THE SCOTTISH AMERICAN INVESTMENT COMPANY P.L.C.

SAINTS
Income again and again

THE SCOTTISH AMERICAN
150 YEARS 1873 – 2023
INVESTMENT COMPANY P.L.C.

Interim Financial Report
30 June 2023

BAILLIE GIFFORD

Objective

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

Investment Policy

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.

Benchmark

The portfolio benchmark against which performance has been measured is the FTSE All-World Index (in sterling terms).

In comparing NAV performance to the benchmark, the Company's assets and liabilities are measured at fair value.

Principal Risks and Uncertainties

The principal risks facing the Company are financial risk, investment strategy risk, climate and governance risk, regulatory risk, custody and depositary risk, operational risk, discount risk, leverage risk, political risk, cyber security risk and emerging risks. An explanation of these risks and how they are managed is set out on pages 8 to 10 of the Company's Annual Report and Financial Statements for the year to 31 December 2022 which is available on the Company's website: **saints-it.com**. The principal risks and uncertainties have not changed since the date of that report.

Responsibility Statement

We confirm that to the best of our knowledge:

a) the condensed set of Financial Statements has been prepared in accordance with FRS 104 'Interim Financial Reporting';

b) the Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months, their impact on the Financial Statements and a description of principal risks and uncertainties for the remaining six months of the year); and

c) the Interim Financial Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board
Lord Macpherson of Earl's Court
Chairman
31 July 2023

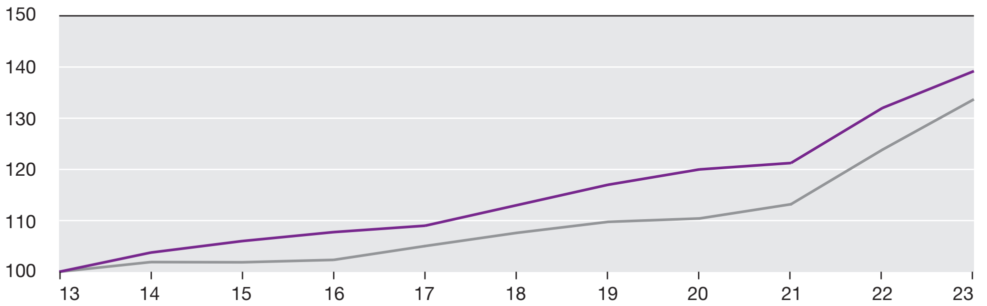
Summary of Unaudited Results

	30 June 2023	31 December 2022 (audited)	% change
Shareholders' funds	£907.8m	£846.7m	
Net asset value per ordinary share (borrowings at fair value)*	527.3p	495.5p	6.4
Net asset value per ordinary share (borrowings at book value)	509.4p	479.0p	6.3
Share price	522.0p	508.0p	2.8
FTSE All-World Index (in sterling terms)†			6.5
(Discount)/premium – borrowings at fair value*	(1.0%)	2.5%	
Premium* – borrowings at book value	2.5%	6.1%	
Active share*	87%	89%	

	Six months to 30 June 2023	Six months to 30 June 2022	% change
Revenue earnings per share	7.64p	7.78p	(1.8)
Dividends paid and payable in respect of the period	6.75p	6.65p	1.5

Dividend versus Inflation

Ten Year Cumulative to 30 June 2023 (figures rebased to 100 at 30 June 2013)



Source: Refinitiv/Baillie Gifford and relevant underlying index providers. See disclaimer on page 20.

	Six months to 30 June 2023	Year to 31 December 2022
Total return performance (%)*†		
Net asset value (borrowings at fair value)	7.8	(3.7)
Net asset value (borrowings at book value)	7.8	(7.1)
Share price	4.1	(3.5)
FTSE All-World Index (in sterling terms)	7.9	(7.3)

* Alternative Performance Measure, see Glossary of Terms and Alternative Performance Measures on pages 18 and 19.
† Source: Refinitiv/Baillie Gifford and relevant underlying data providers. See disclaimer on page 20.

Past performance is not a guide to future performance.

Pausing to look back: the long term case for dividend growth rather than yield

With SAINTS celebrating its 150th anniversary this year, we have been pausing to look back. Baillie Gifford was appointed investment manager by the Board in 2004. Financial markets were recovering from the dot com crash, the UK was still in the EU, and China was on its way to becoming a major driver of global growth after joining the World Trade Organisation in 2001.

As managers we inherited a portfolio which had focused on preserving yield, and which had become heavily skewed towards the UK: almost 70% of the equity portfolio was invested in London-listed stocks. We began a gradual process of moving the portfolio in a different direction. Focusing on growth rather than yield. And more expansive in terms of embracing investment opportunities globally.

At the time, SAINTS' competitors could essentially be regarded as the peer group of UK Equity Income funds. So, what happened next? The accompanying chart shows the income and capital growth delivered by SAINTS since 2004, compared with 26 such funds which are still going today. Of these 26, we were particularly interested in the 20 funds which, back in 2004, yielded more than 4%. These yield-focused funds had an average dividend yield of 4.7%, which was approximately a quarter higher than SAINTS' yield in 2004, which was 3.8%.

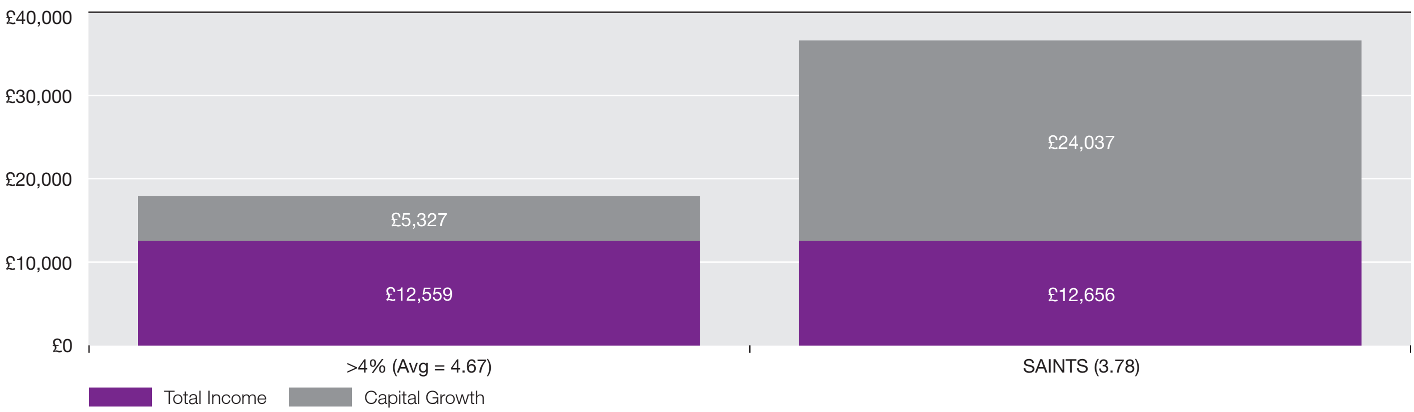
The results can be seen in the chart. Despite its lower starting yield, SAINTS shareholders have received, over the period, *more* income than investments in the average high-yielding fund. Not by a wide margin, but a little bit more, despite starting at a significantly lower yield. The *growth* in dividends from SAINTS has surpassed the gap in starting yield, to the point that over the entire period, total income from SAINTS has been a little higher.

More strikingly, there is a stark difference in capital growth. SAINTS' shareholders have seen their capital grow by many multiples of the higher-yielding, UK-focused funds. An investment of £10,000 in 2004 delivered £24,000 of capital growth at SAINTS, compared with £5,300 for those yield-seeking funds.

Adding both income and capital growth, SAINTS' shareholders have seen their initial investment grow by 4.6x, whereas an investor in the average higher-yielding UK income fund would have seen their initial investment grow by 2.8x.

Nominal Returns on £10,000 Invested in UK Equity Income Funds and SAINTS

(from 2004–22) Clean Share Classes only



Source: Morningstar and Baillie Gifford.

We draw three conclusions from these numbers:

— A focus on dividend growth, rather than yield, does not mean shareholders receive less income than high-yielding strategies, over the long-term.

— These outcomes give credence to our belief that investing in companies that can compound their dividends relentlessly higher over long periods of time – the SAINTS approach – results in much higher capital growth. Relentless compounding of dividends requires relentless compounding of earnings. And relentless compounding of earnings drives share price appreciation, resulting in capital growth.

— It shows the benefits of investing globally. Of course, many UK-listed companies are global businesses, tapping into growth in other parts of the world. But the much wider universe of global opportunities provides much better odds of finding those relentless compounders of earnings and dividends.

Note that we have assumed, in our calculations, that investors were choosing to receive and consume their income, rather than reinvesting it into new shares of SAINTS (or their UK income fund). If we crunched these numbers again, but assumed reinvestment of dividends into new shares, we suspect the gap in outcomes would be even wider: given SAINTS' much stronger capital growth. We know that many SAINTS shareholders reinvest their dividends into new SAINTS shares.

Long-term Compounders

Around 2013, Baillie Gifford expanded the team managing SAINTS. This gave us the resource to search the world for even more of the dividend compounders we seek. It also gave us an opportunity to stop and think about our investment approach. We decided to double-down. SAINTS leaned further into growth, and away from higher-yielding equities.

Looking back on the companies that were owned within the portfolio in 2013 – many of which are still held today – we can see several examples of the growth stocks that have underpinned SAINTS' income and capital growth. The table below shows the ten best-performing holdings that we have held continuously for the past decade. (There have been other strong performers purchased since 2013, but here we are focussing on decade-long performance):

Company	cumulative Total return GBP	cagr Sales	cagr EPS	cagr PE	cagr Share price	pa to cagr Div addition	cagr Total return local	cagr Total return GBP
Apple	1820%	10%	14%	12%	28%	2%	32%	34%
Microsoft	1312%	10%	13%	11%	25%	1%	28%	30%
TSMC	715%	16%	20%	(1%)	18%	1%	28%	30%
Analog Devices	545%	16%	20%	1%	18%	2%	18%	20%
Partners Group	466%	15%	14%	(1%)	13%	2%	16%	19%
Atlas Copco	403%	8%	9%	7%	16%	3%	21%	18%
McDonald's	373%	(2%)	7%	4%	12%	2%	15%	17%
Rio Tinto	281%	3%	6%	1%	7%	4%	14%	14%
Pepsi	260%	3%	5%	3%	8%	2%	12%	14%
UPS	234%	6%	11%	(3%)	8%	2%	11%	13%

Source: Bloomberg and Baillie Gifford. Period 30 June 2013 to 30 June 2023.

Some of the returns here are extraordinary. Investments such as Apple, Microsoft, TSMC, Analog Devices, Partners Group and Atlas Copco have all delivered share price appreciation better than 15% per annum, in local currency terms. After we add dividends into the equation, total returns have been even higher: 20 or 30% per annum in some cases. That means $1,000 invested ten years ago is worth about $11,800 today, in the example of Microsoft.

The foundation-stone beneath the total returns of these companies has been their strong revenue and earnings growth. By focusing on companies that we have judged likely to compound their earnings relentlessly higher at attractive rates – some 20% per annum in the case of TSMC and Analog Devices for example – we have found that share price appreciation has broadly followed. Sometimes this capital growth has been turbo-charged by expansion in the PE multiple, for example in the case of Apple. But the more important thing has been not to over-pay, risking PE compression that offsets the earnings growth. This way, the earnings growth has been more likely to translate into share price and capital growth.

Looking back today, in 2023, we believe more strongly than ever in our approach: focusing on growing companies that pay resilient dividends which should compound relentlessly away alongside their profit growth, all in the pursuit of strong income and capital growth for SAINTS shareholders. By looking globally for these companies, rather than narrowing our horizons to the particular island on which we happen to be based, we dramatically raise our odds of finding the next Atlas Copcos and Apples of the world. Over the long-term, we believe the laws of compounding make this approach highly likely to deliver better results than a value-oriented, yield-based approach to investing.

Interim Management Report

Market Commentary

Markets went down, up and occasionally sideways in the first half of 2023. It might be tempting to dismiss this as the usual gyrations of share prices and sentiment. But there are longer-term forces at play in recent market movements, which are worth commenting on here to help SAINTS shareholders understand what is happening.

The world economy is currently in a period of transition. The 2010s were an environment of low inflation and low interest rates. During the recent past we have seen inflation spike to levels not seen for many years, and central banks including the Bank of England attempt to wrestle inflation under control by continuously raising short-term borrowing rates. This has had, and will continue to have, knock-on effects in the broader economy. At times the market has plunged into despondency about the potential for recession, whilst at other times it has been euphoric about the prospect of inflation peaking and interest rates stabilising.

But what does it all mean for SAINTS' investments? Our belief is that the companies in the equity portfolio are much better-placed to continue growing their earnings and dividends than the average company in the stock market, despite the challenges that come with higher inflation and higher interest rates. For one thing, SAINTS' holdings have notably low levels of debt. This means that while other companies may struggle mightily in the next few years as they roll over their debt at significantly higher interest rates, this is unlikely to be much of a drag on profit growth for the companies in SAINTS' portfolio. Indeed some of SAINTS' holdings, such as Netease and Cognex, have net cash balance sheets and will see their earnings rise as they earn higher rates of interest.

We can also observe that SAINTS' holdings earn unusually high returns on equity, compared with the average company. This is essentially a reflection of the strong value they offer to their customers, which in turn helps them to pass on cost inflation where appropriate. We have seen this play out in some of their financial results since the start of the year. For example Coca-Cola recently reported revenue growth of 11% year over year.

These are some of the factors that give us confidence that, in this brave new world of higher interest rates, the impact on growth across SAINTS' equity portfolio will, hopefully, be relatively muted. Of course if economies fall into recession, growth may slow a little. But even then we might be hopeful that nominal growth in their dividends would continue. The typical SAINTS holding pays out perhaps half of its earnings as dividends. This means that even if these earnings fall, there is a large cushion that allows SAINTS' companies to look through the cycle and increase their dividends. We saw this during the past six months at TSMC, which despite forecasting a decline in sales of 10% this year due to the semiconductor cycle, said it foresees strong growth in its business in the medium-term and announced an increase in its dividend of 9%.

Performance

Over the first half of 2023, the equity portfolio delivered positive returns of approximately 8%, broadly in line with global equity markets. Interestingly, three of the top five contributors to performance were industrial companies: Watsco (the US distributor of air conditioning equipment), Fastenal (the US distributor of industrial parts) and French-listed Schneider Electric (automation and power management equipment).

"Interestingly" because, as mentioned above, investors have been worrying about the impact of rapidly rising interest rates on the economy and the risks of recession. But the results published by these companies have been far more resilient than the market anticipated.

Apart from these industrial names, Novo Nordisk was another strong contributor to performance over the past 6 months, on the back of excellent operational performance. Sales for Q1 2023, announced in May, were 25% higher than the previous year as its appetite suppressants continue to see rapidly rising demand from patients who are battling obesity.

Two Chinese holdings were the main drag on performance: furniture manufacturer Man Wah and sportswear company Anta Sports. Both published muted results in the period, affected by a disappointing rebound in the Chinese economy so far this year following the end of the strict lockdown policy last December. Our view is that in both cases their long-term growth prospects have not been markedly impacted, simply delayed, and their balance sheets and cash-flows remain very healthy.

Beyond the equity portfolio, we saw solid performance from SAINTS' investments in property, infrastructure equities, and bonds. These are funded out of SAINTS' prudent borrowings with an average cost of 3%.

Perhaps most notable was the property portfolio, managed by OLIM, which delivered a positive contribution to performance over the period as rental income more than offset a decline in capital values. The latest valuation, conducted externally by Savills, resulted in a handful of the properties being modestly marked down due to rising interest rates and falling market values for commercial property across the UK. But if we look at the 12 properties which were owned by SAINTS at the start of the year, and compare their values with the latest market valuation at 30 June 2023, we see that in aggregate their total value fell by only 2.4%, from £66.75m to £65.15m. This is a notable performance in a very difficult market for commercial property. If we add the two new properties purchased during the past six months (a hotel in Ringwood and an Aldi supermarket in Gosport) the total property portfolio has grown from £66.75m to £79.55m. Their rental income comfortably beats the cost of SAINTS' modest borrowings.

Investments and Divestments

Two new equity holdings were added to the portfolio in the first half of the year: Coloplast and Eurofins.

Coloplast is a Danish-listed leading 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 in earnings and dividends.

French-listed Eurofins Scientific is a laboratory business focused on a wide variety of testing related to food and the environment. Structural growth drivers of its business include expanding regulation and increased penetration of testing in developing countries. What makes us particularly enthusiastic about Eurofins is the distinctive vision of its founder, CEO and largest shareholder, Gilles Martin, who is resolutely focused on the long-term. Over the past three decades, the company has invested relentlessly in an industry-leading, internally developed technology platform and created a large global network of labs. We expect the combination of these two factors to provide solid foundations for growth and increasing returns on capital in the next decade and beyond.

So far this year, we have divested from four equity holdings: National Instruments, Silicon Motion, Linea Directa, and Cullen Frost.

National Instruments is an American manufacturer of hardware and software for lab researchers which has received a takeover bid at a price of $53 per share. We believe that the offer price is attractive and represents a healthy return on the fund's book cost, so we sold our position.

Silicon Motion, likewise, received a takeover offer. As we had received the final dividend and there was still uncertainty over the Chinese regulators' willingness to approve the deal, we decided to divest our position and put the capital to work in new ideas.

We invested in Linea Directa, a Spanish motor insurance company, only two years ago. However, the shares have proven to be highly illiquid, which meant we struggled to make this into the size of holding we envisaged. With no plan in sight to help improve liquidity, we decided to divest the holding.

Following a string of runs at US regional banks earlier this year, we decided that the risk facing Cullen Frost had turned unfavourably asymmetric, and we divested the holding to preserve capital.

ESG

We believe that investing sustainably is critical if we are to achieve our long-term objectives of delivering a dependable income and growing income and capital in real terms over the long term. In addition to the regular monitoring of our holdings and scoring potential new portfolio candidates using our Impact Ambition and Trust framework, our ESG analyst delved deep into two particular issues over the past few months: water management in Chile, and palm oil.

The water management report was to help us assess our investment in Albemarle, the world's largest lithium producer, and the potential risks to its growth prospects from water management around its operations in Chile. For a few weeks our analyst became a hydrogeologist, talking to academics, experts and NGOs to try and assess the impact of the company's practices in one of the world's most arid regions. His conclusion was that whilst lithium mining has some impact, the reduced water availability that has been observed in Chile in the past few years is more likely to be a function of the 13-year drought currently underway in the country, combined with much-larger water consumption by copper mining and agriculture. We will use this research to encourage Albemarle to expand their efforts to reduce water use and expand the monitoring of their impact on water in the area.

Palm oil, and the deforestation sometimes associated with its production, is another important issue with potential implications for our investments. Palm oil is in some ways a victim of its own success, with a broadening range of uses leading to global production rising fivefold over the past thirty years and making it the most used vegetable oil in the world. Advocates of palm oil point to the fact that it represents 36% of food oil globally but takes up less than 9% of land dedicated to that food oil production. Critics counter that not all land is created equal and palm oil production often replaces tropical forest with high carbon stock and richer biodiversity. Several of SAINTS' investments including Procter & Gamble, L'Oréal and PepsiCo are significant users of palm oil so we need to understand this particular issue.

Our research has highlighted a few important points. Much progress has been made in terms of sustainability certification and many companies are now dedicating resources to ensure their palm oil is grown sustainably. On the other hand, a large number of small independent suppliers, combined with a lot of intermediary processing steps, make traceability and transparency very challenging, and a key area for companies to address. This has helped us to have more informed discussions with our companies – indeed we raised it with Procter & Gamble while visiting them in Cincinnati last month – and this has helped us to establish a set of measures and policies we expect our holdings to adopt, if they have not already done so.

Outlook

After reflecting back on the occasion of SAINTS' 150th, we take several lessons forward. One is the rewards from focusing on long-term dividend growth rather than short-term dividend yield. Another is the expansion of opportunities afforded by a global portfolio. A third is the exceptional returns that outstanding companies can generate for SAINTS shareholders.

This year, as every year, the gyrations of markets and economies creates a great deal of uncertainty and speculation. But for the long-term investor in great companies, faced with opportunities such as Coloplast or Eurofins or indeed any of the investments within SAINTS' portfolio, we see the potential for many years of continued resilient income together with attractive growth in capital.

We are proud to be managers of SAINTS, and the trust put in us by the Board. We hope that in the decade ahead, as in the nearly two-decades past, we can continue to earn that trust by delivering attractive returns to SAINTS shareholders.

Baillie Gifford & Co
31 July 2023

The principal risks and uncertainties facing the Company are set out on the inside front cover. Related party transaction disclosures are set out in note 9 on page 16.

For a definition of terms see Glossary of Terms and Alternative Performance Measures on pages 18 and 19.

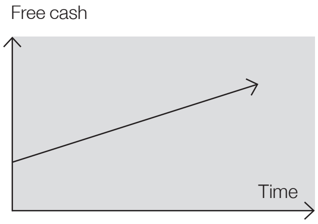
Past performance is not a guide to future performance.

Portfolio Pyramid

Drivers of Free Cash Flow Growth

Compounding Machines

Free Cash Flow Growth Expectations



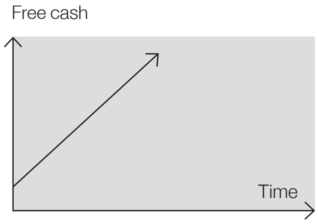
Characteristics
- Enduring competitive positions
- Strong balance sheets
- Proven management

Expected Outcome

Consistent above-average cash flow and dividend growth

Exceptional Revenue Opportunity

Free Cash Flow Growth Expectations



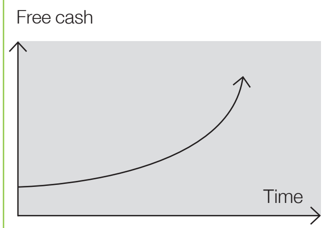
Characteristics
- Market leaders
- Pricing power
- Strong volume growth

Expected Outcome

Exceptional growth in earnings and cash flow

Management Acceleration

Free Cash Flow Growth Expectations



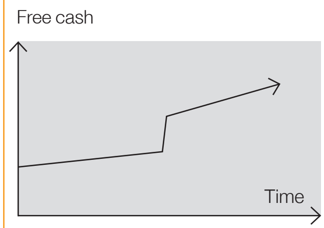
Characteristics
- Margins below potential
- Catalyst for change identified
- Strong management and clear strategy

Expected Outcome

Exceptional cash flow and dividend growth

Long-Cycle Returns

Free Cash Flow Growth Expectations

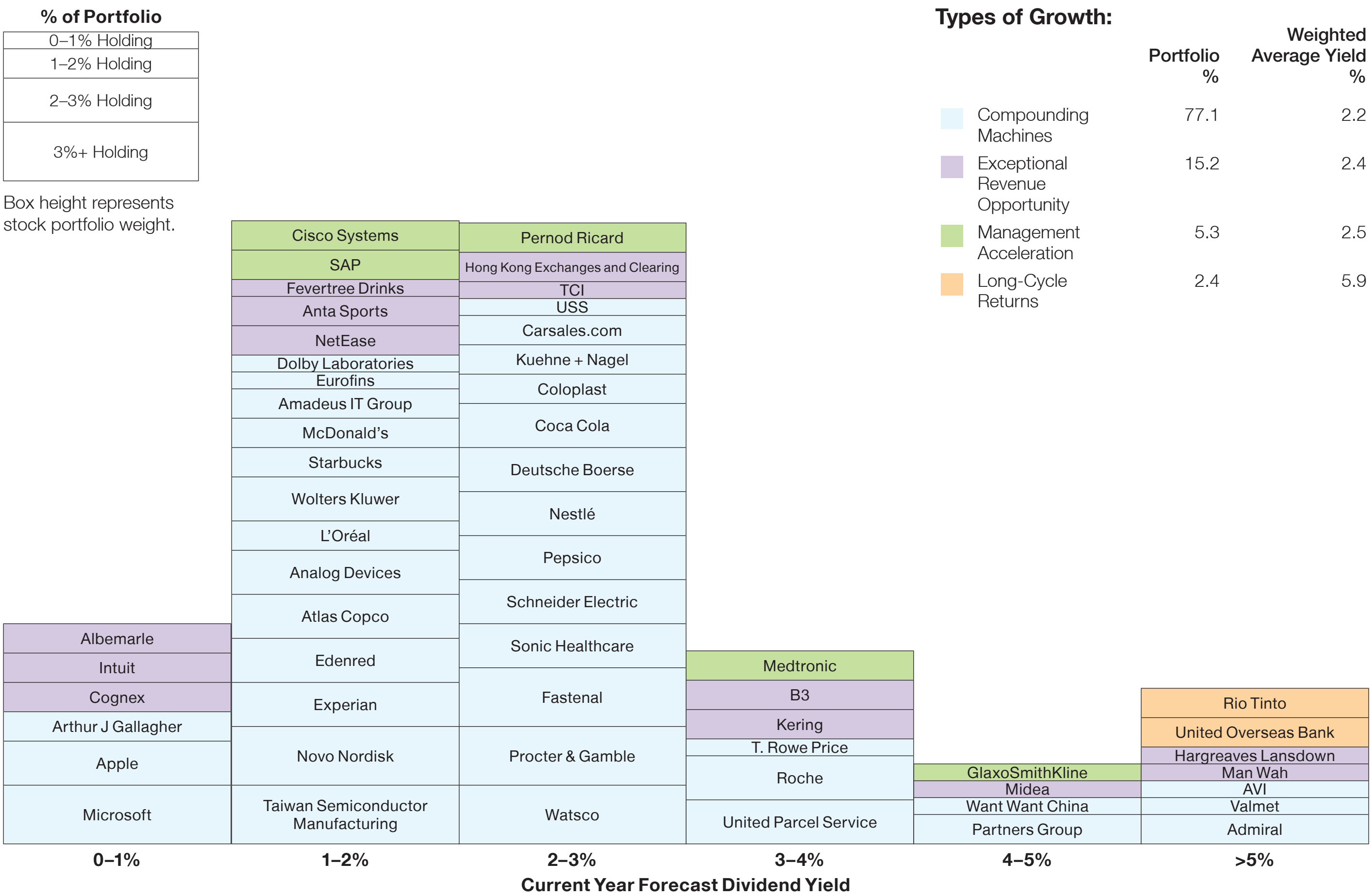


Characteristics
- Strategic development
- Change in capital requirements
- Shift of cash allocation priorities

Expected Outcome

Consistent above-average cash flow and dividend growth

SAINTS Portfolio Pyramid at 30 June 2023



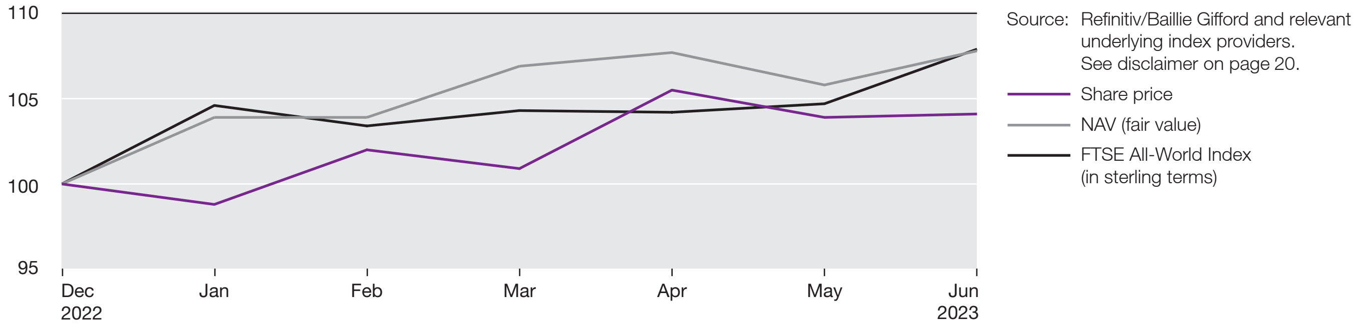
Types of Growth:

	Portfolio %	Weighted Average Yield %
Compounding Machines	77.1	2.2
Exceptional Revenue Opportunity	15.2	2.4
Management Acceleration	5.3	2.5
Long-Cycle Returns	2.4	5.9

Source: IBES, Bloomberg, Baillie Gifford & Co. Holding sizes and forecast yields are as at 30 June 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 equities investments, and therefore are not included in the chart: Assura, BBGI, Greencoat UK Wind, Jiangsu Expressway and Terna.

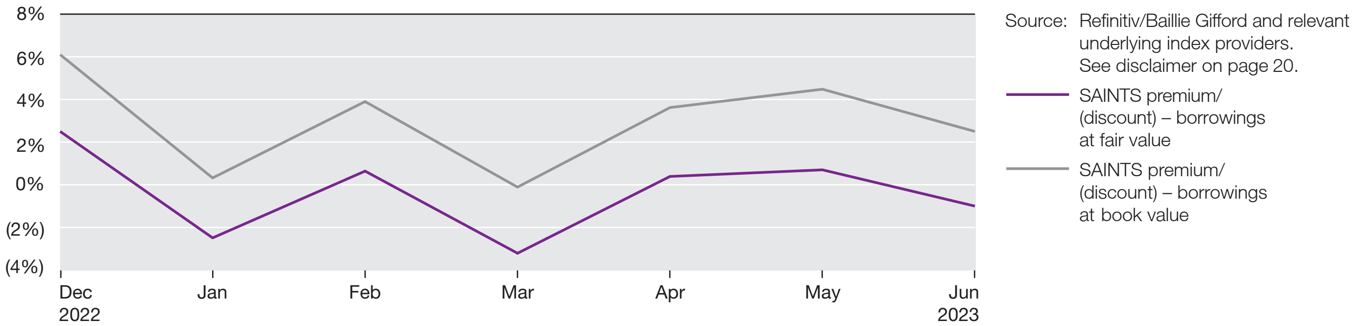
Six Months Total Return* Performance

(figures plotted on a monthly basis and rebased to 100 at 31 December 2022)



Premium/(Discount)* to Net Asset Value

(figures plotted on a monthly basis)



* See Glossary of Terms and Alternative Performance Measures on pages 18 and 19.

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Performance Attribution for the Six Months to 30 June 2023

Portfolio breakdown	Average allocation SAINTS %	Average allocation Benchmark † %	Total return SAINTS %	Total return Benchmark † %
Global Equities	94.5	100.0	8.5	7.9
Infrastructure Equities	2.8		(0.8)	
Bonds	4.5		4.5	
Direct Property	8.1		0.2	
Deposits	0.7		–	
Borrowings at book value	(10.6)		1.5	
Portfolio Total Return (borrowings at book value)			**7.9**	
Other items*			(0.1)	
Fund Total Return (borrowings at book value)			**7.8**	
Adjustment for change in fair value of borrowings			–	
Fund Total Return (borrowings at fair value)			**7.8**	

The above returns are calculated on a total returns basis with net income reinvested.
Source: Baillie Gifford and relevant underlying index providers.

* Includes Baillie Gifford and OLIM management fees.

†See disclaimer on page 20.

Past performance is not a guide to future performance.

Twenty Largest Equity Holdings at 30 June 2023

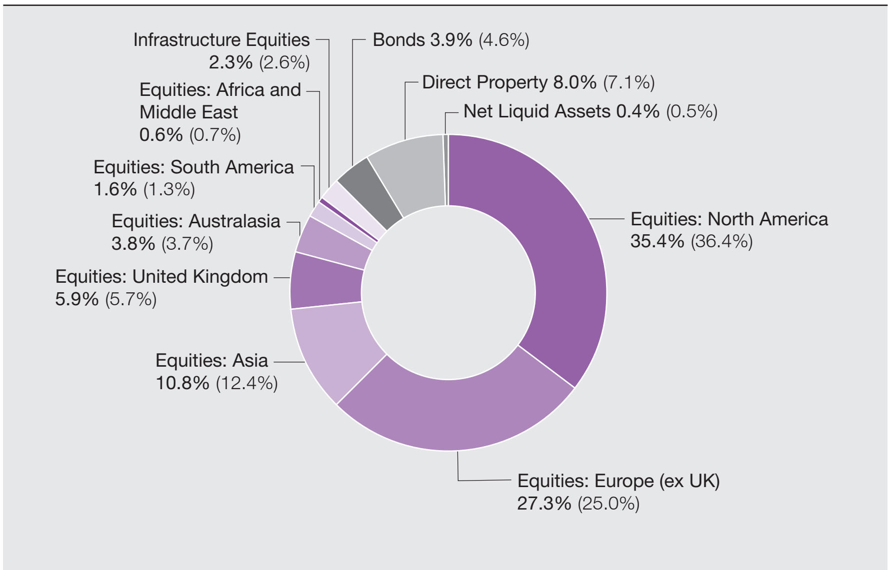
Name	Business	Value £'000	% of total assets *
Novo Nordisk	Pharmaceutical company	36,801	3.7
Watsco	Distributes air conditioning, heating and refrigeration equipment	34,254	3.4
Microsoft	Computer software	34,063	3.4
Fastenal	Distribution and sales of industrial supplies	29,800	3.0
Procter & Gamble	Household product manufacturer	27,738	2.8
Taiwan Semiconductor Manufacturing	Semiconductor manufacturer	26,589	2.7
Apple	Consumer technology	25,509	2.5
Pepsico	Snack and beverage company	25,383	2.5
United Parcel Service	Courier services	24,616	2.5
Sonic Healthcare	Laboratory testing	22,501	2.2
Analog Devices	Integrated circuits	22,433	2.2
Roche	Pharmaceuticals and diagnostics	21,973	2.2
Atlas Copco	Engineering	21,836	2.2
Deutsche Boerse	Securities exchange owner/operator	21,172	2.1
Schneider Electric	Electrical power products	20,854	2.1
Coca Cola	Beverage company	18,608	1.8
Experian	Credit scoring and marketing services	18,294	1.8
Nestlé	Food producer	17,802	1.8
Edenred	Voucher programme outsourcer	17,665	1.8
Wolters Kluwer	Information services and solutions provider	17,255	1.7
		485,146	**48.4**

* Before deduction of borrowings.

Distribution of Portfolio

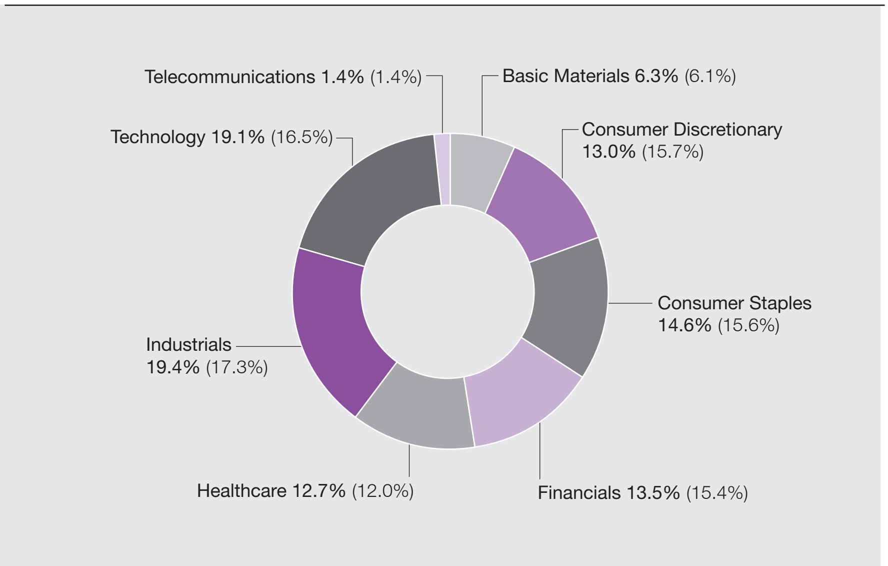
Geographical at 30 June 2023

(31 December 2022)



Global Equities by Sector at 30 June 2023

(31 December 2022)



The global equities sector analysis does not include infrastructure equities.

Income Statement (unaudited)

	For the six months ended 30 June 2023 Revenue £'000	Capital £'000	Total £'000
Gains on sales of investments – securities	–	17,939	**17,939**
Gains on sales of investments – property	–	–	**–**
Changes in fair value of investments – securities	–	38,544	**38,544**
Changes in fair value of investments – property	–	(2,167)	**(2,167)**
Currency (losses)/gains	–	(39)	**(39)**
Income – dividends and interest	14,493	–	**14,493**
Income – rent and other	2,348	–	**2,348**
Management fees (note 3)	(514)	(1,542)	**(2,056)**
Other administrative expenses	(634)	–	**(634)**
Net return before finance costs and taxation	15,693	52,735	**68,428**
Finance costs of borrowings	(354)	(1,061)	**(1,415)**
Net return on ordinary activities before taxation	15,339	51,674	**67,013**
Tax on ordinary activities	(1,811)	506	**(1,305)**
Net return on ordinary activities after taxation	13,528	52,180	**65,708**
Net return per ordinary share (note 4)	**7.64p**	**29.46p**	**37.10p**
Note: **Dividends paid and payable per share** (note 5)	**6.75p**		

The accompanying notes on pages 15 and 16 are an integral part of the Financial Statements.
The total column of this statement is the profit and loss account of the Company. The supplementary revenue and capital columns are prepared under guidance published by the Association of Investment Companies.

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

A Statement of Comprehensive Income is not required as all gains and losses of the Company have been reflected in the above statement.

For the six months ended 30 June 2022 Revenue £'000	Capital £'000	Total £'000	For the year ended 31 December 2022 (audited) Revenue £'000	Capital £'000	Total £'000
–	1,586	**1,586**	–	12,200	**12,200**
–	607	**607**	–	2,042	**2,042**
–	(105,210)	**(105,210)**	–	(92,291)	**(92,291)**
–	1,543	**1,543**	–	(7,156)	**(7,156)**
–	71	**71**	–	192	**192**
14,486	–	**14,486**	25,488	–	**25,488**
2,412	–	**2,412**	4,555	–	**4,555**
(494)	(1,481)	**(1,975)**	(980)	(2,940)	**(3,920)**
(574)	–	**(574)**	(1,257)	–	**(1,257)**
15,830	(102,884)	**(87,054)**	27,806	(87,953)	**(60,147)**
(565)	(1,695)	**(2,260)**	(921)	(2,763)	**(3,684)**
15,265	(104,579)	**(89,314)**	26,885	(90,716)	**(63,831)**
(1,562)	429	**(1,133)**	(2,540)	790	**(1,750)**
13,703	**(104,150)**	**(90,447)**	**24,345**	**(89,926)**	**(65,581)**
7.78p	**(59.16p)**	**(51.38p)**	**13.82p**	**(51.04p)**	**(37.22p)**
6.65p			**13.82p**		

Balance Sheet (unaudited)

	At 30 June 2023 £'000	At 31 December 2022 (audited) £'000
Non-current assets		
Investments – securities	919,024	869,837
Investments – property	79,550	66,750
	998,574	936,587
Current assets		
Debtors	3,886	3,213
Cash and deposits	2,682	4,184
	6,568	7,397
Creditors		
Amounts falling due within one year:		
Other creditors and accruals	(2,654)	(2,596)
Net current assets	3,914	4,801
Total assets less current liabilities	1,002,488	941,388
Creditors		
Amounts falling due after more than one year:		
Loan notes (note 7)	(94,721)	(94,714)
Net assets	**907,767**	**846,674**
Capital and reserves		
Share capital	44,551	44,188
Share premium account	185,559	178,189
Capital redemption reserve	22,781	22,781
Capital reserve	635,994	583,814
Revenue reserve	18,882	17,702
Shareholders' funds	**907,767**	**846,674**
Net asset value per ordinary share*	**509.4p**	**479.0p**
Ordinary shares in issue (note 8)	**178,205,943**	**176,750,943**

* See Glossary of Terms and Alternative Performance Measures on pages 18 and 19.

The accompanying notes on pages 15 and 16 are an integral part of the Financial Statements.

Statement of Changes in Equity (unaudited)

For the six months ended 30 June 2023

	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	363	7,370	–	–	–	**7,733**
Net return on ordinary activities after taxation	–	–	–	52,180	13,528	**65,708**
Dividends paid (note 5)	–	–	–	–	(12,348)	**(12,348)**
Shareholders' funds at 30 June 2023	**44,551**	**185,559**	**22,781**	**635,994**	**18,882**	**907,767**

For the six months ended 30 June 2022

	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	175	3,434	–	–	–	**3,609**
Net return on ordinary activities after taxation	–	–	–	(104,150)	13,703	**(90,447)**
Dividends paid (note 5)	–	–	–	–	(11,666)	**(11,666)**
Shareholders' funds at 30 June 2022	**44,075**	**176,010**	**22,781**	**569,590**	**19,225**	**831,681**

* The Capital Reserve balance at 30 June 2023 includes unrealised investment holding gains of £317,109,000 (30 June 2022 – gains of £276,512,000).

The accompanying notes on pages 15 and 16 are an integral part of the Financial Statements.

Cash Flow Statement (unaudited)

	Six months to 30 June 2023 £'000	Six months to 30 June 2022 £'000
Cash flows from operating activities		
Net return on ordinary activities before taxation	67,013	(89,314)
Net (gains)/losses on investments – securities	(56,483)	103,624
Net losses/(gains) on investments – property	2,167	(2,150)
Currency losses/(gains)	39	(71)
Finance costs of borrowings	1,415	2,260
Overseas withholding tax	(1,291)	(1,140)
Changes in debtors	(687)	(130)
Changes in creditors	73	571
Other non-cash changes	80	120
Cash from operations	12,326	13,770
Interest paid	(1,422)	(3,368)
Net cash inflow from operating activities	10,904	10,402
Cash flows from investing activities		
Acquisitions of investments – securities	(68,321)	(38,252)
Acquisitions of investments – property	(14,967)	(8,239)
Disposals of investments – securities	75,535	36,174
Disposals of investments – property	–	3,589
Net cash outflow from investing activities	(7,753)	(6,728)
Cash flows from financing activities		
Equity dividends paid	(12,348)	(11,666)
Shares issued	7,734	3,609
Loan notes drawn down	–	80,000
Debenture stock repaid	–	(80,000)
Costs of issuance of debt	–	(16)
Net cash outflow from financing activities	(4,614)	(8,073)
Decrease in cash and cash equivalents	(1,463)	(4,399)
Exchange movements	(39)	71
Cash and cash equivalents at start of period*	4,184	11,263
Cash and cash equivalents at end of period*	**2,682**	**6,935**

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

The accompanying notes on pages 15 and 16 are an integral part of the Financial Statements.

Notes to the Condensed Financial Statements (unaudited)

1 The condensed Financial Statements for the six months to 30 June 2023 comprise the statements set out on the previous pages together with the related notes below. They have been prepared in accordance with FRS 104 'Interim Financial Reporting' and the AIC's Statement of Recommended Practice issued in November 2014 and updated in July 2022 with consequential amendments and have not been audited or reviewed by the Auditor pursuant to the Auditing Practices Board Guidance 'Review of Interim Financial Information'. The Financial Statements for the six months to 30 June 2023 have been prepared on the basis of the same accounting policies as set out in the Company's Annual Report and Financial Statements at 31 December 2022.

Going Concern

The Directors have considered the nature of the Company's principal risks and uncertainties, as set out on the inside front cover, together with its current position. The Board has, in particular, considered macroeconomic and geopolitical concerns, including the Russia-Ukraine conflict, increased inflation and interest rates, but does not believe the Company's going concern status is affected. In addition, the Company's investment objective and policy, its assets and liabilities and projected income and expenditure, together with the Company's dividend policy, have been taken into consideration and it is the Directors' opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. 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 redemption dates for the Company's loan notes are June 2036, April 2045 and April 2049. Accordingly, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these Financial Statements and confirm that they are not aware of any material uncertainties which may affect the Company's ability to continue to do so over a period of at least twelve months from the date of approval of these Financial Statements.

2 The financial information contained within this Interim Financial Report does not constitute statutory accounts as defined in sections 434 to 436 of the Companies Act 2006. The financial information for the year ended 31 December 2022 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The Auditor's Report on those accounts was not qualified, and did not contain statements under sections 498(2) or (3) of the Companies Act 2006.

3 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) and Company Secretary. The investment management function has been delegated to Baillie Gifford & Co. The management agreement can be terminated on six months' notice. The annual management fee, calculated quarterly, is 0.45% on the first £500m of total assets and 0.35% on the remaining total assets, where 'total assets' is defined as the total value of the assets held, excluding the value of the property portfolio, less all liabilities (other than any liability in the form of debt intended for investment purposes).

As AIFM, Baillie Gifford & Co Limited has delegated the management of the property portfolio to OLIM Property Limited. OLIM receives an annual fee from SAINTS of 0.5% of the value of the property portfolio, subject to a minimum quarterly fee of £6,250. The agreement can be terminated on three months' notice.

4 Net Return per Ordinary Share

	Six months to 30 June 2023 £'000	Six months to 30 June 2022 £'000
Revenue return on ordinary activities after taxation	13,528	13,703
Capital return on ordinary activities after taxation	52,180	(104,150)
Total net return	**65,708**	**(90,447)**
Weighted average number of ordinary shares in issue	**177,095,723**	**176,051,800**

5 Dividends

	Six months to 30 June 2023 £'000	Six months to 30 June 2022 £'000
Amounts recognised as distributions in the period:		
Previous year's final of 3.67p (2022 – 3.375p), paid 13 April 2023	6,487	5,936
First interim of 3.30p (2022 – 3.25p), paid 22 June 2023	5,861	5,730
	12,348	**11,666**
Amounts paid and payable in respect of the period:		
First interim of 3.30p (2022 – 3.25p), paid 22 June 2023	5,861	5,730
Second interim of 3.45p (2022 – 3.40p)	6,148	5,994
	12,009	**11,724**

The second interim dividend was declared after the period end date and therefore has not been included as a liability in the Balance Sheet. It is payable on 20 September 2023 to shareholders on the register at the close of business on 11 August 2023. The ex-dividend date is 10 August 2023. The Company's Registrar offers a Dividend Reinvestment Plan and the final date for elections for this dividend is 30 August 2023.

Notes to the Condensed Financial Statements (continued)

6 Fair Value Hierarchy

The fair value hierarchy used to analyse the basis on which the fair values of financial instruments held at fair value through the profit or loss account are measured is described below. Fair value measurements are categorised on the basis of the lowest level input that is significant to the fair value measurement.

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).

An analysis of the Company's financial asset investments based on the fair value hierarchy described above is shown below.

As at 30 June 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Securities				
Listed equities	880,897	–	–	**880,897**
Bonds	–	38,127	–	**38,127**
Property				
Freehold	–	–	79,550	**79,550**
Total financial asset investments	**880,897**	**38,127**	**79,550**	**998,574**

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**

There have been no transfers between levels of the fair value hierarchy during the period. The fair value of listed investments is bid value or, in the case of holdings on certain recognised overseas exchanges, last traded price. They are categorised as Level 1 if they are valued using unadjusted quoted prices for identical instruments in an active market and Level 2 if they do not meet all these criteria but are, nonetheless, valued using market data. The fair value of unlisted investments is determined using valuation techniques, determined by the Directors, based upon observable and/or non-observable data such as latest dealing prices, stockbroker valuations, net asset values and other information, as appropriate. The Company's holdings in unlisted investments are categorised as Level 3 as the valuation techniques applied include the use of non-observable data.

7 At 30 June 2023, the book value of the borrowings was £94,721,000 (31 December 2022 – £94,714,000) and the fair value was £62,760,000 (31 December 2022 – £65,549,000). The debt comprises long-term private placement loan notes: £15 million with a coupon of 2.23% issued during 2021 and £80 million with a coupon of 3.12% issued to refinance the 8% Debenture Stock which matured on 10 April 2022.

8 At 30 June 2023, the Company had the authority to buy back 26,494,966 ordinary shares and to issue 16,220,094 ordinary shares without application of pre-emption rights in accordance with the authorities granted at the AGM in April 2023. During the six months to 30 June 2023, 1,455,000 (31 December 2022 – 1,150,000) shares were issued at a premium to net asset value raising proceeds of £7,733,000 (31 December 2022 – £5,901,000). No shares were bought back (31 December 2022 – nil).

9 Related Party Transactions

There have been no transactions with related parties during the first six months of the current financial year that have materially affected the financial position or the performance of the Company during that period and there have been no changes in the related party transactions described in the last Annual Report and Financial Statements that could have had such an effect on the Company during that period.

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

Further Shareholder Information

How to Invest

The Company's shares are traded on the London Stock Exchange. They can be bought through 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**.

Client Relations Team Contact Details

You can contact the Baillie Gifford Client Relations Team by telephone (your call may be recorded for training or monitoring purposes), email or post. See contact details in the 'Further Information' box on the back cover.

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.

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.

Automatic Exchange of Information

In order to fulfil its 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.

New 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/government/publications/exchange-of-information-account-holders**.

Risk Warnings

Past performance is not a guide to future performance.

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

The staff of Baillie Gifford & Co and SAINTS Directors may hold shares in SAINTS and may buy or sell such shares from time to time.

Further details of the risks associated with investing in the Company, including how charges are applied, can be found at **saints-it.com**, or by calling Baillie Gifford on 0800 917 2112. (Your call may be recorded for training or monitoring purposes.)

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

Glossary of Terms and Alternative Performance Measures (APM)

Total Assets

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

Net Asset Value

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

Net Asset Value (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.

	30 June 2023	31 December 2022
Shareholders' funds (borrowings at book value)	£907,767,000	£846,674,000
Add: book value of borrowings	£94,721,000	£94,714,000
Less: fair value of borrowings	(£62,760,000)	(£65,549,000)
Shareholders' funds (borrowings at fair value)	**£939,728,000**	**£875,839,000**
Shares in issue	178,205,943	176,750,943
Net Asset Value per ordinary share (borrowings at fair value)	**527.3p**	**495.5p**

Discount/Premium (APM)

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

	30 June 2023 NAV (book)	30 June 2023 NAV (fair)	31 December 2022 NAV (book)	31 December 2022 NAV (fair)
Closing NAV per share	509.4p	527.3p	479.0p	495.5p
Closing share price	522.0p	522.0p	508.0p	508.0p
Premium/(discount)	**2.5%**	**(1.0%)**	**6.1%**	**2.5%**

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.

		30 June 2023 NAV (book)	30 June 2023 NAV (fair)	30 June 2023 share price	31 December 2022 NAV (book)	31 December 2022 NAV (fair)	31 December 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)	509.4p	527.3p	522.0p	479.0p	495.5p	508.0p
Dividend adjustment factor*	(c)	1.013742	1.012896	1.013027	1.027330	1.026941	1.027687
Adjusted closing NAV per share/share price	(d = b x c)	516.4p	534.1p	528.8p	492.1p	508.8p	522.1p
Total return	(d ÷ a)-1	**7.8%**	**7.8%**	**4.1%**	**(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, as appropriate, at the ex-dividend date.

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.

Performance Attribution (APM)

Analysis of how the Company achieved its performance relative to its benchmark.

Gearing (APM)

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

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

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

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

Leverage (APM)

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

Active Share (APM)

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

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.

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Sustainable Finance Disclosure Regulation ('SFDR')

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 The Scottish American Investment Company P.L.C. is marketed in the EU by the AIFM, BG & 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 Governance and Sustainable Principles and Guidelines as its policy on integration of sustainability risks in investment decisions.

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 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.

More detail on the Managers' approach to sustainability can be found in the Governance and Sustainability Principles and Guidelines document, available publicly on the Baillie Gifford website (**bailliegifford.com**).

Taxonomy Regulation

The Taxonomy Regulation establishes an EU-wide framework of criteria for environmentally sustainable economic activities in respect of six environmental objectives. It builds on the disclosure requirements under SFDR by introducing additional disclosure obligations in respect of Alternative Investment Funds that invest in an economic activity that contributes to an environmental objective. The Company does not commit to make sustainable investments as defined under SFDR. As such, the underlying investments do not take into account the EU criteria for environmentally sustainable economic activities.

Directors

Chairman:

Lord Macpherson of Earl's Court, GCB

Bronwyn Curtis, OBE

Karyn Lamont

Dame Mariot Leslie

Christine Montgomery

Alternative Investment Fund Managers, Secretaries and Registered Office

Baillie Gifford & Co Limited

Calton Square

1 Greenside Row

Edinburgh

EH1 3AN

Tel: 0131 275 2000

bailliegifford.com

Registrar

Computershare
Investor Services PLC

The Pavilions

Bridgwater Road

Bristol

BS99 6ZZ

Tel: 0370 707 1282

Company Broker

Winterflood Investment Trusts

The Atrium Building

Cannon Bridge

25 Dowgate Hill

London

EC4R 2GA

Independent Auditor

Ernst & Young LLP

Chartered Accountants and
Statutory Auditors

Atria One

144 Morrison Street

Edinburgh

EH3 8EX

Depositary

The Bank of New York Mellon
(International) Limited

160 Queen Victoria Street

London

EC4V 4LA

Company Details

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saints-it.com

Company Registration
No. SC000489

ISIN GB0007873697

Sedol 0787369

Ticker SAIN

Legal Entity Identifier:
549300NF03XVC5IFB447

Further Information

Client Relations Team

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