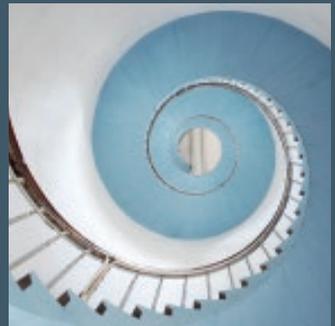
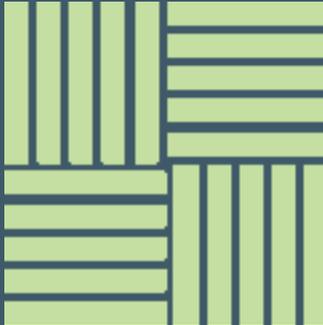


THE SCOTTISH AMERICAN INVESTMENT COMPANY P.L.C.

SAINTS

Income again and again



Interim Financial Report
30 June 2017





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 investment strategy risk, financial risk, regulatory risk, custody and depositary risk, operational risk, discount risk, leverage risk and political risk. An explanation of these risks and how they are managed is set out on pages 7 and 8 of the Company's Annual Report and Financial Statements for the year to 31 December 2016 which is available on the Company's website: www.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 and Transparency Rules 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 and Transparency Rules 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board
Peter Moon
Chairman
27 July 2017

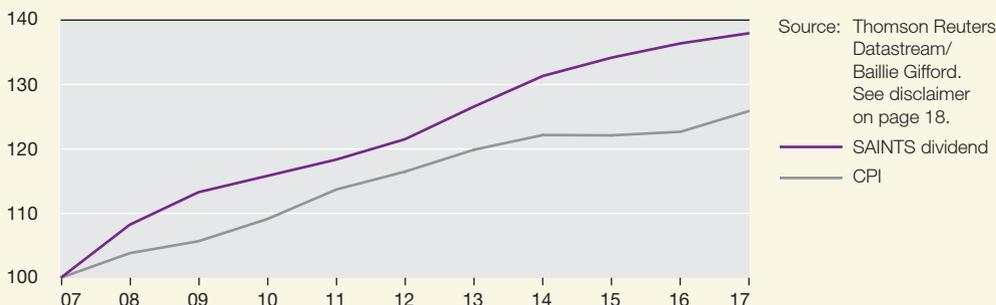
Summary of Unaudited Results

	30 June 2017	31 December 2016	% change
Shareholders' funds	£467.7m	£431.5m	
Net asset value per ordinary share (debenture at fair value)*	337.1p	309.2p	9.0
Net asset value per ordinary share (debenture at book value)*	348.7p	323.5p	7.8
Share price	351.5p	324.0p	8.5
FTSE All-World Index (in sterling terms)†			4.8
Premium/(discount) – debenture at fair value*	4.3%	4.8%	
Premium/(discount) – debenture at book value*	0.8%	0.2%	
Active share*	90%	89%	

	Six months to 30 June 2017	Six months to 30 June 2016	% change
Revenue earnings per share	6.22p	5.77p	7.8
Dividends paid and payable in respect of the period	5.475p	5.40p	1.4

Dividend versus Inflation

Ten Year Cumulative to 30 June 2017 (figures rebased to 100 at 30 June 2007)



	Six months to 30 June 2017	Year to 31 December 2016
Total return performance*†		
Net asset value (debenture at fair value)	10.8%	29.8%
Net asset value (debenture at book value)	9.5%	28.2%
Share price	10.2%	28.7%
FTSE All-World Index (in sterling terms)	6.3%	29.6%

* See Glossary of terms on page 17.

† Source: Thomson Reuters Datastream/Baillie Gifford. See disclaimer on page 18.

Past performance is not a guide to future performance.

Interim Management Report

The net asset value total return for the first six months of 2017 was 10.8% and the share price total return was 10.2%. The total return on global equities, as measured by the FTSE All World Index in sterling*, was 6.3%.

Earnings per share for the six months were 6.22p compared to 5.77p in the same period last year. All SAINTS' primary asset classes¹ contributed to the growth in earnings per share. The key drivers of growth were an increased allocation to the high-yielding UK property portfolio, steady growth in ordinary dividends and the uplift to overseas income in sterling terms as a result of last year's post-referendum fall in the pound. Underlying earnings growth was partially offset by a lower contribution from special dividends.

A first interim dividend of 2.725p was paid at the end of June and the second interim dividend of 2.75p is payable at the end of September. The total amount of these dividends, 5.475p, is 1.4% higher than the amount paid for the corresponding period in 2016.

Over the six month period 725,000 shares (representing just over 0.5% of issued share capital at 1 January 2017) were issued at a premium to net asset value, with SAINTS' share price ending the period modestly above net asset value.

NAV performance exceeded the comparative FTSE All World Index return* for the six months to end June 2017 mainly due to strong performance from the equity portfolio. Operational updates from SAINTS' equity holdings have been generally encouraging, and price strength has been broad-based. Particularly notable performance was delivered by Kering, the owner of the Gucci and other luxury goods brands, Partners Group, the private markets investment manager, and Cochlear, the Australian hearing

implant manufacturer, all of which generated total returns of over 25% over the six month period. The property and fixed income portfolios also posted positive total returns.

The Company remained fully invested over the period, during which modest net additions were made to the property and fixed income portfolios. Within the equity portfolio the allocations to the four cash flow growth categories² remained broadly similar, although there was an increase in the allocation to the Exceptional Revenue Opportunity category with new investments in the stock of companies that we believe have exciting growth potential alongside strong dividend prospects. Annualised turnover during the period was just below 20%, implying an average holding period of over five years. This is consistent with our long-term, low turnover, stock-driven approach.

The Company's primary objective is to deliver real dividend growth over time, as it has done over the past. Recent adjustments to the portfolio, with increased emphasis on dependable income growth and greater allocation to real assets, will, we believe enable the Company to deliver sustainable, above-inflation dividend increases over the long term.

The principal risks and uncertainties facing the Company are set out on the inside front cover of this report. Related party disclosures are set out in note 10 on page 14.

¹ Global equities, directly-held UK property, fixed income.

² We consider the drivers of growth in cash flow available for dividends to be broadly divided into four key categories: Compounding Machines, Exceptional Revenue Opportunities, Profitability Transformation, and Capital Decisions. For full details please refer to the 2016 Annual Report.

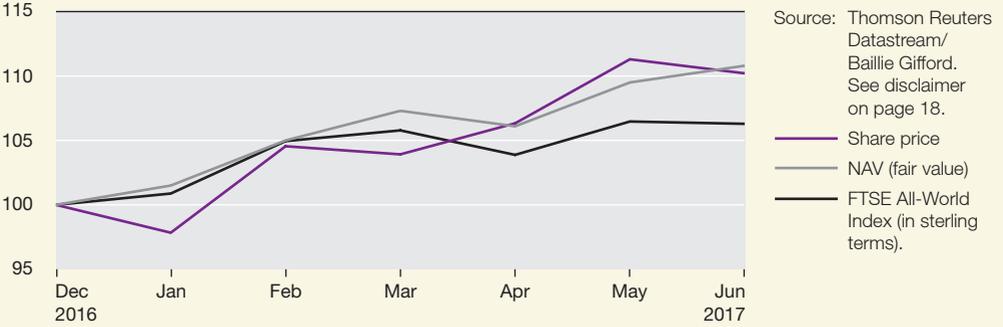
See Glossary of Terms on page 17.

* See disclaimer on page 18.

Past performance is not a guide to future performance.

Six Months Total Return Performance

(figures plotted on a monthly basis and rebased to 100 at 31 December 2016)



Premium/(discount) to Net Asset Value

(figures plotted on a monthly basis)



Past performance is not a guide to future performance.

Performance Attribution for the Six Months to 30 June 2017

Portfolio breakdown	Average allocation		Total return	
	SAINTS %	Benchmark † %	SAINTS %	Benchmark † %
Global Equities	94.1	100.0	8.8	6.3
Bonds	6.5		18.6	
Direct Property	16.2		5.5	
Deposits	1.7		–	
Debenture at book value	(18.4)		3.4	
Portfolio Total Return (debenture at book value)			9.8	6.3
Other items*			(0.3)	
Fund Total Return (debenture at book value)			9.5	
Adjustment for change in fair value of debenture			1.3	
Fund Total Return (debenture at fair value)			10.8	6.3

The above returns are calculated on a total returns basis with net income reinvested. Source: Baillie Gifford.

* Includes Baillie Gifford and OLIM management fees.

† See disclaimer on page 18.

Past performance is not a guide to future performance.

Twenty Largest Equity Holdings at 30 June 2017

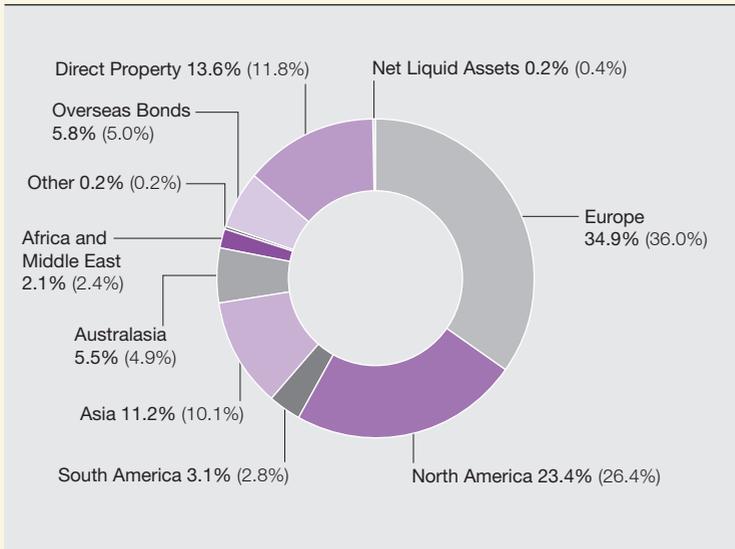
Name	Business	Value £'000	% of total assets *
Taiwan Semiconductor Manufacturing	Semiconductor manufacturer	12,102	2.2
Coca Cola	Beverage manufacturer	11,997	2.2
Johnson and Johnson	Pharmaceuticals and healthcare products	11,548	2.1
Partners Group	Asset management	10,520	1.9
Reynolds American	Cigarette manufacturer	10,257	1.9
Prudential	Life insurer	9,901	1.8
Deutsche Boerse	Securities exchange owner/operator	9,726	1.8
Procter & Gamble	Household product manufacturer	9,709	1.8
Sonic Healthcare	Laboratory testing	8,987	1.6
Kering	Luxury brand conglomerate	8,562	1.6
Anta Sports Products	Sportswear manufacturer and retailer	8,493	1.5
Total	Integrated oil company	8,432	1.5
Pepsico	Snack and beverage manufacturer	8,378	1.5
United Parcel Service	Courier services	8,251	1.5
Scottish & Southern Energy	Electricity utility	8,201	1.5
Dia	Discount supermarkets	8,194	1.5
Hiscox	Property and casualty insurance	8,176	1.5
Fastenal	Distribution and sales of industrial supplies	8,074	1.4
Kimberly-Clark de México	Paper-based household products	7,991	1.4
McDonald's	Fast food restaurants	7,614	1.4
		185,113	33.6

* Before deduction of debenture.

Distribution of Portfolio

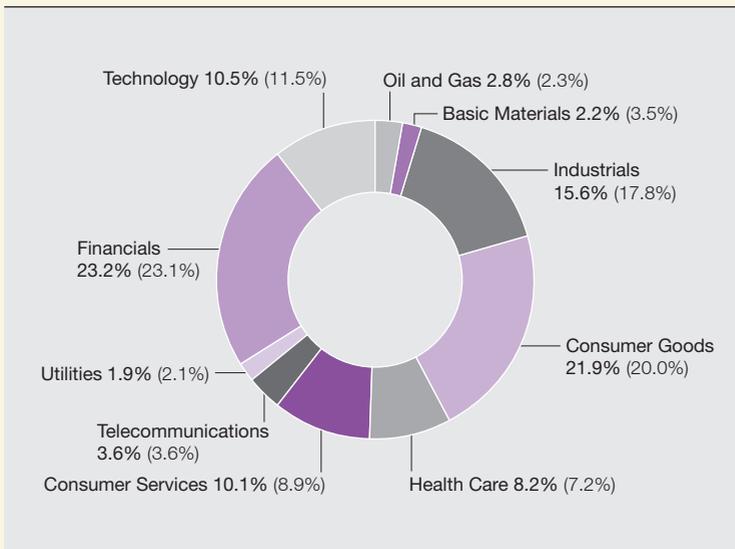
Geographical at 30 June 2017

(31 December 2016)



Equities by Sector at 30 June 2017

(31 December 2016)



Income Statement (unaudited)

	For the six months ended 30 June 2017			For the six months ended 30 June 2016			For the year ended 31 December 2016 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on sales of investments – securities	–	15,355	15,355	–	3,103	3,103	–	14,487	14,487
Gains on sales of investments – property	–	147	147	–	–	–	–	–	–
Changes in fair value of investments – securities	–	17,953	17,953	–	39,043	39,043	–	73,079	73,079
Changes in fair value of investments – property	–	1,136	1,136	–	250	250	–	1,265	1,265
Currency gains/(losses)	–	430	430	–	(527)	(527)	–	(1,084)	(1,084)
Income – dividends and interest	8,516	–	8,516	7,968	–	7,968	14,586	–	14,586
Income – rent and other	2,488	–	2,488	1,966	–	1,966	4,044	–	4,044
Management fees	(437)	(812)	(1,249)	(368)	(684)	(1,052)	(775)	(1,440)	(2,215)
Other administrative expenses	(563)	–	(563)	(526)	–	(526)	(968)	–	(968)
Net return before finance costs and taxation	10,004	34,209	44,213	9,040	41,185	50,225	16,887	86,307	103,194
Finance costs of borrowings	(1,000)	(1,858)	(2,858)	(1,007)	(1,871)	(2,878)	(2,015)	(3,741)	(5,756)
Net return on ordinary activities before taxation	9,004	32,351	41,355	8,033	39,314	47,347	14,872	82,566	97,438
Tax on ordinary activities	(700)	216	(484)	(352)	110	(242)	(933)	293	(640)
Net return on ordinary activities after taxation	8,304	32,567	40,871	7,681	39,424	47,105	13,939	82,859	96,798
Net return per ordinary share (note 4)	6.22p	24.39p	30.61p	5.77p	29.60p	35.37p	10.46p	62.16p	72.62p
Note: Dividends paid and payable per share (note 5)	5.475p			5.40p			10.825p		

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.

Balance Sheet (unaudited)

	At 30 June 2017 £'000	At 31 December 2016 (audited) £'000
Fixed assets		
Investments – securities	475,264	452,554
Investments – property	74,850	61,000
	550,114	513,554
Current assets		
Debtors	2,018	1,116
Cash and deposits	8,027	4,174
	10,045	5,290
Creditors		
Amounts falling due within one year	(8,729)	(3,222)
Net current assets	1,316	2,068
Total assets less current liabilities	551,430	515,622
Creditors		
Debenture stock (note 7)	(83,770)	(84,112)
Net assets	467,660	431,510
Capital and reserves		
Share capital	33,530	33,349
Share premium	4,508	2,131
Capital redemption reserve	22,781	22,781
Capital reserve	389,464	356,897
Revenue reserve	17,377	16,352
Shareholders' funds	467,660	431,510
Net asset value per ordinary share (Debenture at fair value) (note 7)	337.1p	309.2p
Net asset value per ordinary share (Debenture at book value)	348.7p	323.5p
Ordinary shares in issue (note 8)	134,120,943	133,395,943

Statement of Changes in Equity (unaudited)

For the six months ended 30 June 2017

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve * £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 January 2017	33,349	2,131	22,781	356,897	16,352	431,510
Shares issued	181	2,377	–	–	–	2,558
Net return on ordinary activities after taxation	–	–	–	32,567	8,304	40,871
Dividends paid (note 5)	–	–	–	–	(7,279)	(7,279)
Shareholders' funds at 30 June 2017	33,530	4,508	22,781	389,464	17,377	467,660

For the six months ended 30 June 2016

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve * £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 January 2016	33,290	1,534	22,781	274,038	16,810	348,453
Shares issued	59	597	–	–	–	656
Net return on ordinary activities after taxation	–	–	–	39,424	7,681	47,105
Dividends paid (note 5)	–	–	–	–	(7,193)	(7,193)
Shareholders' funds at 30 June 2016	33,349	2,131	22,781	313,462	17,298	389,021

* The Capital Reserve balance at 30 June 2017 includes investment holding gains of £147,118,000 (30 June 2016 – gains of £92,979,000).

Condensed Cash Flow Statement (unaudited)

	Six months to 30 June 2017 £'000	Six months to 30 June 2016 £'000
Cash flows from operating activities		
Net return on ordinary activities before taxation	41,355	47,347
Net gains on investments – securities	(33,308)	(42,132)
Net gains on investments – property	(1,283)	(264)
Currency (gains)/losses	(430)	527
Finance costs of borrowings	2,858	2,878
Overseas withholding tax	(512)	(490)
Changes in debtors and creditors	(1,190)	(416)
Other non-cash changes	3	(65)
Cash from operations	7,493	7,385
Interest paid	(3,200)	(3,200)
Net cash inflow from operating activities	4,293	4,185
Cash flows from investing activities		
Acquisitions of investments	(49,620)	(54,184)
Disposals of investments	53,752	58,035
Forward currency contracts	18	(409)
Net cash inflow from investing activities	4,150	3,442
Equity dividends paid	(7,279)	(7,193)
Shares issued	2,558	656
Net cash outflow from financing activities	(4,721)	(6,537)
Increase in cash and cash equivalents	3,722	1,090
Exchange movements	131	331
Cash and cash equivalents at start of period	4,174	3,399
Cash and cash equivalents at end of period*	8,027	4,820

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

Notes to the Condensed Financial Statements (unaudited)

- 1 The condensed Financial Statements for the six months to 30 June 2017 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 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 2017 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 2016'.

Going Concern

Having considered the nature of the Company's principal risks and uncertainties, as set out on the inside front cover, together with its current position, investment objective and policy, its assets and liabilities and projected income and expenditure, together with the Company's dividend policy, 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 and the redemption date for the Company's debenture is April 2022. 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 2016 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) or (4) 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 fee is 0.45% of total assets less current liabilities, excluding the property portfolio, calculated on a quarterly basis.
As AIFM, Baillie Gifford & Co Limited has delegated the management of the property portfolio to OLIM Property Limited. OLIM receives an annual fee 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.

Notes to the Condensed Financial Statements (unaudited)

	Six months to 30 June 2017 £'000	Six months to 30 June 2016 £'000
4 Net return per ordinary share		
Revenue return on ordinary activities after taxation	8,304	7,681
Capital return on ordinary activities after taxation	32,567	39,424
Total net return	40,871	47,105
Weighted average number of ordinary shares in issue	133,512,793	133,184,953

Net return per ordinary share is based on the above totals of revenue and capital and the weighted average number of ordinary shares in issue during each period.

There are no dilutive or potentially dilutive shares in issue.

	Six months to 30 June 2017 £'000	Six months to 30 June 2016 £'000
5 Dividends		
Amounts recognised as distributions in the period:		
Previous year's final of 2.725p (2016 – 2.70p), paid 12 April 2017	3,635	3,595
First interim of 2.725p (2016 – 2.70p), paid 23 June 2017	3,644	3,598
	7,279	7,193
Amounts paid and payable in respect of the period:		
First interim of 2.725p (2016 – 2.70p), paid 23 June 2017	3,644	3,598
Second interim of 2.75p (2016 – 2.70p)	3,692	3,602
	7,336	7,200

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 22 September 2017 to shareholders on the register at the close of business on 18 August 2017. The ex-dividend date is 17 August 2017. The Company's Registrar offers a Dividend Reinvestment Plan and the final date for elections for this dividend is 1 September 2017.

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 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Securities				
Listed equities/funds	441,335	2,009	–	443,344
Bonds	–	20,300	11,620	31,920
Property				
Freehold	–	–	74,850	74,850
Total financial asset investments	441,335	22,309	86,470	550,114
<hr/>				
As at 31 December 2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Securities				
Listed equities/funds	424,881	1,919	–	426,800
Bonds	–	15,190	10,564	25,754
Property				
Freehold	–	–	61,000	61,000
Total financial asset investments	424,881	17,109	71,564	513,554

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 trade in an active market and Level 2 if they are traded on a market which is not considered to be active. 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.

Notes to the Condensed Financial Statements (unaudited)

- 7** The market value of the 8% Debenture Stock 2022 at 30 June 2017 was £99.3m (31 December 2016 – £103.2m).
- 8** At 30 June 2017, the Company had the authority to buy back 19,996,051 ordinary shares and to issue 12,614,592 ordinary shares without application of pre-emption rights in accordance with the authorities granted at the AGM in April 2017. During the six months to 30 June 2017, 725,000 (31 December 2016 – 235,000) shares were issued at a premium to net asset value raising proceeds of £2,558,000 (31 December 2016 – £656,000). Between 1 July 2017 and 27 July 2017, the Company issued a further 125,000 shares at a premium to net asset value raising proceeds of £444,000. No shares were bought back (31 December 2016 – nil).
- 9** During the period, transaction costs on equity purchases amounted to £33,000 (30 June 2016 – £107,000) and on equity sales £15,000 (30 June 2016 – £30,000). Transaction costs on property purchases amounted to £1,101,000 (30 June 2016 – £200,000) and on property sales £57,000 (30 June 2016 – £nil).
- 10 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.
- 11** None of the views expressed in this document should be construed as advice to buy or sell a particular investment.

Further Shareholder Information

SAINTS' shares are traded on the London Stock Exchange. They can be bought through a stockbroker, by asking a professional adviser to do so, or through the Baillie Gifford savings vehicles.

Baillie Gifford's Investment Trust Share Plan

You can invest from a minimum of £250 or from £30 per month. The plan is designed to be a cost-effective way of saving on a regular or lump sum basis.

Baillie Gifford's Investment Trust ISA

You can invest in a tax efficient way by investing a minimum of £2,000 or from £100 per month or by transferring an ISA with a value of at least £2,000 from your existing manager.

Baillie Gifford's Children's Savings Plan

A cost-effective plan tailored especially to meet the requirements to save for children. You can invest a minimum of £100 or from £25 per month.

Online Management Service

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

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

* Please note that a Bare Trust cannot be opened via OMS. A Bare Trust application form must be completed.

The information about the ISA, Share Plan and Children's Savings Plan has been approved by Baillie Gifford Savings Management Limited ('BGSM'). BGSM is the ISA Manager, the Manager of the Share Plan and Children's Savings Plan. BGSM is wholly owned by Baillie Gifford & Co. Both are authorised and regulated by the Financial Conduct Authority. Baillie Gifford only provides information about its products and does not provide investment advice.

Dividend Reinvestment Plan

Computershare operate a Dividend Reinvestment Plan which can be used to buy additional shares instead of receiving your dividend via cheque or into your bank account. For further information log in to www.investorcentre.co.uk and follow the instructions or telephone 0870 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.

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

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders

<https://www.gov.uk/government/publications/exchange-of-information-account-holders>.

Further Shareholder Information

Risk Warnings

Past performance is not a guide to future performance.

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

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

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

Market values for securities which have become difficult to trade may not be readily available, and there can be no assurance that any value assigned to such securities will accurately reflect the price the Company might receive upon their sale.

SAINTS can make use of derivatives which may impact upon its performance.

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

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

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

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

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

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

The favourable tax treatment of ISAs may change.

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

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

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 www.saints-it.com, or by calling Baillie Gifford on 0800 917 2112.

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

Total Assets

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

Net Asset Value

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

Net Asset Value (Debenture at Fair Value)

Borrowings are valued at an estimate of their market worth.

Net Asset Value (Debenture at Book Value)

Borrowings are valued at adjusted net issue proceeds.

Discount/Premium

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

Total Return

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

Ongoing Charges

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

Gearing

At its simplest, gearing is borrowing. Just like any other public company, an investment trust can borrow money to invest in additional investments for its portfolio. The effect of the borrowing on the shareholders' assets is called 'gearing'. If the

Company's assets grow, the shareholders' assets grow proportionately more because the debt remains the same. But if the value of the Company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

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

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

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

Leverage

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

Active Share

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

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