000	2,418	**48,418**	37,510	2,156	**39,666**
Bronwyn Curtis	28,000	3,268	**31,268**	25,000	2,732	**27,732**
Karyn Lamont	34,000	–	**34,000**	30,000	–	**30,000**
Dame Mariot Leslie	28,000	1,017	**29,017**	25,000	–	**25,000**
Christine Montgomery (appointed 6 April 2022)	28,000	273	**28,273**	18,397	290	**18,687**
Peter Moon (retired 5 April 2022)	–	–	**–**	10,985	1,451	**12,436**
	164,000	**6,976**	**170,976**	**146,892**	**6,629**	**153,521**

* Comprises travel and subsistence expenses incurred by Directors in the course of travel to attend Board and Committee meetings.

Annual percentage change in Directors' remuneration

This represents the annual percentage change in the entire remuneration paid to the Directors.

Name	% from 2022 to 2023	% from 2021 to 2022	% from 2020 to 2021	% from 2019 to 2020
Lord Macpherson of Earl's Court (Chairman)	22.1	56.1	(0.7)	8.7
Bronwyn Curtis	12.8	8.7	(1.4)	7.8
Karyn Lamont (appointed 4 April 2019)	13.3	–	8.3	70.2
Dame Mariot Leslie	16.1	–	–	13.6
Christine Montgomery (appointed 6 April 2022)	51.3	n/a	n/a	n/a
Peter Moon (retired 5 April 2022)	n/a	(70.8)	0.2	3.8

Directors' interests (audited)

Name	Nature of interest	Ordinary 25p shares held at 31 December 2023	Ordinary 25p shares held at 31 December 2022
Lord Macpherson of Earl's Court	Beneficial	112,000	100,000
Bronwyn Curtis	Beneficial	7,191	7,084
Karyn Lamont	Beneficial	2,000	2,000
Dame Mariot Leslie	Beneficial	10,000	8,000
Christine Montgomery	Beneficial	15,000	5,000

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

The Directors at the year end, and their interests in the Company at 31 December, were as shown above. There have been no changes intimated in the Directors' interests up to 14 February 2024.

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, 97.1% were in favour, 2.3% were against and votes withheld were 0.6%. At the last Annual General Meeting at which the Directors' Remuneration Policy was considered (April 2023), 96.9% were in favour, 2.5% against and votes withheld were 0.6%.

Relative importance of spend on pay

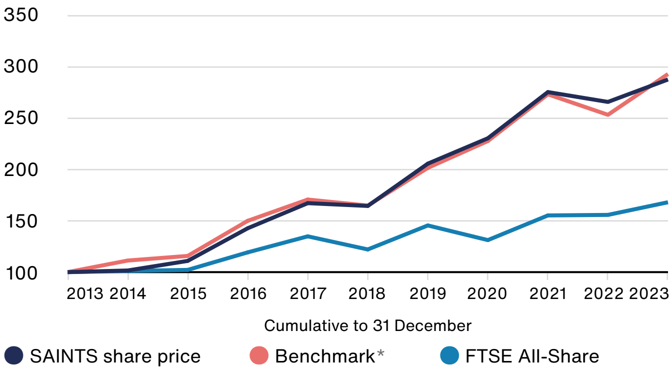
The table below shows the actual expenditure during the year in relation to Directors' remuneration and distributions to shareholders.

	2023 £'000	2022 £'000	Change %
Directors' remuneration	171	154	11.0
Dividends paid to shareholders	24,830	23,831	4.2

Company performance

The following graph compares the total return (assuming all dividends are reinvested) to ordinary shareholders compared to the total shareholder return on a notional investment made up of shares in the component parts of the FTSE All-Share Index. This index was chosen for comparison purposes, as it is a widely used measure of performance for UK listed companies. It also shows the total returns of the FTSE All-World Index (in sterling terms), which is the Company's benchmark.

Performance graph



Source: LSEG and relevant underlying index providers. See disclaimer on page 112.

All figures are total returns (see glossary of terms and alternative performance measures on pages 118 to 120).

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

Past performance is not a guide to future performance.

Approval

The Directors' Remuneration Report on pages 71 to 73 was approved by the Board of Directors and signed on its behalf on 14 February 2024.

Lord Macpherson of Earl's Court
Chairman

Statement of Directors' responsibilities

in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report, and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they are required to prepare the Financial Statements in accordance with United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

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

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

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

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that the issuer and business faces; and
- the Annual Report and Financial Statements taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board
Lord Macpherson of Earl's Court
14 February 2024

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 Auditors does not involve consideration of these matters and accordingly, the Auditors accept 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.

Financial report

The Financial Statements for the year to 31 December 2023 are set out on pages 77 to 103 have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Independent auditor’s report

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

Opinion

We have audited the financial statements of The Scottish American Investment Company P.L.C. (the Company) for the year ended 31 December 2023 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company’s affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by the FRC’s Ethical Standard were not provided to the Company and we remain independent of the company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors’ assessment of the Company’s ability to continue to adopt the going concern basis of accounting included:

- Confirmation of our understanding of the Company’s going concern assessment process and engaged with the Directors and the Company Secretary to determine if all key factors that we have become aware of during our audit were considered in their assessment;
- Inspection of the Directors’ assessment of going concern, including the revenue forecast, for the period to 28 February 2025 which is at least twelve months from the date the financial statements are authorised for issue. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due;
- Review of the factors and assumptions, including the impact of the current economic environment, as applied to the revenue forecast and the liquidity assessment of the investments. We considered the appropriateness of the methods used to calculate the revenue forecast and the liquidity assessment and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment for the Company;
- Assessment of the risk of breaching the debt covenants as a result of a reduction in the value of the Company’s portfolio. We calculated the Company’s compliance with debt covenants and

we performed reverse stress testing in order to identify what factors would lead to the Company breaching the financial covenants;

- Consideration of the mitigating factors included in the covenant calculations that are within the control of the Company. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments in order to cover working capital requirements should revenue decline significantly;
- Review of the Company's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period to 28 February 2025 which is at least twelve months from the date the financial statements were authorised for issue.

In relation to the Company's 's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	The risk of incorrect valuation or ownership of the investment portfolio including investment property. The risk of incomplete or inaccurate revenue recognition including the recognition of rental income and the classification of special dividends as revenue or capital items in the income statement.
Materiality	Overall materiality of £9.4m which represents 1% of shareholders' funds.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team and valuation specialists.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact companies. The Company has determined that the most significant future impacts from climate change on its operations maybe from Environmental, Social and Governance matters in investee companies and environmental factors such as flood risk potentially impacting the attractiveness and valuation of investment property. This could lead to the Company's own shares being less attractive to investors, adversely affecting its own share price. This is explained on pages 41 to 45 in the principal and emerging risks section, which form part of the 'Other information,' rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the financial statements as set out in note 1 and concluded that there was no further impact of climate change to be taken into account other than investment property valuations as the quoted investments are valued based on market pricing as required by FRS102. Investment properties are valued by an independent valuer in accordance with RICS Valuation Standards. The valuation standards require sustainability, including physical risks such as flooding, to be assessed for fair value implications. Our audit procedures over property valuations are set out in the Key audit matters section of this audit report. We also challenged the Directors' considerations of climate change in their assessment of viability and associated disclosures.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incorrect valuation or ownership of the investment portfolio (as described on page 69 in the Report of the Audit Committee and as per the accounting policy set out on page 88). The valuation of the investment portfolio at 31 December 2023 was £1,021.8m (2022 – £936.6m) consisting of quoted investments with an aggregate value of £955.5m (2022 – £869.8m), and investment property with an aggregate value of £66.4m (2022 – £66.8m). The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title to the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of quoted investments is determined by reference to bid value or the last traded price depending on the convention of the exchange on which the investment is quoted. Investments in property are held at fair value. Fair value of the property investments is estimated by an independent professional valuer (Savills) on an open market basis. The valuation of the property investments, and the resultant impact on the unrealised gains/ (losses), is the area requiring the most significant judgment and estimation in the preparation of the financial statements and has been classified as an area of fraud risk.	**We performed the following procedures:** We obtained an understanding of Baillie Gifford's ('Investment Manager'), OLIM's ('the Investment Property Manager') and Savills' ('Independent valuer') processes and controls surrounding legal title and pricing of the investment portfolio by performing walkthrough procedures in which we evaluated the design and implementation of controls. **Listed equity and bond portfolio procedures ('the quoted investments')** For all quoted investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations at the year end. We reviewed the prices for all quoted investments in the portfolio to identify prices that have not changed within five business days of year end to verify whether the listed price is a valid fair value. Our testing did not identify any prices which had not changed within the 5 days. **Investment property procedures** We agreed the value of all the properties in the investment portfolio held at the year end to the open market valuations included in the valuation report provided by Savills. We agreed a sample of inputs used in the valuations to source data. We assessed valuation movements on investment properties with reference to the applicable regional and sectoral real estate index. We engaged our property valuation specialist team to undertake a review of the valuations for a sample of properties including the calculation of a reasonable range. This specialist reviewed and challenged the assumptions used by Savills in undertaking their valuation and assessed the valuation methodology adopted. **All investments** For all purchases and sales of property investments and a sample of quoted investments in the period, we obtained supporting documents from OLIM Property Limited ('the Investment Property Manager') or Baillie Gifford and have agreed these to the purchase cost or sales proceeds per the accounting records and to the bank statements. We recalculated the unrealised gains/losses on all investments as at the year end using the book-cost reconciliation. We compared the Company's investment holdings as at 31 December 2023 to independent confirmations received directly from the Company's Depositary or Company Solicitor and inspected the original title deed.	The results of our procedures identified no material misstatement in relation to the risk of incorrect valuation or ownership of the investment portfolio.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete or inaccurate revenue recognition including the recognition of rental income and the classification of special dividends as revenue or capital items in the income statement (per the Audit Committee report set out on page 69 and the accounting policy set out on page 89). The total revenue for the year to 31 December 2023 was £30.1m (2022 – £30.0m), being £23m dividend income (2022 – £22.8m), £2.4m bond income (2022 – £2.7m), £4.5m rental income (2022 – £4.5m) and £0.2m (2022 – £0.1m) other income. Included in dividend income were Special Dividends of £0.3m all of which were classified as revenue in nature. There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment. The Directors may be required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Income Statement.	To test completeness of recorded income, we tested that dividends and interest to which the Company was entitled had been recorded. We identified income distributions for all investee companies with reference to investee company announcements obtained from an independent data vendor and compared this to the Company's records. For all interest and dividends accrued at the year end, we recalculated interest income accrued and reviewed the investee company announcements to assess whether the dividend obligation arose prior to 31 December 2023. We agreed the coupon and dividend rate to corresponding announcements, recalculated the interest and dividend amount receivable, and we will confirm this is consistent with cash received as shown on post year end bank statements, where paid before our results report date. For all investments held during the year, we compared the type of dividends paid with reference to an external data source to identify those which were 'special'. We confirmed 3 special dividends, amounting to £0.3 m, all of which was classified as revenue. We tested a sample of 1 special dividend, by assessing the appropriateness of classification as revenue or capital by reviewing the underlying rationale of the distribution. For the rental income recognised in the period, we verified 100% of the rental rates to lease agreements. We performed an independent rental revenue recalculation and agreed all rents to bank statements, where received. We tested that all of the expected rent receipts had been recorded with reference to executed lease agreements of property held within the period to ensure completeness.	The results of our procedures identified no material misstatement in relation to the risk of Incomplete or inaccurate revenue recognition including the recognition of rental income and the classification of special dividends between revenue and capital.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be £9.4 million (2022 – £8.5 million), which is 1% of shareholders' fund. We believe that shareholders' funds provides us with a materiality aligned to the key measure of the Company's performance.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2022 – 75%) of our planning materiality, namely £7.0m (2022 – £6.4m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.47m (2022 – £0.42m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and Directors' reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Corporate governance statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 65 and 66;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 46;
- Directors' statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on pages 65 and 66;
- Directors' statement on fair, balanced and understandable set out on page 75;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 41 to 45;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 64 and 65; and
- The section describing the work of the audit committee set out on pages 68 to 70.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on pages 74 and 75, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, the Association of Investment

Companies Code of Corporate Governance, The Association of Investment Companies Statement of Recommended Practice, the Listing Rules, the UK Corporate Governance Code, Section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.

- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of Audit Committee meeting papers and board minutes.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified fraud risks with respect to the incomplete or inaccurate classification of special dividends as revenue or capital items in the income statement and the incorrect valuation of investment properties and the resulting impact on unrealised gains and losses. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors by the Manager with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at **https://frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit Committee, we were appointed by the Company at its Annual General Meeting on 1 April 2022 to audit the financial statements for the year ending 31 December 2022 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 2 years, covering the years ending 31 December 2022 and 31 December 2023.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

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

Caroline Mercer (Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
Edinburgh
14 February 2024

Income statement

For the year ended 31 December 2023 (with comparatives as at 31 December 2022)

	Notes	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Gains/(losses) on investments – securities	9	–	91,351	**91,351**	–	(80,091)	**(80,091)**
Losses on investments – property	9	–	(6,054)	**(6,054)**	–	(5,114)	**(5,114)**
Currency gains	14	–	32	**32**	–	192	**192**
Income	2	30,078	–	**30,078**	30,043	–	**30,043**
Management fees	3	(1,031)	(3,094)	**(4,125)**	(980)	(2,940)	**(3,920)**
Other administrative expenses	4	(1,268)	–	**(1,268)**	(1,257)	–	**(1,257)**
Net return before finance costs and taxation		**27,779**	**82,235**	**110,014**	**27,806**	**(87,953)**	**(60,147)**
Finance costs of borrowings	5	(711)	(2,134)	**(2,845)**	(921)	(2,763)	**(3,684)**
Net return on ordinary activities before taxation		**27,068**	**80,101**	**107,169**	**26,885**	**(90,716)**	**(63,831)**
Tax on ordinary activities	6	(3,108)	977	**(2,131)**	(2,540)	790	**(1,750)**
Net return on ordinary activities after taxation		**23,960**	**81,078**	**105,038**	**24,345**	**(89,926)**	**(65,581)**
Net return per ordinary share	**7**	**13.48p**	**45.63p**	**59.11p**	**13.82p**	**(51.04p)**	**(37.22p)**

A final dividend for the year of 3.80p is proposed (2022 – 3.67p), making a total dividend for the year of 14.10p (2022 – 13.82p). More information on dividend distributions can be found in note 8 on page 93.

The total column of the Income statement represents 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 this statement derive from continuing operations.

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

The accompanying notes on pages 88 to 103 are an integral part of the Financial Statements.

Balance sheet

As at 31 December 2023 (with comparatives as at 31 December 2022)

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Non-current assets					
Investments – securities	9	955,460		869,837	
Investments – property	9	66,350		66,750	
			1,021,810		936,587
Current assets					
Debtors	10	3,549		3,213	
Cash and cash equivalents	18	7,340		4,184	
		10,889		7,397	
Creditors					
Amounts falling due within one year	11	(2,787)		(2,596)	
Net current assets			8,102		4,801
Total assets less current liabilities			**1,029,912**		**941,388**
Creditors					
Amounts falling due after more than one year	12		(94,728)		(94,714)
Net assets			**935,184**		**846,674**
Capital and reserves					
Share capital	13		44,579		44,188
Share premium account	14		186,100		178,189
Capital redemption reserve	14		22,781		22,781
Capital reserve	14		664,892		583,814
Revenue reserve	14		16,832		17,702
Shareholders' funds			**935,184**		**846,674**
Net asset value per ordinary share*	**15**		**524.5p**		**479.0p**

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 14 February 2024.

Lord Macpherson of Earl's Court
Chairman

The accompanying notes on pages 88 to 103 are an integral part of the Financial Statements.

* See glossary of terms and alternative performance measures on pages 118 to 120.

Statement of changes in equity

For the year ended 31 December 2023

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 January 2023		44,188	178,189	22,781	583,814	17,702	**846,674**
Shares issued	13	391	7,911	–	–	–	**8,302**
Net return on ordinary activities after taxation	7	–	–	–	81,078	23,960	**105,038**
Dividends paid in the year	8	–	–	–	–	(24,830)	**(24,830)**
Shareholders' funds at 31 December 2023		**44,579**	**186,100**	**22,781**	**664,892**	**16,832**	**935,184**

For the year ended 31 December 2022

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 January 2022		43,900	172,576	22,781	673,740	17,188	**930,185**
Shares issued	13	288	5,613	–	–	–	**5,901**
Net return on ordinary activities after taxation	7	–	–	–	(89,926)	24,345	**(65,581)**
Dividends paid in the year	8	–	–	–	–	(23,831)	**(23,831)**
Shareholders' funds at 31 December 2022		**44,188**	**178,189**	**22,781**	**583,814**	**17,702**	**846,674**

The accompanying notes on pages 88 to 103 are an integral part of the Financial Statements.

Cash flow statement

For the year ended 31 December 2023 (with comparatives as at 31 December 2022)

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Net return on ordinary activities before taxation		107,169		(63,831)	
Adjustments to reconcile company profit before tax to net cash flow from operating activities					
(Gains)/losses on investments – securities		(91,351)		80,091	
Losses on investments – property		6,054		5,114	
Currency gains		(32)		(192)	
Finance costs of borrowings		2,845		3,684	
Other capital movements					
Changes in debtors		(340)		507	
Change in creditors		204		382	
Other non-cash changes		62		239	
Taxation					
Overseas withholding tax		(2,126)		(1,761)	
Cash from operations			22,485		24,233
Interest paid			(2,845)		(4,784)
Net cash inflow from operating activities			**19,640**		**19,449**
Cash flows from investing activities					
Acquisitions of investments – securities		(109,728)		(74,593)	
Acquisitions of investments – property		(15,057)		(8,239)	
Disposals of investments – securities		115,394		62,783	
Disposals of investments – property		9,403		11,275	
Net cash inflow/(outflow) from investing activities			**12**		**(8,774)**
Cash flows from financing activities					
Equity dividends		(24,830)		(23,831)	
Shares issued	13	8,302		5,901	
Loan notes drawn down		–		80,000	
Debenture stock repaid		–		(80,000)	
Costs of issuance of loan notes		–		(16)	
Net cash outflow from financing activities			**(16,528)**		**(17,946)**
Increase/(decrease) in cash and cash equivalents			**3,124**		**(7,271)**
Exchange movements			32		192
Cash and cash equivalents at start of year	17		4,184		11,263
Cash and cash equivalents at end of year	**17**		**7,340**		**4,184**

The accompanying notes on pages 88 to 103 are an integral part of the Financial Statements.

Notes to the Financial Statements

01 Principal accounting policies

The Financial Statements for the year to 31 December 2023 have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and on the basis of the accounting policies set out below which are unchanged from the prior year and have been applied consistently.

a. Basis of accounting

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

All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion having assessed the principal and emerging risks set out in the viability statement on page 46 which assesses the prospects of the Company over a period of five years, that the Company will continue in operational existence until 28 February 2025, which is for a period of at least twelve months from the date of approval of these Financial Statements.

The Financial Statements have been prepared in accordance with the Companies Act, applicable United Kingdom accounting standards and with the AIC's Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in November 2014 and updated in July 2022 with consequential amendments. In order to reflect better the activities of the Company and in accordance with guidance issued by the AIC, supplementary information which analyses the profit and loss account between items of a revenue and capital nature has been presented in the Income statement.

The Directors consider the Company's functional currency to be sterling 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.

The Company has only one material segment being that of an investment trust company investing in a portfolio of long term investments.

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 securities are classified as held at fair value through profit and loss upon initial recognition. The fair value of listed security investments traded on an active market is bid value or, in the case of 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.

In preparing these Financial Statements the Directors have considered the impact of climate change risk as a principal risk as set out on page 43. In line with FRS 102 investments are valued at fair value, being primarily quoted prices for investments in active markets at the Balance sheet date, and therefore reflect market participants view of climate change risk. Investment property is valued by an independent valuer in accordance with RICS Valuation Standards. The valuation standards require sustainability, including physical risk such as flooding, to be assessed for fair value implications.

c. Cash and cash equivalents

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

d. Income

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

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

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

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

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

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

e. Expenses

All expenses except for finance costs 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 25% to revenue and 75% 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 25% to revenue and 75% 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 and costs of issuance 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. 75% of management fees and finance costs are allocated to the capital reserve in accordance with the Company's objective of combining capital and income growth.

j. Significant estimates and judgements

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

The Directors believe that the most significant estimation and uncertainty relates to the valuation of the property portfolio. External, independent professional valuers who hold a recognised and relevant professional qualification and have recent experience in the location and class of the investment property being valued, are used to determine the property fair values which are based on recent, comparable market transactions on an arm's length basis. Other factors including the condition and location of the property, rental yields within the market and the length and value of rental agreements in place, are considered. As valuation outcomes may differ from the fair value estimates a sensitivity analysis is provided in Property sensitivity analysis in Note 19 on page 103 to illustrate the effect on the Financial Statements of an over or under estimation of fair values.

02 Income

	2023 £'000	2022 £'000
Income from investments		
UK dividends	2,400	3,285
UK interest	174	360
Overseas dividends	20,602	19,487
Overseas interest	2,270	2,356
	25,446	**25,488**
Other income		
Deposit interest	151	49
Rental income	4,451	4,475
Other income	30	31
	4,632	**4,555**
Total income	**30,078**	**30,043**
Total income comprises:		
Dividends from financial assets classified at fair value through profit or loss	23,002	22,772
Interest from financial assets designated at fair value through profit or loss	2,444	2,716
Interest from financial assets not at fair value through profit or loss	151	49
Other income not from financial assets	4,481	4,506
	30,078	**30,043**

03 Management fees

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Investment management fee	**938**	**2,814**	**3,752**	884	2,651	3,535
Property management fee	**93**	**280**	**373**	96	289	385
	1,031	**3,094**	**4,125**	**980**	**2,940**	**3,920**

Details of the Investment Management Agreement and Property Management Agreement are disclosed on page 55. Baillie Gifford & Co Limited's annual management fee is 0.45% of the first £500 million of total assets and 0.35% of the remaining total assets, total assets being the value of all assets held (excluding the property portfolio) less all liabilities, other than any liability in the form of debt intended for investment purposes, calculated on a quarterly basis. 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.

04 Other administrative expenses – all charged to revenue

	2023 £'000	2022 £'000
General administrative expenses	428	409
Marketing*	375	339
Custodian/depositary fees	179	251
Auditor's remuneration – statutory audit of Company's Annual Financial Statements	81	75†
Directors' fees (see Directors' remuneration report on page 72)	164	147
Registrar	41	36
	1,268	**1,257**

* The Company is part of a marketing programme which includes all the Investment Trusts managed by the Manager. The marketing strategy has an ongoing objective to stimulate demand for the Company's shares. The cost of this marketing strategy is borne in partnership by the Company and the Manager. The Manager matches the Company's marketing contribution and provides the resource to manage and run the programme.

† The Auditor's remuneration for audit services for 2022 was £70,000. The remainder relates to fees incurred during the 2021 audit but charged after the 31 December 2021 year end.

05 Finance costs of borrowings

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Financial liabilities not at fair value through profit or loss						
Debenture interest	–	–	–	382	1,145	1,527
Loan notes interest	711	2,134	2,845	539	1,618	2,157
	711	**2,134**	**2,845**	**921**	**2,763**	**3,684**

06 Tax on ordinary activities

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
UK corporation tax	1,015	(1,015)	–	820	(820)	–
Overseas taxation	2,131	–	**2,131**	1,750	–	**1,750**
Double taxation relief	(38)	38	–	(30)	30	–
	3,108	**(977)**	**2,131**	**2,540**	**(790)**	**1,750**

	2023 £'000	2022 £'000
The tax charge for the year is lower than the standard rate of corporation tax in the UK of 23.5%* (2022 – 19.00%)		
The differences are explained below: Net return on ordinary activities before taxation	107,169	(63,831)
Net return on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 23.5%* (2022 – 19.00%)	25,206	(12,128)
Capital returns not taxable	(20,069)	16,152
Income not taxable	(5,352)	(4,289)
Taxable loss not utilised	215	265
Overseas tax	2,131	1,750
Total tax charge for the year	**2,131**	**1,750**

* A tax rate of 23.5% reflects the increase in the UK corporation tax rate from 19% to 25% from 1 April 2023.

As at 31 December 2023 the Company had a potential deferred tax asset of £10,389,000 (2022 – £10,177,000) in respect of tax losses and disallowed interest which are available to be carried forward and offset against future taxable profits. A deferred tax asset has not been recognised on these amounts as it is considered unlikely that the Company will make suitable taxable profits in excess of deductible expenses in future periods. The unrecognised deferred tax asset has been calculated using a corporation tax rate of 25.0% (2022 – 25.0%).

07 Net return per ordinary share

	2023 Revenue	2023 Capital	2023 Total	2022 Revenue	2022 Capital	2022 Total
Net return per ordinary share	**13.48p**	**45.63p**	**59.11p**	**13.82p**	**(51.04p)**	**(37.22p)**

Revenue return per ordinary share is based on the net revenue on ordinary activities after taxation of £23,960,000 (2022 – £24,345,000) and on 177,707,094 (2022 – 176,207,530) 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 £81,078,000 (2022 – net capital loss of £89,926,000), and on 177,707,094 (2022 – 176,207,530) 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.

08 Ordinary dividends

	2023	2022	2023 £'000	2022 £'000
Amounts recognised as distributions in the year:				
Previous year's final (paid 13 April 2023)	3.67p	3.375p	6,487	5,937
First interim (paid 22 June 2023)	3.30p	3.25p	5,861	5,730
Second interim (paid 20 September 2023)	3.45p	3.40p	6,152	5,994
Third interim (paid 15 December 2023)	3.55p	3.50p	6,330	6,170
	13.97p	**13.525p**	**24,830**	**23,831**

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 £23,960,000 (2022 – £24,345,000).

	2023	2022	2023 £'000	2022 £'000
Dividends paid and payable in respect of the year:				
First interim (paid 22 June 2023)	3.30p	3.25p	5,861	5,730
Second interim (paid 20 September 2023)	3.45p	3.40p	6,152	5,994
Third interim (paid 15 December 2023)	3.55p	3.50p	6,330	6,170
Current year's proposed final dividend (payable 11 April 2024)	3.80p	3.67p	6,776	6,487
	14.10p	**13.82p**	**25,119**	**24,381**

09 Investments

As at 31 December 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Securities				
Listed equities	917,594	–	–	**917,594**
Bonds	–	37,866	–	**37,866**
Property				
Freehold	–	–	66,350	**66,350**
Total financial asset investments	**917,594**	**37,866**	**66,350**	**1,021,810**

As at 31 December 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Securities				
Listed equities	826,397	–	–	**826,397**
Bonds	–	43,440	–	**43,440**
Property				
Freehold	–	–	66,750	**66,750**
Total financial asset investments	**826,397**	**43,440**	**66,750**	**936,587**

Investments in securities are financial assets held 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.

09 Investments (continued)

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).

	Equities £'000	Bonds £'000	Property £'000	2023 Total £'000	2022 Total £'000
Cost of investments at start of year	562,863	44,810	48,182	**655,855**	633,078
Investment holding gains/(losses) at start of year	263,534	(1,370)	18,568	**280,732**	380,179
Value of investments at start of year	**826,397**	**43,440**	**66,750**	**936,587**	**1,013,257**
Analysis of transactions during the year:					
Purchases at cost	101,030	8,698	15,057	**124,785**	82,832
Sales proceeds received	(99,651)	(15,743)	(9,403)	**(124,797)**	(74,058)
Amortisation of fixed income book cost	–	(62)	–	**(62)**	(239)
Gains/(losses) on investments	89,818	1,533	(6,054)	**85,297**	(85,205)
Value of investments at end of year	**917,594**	**37,866**	**66,350**	**1,021,810**	**936,587**
Cost of investments at end of year	591,555	36,736	54,328	**682,619**	655,855
Investment holding gains at end of year	326,039	1,130	12,022	**339,191**	280,732
Value of investments at end of year	**917,594**	**37,866**	**66,350**	**1,021,810**	**936,587**

The company received £124,797,000 (2022 – £74,058,000) from investments sold in the year. The book cost of these investments when they were purchased was £97,959,000 (2022 – £59,816,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Transaction costs of £985,000 (2022 – £551,000) and £189,000 (2022 – £174,000) were suffered on purchases and sales in the year respectively.

The property was valued on an open market basis by Savills as at 31 December 2023.

	2023 £'000	2022 £'000
Gains/(losses) on investments		
Securities:		
Gains on sales	26,346	12,200
Changes in investment holding gains/(losses)	65,005	(92,291)
	91,351	**(80,091)**
Property:		
Gains on sales	492	2,042
Changes in investment holding gains	(6,546)	(7,156)
	(6,054)	**(5,114)**
	85,297	**(85,205)**

10 Debtors

	2023 £'000	2022 £'000
Amounts falling due within one year:		
Accrued income and prepaid expenses	1,376	1,682
Taxation recoverable	2,173	1,531
	3,549	**3,213**

11 Creditors – amounts falling due within one year

	2023 £'000	2022 £'000
Interest payable	637	637
Rental income prepaid	589	587
Other creditors and accruals	1,561	1,372
	2,787	**2,596**

Included in other creditors and accruals is £968,000 (2022 – £890,000) in respect of the management fees due to Baillie Gifford & Co Limited and £83,000 (2022 – £83,000) in respect of management fees due to OLIM Property Limited.

Debenture stock

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

The carrying value of the 8% Debenture Stock was nil as at 31 December 2023 and 31 December 2022.

	2023 £'000	2022 £'000
Nominal value of 8% Debenture Stock	–	80,000
Premium less issue expenses	–	11,009
	–	**91,009**
Net amortisation in prior years	–	(10,773)
Net amortisation to redemption date, 10 April 2022	–	(236)
Redemption at par	–	(80,000)
Carrying value of 8% Debenture Stock at end of year	**–**	**–**

12 Creditors – amounts falling due after more than one year

	2023 £'000	2022 £'000
£15m Series C 2.23% 25 June 2036	14,936	14,931
£40m Series A 3.12% 11 April 2045	39,897	39,892
£40m Series B 3.12% 11 April 2049	39,895	39,891
	94,728	**94,714**

The main covenants for the loan notes which are tested monthly are that net tangible assets shall not fall below £120,000,000 and gross borrowings shall not exceed 40% of the Company's adjusted assets.

13 Share capital

	2023 Number	2023 £'000	2022 Number	2022 £'000
Allotted, called up and fully paid ordinary shares of 25p each	**178,315,943**	**44,579**	**176,750,943**	**44,188**

During the year, 1,565,000 (2022 – 1,150,000) shares were issued at a premium to net asset value raising proceeds of £8,302,000 (2022 – £5,901,000). At 31 December 2023 the Company had authority to buy back 26,494,966 ordinary shares and to allot 16,110,094 ordinary shares without application of pre-emption rights in accordance with the authorities granted at the AGM in April 2023. No shares were bought back during the year.

14 Capital and reserves

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
At 1 January 2023	44,188	178,189	22,781	583,814	17,702	**846,674**
Gains on investments – securities	–	–	–	91,351	–	**91,351**
Losses on investments – property	–	–	–	(6,054)	–	**(6,054)**
Shares issued	391	7,911	–	–	–	**8,302**
Management fees charged to capital	–	–	–	(3,094)	–	**(3,094)**
Finance costs charged to capital	–	–	–	(2,134)	–	**(2,134)**
Taxation credit to capital	–	–	–	977	–	**977**
Other exchange differences	–	–	–	32	–	**32**
Revenue return on ordinary activities after taxation	–	–	–	–	23,960	**23,960**
Dividends paid during the year	–	–	–	–	(24,830)	**(24,830)**
At 31 December 2023	**44,579**	**186,100**	**22,781**	**664,892**	**16,832**	**935,184**

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
At 1 January 2022	43,900	172,576	22,781	673,740	17,188	**930,185**
Losses on investments – securities	–	–	–	(80,091)	–	**(80,091)**
Losses on investments – property	–	–	–	(5,114)	–	**(5,114)**
Shares issued	288	5,613	–	–	–	**5,901**
Management fees charged to capital	–	–	–	(2,940)	–	**(2,940)**
Finance costs charged to capital	–	–	–	(2,763)	–	**(2,763)**
Taxation credit to capital	–	–	–	790	–	**790**
Other exchange differences	–	–	–	192	–	**192**
Revenue return on ordinary activities after taxation	–	–	–	–	24,345	**24,345**
Dividends paid during the year	–	–	–	–	(23,831)	**(23,831)**
At 31 December 2022	**44,188**	**178,189**	**22,781**	**583,814**	**17,702**	**846,674**

The capital reserve includes unrealised investment holding gains of £339,191,000 (2022 – gains of £280,732,000) 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:

	2023	2022	2023 £'000	2022 £'000
Ordinary shares of 25p	**524.5p**	**479.0p**	**935,184**	**846,674**

Net asset value per ordinary share is based on the net assets as shown above and on 178,315,943 (2022 – 176,750,943) ordinary shares, being the number of ordinary shares in issue at the year end.

16 Transactions with the managers and related parties

The Directors' fees for the year and interests in the Company's shares at the end of the year are detailed in the Directors' remuneration report on pages 71 to 73.

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

The management fee due to Baillie Gifford & Co Limited is set out in note 3 on page 91 and the amount accrued at 31 December 2023 is set out in note 11 on page 95. Details of the Investment Management Agreement are set out on page 55.

The management fee due to OLIM Property Limited is set out in note 3 on page 91 and the amount accrued at 31 December 2023 is set out in note 11 on page 95. Details of the Property Management Agreement are set out on page 56.

17 Analysis of change in net debt

	1 January 2023 £'000	Cash flows £'000	Exchange movement £'000	Other non-cash changes £'000	31 December 2023 £'000
Cash and cash equivalents	4,184	3,124	32	–	7,340
Loan notes due in more than one year	(94,714)	–	–	(14)	(94,728)
	(90,530)	**3,124**	**32**	**(14)**	**(87,388)**

	1 January 2022 £'000	Cash flows £'000	Exchange movement £'000	Cost of issuance* £'000	Other non-cash changes £'000	31 December 2022 £'000
Cash and cash equivalents	11,263	(7,271)	192	–	–	4,184
Debenture Stock due in less than one year	(80,236)	80,000	–	–	236	–
Loan notes due in more than one year	(14,925)	(80,000)	–	223	(12)	(94,714)
	(83,898)	**(7,271)**	**192**	**223**	**224**	**(90,530)**

* Cost of issuance included carried forward deferred expenses of £207,000.

18 Financial instruments

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

18 Financial instruments (continued)

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

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

Market risk

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

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

Currency risk

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

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

Forward currency contracts are used periodically to limit the Company's exposure to anticipated future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. Where appropriate, they are used also to achieve the portfolio characteristics that assist the Company in meeting its investment objectives. The Company had no foreign currency contracts in place during the years to 31 December 2023 or 2022. Cash amounts received in foreign currencies are converted to sterling on a regular basis.

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

At 31 December 2023	Investments £'000	Cash and cash equivalents £'000	Loan notes £'000	Other debtors and creditors £'000	Net exposure £'000
US dollar	383,746	88	–	523	**384,357**
Euro	151,336	–	–	435	**151,771**
Swiss franc	78,451	–	–	1,615	**80,066**
Danish kroner	51,325	–	–	204	**51,529**
Australian dollar	41,440	–	–	–	**41,440**
Hong Kong dollar	40,643	–	–	192	**40,835**
Taiwan dollar	33,887	–	–	110	**33,997**
Swedish kroner	25,916	–	–	–	**25,916**
Brazilian real	21,231	–	–	37	**21,268**
Singapore dollar	12,253	–	–	–	**12,253**
Japanese yen	8,703	–	–	–	**8,703**
Chinese yuan	7,321	–	–	–	**7,321**
Other overseas currencies	18,075	–	–	158	**18,233**
Total exposure to currency risk	**874,327**	**88**	**–**	**3,274**	**877,689**
Sterling	147,483	7,252	(94,728)	(2,512)	**57,495**
	1,021,810	**7,340**	**(94,728)**	**762**	**935,184**

18 Financial instruments (continued)

Currency risk (continued)

At 31 December 2022	Investments £'000	Cash and cash equivalents £'000	Debentures and loan notes £'000	Other debtors and creditors £'000	Net exposure £'000
US dollar	370,646	64	–	657	**371,367**
Euro	120,528	–	–	356	**120,884**
Swiss franc	66,998	–	–	1,087	**68,085**
Hong Kong dollar	56,690	–	–	111	**56,801**
Danish krone	40,137	–	–	164	**40,301**
Australian dollar	34,383	–	–	–	**34,383**
Taiwan dollar	27,801	–	–	121	**27,922**
Brazilian real	17,254	–	–	60	**17,314**
Swedish krona	15,062	–	–	–	**15,062**
Singapore dollar	13,168	–	–	–	**13,168**
Chinese yuan	8,387	–	–	–	**8,387**
Japanese yen	7,014	–	–	–	**7,014**
Other overseas currencies	19,589	–	–	224	**19,813**
Total exposure to currency risk	**797,657**	**64**	**–**	**2,780**	**800,501**
Sterling	138,930	4,120	(94,714)	(2,163)	**46,173**
	936,587	**4,184**	**(94,714)**	**617**	**846,674**

Currency risk sensitivity

At 31 December 2023, 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 2022.

	2023 £'000	2022 £'000
US dollar	19,218	18,568
Euro	7,588	6,044
Swiss franc	4,003	3,404
Danish kroner	2,576	2,015
Australian dollar	2,072	1,719
Hong Kong dollar	2,042	2,840
Taiwan dollar	1,700	1,396
Swedish kroner	1,296	753
Brazilian real	1,063	866
Singapore dollar	613	659
Japanese yen	435	351
Chinese yuan	366	419
Other overseas currencies	912	991
	43,884	**40,025**

18 Financial instruments (continued)

Interest rate risk

Interest rate movements may affect directly:

- the fair value of any 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

	2023 Fair value £'000	2023 Weighted average interest rate	2023 Weighted average fixed rate period *	2022 Fair value £'000	2022 Weighted average interest rate	2022 Weighted average fixed rate period *
Fixed rate:						
Sterling denominated bonds	–	–	–	2,537	12.57%	3 years
Euro denominated bonds	1,421	8.64%	24 years	1,285	9.80%	25 years
US dollar denominated bonds	19,527	6.95%	16 years	21,909	6.89%	16 years
Dominican peso denominated bonds	731	9.98%	2 years	2,649	11.47%	1 year
Indonesian rupiah denominated bonds	5,215	6.69%	13 years	5,404	6.93%	14 years
Peruvian sol denominated bonds	2,067	6.50%	9 years	1,911	7.97%	10 years
Floating rate:						
Brazilian bonds (interest rate linked to Brazilian CPI)	5,721	9.38%	21 years	4,896	15.50%	22 years
Mexican bonds (interest rate linked to Mexican CPI)	3,184	8.46%	17 years	2,849	12.21%	18 years
Cash and short term deposits:						
Other overseas currencies	88	–	n/a	64	–	n/a
Sterling	7,252	1.43%	n/a	4,120	1.10%	n/a

* Based on expected maturity/redemption date.

18 Financial instruments (continued)

Financial liabilities

	2023 £'000	2022 £'000
The interest rate risk profile of the Company's financial liabilities at 31 December was:		
Fixed rate – sterling	94,728	94,714
The maturity profile of the Company's debt at 31 December was:		
In more than five years	94,728	94,714

Interest rate risk sensitivity

An increase of 100 basis points in the durations, being a measure of each bond's sensitivity to changes in interest rates, as at 31 December 2023 would have decreased total net assets and total return on ordinary activities by £3,027,000 (2022 – decrease of £3,129,000) and would have decreased the net asset value per share (with borrowings at book value) by 1.7p (2022 – decrease of 1.8p). 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 28 to 31. In addition, various analyses of the portfolio by asset class and industrial sector are contained in the Strategic report.

98.1% (2022 – 97.6%) of the Company's net assets are invested in quoted equities. A 5% increase in quoted equity valuations at 31 December 2023 would have increased total assets and total return on ordinary activities by £45,880,000 (2022 – £41,320,000). 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 mitigated as the majority of the Company's assets are investments in quoted securities that are readily realisable The Company's holdings in direct property, which is not considered to be readily realisable, amount to 7.1% of net assets at 31 December 2023 (2022 – 7.9%). 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 pages 39 and 40). The Board also sets parameters for the degree to which the Company's net assets are invested in quoted equities.

Maturity profile

The maturity profile of the Company's financial liabilities at 31 December was:

	2023 Within 1 year £'000	2023 Between 1 and 5 years £'000	2023 More than 5 years £'000	2022 Within 1 year £'000	2022 Between 1 and 5 years £'000	2022 More than 5 years £'000
Repayment of loan notes	–	–	95,000	–	–	95,000
Accumulated interest on loan notes	2,831	11,322	48,685	2,831	11,322	51,515
Rental income prepaid	589	–	–	587	–	–
Other creditors and accruals	1,561	–	–	1,372	–	–
	4,981	**11,322**	**143,685**	**4,790**	**11,322**	**146,515**

18 Financial instruments (continued)

Credit risk

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

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

Credit risk exposure

The exposure to credit risk at 31 December was:

	2023 £'000	2022 £'000
Bonds	37,866	43,440
Cash and short term deposits	7,340	4,184
Debtors and prepayments	3,549	3,213
	48,755	**50,837**

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

Credit quality of bonds

All of the bonds held by the Company as at 31 December 2023 received a credit rating from at least one of the S&P, Moody's and Fitch agencies. All bonds had at least a minimum rating of B (2022 – all bonds had a minimum rating of B).

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 of the loan notes is calculated with reference to debt instruments of comparable maturity and yield.

	2023 Par/nominal £'000	2023 Book £'000	2023 Fair £'000	2022 Par/nominal £'000	2022 Book £'000	2022 Fair £'000
2.23% Series C loan notes 2036	15,000	14,936	11,282	15,000	14,931	10,530
3.12% Series A loan notes 2045	40,000	39,897	28,893	40,000	39,892	27,882
3.12% Series B loan notes 2049	40,000	39,895	27,980	40,000	39,891	27,137
	95,000	**94,728**	**68,155**	**95,000**	**94,714**	**65,549**

19 Property sensitivity

7.1% of the Company's net assets are invested in direct property.

Property sensitivity analysis

The valuations of investment properties are sensitive to changes in the assumed significant unobservable inputs.
A significant increase/(decrease) in the all risks yield in isolation would result in a significantly (lower)/higher fair value.
In order to reflect market conditions, the increase in yield assumption has been changed from 0.5% to 0.25% and the decrease in yield assumption has been changed from 0.5% to 0.1%.

The Directors believe yield to be the most appropriate input for sensitivity analysis of the Company's property portfolio and have not presented a rental value input for the year to 31 December 2023.

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

	Retail and leisure £'000	Industrial £'000	Other £'000	Total £'000
Estimated movement in fair value of investment properties at 31 December 2023 arising from:				
Increase in yield by 0.25%	(2,175)	(450)	–	**(2,625)**
Decrease in yield by 0.1%	900	175	–	**1,075**

The Kenilworth nursing home was sold during the period and there were no properties in the Other category as at 31 December 2023.

Restatement of property sensitivity analysis for 31 December 2022:

The 31 December 2022 yield sensitivity analysis has been restated for an error where the increase in yield impact figures were included in the decrease in yield row and the decrease in yield figures were included in the increase in yield row. The increase in yield was previously presented as £5.95m and has been corrected to (£4.8m) while the decrease in yield was previously presented as (£4.8m) and is now corrected to £5.95m meaning both total columns have been restated by £10.75m. The sectoral splits have also been corrected.

	Retail and leisure £'000 (restated)	Industrial £'000 (restated)	Other £'000 (restated)	Total £'000 (restated)
Estimated movement in fair value of investment properties at 31 December 2022 arising from:				
Increase in yield by 0.5%	(3,425)	(1,225)	(150)	**(4,800)**
Decrease in yield by 0.5%	4,200	1,400	350	**5,950**

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

20 Capital management

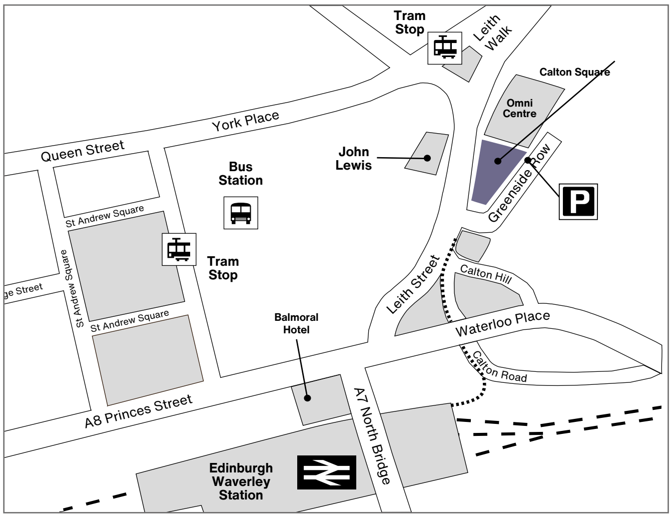
The capital of the Company is its share capital and reserves as set out in notes 13 and 14 together with its borrowings (see notes 11 and 12). The objective of the Company is to deliver real dividend growth by increasing capital and growing income. The Company's investment policy, including the how the Board discusses and monitors gearing levels, is set out on pages 39 and 40. 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 65 and 66 and on pages 41 to 45. The Company has the authority to issue and buy back its shares (see pages 57 to 59) 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 borrowings which are detailed in notes 11 and 12.

21 Subsequent events

The purchase of an additional property, a motorway service station, was completed by the Company on 18 January 2024.
The cost of the purchase was £18.2m.

Shareholder information

Notice of Annual General Meeting



Baillie Gifford

By Rail:
Edinburgh Waverley – approximately a 5 minute walk away

By Bus:
Lothian Buses local services include:
1, 5, 7, 8, 10, 11, 12, 14, 15, 16, 25, 34

By Tram:
Stops at St Andrew Square and Leith Walk

.... **Access to Waverley Train Station on foot**

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, 4 April 2024 at 11.30am.

The Board encourages all shareholders to submit proxy voting forms as soon as possible and, in any event, by no later than 11.30am, on 2 April 2024.

Should shareholders have questions for the Board or the Managers or any queries as to how to vote, they are welcome as always to submit them by email to **trustenquiries@bailliegifford.com** or call 0800 917 2112. Baillie Gifford may record your call.

Notice is hereby given that the one hundred and fifty first Annual General Meeting of The Scottish American Investment Company P.L.C. ('SAINTS') will be held at the Registered Office of the Company, Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN on Thursday, 4 April 2024 at 11.30am. You will find directions to the venue by scanning the QR code above.

The Portfolio Managers responsible for SAINTS will give a short presentation on the investment outlook. The following resolutions will be proposed at the AGM:

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

01. To receive and adopt the Financial Statements of the Company for the year to 31 December 2023 with the Reports of the Directors and of the Independent Auditor thereon.
02. To approve the Directors' Annual Report on Remuneration for the year to 31 December 2023.
03. To declare a final dividend.
04. To re-elect Lord Macpherson of Earl's Court as a Director.
05. To re-elect Dame Mariot Leslie as a Director.
06. To re-elect Karyn Lamont as a Director.
07. To re-elect Christine Montgomery as a Director.
08. To elect Padmesh Shukla as a Director.
09. To re-appoint Ernst & Young LLP as Independent Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which the Financial Statements are laid before the Company.
10. To authorise the Directors to determine the remuneration of the Independent Auditor of the Company.
11. That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ('Securities') provided that such authority shall be limited to the allotment of shares and the grant of rights in respect of shares with an aggregate nominal value of up to £14,858,175.75 (representing approximately 33 per cent of the nominal value of the issued share capital as at 13 February 2024), such authority to expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, unless previously revoked, varied or extended by the Company in a general meeting, save that the Company may at any time prior to the expiry of this authority make an offer or enter into an agreement which would or might require Securities to be allotted or granted after the expiry of such authority and the Directors shall be entitled to allot or grant Securities in pursuance of such an offer or agreement as if such authority had not expired.

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

12. That, subject to the passing of resolution 11 above, and in substitution for any existing power but without prejudice to the exercise of any such power prior to the date hereof, the Directors of the Company be and they are hereby generally empowered, pursuant to sections 570 and 573 of the Companies Act 2006 (the 'Act'), to allot equity securities (within the meaning of section 560(1) of the Act), for cash pursuant to the authority given by resolution 11 above and by the sale of treasury shares as if section 561(1) of the Act did not apply to any such allotment of equity securities, provided that this power:
    a. expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and
    b. shall be limited to the allotment of equity securities up to an aggregate nominal value of £4,457,898.50 being approximately 10% of the nominal value of the issued share capital of the Company, as at 13 February 2024.

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

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

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

14. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of section 693(4) of the Act) of fully paid ordinary shares of 25 pence each in the capital of the Company ('ordinary shares') (either for retention as treasury shares or for cancellation), provided that:

    a. the maximum aggregate number of ordinary shares hereby authorised to be purchased is 26,729,559, 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. an amount equal to the higher of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share on the trading venue where the purchase is carried out; 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 2024, save that the Company may, prior to such expiry, enter into a contract to purchase ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.

By Order of the Board
Baillie Gifford & Co Limited
Company Secretary
27 February 2024

Notes

01. 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.

02. To be valid any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand at the Registrars of the Company at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or **eproxyappointment.com** no later than two days (excluding non-working days) before the time of the meeting or any adjourned meeting.

03. 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 **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.

04. 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.

05. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST service by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

06. 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.

07. 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.

08. 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 AGM (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 48 hours (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.

09. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

10. The statement of the rights of shareholders in relation to the appointment of proxies in Notes 1 and 2 above does not apply to Nominated Persons. The rights described in those Notes can only be exercised by shareholders of the Company.
11. The members of the Company may require the Company to publish, on its website, (without payment) a statement (which is also passed to the Auditor) setting out any matter relating to the audit of the Company's accounts, including the Auditor's report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5% of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address and be sent to the Company at Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN.
12. Information regarding the Annual General Meeting, including information required by section 311A of the Companies Act 2006, is available from the Company's page of the Managers' website at **saints-it.com**.
13. Members have the right to ask questions at the meeting in accordance with section 319A of the Companies Act 2006.
14. As at 13 February 2024 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consisted of 178,315,943 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 13 February 2024 were 178,315,943 votes.
15. Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the meeting as his/her proxy will need to ensure that both he/she and his/her proxy complies with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
16. No Director has a contract of service with the Company.

Further shareholder information

How to invest

The Company's shares are traded on the London Stock Exchange. They can be bought by placing an order with a stockbroker or by asking a professional adviser to do so. If you are interested in investing directly in SAINTS you can do so online. There are a number of companies offering real time online dealing services – find out more by visiting the investment trust pages at **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 **saints-it.com**, Trustnet at **trustnet.com** and on other financial websites. Company factsheets are also available on the Baillie Gifford website and are updated monthly. These are available from Baillie Gifford on request.

SAINTS share identifiers

ISIN GB0007873697

Sedol 0787369

Ticker SAIN

Legal Entity Identifier 549300NF03XVC5IFB447

AIC

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

Dividend dates

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

The ex-dividend date is the date on which entitlement to receive the net dividend is established. The record date is the date on which shares must be registered following purchase to receive the dividend direct. Otherwise you will have to claim it from the agent through whom you purchased your shares. The DRIP election date is the final date for electing to participate in the Dividend Reinvestment Plan (see page 111 for more details) for that dividend.

Dividend dates for 2024

	Final 2023	First interim *	Second interim *	Third interim *
Dividend announced	15/02/24	16/05/24	25/07/24	06/11/24
Ex-dividend date	29/02/24	23/05/24	08/08/24	14/11/24
Record date	01/03/24	24/05/24	09/08/24	15/11/24
DRIP election date	19/03/24	30/05/24	27/08/24	19/11/24
Dividend paid	11/04/24	20/06/24	19/09/24	12/12/24

* Anticipated dates.

Announcement of results and reports

SAINTS' results for the half year to 30 June will be announced in July/August 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 February/March. The 2024 AGM is being held on 4 April.

How you are taxed

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

  If you held SAINTS' shares on or before 31 March 1982 the market value of the ordinary shares (adjusted for present capital) on that date of 33.125p will be required for your capital gains tax computation.
- **Income** The dividends you receive from your SAINTS' shares are taxed as income. 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 **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 and Financial Statements, in electronic format;
- update bank mandates and change address details; and
- 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 **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 **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 **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

	2023 Number of shares held	2023 %	2022 Number of shares held	2022 %
Institutions	19,993,528	11.2	20,714,409	11.7
Intermediaries	147,625,890	82.8	144,773,005	81.9
Individuals	10,551,580	5.9	10,884,096	6.2
Marketmakers	144,945	0.1	379,433	0.2
	178,315,943	**100.0**	**176,750,943**	**100.0**

Data protection

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

Alternative Investment Fund Managers Regulations ('AIFM')

In accordance with the AIFM Regulations, 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 Regulations, the AIFM remuneration policy is available at **bailliegifford.com** or on request (see contact details on page 121). The numerical remuneration disclosures in respect of the AIFM's relevant reporting periods are also available at **bailliegifford.com**.

The Company's maximum and actual leverage levels (see glossary of terms and alternative performance measures on pages 118 to 120) at 31 December 2023 are as follows:

Leverage exposure

	Gross method	Commitment method
Maximum limit	3.00:1	2.00:1
Actual	1.09:1	1.10:1

Automatic Exchange of Information

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

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

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

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders **gov.uk/guidance/automatic-exchange-of-information-account-holders**.

Third party data provider disclaimer

No third party data provider ('Provider') makes any warranty, express or implied, as to the accuracy, completeness or timeliness of the data contained herewith nor as to the results to be obtained by recipients of the data.

No Provider shall in any way be liable to any recipient of the data for any inaccuracies, errors or omissions in the index data included in this document, regardless of cause, or for any damages (whether direct or indirect) resulting therefrom. No Provider has any obligation to update, modify or amend the data or to otherwise notify a recipient thereof in the event that any matter stated herein changes or subsequently becomes inaccurate.

Without limiting the foregoing, no Provider shall have any liability whatsoever to you, whether in contract (including under an indemnity), in tort (including negligence), under a warranty, under statute or otherwise, in respect of any loss or damage suffered by you as a result of or in connection with any opinions, recommendations, forecasts, judgements, or any other conclusions, or any course of action determined, by you or any third party, whether or not based on the content, information or materials contained herein.

FTSE Index data

Source: London Stock Exchange Group plc and its group undertakings (collectively, the 'LSE Group'). © LSE Group 2024. FTSE Russell is a trading name of certain of the LSE Group companies. 'FTSE®' 'Russell®', 'FTSE Russell®', is/are a trade mark(s) of the relevant LSE Group companies and is/are used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

Sustainable Finance Disclosure Regulation ('SFDR')

The EU Sustainable Finance Disclosure Regulation ('SFDR') does not have a direct impact in the UK due to Brexit, however, it applies to third-country products marketed in the EU. As SAINTS is marketed in the EU by the AIFM, Baillie Gifford & Co Limited, via the National Private Placement Regime ('NPPR') the following disclosures have been provided to comply with the high-level requirements of SFDR.

The AIFM has adopted Baillie Gifford & Co's ESG Principles and Guidelines as its policy on integration of sustainability risks in investment decisions.

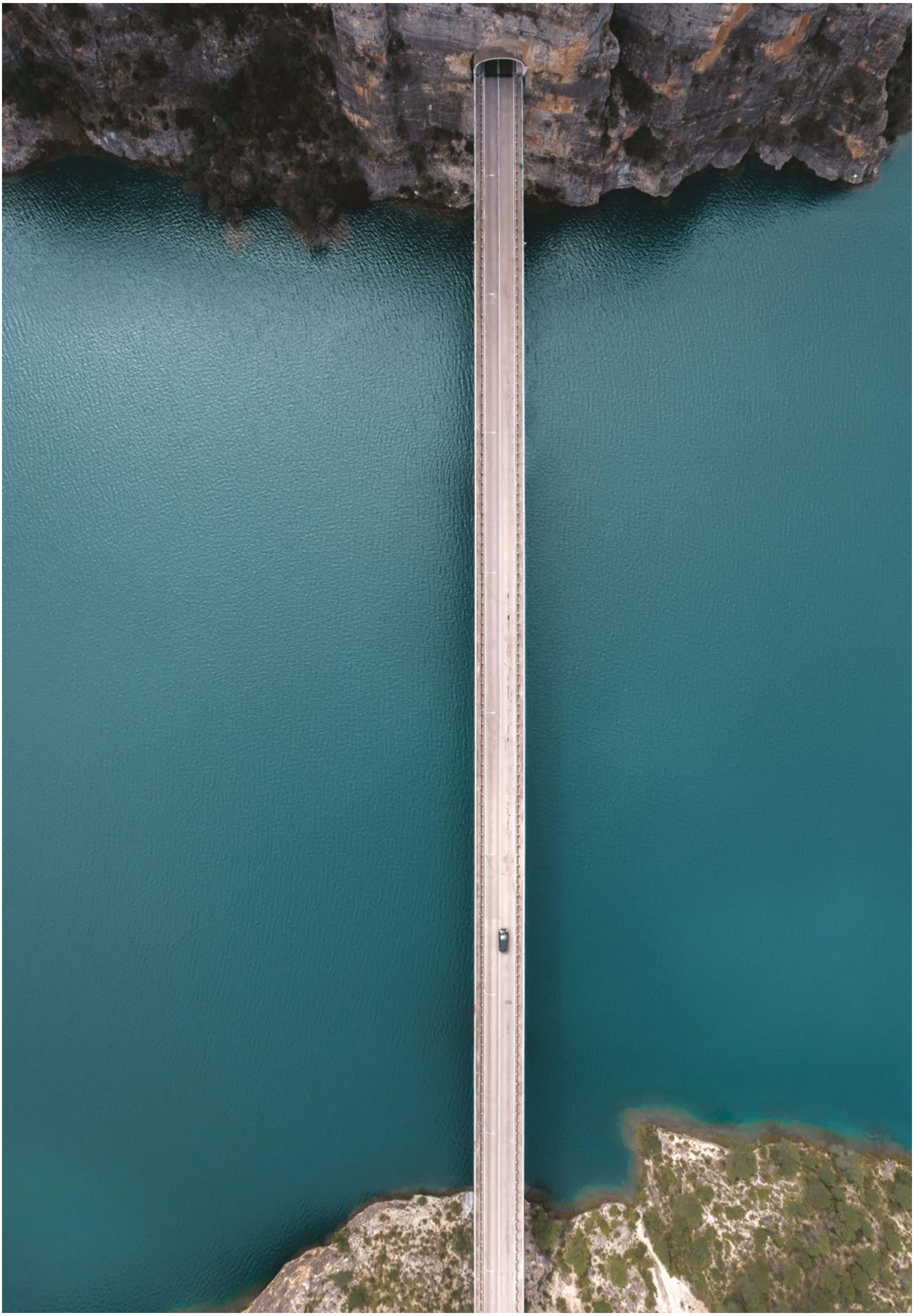
Baillie Gifford & Co believes that a company cannot be financially sustainable in the long run if its approach to business is fundamentally out of line with changing societal expectations. It defines 'sustainability' as a deliberately broad concept which encapsulates a company's purpose, values, business model, culture, and operating practices.

Baillie Gifford & Co's approach to investment is based on identifying and holding high quality growth businesses that enjoy sustainable competitive advantages in their marketplace. To do this it looks beyond current financial performance, undertaking proprietary research to build up an in-depth knowledge of an individual company and a view on its long-term prospects. This includes the consideration of sustainability factors (environmental, social and/or governance matters) which it believes will positively or negatively influence the financial returns of an investment. The likely impact on the return of the portfolio from a potential or actual material decline in the value of investment due to the occurrence of an environmental, social or governance event or condition will vary and will depend on several factors including but not limited to the type, extent, complexity and duration of an event or condition, prevailing market conditions and existence of any mitigating factors.

Whilst consideration is given to sustainability matters, there are no restrictions on the investment universe of the Company, unless otherwise stated within in its Investment Objective & Policy. Baillie Gifford & Co can invest in any companies it believes could create beneficial long-term returns for investors. However, this might result in investments being made in companies that ultimately cause a negative outcome for the environment or society.

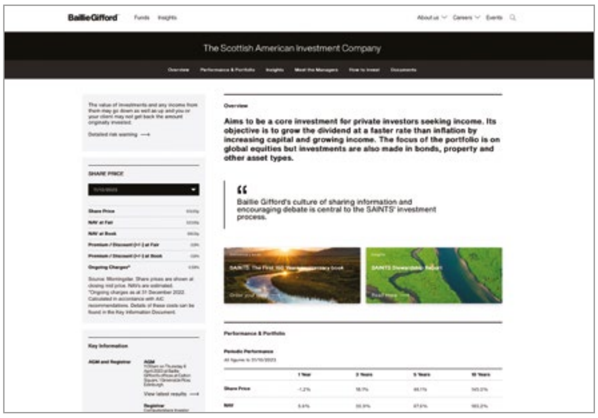
More detail on the Investment Managers' approach to sustainability can be found in the ESG Principles and Guidelines document, available publicly on the Baillie Gifford website **bailliegifford.com** and by scanning the QR code below.

The underlying investments do not take into account the EU criteria for environmentally sustainable economic activities established under the EU Taxonomy Regulation.



Communicating with shareholders

Trust magazine



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

Promoting SAINTS

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

Trust magazine

Trust is the Baillie Gifford investment trust magazine which is published twice a year. It provides an insight to our investment approach by including interviews with our fund managers, as well as containing investment trust news, investment features and articles about the trusts managed by Baillie Gifford, including SAINTS. **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 (see contact details on page 121).

You can subscribe to Trust magazine or view a digital copy at **bailliegifford.com/trust**.

SAINTS on the Web

Up-to-date information about SAINTS, including a monthly commentary, recent portfolio information and performance figures can be found on SAINTS' page of the Managers' website at **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: **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 and give them your suggestions. They will also be very happy to answer questions that you may have about SAINTS.

Client relations team contact details

You can contact the Baillie Gifford Client Relations Team by telephone, email or post:

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

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

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

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

SAINTS specific queries

Please use the following contact details:

Email: **saints@bailliegifford.com**
Website: **saints-it.com**

Insights

SAINTS: the case for dividend growth

Why we believe pursing dividend growth rather than yield is the right way to grow capital.

SAINTS Stewardship Report 2023

Does engagement make a difference? The SAINTS Team provides its annual update.

© National Galleries of Scotland.
Gift of the Merchants Company Edinburgh

The history of SAINTS

John Newlands reveals the roots of the SAINTS success story.

Glossary of terms and alternative performance measures ('APM')

An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Total assets

This is the Company's definition of Adjusted Total Assets, being the total value of all assets held less all liabilities (other than liabilities in the form of borrowings).

Net Asset Value ('NAV')

Also described as shareholders' funds, net asset value is the value of total assets less liabilities (including borrowings). Net asset value can be calculated on the basis of borrowings stated at book value and fair value. An explanation of each basis is provided below. The net asset value per share is calculated by dividing this amount by the number of ordinary shares in issue excluding any shares held in treasury.

Net Asset Value (borrowings at book value)

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

Net Asset Value (borrowings at fair value) (APM)

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

	31 December 2023	31 December 2022
Shareholders' funds (borrowings at book value)	£935,184,000	£846,674,000
Add: book value of borrowings	£94,728,000	£94,714,000
Less: fair value of borrowings	(£68,155,000)	(£65,549,000)
Shareholders' funds (borrowings at fair value)	**£961,757,000**	**£875,839,000**
Shares in issue at year end	178,315,943	176,750,943
Net asset value per ordinary share (borrowings at fair value)	**539.4p**	**495.5p**

Premium/(discount) (APM)

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

	2023 NAV (book)	2023 NAV (fair)	2022 NAV (book)	2022 NAV (fair)
Closing NAV per share	524.5p	539.4p	479.0p	495.5p
Closing share price	535.0p	535.0p	508.0p	508.0p
Premium/(discount)	**2.0%**	**(0.8%)**	**6.1%**	**2.5%**

Ongoing charges (APM)

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

A reconciliation from the expenses detailed in the Income statement on page 84 is provided below.

		31 December 2023	31 December 2022
Investment management fee		£4,125,000	£3,920,000
Other administrative expenses		£1,268,000	£1,257,000
Total expenses	**(a)**	**£5,393,000**	**£5,177,000**
Average daily cum-income net asset value (with borrowings at fair value)	(b)	£928,722,000	£877,093,000
Ongoing charges	**(a) ÷ (b) (expressed as a percentage)**	**0.58%**	**0.59%**

Total return (APM)

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

		2023 NAV (book)	2023 NAV (fair)	2023 Share price	2022 NAV (book)	2022 NAV (fair)	2022 Share price
Opening NAV per share/share price	(a)	479.0p	495.5p	508.0p	529.7p	528.4p	541.0p
Closing NAV per share/share price	(b)	524.5p	539.4p	535.0p	479.0p	495.5p	508.0p
Dividend adjustment factor*	(c)	1.027628	1.026683	1.027273	1.027330	1.026941	1.027687
Adjusted closing NAV per share/ share price	**(d) = (b) x (c)**	**539.0p**	**553.8p**	**549.6p**	**492.1p**	**508.8p**	**522.1p**
Total return	**(d) ÷ (a) -1**	**12.5%**	**11.8%**	**8.2%**	**(7.1%)**	**(3.7%)**	**(3.5%)**

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

Gearing (APM)

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

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

	31 December 2023	31 December 2022
Borrowings at book value	£94,728,000	£94,714,000
Shareholders' funds	£935,184,000	£846,674,000
Potential gearing	**10%**	**11%**

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

	31 December 2023	31 December 2022
Borrowings at book value	£94,728,000	£94,714,000
Less: cash and cash equivalents	(£7,340,000)	(£4,184,000)
Less: bond investments	(£37,866,000)	(£43,440,000)
Less: direct property investments	(£66,350,000)	(£66,750,000)
Adjusted borrowings	(£16,828,000)	(£19,660,000)
Shareholders' funds	£935,184,000	£846,674,000
Equity gearing	**(2%)**	**(2%)**

Leverage (APM)

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

Active share (APM)

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

Company information

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Bronwyn Curtis, OBE
Karyn Lamont, CA
Dame Mariot Leslie
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Further information

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