

THE SCOTTISH AMERICAN INVESTMENT COMPANY P.L.C.

SAINTS

Income again and again



Interim Financial Report
30 June 2019





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, 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 2018 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 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 and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board
Peter Moon
Chairman
25 July 2019

Summary of Unaudited Results

	30 June 2019	31 December 2018 (audited)	% change
Shareholders' funds	£568.0m	£483.5m	
Net asset value per ordinary share (debenture at fair value)*	388.2p	336.4p	15.4
Net asset value per ordinary share (debenture at book value)	394.6p	343.0p	15.0
Share price	406.0p	351.0p	15.7
FTSE All-World Index (in sterling terms)†			14.8
Premium – debenture at fair value*	4.6%	4.3%	
Premium – debenture at book value	2.9%	2.3%	
Active share*	90%	90%	

	Six months to 30 June 2019	Six months to 30 June 2018	% change
Revenue earnings per share	6.58p	6.55p	0.5
Dividends paid and payable in respect of the period	5.875p	5.675p	3.5

Dividend versus Inflation

Ten Year Cumulative to 30 June 2019 (figures rebased to 100 at 30 June 2009)



	Six months to 30 June 2019	Year to 31 December 2018
Total return performance**		
Net asset value (debenture at fair value)	17.3%	(2.4%)
Net asset value (debenture at book value)	16.9%	(3.4%)
Share price	17.5%	(1.6%)
FTSE All-World Index (in sterling terms)	16.4%	(3.4%)

* Alternative Performance Measure, see Glossary of Terms and Alternative Performance Measures on pages 17 and 18.

† Source: Refinitiv/Baillie Gifford and relevant underlying data providers. See disclaimer on page 19.

Past performance is not a guide to future performance.

Interim Management Report

The net asset value total return for the first six months of 2019 was 17.3% and the share price total return was 17.5%. The total return on global equities, as measured by the FTSE All-World Index in sterling, was 16.4%. This partly reflects a rebound from the sharp sell-off that we saw in equity markets at the end of 2018.

Earnings per share for the six months rose slightly to 6.58p compared to 6.55p in the same period last year. Dividend income from equities was higher, reflecting growth in ordinary dividends and an increased allocation to equities, though fewer special dividends were received than in the first half of 2018. Property rental income was flat, and bond income fell due to the reduced allocation to fixed income.

A first interim dividend of 2.925p was paid at the end of June and a second interim dividend of 2.95p is payable at the end of September. The total amount of these dividends, 5.875p, is 3.5% higher than the amount paid for the corresponding period in 2018. Inflation, as measured by CPI, was 2.0% over the year to end June 2019.

Over the six month period 3,025,000 shares (representing just over 2.1% of issued share capital at 1 January 2019) were issued at a premium to net asset value, with SAINTS' share price ending the period modestly above net asset value.

Operational updates from SAINTS' equity holdings have been generally encouraging. Our holdings reported dividend growth of around 7–8% on average, with outstanding dividend growth and operational performance from businesses such as Kering, the owner of Gucci, and the Brazilian stock exchange B3.

There is not an obvious 'theme' behind the holdings that are doing well. Rather, the results show that SAINTS is benefitting from owning an eclectic portfolio of businesses, which have their own stock-specific drivers of growth, and where the management teams are each executing well on the opportunities ahead of them.

Given this, we continue to believe that one of SAINTS' great advantages is its global investment universe, which allows us to invest in the broadest possible set of growth businesses, rather than being restricted to the narrower set of opportunities available in the UK market.

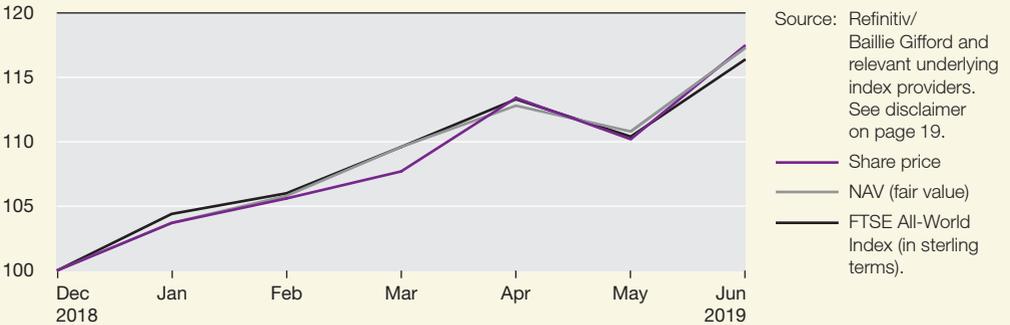
The Company remained fully invested over the period, during which modest net reductions were made to the fixed income portfolio and re-invested in equities. Turnover within the equity portfolio remained consistent with a five year holding period, reflecting our long-term, stock driven approach to investment. The Company's aim is to continue to provide shareholders with a dependable source of income, together with growth in income and capital that exceeds inflation over time. We would acknowledge that trade barriers and Brexit could present challenges in the future, and that SAINTS' significant overseas investments make the Company's assets and income sensitive to the level of sterling compared to other currencies. Nonetheless, given the solid growth prospects we see for the assets held across the portfolio, we remain confident in achieving the Company's aims over the long-term.

* See disclaimer on page 19.

For a definition of terms see Glossary of Terms and Alternative Performance Measures on pages 17 and 18. Past performance is not a guide to future performance.

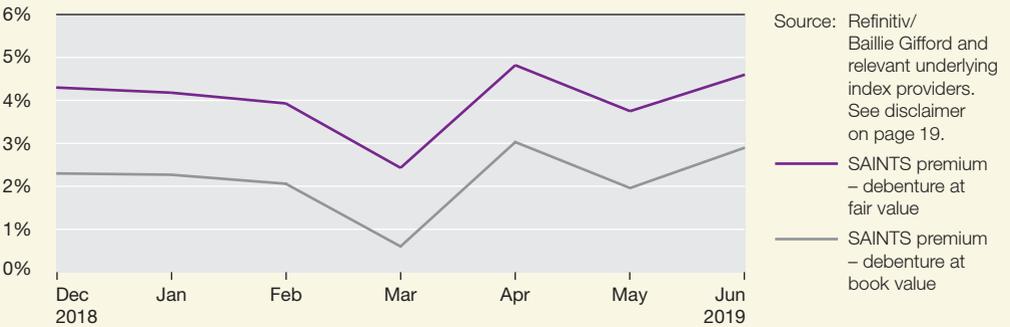
Six Months Total Return* Performance

(figures plotted on a monthly basis and rebased to 100 at 31 December 2018)



Premium* to Net Asset Value

(figures plotted on a monthly basis)



* See Glossary of Terms and Alternative Performance Measures on pages 17 and 18.

Past performance is not a guide to future performance.

Performance Attribution for the Six Months to 30 June 2019

Portfolio breakdown	Average allocation		Total return	
	SAINTS %	Benchmark † %	SAINTS %	Benchmark † %
Global Equities	95.1	100.0	17.4	16.4
Bonds	3.3		17.6	
Direct Property	15.8		3.1	
Deposits	1.4		–	
Debenture at book value	(15.6)		3.4	
Portfolio Total Return (debenture at book value)			17.1	16.4
Other items*			(0.2)	
Fund Total Return (debenture at book value)			16.9	
Adjustment for change in fair value of debenture			0.4	
Fund Total Return (debenture at fair value)			17.3	16.4

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 19.

Past performance is not a guide to future performance.

Twenty Largest Equity Holdings at 30 June 2019

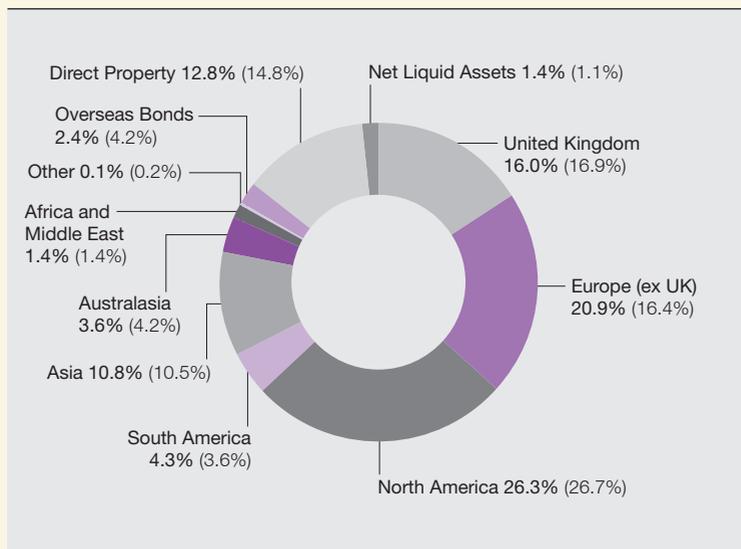
Name	Business	Value £'000	% of total assets *
Coca Cola	Beverage manufacturer	17,462	2.7
Procter & Gamble	Household product manufacturer	16,244	2.5
Deutsche Boerse	Securities exchange owner/operator	15,193	2.3
Edenred	Voucher programme outsourcer	14,713	2.3
Sonic Healthcare	Laboratory testing	14,446	2.2
Pepsico	Snack and beverage manufacturer	14,400	2.2
B3 S.A.	Securities exchange owner/operator	13,830	2.1
Microsoft	Computer software	13,528	2.1
Fastenal	Distribution and sales of industrial supplies	13,398	2.1
Roche Holdings	Pharmaceuticals	13,356	2.1
CH Robinson	Delivery and logistics	13,148	2.0
McDonald's	Fast food restaurants	12,691	1.9
Admiral	Car insurance	12,396	1.9
Nestlé	Food producer	12,363	1.9
Prudential	Life insurer	11,617	1.8
Experian	Credit scoring and marketing services	11,268	1.7
Partners Group	Asset management	11,148	1.7
United Parcel Service	Courier services	10,515	1.6
Analog Devices	Integrated circuits	10,254	1.6
GlaxoSmithKline	Pharmaceuticals, vaccines and consumer healthcare	10,145	1.6
		262,115	40.3

* Before deduction of debenture.

Distribution of Portfolio

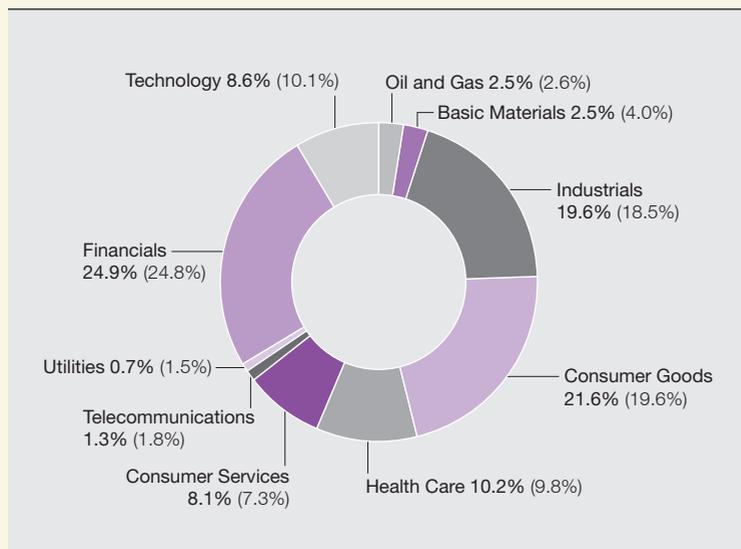
Geographical at 30 June 2019

(31 December 2018)



Equities by Sector at 30 June 2019

(31 December 2018)



Income Statement (unaudited)

	For the six months ended 30 June 2019			For the six months ended 30 June 2018			For the year ended 31 December 2018 (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	–	17,319	17,319	–	10,722	10,722	–	6,976	6,976
(Losses)/gains on sales of investments – property	–	–	–	–	(63)	(63)	–	746	746
Changes in fair value of investments – securities	–	57,082	57,082	–	(20,077)	(20,077)	–	(38,194)	(38,194)
Changes in fair value of investments – property	–	–	–	–	2,441	2,441	–	2,435	2,435
Currency gains/(losses)	–	72	72	–	(45)	(45)	–	(159)	(159)
Income – dividends and interest	9,910	–	9,910	9,285	–	9,285	16,566	–	16,566
Income – rent and other	2,604	–	2,604	2,617	–	2,617	5,177	–	5,177
Management fees	(504)	(937)	(1,441)	(458)	(850)	(1,308)	(926)	(1,720)	(2,646)
Other administrative expenses	(813)	–	(813)	(682)	–	(682)	(1,073)	–	(1,073)
Net return before finance costs and taxation	11,197	73,536	84,733	10,762	(7,872)	2,890	19,744	(29,916)	(10,172)
Finance costs of borrowings	(985)	(1,829)	(2,814)	(993)	(1,844)	(2,837)	(1,986)	(3,688)	(5,674)
Net return on ordinary activities before taxation	10,212	71,707	81,919	9,769	(9,716)	53	17,758	(33,604)	(15,846)
Tax on ordinary activities	(856)	114	(742)	(804)	218	(586)	(1,528)	464	(1,064)
Net return on ordinary activities after taxation	9,356	71,821	81,177	8,965	(9,498)	(533)	16,230	(33,140)	(16,910)
Net return per ordinary share (note 4)	6.58p	50.53p	57.11p	6.55p	(6.94p)	(0.39p)	11.75p	(23.99p)	(12.24p)
Note: Dividends paid and payable per share (note 5)	5.875p			5.675p			11.50p		

The accompanying notes on pages 11 to 14 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.

Balance Sheet (unaudited)

	At 30 June 2019 £'000	At 31 December 2018 (audited) £'000
Non-current assets		
Investments – securities	557,538	476,497
Investments – property	83,500	83,500
Deferred expenses	207	–
	641,245	559,997
Current assets		
Debtors	2,510	1,739
Cash and deposits	9,822	7,464
	12,332	9,203
Creditors		
Amounts falling due within one year	(3,244)	(3,046)
Net current assets	9,088	6,157
Total assets less current liabilities	650,333	566,154
Creditors		
Debenture stock (note 7)	(82,315)	(82,701)
Net assets	568,018	483,453
Capital and reserves		
Share capital	35,989	35,233
Share premium account	38,643	27,694
Capital redemption reserve	22,781	22,781
Capital reserve	452,313	380,492
Revenue reserve	18,292	17,253
Shareholders' funds	568,018	483,453
Net asset value per ordinary share*	394.6p	343.0p
Ordinary shares in issue (note 8)	143,955,943	140,930,943

* See Glossary of Terms and Alternative Performance Measures on pages 17 and 18.

The accompanying notes on pages 11 to 14 are an integral part of the Financial Statements.

Statement of Changes in Equity (unaudited)

For the six months ended 30 June 2019

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve * £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 January 2019	35,233	27,694	22,781	380,492	17,253	483,453
Shares issued	756	10,949	–	–	–	11,705
Net return on ordinary activities after taxation	–	–	–	71,821	9,356	81,177
Dividends paid (note 5)	–	–	–	–	(8,317)	(8,317)
Shareholders' funds at 30 June 2019	35,989	38,643	22,781	452,313	18,292	568,018

For the six months ended 30 June 2018

	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 2018	33,994	10,744	22,781	413,632	16,787	497,938
Shares issued	605	8,202	–	–	–	8,807
Net return on ordinary activities after taxation	–	–	–	(9,498)	8,965	(533)
Dividends paid (note 5)	–	–	–	–	(7,740)	(7,740)
Shareholders' funds at 30 June 2018	34,599	18,946	22,781	404,134	18,012	498,472

* The Capital Reserve balance at 30 June 2019 includes investment holding gains of £168,784,000 (30 June 2018 – gains of £129,825,000).

The accompanying notes on pages 11 to 14 are an integral part of the Financial Statements.

Cash Flow Statement (unaudited)

	Six months to 30 June 2019 £'000	Six months to 30 June 2018 £'000
Cash flows from operating activities		
Net return on ordinary activities before taxation	81,919	53
Net (gains)/losses on investments – securities	(74,401)	9,355
Net gains on investments – property	–	(2,378)
Currency (gains)/losses	(72)	45
Finance costs of borrowings	2,814	2,837
Overseas withholding tax	(729)	(586)
Changes in debtors and creditors	(793)	(500)
Other non-cash changes	(18)	(63)
Cash from operations	8,720	8,763
Interest paid	(3,200)	(3,200)
Net cash inflow from operating activities	5,520	5,563
Cash flows from investing activities		
Acquisitions of investments	(68,227)	(39,564)
Disposals of investments	61,605	41,378
Net cash (outflow)/inflow from investing activities	(6,622)	1,814
Equity dividends paid	(8,317)	(7,740)
Shares issued	11,705	8,807
Net cash inflow from financing activities	3,388	1,067
Increase in cash and cash equivalents	2,286	8,444
Exchange movements	72	(45)
Cash and cash equivalents at start of period*	7,464	2,894
Cash and cash equivalents at end of period*	9,822	11,293

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

The accompanying notes on pages 11 to 14 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 2019 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 February 2018 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 2019 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 2018.

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 2018 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 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 2019 £'000	Six months to 30 June 2018 £'000
4 Net return per ordinary share		
Revenue return on ordinary activities after taxation	9,356	8,965
Capital return on ordinary activities after taxation	71,821	(9,498)
Total net return	81,177	(533)
Weighted average number of ordinary shares in issue	142,128,144	136,832,244

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 2019 £'000	Six months to 30 June 2018 £'000
5 Dividends		
Amounts recognised as distributions in the period:		
Previous year's final of 2.925p (2018 – 2.825p), paid 11 April 2019	4,132	3,848
First interim of 2.925p (2018 – 2.825p), paid 21 June 2019	4,185	3,892
	8,317	7,740
Amounts paid and payable in respect of the period:		
First interim of 2.925p (2018 – 2.825p), paid 21 June 2019	4,185	3,892
Second interim of 2.95p (2018 – 2.85p)	4,255	3,953
	8,440	7,845

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 2019 to shareholders on the register at the close of business on 16 August 2019. The ex-dividend date is 15 August 2019. The Company's Registrar offers a Dividend Reinvestment Plan and the final date for elections for this dividend is 30 August 2019.

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 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Securities				
Listed equities/funds	541,538	–	265	541,803
Bonds	–	15,735	–	15,735
Property				
Freehold	–	–	83,500	83,500
Total financial asset investments	541,538	15,735	83,765	641,038
As at 31 December 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Securities				
Listed equities/funds	451,888	–	265	452,153
Bonds	–	16,362	7,982	24,344
Property				
Freehold	–	–	83,500	83,500
Total financial asset investments	451,888	16,362	91,747	559,997

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.

Notes to the Condensed Financial Statements (unaudited)

- 7** The market value of the 8% Debenture Stock 2022 at 30 June 2019 was £91.5m (31 December 2018 – £92.0m).
- 8** At 30 June 2019, the Company had the authority to buy back 21,166,770 ordinary shares and to issue 12,205,592 ordinary shares without application of pre-emption rights in accordance with the authorities granted at the AGM in April 2019. During the six months to 30 June 2019, 3,025,000 (31 December 2018 – 4,955,000) shares were issued at a premium to net asset value raising proceeds of £11,705,000 (31 December 2018 – £18,189,000). Between 1 July 2019 and 25 July 2019, the Company issued a further 485,000 shares at a premium to net asset value raising proceeds of £2,008,000. No shares were bought back (31 December 2018 – nil).
- 9** During the period, transaction costs on equity purchases amounted to £73,000 (30 June 2018 – £64,000) and on equity sales £24,000 (30 June 2018 – £15,000). Transaction costs on property purchases amounted to nil (30 June 2018 – £51,000) and on property sales nil (30 June 2018 – £57,000).

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.

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 www.bailliegifford.com.

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.

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

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

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.

Further Shareholder Information (continued)

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. (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 (Debenture at Fair Value) (APM)

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. Book value approximates amortised cost.

	30 June 2019	31 December 2018
Shareholders' funds (debenture at book value)	£568,018,000	£483,453,000
Add: book value of debenture	£82,315,000	£82,701,000
Less: fair value of debenture	(£91,456,000)	(£92,000,000)
Shareholders' funds (debenture at fair value)	£558,877,000	£474,154,000
Shares in issue	143,955,943	140,930,943
Net Asset Value per ordinary share (debenture at fair value)	388.2p	336.4p

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.

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.

Net Asset Value

	30 June 2019	31 December 2018
Opening NAV per share (debenture at book value)	343.0p	366.2p
Closing NAV per share (debenture at book value) (a)	394.6p	343.0p
Total dividend adjustment factor* (b)	1.016219%	1.031195%
Adjusted closing NAV per share (c = a x b) (c)	401.0p	353.7p

Total return on net assets with debenture at book value	16.9%	(3.4%)
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* The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the cum income NAV at the ex-dividend date.

Share Price

	30 June 2019	31 December 2018
Opening share price	351.0p	368.0p
Closing share price (a)	406.0p	351.0p
Total dividend adjustment factor† (b)	1.015764%	1.031624%
Adjusted closing share price (c = a x b) (c)	412.4p	362.1p
Total return on share price	17.5%	(1.6%)

† 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 last traded price quoted at the ex-dividend date.

Glossary of Terms and Alternative Performance Measures (APM) (continued)

Ongoing Charges (APM)

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

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.

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