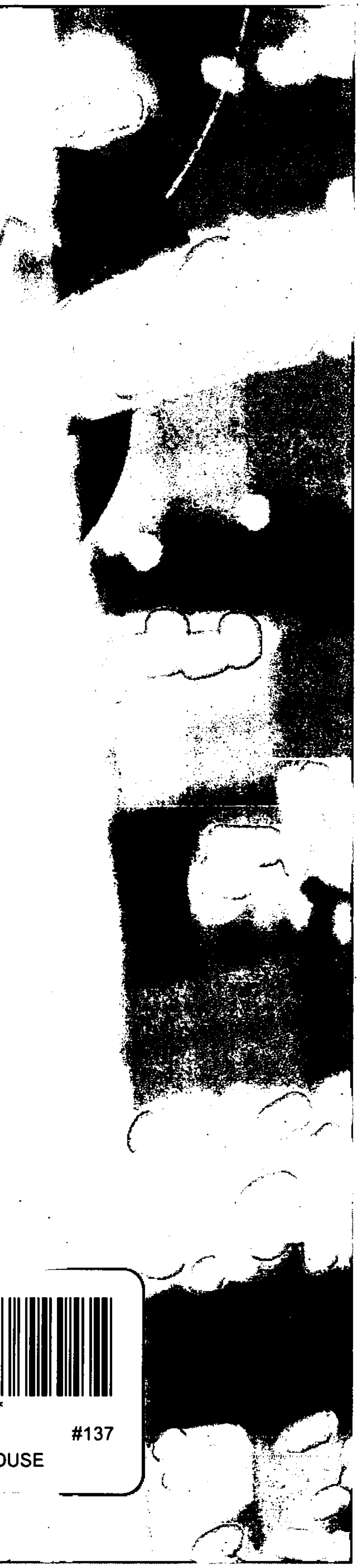
Annual Report 2020

Annual Report for the year ended 31 December 2020



Alliance Trust INVESTING FOR GENERATIONS

Investing for Generations

Catering for every generation, Alliance Trust aims to grow your capital over time and provide rising income by investing in global equities.

ALLIANCE TRUST. ADAPTING TO CHANGE.

Alliance Trust has both a modern vision and a rich heritage. Established in 1888, we have successfully navigated many market crises and adapted our strategy over time. Today, we offer a responsibly managed portfolio, which provides individual UK investors with exclusive access to the top stock selections of some of the world's best[1] investment managers; at a competitive cost.

Risk-controlled

Our multi-manager approach reduces risk and volatility, smoothing out the peaks and troughs of performance normally associated with a single manager.

Designed to perform

High conviction stock picking gives the portfolio potential to outperform world stock markets.[2,3]

Rising dividend

We have increased our dividend every year for 54 consecutive years, putting us among the top three of the Association of Investment Companies' "Dividend Heroes".

Responsible Investment

We integrate environmental, social and governance (ESG) factors into our investment processes. We firmly believe that, in doing so, we will not only have a positive impact on us all, but also outperform portfolios that do not.

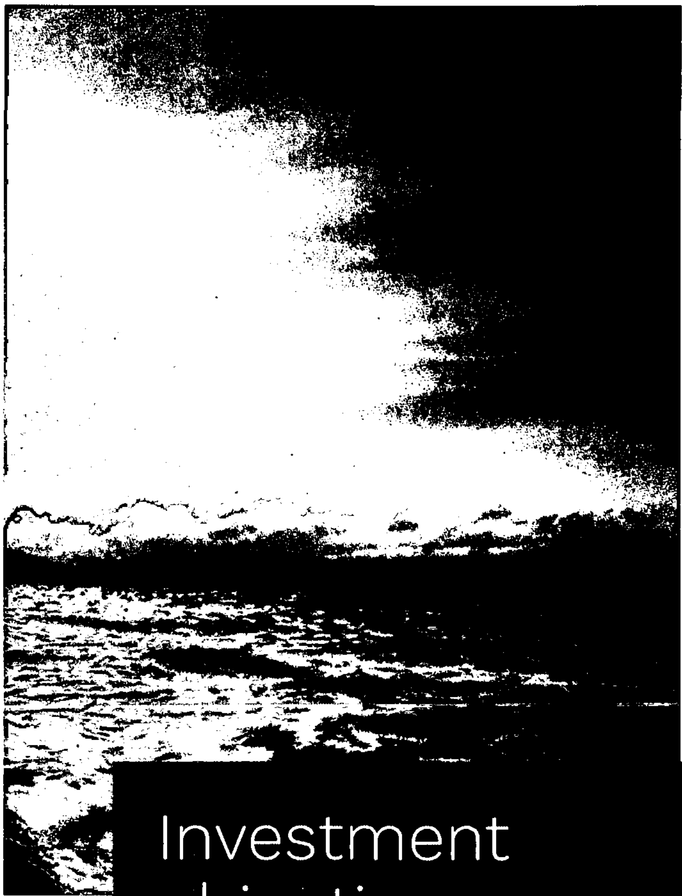
EXPERT MANAGER SELECTION

Shareholders benefit from having Willis Towers Watson (WTW) as our Investment Manager.[4] WTW is a leading global investment group, directly managing $153 billion[5] for institutional investors and advising them on $3.4 trillion.[6] Its scale helps us to keep costs down for investors, while the global breadth and depth of WTW's resources has enabled it to build and manage a diverse team of best-in-class[1] Stock Pickers with complementary investment approaches for Alliance Trust (see pages 20 and 21).

Focused Stock Picking

WTW tasks each Stock Picker with investing in no more than 20 stocks in which they have the highest level of conviction.[7] The resulting portfolio is diversified across countries and industries but its individual holdings are very different from any index-tracking fund.

We believe this diversified but highly active approach makes Alliance Trust an ideal holding for all generations of investors, whether you're paying for university or a first home, saving for retirement or leaving a legacy.



> "Our unique multi-manager approach brings together the 'best ideas' from world-class[1] stock pickers. Each is responsible for selecting and investing in a selection of high conviction equities. Our portfolio aims to outperform world stock markets[2] over the long term, while shielding you from some of the risks of active investing."

Gregor Stewart
Chairman

Investment objective

The Company's objective is to be a core investment for investors that delivers a real return over the long term through a combination of capital growth and a rising dividend. The Company invests primarily in global equities across a wide range of different sectors and industries to achieve its objective.

CONTENTS

1. As rated by Willis Towers Watson. 2. MSCI All Country World Index. 3. Sebastian & Attaluri, Conviction in Equity Investing, The Journal of Portfolio Management, Summer 2014. 4. Alliance Trust has appointed Towers Watson Investment Management Limited (TWIM) as its Alternative Investment Fund Manager (AIFM). TWIM is part of Willis Towers Watson (WTW). In this document we refer to TWIM as Willis Towers Watson or WTW. 5. Willis Towers Watson, as at 30 September 2020. 6. Willis Towers Watson, as at 31 December 2019 (latest data available). 7. Apart from GQG Partners, which also manages a dedicated emerging markets mandate with up to 50 stocks.

Our Performance in 2020

FINANCIAL HIGHLIGHTS AS AT 31 DECEMBER 2020

933.9p
(2019: 875.9p)

Net Asset Value[2]

8.5%
(2019: 23.1%)

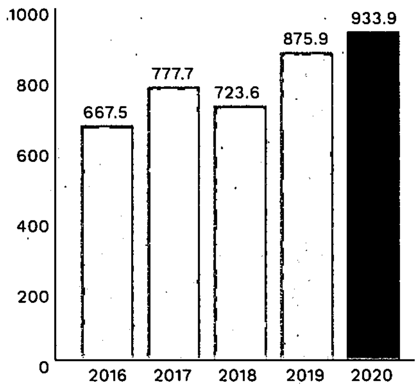
NAV Total Return[1]

KEY PERFORMANCE INDICATORS

On these two pages we set out the Key Performance Indicators (KPIs) the Board uses to measure performance. The benchmark we use is the MSCI All Country World Index (MSCI ACWI).

NET ASSET VALUE (PENCE)[2]

This shows the value per share of the investments held by the Company less its liabilities (including borrowings).

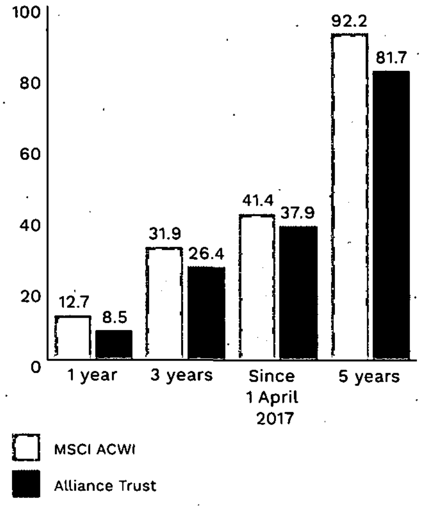


Source: Alliance Trust.

Net Asset Value includes income and with debt at fair value.

NAV TOTAL RETURN (%)[1]

This measures the performance of our assets. It combines any change in the NAV with dividends paid by the Company.

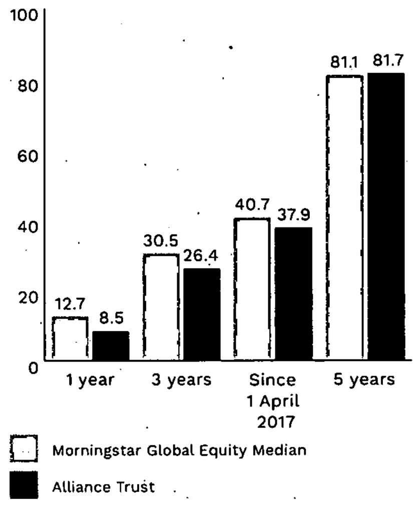


Source: Morningstar and MSCI Inc.

NAV Total Return based on NAV including income with debt at fair value and after Managers' fees (including WTW's fees). 1 April 2017 is the date of appointment of WTW as Investment Manager.

COMPARISON AGAINST PEERS (%)

This shows our NAV Total Return against that of the Morningstar universe of UK retail global equity funds (open ended and closed ended).



Source: Morningstar.

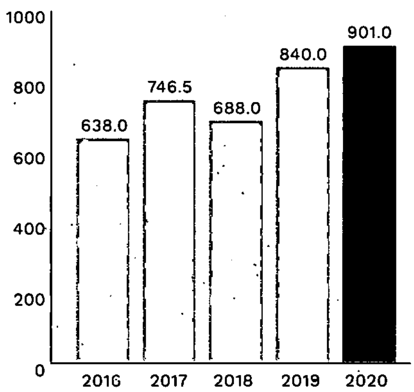
901.0p
(2019: 840.0p)
Share Price

9.4%
(2019: 24.3%)
Total Shareholder Return[1]

14.38p
(2019: 13.96p)
Total Dividend[2]

SHARE PRICE (PENCE)

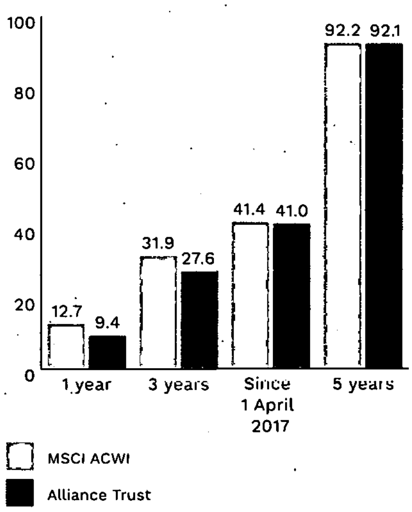
This is a simple means of identifying the change in the value of the Company.



Source: FactSet.

TOTAL SHAREHOLDER RETURN (%)[1]

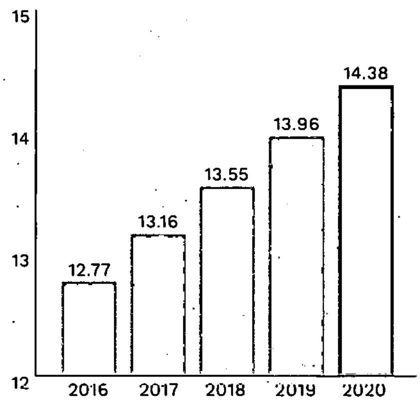
This demonstrates the return our shareholders receive through dividends and capital growth of the Company.



Source: Morningstar and MSCI Inc.

TOTAL DIVIDEND (PENCE)[2] YEAR TO 31 DECEMBER

A steadily rising dividend is one of the objectives of the Company.



Source: Alliance Trust.

1. Alternative Performance Measure (refer to Glossary on page 100). 2. GAAP Measure.

Chairman's Statement

- In 2020 the Company's share price increased to a near record high and Total Shareholder Return (TSR) amounted to 9.4%. Net Asset Value (NAV) Total Return was 8.5% while the Company's benchmark index returned 12.7%.
- The Company's TSR and its Equity Portfolio Total Return are in line with its benchmark return for the period between 1 April 2017, when the Company appointed its Investment Manager and 31 December 2020.
- The portfolio remains structured for long-term growth and has delivered a resilient performance in a year of global turmoil during which the benchmark return was skewed by the performance of the very largest companies.
- Partly assisted by the benefit of accumulated reserves, the Company has increased its ordinary dividend for 54 years and it expects to pay a higher dividend in 2021 and beyond.

2020 was marked by the far-reaching consequences of the Covid-19 pandemic. Global stock markets collapsed in March in the most intense decline since 1929. Massive fiscal and monetary interventions led to a rebound, which accelerated as positive news emerged about vaccines. Markets also had to contend with the protracted negotiations over the terms of the United Kingdom's trade agreement with the European Union and one of the most contentious US elections in that country's history.

The Company's Investment Manager, Stock Pickers and Executive team successfully transitioned to working remotely, with no interruption to our operations; they are all commended for this.

Despite the economic effects of the pandemic, the Company delivered an increase in its NAV and dividend while the discount remained steady and costs were kept competitive with an Ongoing Charges Ratio (OCR) of 0.64% (2019: 0.62%).

PERFORMANCE

Returns from investing in global equities have been dominated for the last three years by a small number of the world's largest growth stocks (most notably in the US and China). The impact of the pandemic in 2020 was to amplify the market's level of concentration in these

> "Despite the unparalleled turbulence of 2020, the Company ended the year with its share price at a near record level and its run of increasing dividends extended to 54 consecutive years. It is disappointing that the Company did not outperform its benchmark, but this is not surprising given that index returns were heavily skewed towards a handful of US large and mega-cap stocks. As the roll out of vaccines develops and the global economic recovery broadens out across industry sectors, your Board and our Investment Manager remain confident that the Company's diversified but high conviction portfolio is well placed to deliver long-term outperformance."

Gregor Stewart
Chairman

stocks. The Company's portfolio is underweight the larger companies as a group and has proportionately more capital invested in a broader range of stocks. This particularly affected the Company's relative performance against its benchmark for the year. It was encouraging to see the market begin to reduce its largest-cap concentration towards the end of 2020 as the news on vaccines began to have a positive impact on more cyclical companies and value stocks which have struggled for some years. The Board and Investment Manager remain confident that, notwithstanding the underperformance against the particularly concentrated benchmark in 2020, the portfolio is well placed for long-term outperformance as the impact of the recovery broadens further.

It is now nearly four years since the Company appointed Willis Towers Watson (WTW) as its Investment Manager and implemented its multi-manager approach. Between 1 April 2017 and 31 December 2020, the Company's TSR was 41.0%, with the MSCI ACWI returning 41.4%. The Company's NAV Total Return over the same period was 37.9%; during the initial period, the NAV performance was adversely affected by the non-equity assets that the Company sold prior to the end of 2019. The Equity Portfolio Total Return was 41.3% over the same period, broadly in line with the benchmark.

The Investment Manager's report on pages 10 to 29 provides more detail on the Company's performance.

Despite the volatile economic background, demand for the Company's shares was encouraging. A number of new wealth managers joined the share register and retail demand for the Company's shares was healthy. There was a limited need for share buybacks during the year with the Company buying back only 2.3% of its shares (1.4% in 2019), adding £1.6m to the NAV for remaining shareholders. Excluding some short-term volatility in March and April, the discount again remained within a relatively narrow range and averaged 5.6% for the year (2019: 5.0%). The discount narrowed in the last two months of 2020 and as at 31 December 2020 was 3.5% (2019: 4.1%).

AN INCREASING DIVIDEND IN UNCERTAIN TIMES

The pandemic has severely reduced the dividends paid by many companies and this affected the Company's income in 2020. However, investment trusts are able to use their reserves to bolster their dividends in times of reduced income and Alliance Trust has one of the largest revenue reserves of any investment trust (£99.2m after the 2020 dividend). The Board chose to use £10.0m of its revenue reserves to support this year's increased dividend in spite of what we hope is a temporary reduction in dividend receipts.

I am pleased to report that the Company's ordinary dividend has increased for the 54th consecutive year. The total ordinary dividend for the year was 14.38p, an increase of 3% on last year. The Board expects that it will continue to extend its record of year-on-year increases in dividends. Even in the extremely unlikely event that the Company receives no dividends at all from its portfolio over the next two years, it could continue to pay an increasing dividend from its revenue reserves alone.

To further enhance the Company's ability to pay an increasing dividend in the future, the Board intends to ask shareholders at the Annual General Meeting (AGM) for approval to convert its merger reserve of £645.3m into a further distributable reserve. We provide more detail in this regard on page 35.

INVESTING RESPONSIBLY

Responsible investing means behaving as long-term owners, not just temporary traders of stocks. Shares give us rights and responsibilities to ensure that our capital is being invested in a way which does not exploit society or the environment. Companies that fail to take account of their effect on the societies in which they are embedded will ultimately lose their licence to operate, either by government legislation or the withdrawal of customer support.

Chairman's Statement

The Board sees the consideration of Environmental, Social and Governance (ESG) matters as integral to the investment decisions made on behalf of the Company and a cornerstone to ensure that the management of companies are taking seriously the challenges facing current and future generations. Incorporating these factors has the dual benefits of reducing inherent risk and enhancing the sustainability of returns.

While the Company would much rather encourage positive change through its stewardship and engagement activities, the Board will consider excluding certain types of stocks from its portfolio. The current limited exclusions were reviewed by the Board during the year. If the Board believes that positive change cannot be brought about by engagement alone, it may decide to impose further restrictions on the stocks it holds.

Climate change is one of the biggest economic and political challenges the world faces. As an investment trust with a small physical presence, the Company itself has limited impact on the environment and is now a net zero carbon emissions business. The Company encourages its Stock Pickers to engage actively with investee companies on their own plans to reduce their carbon emissions. WTW monitors the carbon intensity of the Company's portfolio against recognised benchmarks.

In addition to the efforts of the Company's Stock Pickers, the Company uses EOS at Federated Hermes (EOS) to focus on seeking long-term improvements on all aspects of ESG.

You can read more about this developing topic on pages 24 to 29, including examples of how the Company has sought to exercise effective stewardship and influence over investee companies. These examples demonstrate the range of issues: from fossil fuel exposure to human rights in the Middle East, access to water in Asia and the urgency of developing the global availability of the Covid-19 vaccine.

BOARD CHANGES AND SUCCESSION PLANNING

I was pleased to welcome Jo Dixon to the Board in January 2020. Jo took on the role of Chair of the Audit & Risk Committee in March and her appointment added to the Board's existing skills and expertise, particularly its financial and audit knowledge.

Our Senior Independent Director, Karl Sternberg, and two of our other directors, joined the Board in 2015. As part of the Company's succession plans, Karl will stand down on 30 June 2021. In the future, we will address systematically the need for Board refreshment, including that of the Chairman, while maintaining as much continuity and corporate memory as possible. We commenced a recruitment process prior to the year-end for at least one new Director. This has concluded and we are delighted to welcome Sarah Bates and Dean Buckley to the Board; both bring with them skills and experience that will complement those of the current Directors. More information on their specific skills and experience can be found in the AGM Notice of Meeting and on the Company's website.

ENGAGING WITH SHAREHOLDERS

The increased use of online meetings and webinars allowed the Company to engage with its stakeholders throughout the year. Regardless of when current restrictions are relaxed, the Board wants to continue to engage with as many of its shareholders as possible. I have initiated a series of online meetings with a number of shareholders as well as a webinar after the AGM. Further electronic presentations are planned for later in the year.

It was disappointing that due to Covid-related government restrictions I was unable to welcome shareholders to the 2020 AGM. Unfortunately, this is likely to be the case this year as well. We will be holding our AGM in Dundee but, due to the continuing restrictions and concerns about public health, attendance will be restricted to only a limited number of Board members and representatives from the Company. Shareholders will be able to view the meeting live and submit questions in advance or during the meeting. Any questions we are unable to address during the meeting will be answered afterwards and details of all the questions and answers will be published on the Company website. Full details of how to view the meeting and submit questions will be sent to all shareholders and will be on our website. At the webinar immediately after the formal meeting, shareholders will be able to hear presentations from the Investment Manager and from Vulcan and Jupiter, two of the Company's Stock Pickers.

The Company's Articles of Association (Articles) allow for voting via appointed proxies but do not permit remote voting. While the Company does not intend to hold any completely virtual general meetings, the Board will be asking shareholders to approve changes to the Articles to permit remote voting at future meetings if shareholders are unable to attend.

We will keep shareholders updated on arrangements for the AGM, webinar and other investor events through our website. You can also sign up to receive details of events and the Company's monthly factsheet and quarterly newsletter via the website.

OUTLOOK

What will happen in 2021 and beyond is far from clear as the pandemic continues to affect economies and government finances across the world. Economic policy-making is probably more uncertain than at any time since the 1970s. We believe that the Company's portfolio, focusing as it does only on the highest conviction choices of its Stock Pickers across the global market will deliver attractive outperformance in the long run.

Gregor Stewart
Chairman
3 March 2021

Investment Manager's Report

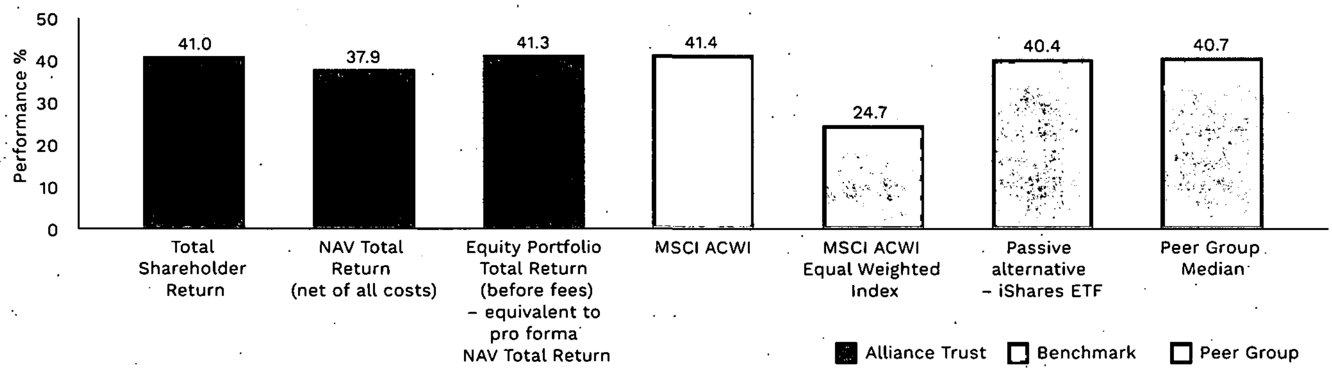
INVESTMENT YEAR 2020

It's not yet clear how much the Covid-19 pandemic has permanently changed our lives or to what extent we will return to "normal" over the next year, but 2020 will undoubtedly go down as the most tumultuous year in living memory. At the forefront of all our minds is the human tragedy, but there is at least hope that a widespread programme of vaccination will bring an end to the immediate crisis before too long.

In the markets, investors had a rollercoaster ride. After one of the fastest collapses in the equity market in history, government and central bank stimulus packages triggered a dramatic recovery in share prices, with many markets ending the year at record highs. The 12.7% gain delivered by the MSCI ACWI Index[1] in 2020 was unevenly spread across countries and sectors. Equity markets in 2020 were dominated by the advance of technology and e-commerce companies. These companies profited from an increased shift to online consumption and a rising demand for technology solutions and digitalisation as many of us started spending more time at home. Larger companies generally benefitted from the significant levels of liquidity injected by central banks, being able to access it more easily than their smaller peers. Longer duration growth

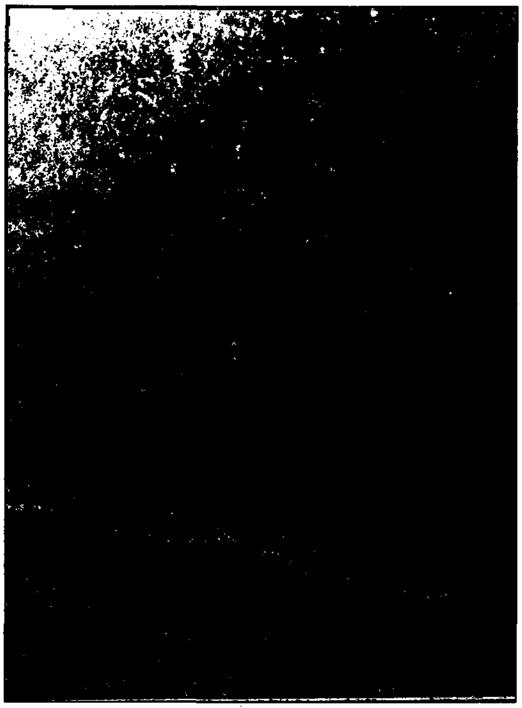
1. MSCI All Country World Index Net Total Return in GBP.

PERFORMANCE FROM 1 APRIL 2017 TO 31 DECEMBER 2020 (%)



Notes: All figures are measured from 1 April 2017 with data provided as at 31 December 2020. All figures may be subject to rounding differences. The benchmark shown is the MSCI ACWI Net Dividends Reinvested. The passive alternative iShares is the BlackRock iShares MSCI ACWI ETF. The peer group is the Morningstar universe of UK retail global equity funds (open ended and closed ended). The performance of the passive alternative iShares ETF and peer group is after fees. The NAV Total Return is after all manager fees (including Willis Towers Watson's fees) and allow for any tax reclaims when they are achieved. The NAV Total Return figure is based on NAV including income with debt at fair value. The Company's NAV Total Return reflects the impact of holding non-core investments and Alliance Trust Savings until 30 June 2019. The Equity Portfolio Total Return is before fees.

Sources: Investment performance data is provided by BNY Mellon Performance & Risk Analytics Europe Limited, Morningstar and MSCI Inc. The peer group source is Morningstar.



- While the Company's portfolio has delivered 41% since we were appointed, it lagged behind the benchmark over the year as the market continued to be dominated by large-cap technology and e-commerce companies, boosted by the Covid-19 pandemic.
- Vaccine distribution programmes should help secure the return of less sentiment-driven, broader markets with a focus on company fundamentals, which should benefit our stock selection based strategy.
- The portfolio is comprised of the 'best ideas' of our Stock Pickers, selected based on their attractive fundamentals and forward prospects, which drive company valuations over the long term.
- Having experience running the Company's portfolio over periods of broader markets, as well as running portfolios with similar strategies for a number of years, we are confident that the strategy can deliver attractive outperformance.

stocks in particular benefited from the suppressed levels of interest rates. As such, the US and China large-cap, tech-driven companies that have dominated markets over the last few years continued to do so throughout most of 2020, gaining from the perfect storm created by the coronavirus pandemic.

Cyclical sectors were particularly hard hit, especially in areas such as 'bricks and mortar' retail, hospitality and travel. Throughout 2020 we witnessed Covid-19 devastate our high streets, as numerous retail outlets gradually succumbed to insolvency. The Energy sector was the worst performing sector over the year, hit by the negative impact of economic slowdown and lockdowns. This negative momentum was further amplified by tensions between Saudi Arabia and Russia.

The impact of multiple lockdown measures on company earnings was a key concern for many investors in 2020. Business models of thousands of companies were challenged as access to consumers was limited and workers were furloughed. This led to many businesses cutting or suspending dividend payments.

However, positive news on vaccine development in November triggered a market rotation, with many cyclical, smaller-cap companies coming to the fore. In this strong 'risk-on' environment we saw a recovery in riskier and lower quality names and a unwinding of the performance gap between large and small-cap stocks seen earlier in the year. The regional pattern of performance also shifted to some degree in the last quarter with the UK market, long the laggard, starting to gain some ground.

Geographically, we saw significant divergence in the impact of the Covid-19 pandemic across the world with each government's varied responses to the pandemic. The whole of Asia was hit first but as the year progressed Asia emerged better off, having been able to control the pandemic more effectively. US equity markets saw strong returns maintained, given the dominance of US technology names in the index and the scale of the fiscal and Federal Reserve stimulus. Despite the fourth quarter rebound, the UK was the worst performing region over the year, with UK index returns weighed by a heavier reliance on the Financials and Energy sectors which were hard hit in 2020, as well as Brexit uncertainty, which amplified an already difficult market and economic backdrop.

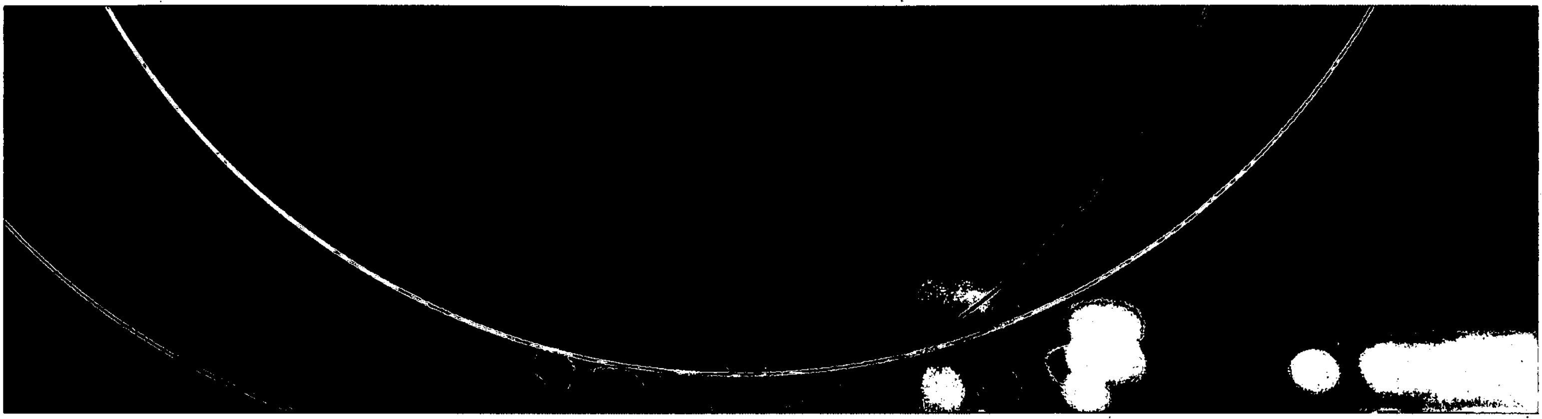
As well as reinforcing the dominance of New Economy stocks, Covid-19 also intensified the focus on Environmental, Social and Governance issues - we provide some insight into these factors on pages 24 to 29.

OUR PORTFOLIO

The NAV Total Return for the year was 8.5% and TSR was 9.4%, with the MSCI ACWI returning 12.7%. The Company's portfolio was particularly hard hit in the Covid-related correction in the first quarter of the year, when value and smaller to mid-cap companies most sensitive to economic conditions, such as Airbus, AerCap or Capita, were penalised. The portfolio then recovered some ground in the second and third quarters of the year as fundamentals came back into focus, allowing the strength of businesses to show through.

However, our Stocks Pickers' focus on high quality companies meant that we did not fully participate in the strong rally of low-quality, cyclical stocks that occurred in November and December after vaccines for Covid-19 were approved.

It was a difficult year for active managers generally with median stock returns for the MSCI ACWI universe lagging behind the benchmark by 11% over 2020, and significant divergence in the returns of the best and worst performing stocks. Yet again large and mega-cap stocks dominated the market, with the MSCI ACWI Equally Weighed Index returning 9.3%, underperforming the MSCI ACWI Market Capitalisation Weighted Index by 3.4% over the full year. As a consequence, despite



posting attractive positive returns, the Company's portfolio underperformed the benchmark due to its more balanced exposure across the size spectrum of companies, and an underweight to large-cap stocks.

The impact of the largest stocks on the index returns over 2020 is illustrated in the chart below. Up to 45% of the MSCI ACWI return over the period came from just five stocks, namely, Facebook, Amazon, Apple, Microsoft and Google (Alphabet) (FAAMG). Apple alone accounted for 17% of the benchmark's return over the period. The Company's portfolio has no position in Apple which significantly detracted from relative performance, although it does hold a number of the mega-cap names, and performance did benefit from this over the period. Unlike the passive allocations within the benchmark, based on the market capitalisation of a company, the portfolio's holdings constitute the high-conviction, active decisions of our Stock Pickers, based on a thorough analysis of their fundamentals. Should there be a shift in these fundamentals that would concern our Stock Pickers, they would swiftly move to adjust their positioning.

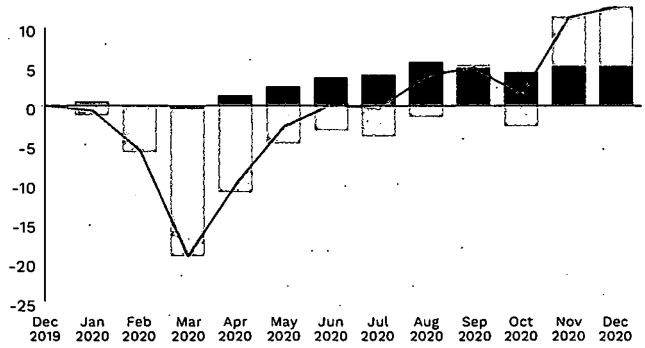
Despite holding some of the mega-cap names, the portfolio has a more balanced allocation than the Index across various other stocks, in particular mid and small caps. The portfolio is generally underweight in large-cap stocks – those with a market capitalisation of more than $10bn – and overweight mid and smaller caps. The investments in small to mid-cap stocks detracted value over 2020.

Between 1 April 2017 when we were appointed and 31 December 2020, the TSR was 41%, the NAV Total Return was 37.9% and the Equity Portfolio Total Return was 41.3% (this latter measure excludes the negative impact of legacy investments that were sold prior to 2020). The MSCI ACWI returned 41.4% over the same period and the MSCI ACWI Equally Weighed Index, 24.7%. The Company's peers, as measured by the Morningstar universe of UK retail global equity funds (open and close ended), returned 12.7% over the year and 40.7% since April 2017 when we were appointed.

Since our appointment, we have seen the stock selection of our Stock Pickers add value. However, this has been offset by the underweight to large-cap stocks that have delivered the strongest returns. The narrow leadership of large-cap stocks that has dominated markets over the last three years will not continue forever. Based on our experience of running the Company's portfolio in broader markets back in 2017 as well as our longer track record of running similar strategies for our institutional clients, we know this approach delivers value over the long term.

With a vaccine distribution programme in progress and the UK-EU trade deal approved, we see greater opportunities for a widening-out of the market, as lockdowns end and economies recover, which should lead to stronger returns for the Company's diversified portfolio. You can read more about our Outlook on page 23.

THE IMPACT OF THE FAAMG ON THE MSCI ACWI'S TOTAL RETURN (%)



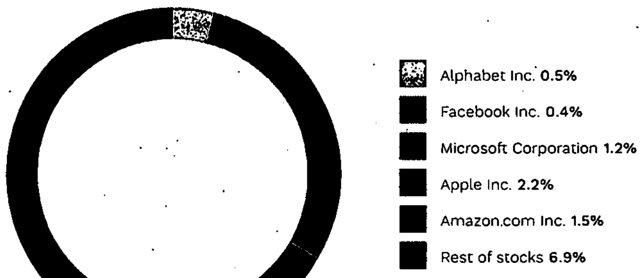
FAAMG contribution to return

Rest of stocks, contribution to return

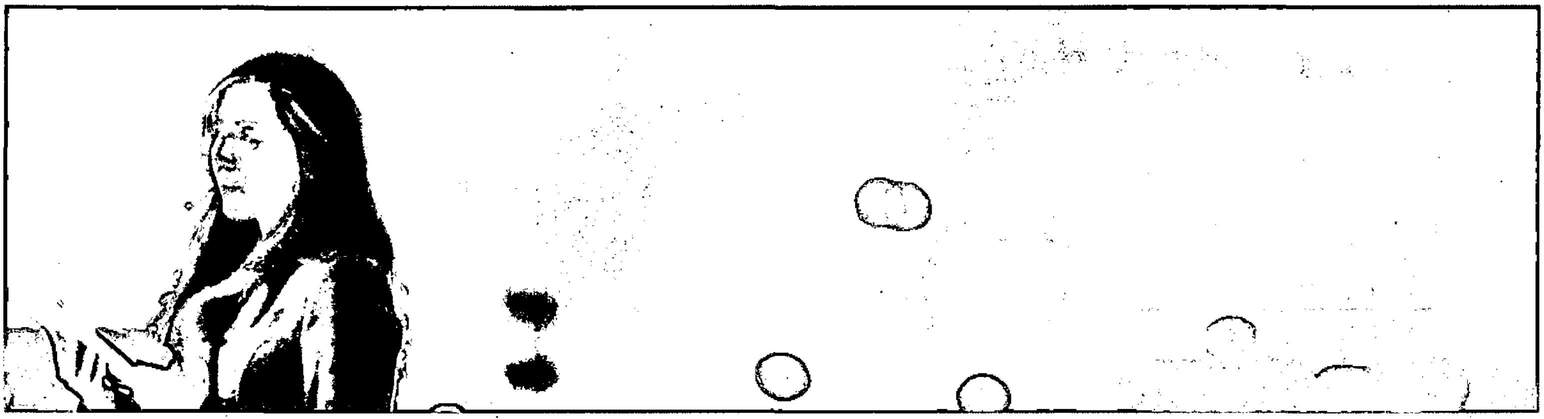
MSCI ACWI Total Return

Source: FactSet, MSCI Inc. and WTW.

FAAMG SHARE OF THE INDEX RETURN IN 2020



Source: FactSet, MSCI Inc. and WTW.



STOCK PERFORMANCE

Stocks that improved performance

Several stocks in the portfolio benefitted from the further momentum in the e-Commerce and Technology sectors resulting from the pandemic. Our best contributor was **NVIDIA Corporation** (NVIDIA), which was purchased in 2019. This is an American technology company that designs graphics processing units for the gaming market as well as computer electronics systems for the mobile computing and automotive industry. The company's computer chips are used in a variety of end markets, including complex computing applications such as Artificial Intelligence (AI) and autonomous driving. NVIDIA was perfectly positioned to benefit from the major trends of cloud computing, AI and online gaming and was up 115% over the year. It reported strong earnings momentum, driven by a dramatically higher demand for cloud computing and gaming. Additionally, the announcement that the company plans to acquire ARM Holdings, a British designer of computer processing units, was viewed favourably by market participants, as this will help to round out NVIDIA's overall product portfolio.

Baidu, the largest Internet search engine in China with over 70% market share, was also a positive contributor to the portfolio's returns. Baidu is a technology-driven company and has been investing heavily in autonomous driving and AI, as well as in areas such as computer vision, healthcare, quantum computing, natural language, robotics, machine and deep learning and high-performance computing. The company is attractively valued, particularly when considering its stakes in iQIYI (online video platform that is a key growth driver due to an increased willingness to pay for premium content as well as strong advertising demand), Ctrip (online travel website) and its excess capital (net cash position). Despite some volatility during the year, due to temporarily depressed profitability along with investors' general fears about the Chinese economy, Baidu has delivered strong returns over the whole period, up 66% in 2020. Baidu is now starting to monetise its research and development spend over the last few years and has seen mobile-app traffic growth and a recovery in advertising revenue. The company has a strong market position to benefit from the long-term growth of domestic consumer spending in China.

Another contributor to the Company's portfolio performance was e-commerce and cloud-computing leader, **Amazon**, up 71% over the year. The company benefitted from increased demand for its retail and cloud services as consumers transitioned to shop online versus in stores, and its cloud business also benefited from increased demand. The company delivered very strong retail results over the year, surpassing analyst expectations. Advertising revenues continued to be in line with our Stock Picker's expectations. Despite the market rotation out of technology and tech-related companies since November 2020, our Stock Pickers believe Amazon is exceptionally well positioned to capitalise on secular growth trends in e-commerce, cloud computing and advertising and has attractive future growth prospects.

Stocks that detracted from performance

Unsurprisingly, of the stocks held in the portfolio, it was aerospace stocks that lagged most, given the impact of coronavirus and the effect of lockdowns on the travel industry. **Airbus** was the worst contributor over the year, down 27%. Prior to the pandemic, Airbus, the French aerospace corporation, had a strong cash balance sheet and whilst there were certain one-off cash outflows expected, the company was able to withstand pressures with €30bn of available liquidity (compared to €12.5bn of net cash in 2019) and to support its customers and suppliers when prudent. Airbus also announced prudent steps to ensure its ongoing resilience such as a €15bn credit facility, a delay to the dividend payment of €1.4bn, suspending top-up pension funding as well as other cost and operational measures. A proportion of Airbus' net cash is customer pre-payments, but its commercial aircraft backlog is overwhelmingly in the narrow-body segment (80%+), which has a long order book (and lower risk of cancellations, though some are inevitable). Airbus operates what it calls 'watch tower' lists where customers can change their place in the delivery queue. This is important as some airlines suffered after the global financial crisis when they cancelled orders and rejoined at the end of a long list. In short, our Stock Picker believes management are doing all the right things to manage the impact of the crisis and are well placed over the long term to deliver strong returns.

Another aerospace company that detracted value over 2020 is **AerCap**. AerCap is the global leader in aircraft leasing with one of the most attractive order books in the industry. AerCap serves approximately 200 customers in approximately 80 countries with comprehensive fleet solutions. The market heavily penalised the company in the earlier part of the year as a result of the impact of the Covid-19 pandemic on its airline customer base. However, our Stock Picker maintained confidence in the resilience of the

company and its ability to manage through the turmoil and bounce back. The company saw a strong price rebound in November as the vaccine news emerged. Over the full year, the stock was down 28%.

The fact that operating leases are enforceable legal obligations that airlines have to pay when their planes are half empty, or grounded, or even when they have entered bankruptcy for reorganisation, provided our Stock Picker with some reassurance. If an airline does not pay its lease, the aircraft lessors quickly repossess the aircraft and work toward placing it with another airline. This is how they avoid credit losses even when customers stop paying. Clearly, in the unprecedented environment of 2020, AerCap did suffer earnings revisions, given pressure on lease rates and rents and asset impairment. However, the company took proactive steps to manage its position throughout the pandemic and has a strong balance sheet and liquidity position. During the year, the company was able to issue long-term unsecured debt at attractive rates, lower than the company's pre-2020 average cost of debt. The company's strong liquidity position should provide AerCap with attractive opportunities to deploy its capital as the recovery continues.

Together, Airbus and AerCap detracted 1.5% from the relative performance of the Company's portfolio versus the benchmark.

Capita, *the UK technology firm*, was another company that contributed negatively to the Company's portfolio return. The stock was down 76% over the year. Despite this negative momentum, our Stock Picker remains positive on the company.

Capita provides critical software and outsourcing services for a wide range of public and private sector customers. Our Stock Picker believes that large investments made by the company over the last two years, in people and processes, should pay off over time. There are positive signs of a turnaround – operating performance on contracts and employee engagement metrics, the critical foundations of the business, are improving. Operating cash flow is beginning to improve as the strategy of fixing underperforming contracts, improving operational efficiency, renewing contracts on better terms and targeting higher margin digital BPO (Business Processing Outsourcing) contracts comes through. For now, these positive developments have been swamped by the impact of Covid-19, meaning that achieving sustainable free cash flow (FCF) has been pushed out by one to two years. Likely disposals at attractive multiples from the Software division should act as a positive catalyst for the share price. If executed successfully, this would highlight the remainder of the business, offering a greater than 20% FCF yield with a materially strengthened balance sheet.

Despite the challenges of the last few years with markets driven by a small number of the largest stocks, we believe the portfolio has been resilient and we are excited about the opportunities ahead. Towards the end of 2020 we experienced a sea change in the dominance of the tech giants, which may continue into 2021 and beyond as we emerge from the Covid-19 crisis. We also see a much greater focus on Responsible Investment and on ESG risks as investors choose a long-term sustainable portfolio over a short-term-focused portfolio which can be prone to greater risk and volatility.

Our approach to investing is very different to passive investing and to that of many other managers. It allows you to access a manager's 'best ideas' knowing that they consider these risks as part of their decision-making process. This should provide shareholders with comfort that the portfolio should be well positioned for a sustainable return.

> We are able to bring together in one portfolio the 'best ideas' of Stock Pickers which are not normally available in the UK retail market."

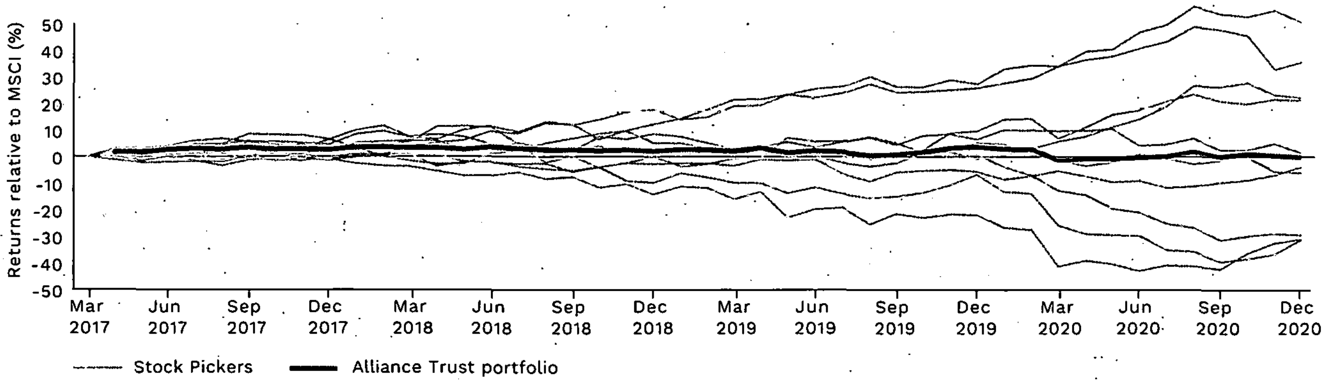
STOCK PICKER PERFORMANCE

Allocating to a single manager's concentrated portfolio can be a bumpy ride. Individually, the return paths of each of our Stock Pickers can be quite volatile and differ significantly from one another. However, blending their stock selections into a portfolio that we risk manage in terms of style, sector and country exposures, and which is diversified across several complementary strategies, leads to a much smoother return path.

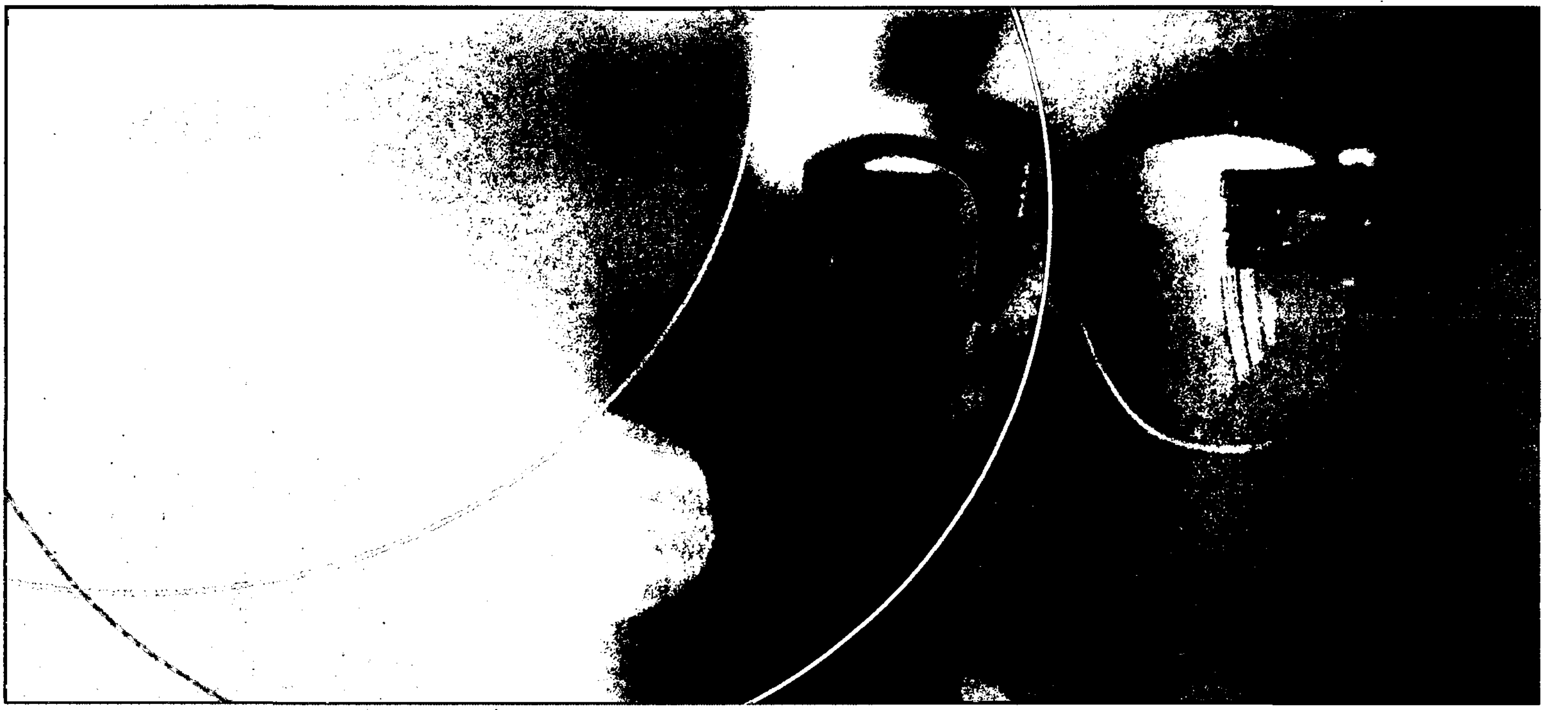
Over most of 2020, there was a continued momentum of growth stocks, with many companies benefitting from the current environment. As a result, our growth-focused Stock Pickers such as GQG and SGA continued to deliver strong returns, particularly over the first nine months of the year. Some reversal in the growth trend was seen in the fourth quarter, on the back of positive vaccine news which provided some bounce to the value-focused managers and cyclical sectors. This led to a rebound in performance by Lyrical, River and Mercantile, Black Creek and Jupiter in this period, providing some reprieve in what has been a very tough environment for value managers.

We do not express a view on which style will perform better going forward nor are we aiming to time the inflection point. This is a skill that we do not believe many people possess and instead we have conviction in the ability of our Stock Pickers to find good companies which will deliver superior returns over the long-term. The idea is to ensure that the portfolio return is driven by stock selection, instead of any style, sector, or country level biases. We believe that the complementary styles of the current Stock Pickers leave the portfolio well positioned to take advantage of any changes to the markets that 2021 may bring.

DIVERSIFIED HIGH CONVICTION SMOOTHS RETURNS



Source: BNY Mellon Performance & Risk Analytics Europe Limited, Morningstar and MSCI Inc. Individual Stock Picker returns, before fees, are benchmarked against MSCI All Country World Index NDR (Net Dividends Reinvested) in sterling and the MSCI Emerging Markets Index NDR. The Company's returns are benchmarked against the MSCI all Country World Index NDR in sterling.



WHERE WE INVEST

Each of our Stock Pickers has a global mandate, with GQG also having an emerging markets mandate. Each Stock Picker is unconstrained in terms of where they can invest. There are also very limited restrictions on what each Stock Picker may invest in, although this is something that the Board has been discussing with us in relation to the Company's responsible investment activities. You can find out more about this on pages 24 to 29.

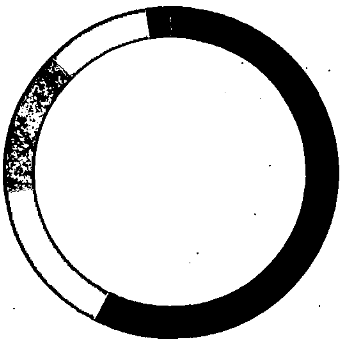
The largest country position is the US, which saw strong returns maintained throughout 2020. At 54.8% of the portfolio as at 31 December 2020, this represents a slight underweight to the benchmark weight which was 57.4%. The exposure to the US has increased over the last 12 months and the allocation to the UK and Europe has reduced. The Company's portfolio had an allocation to the UK of 10.4% as at 31 December 2020, an overweight of 6.6% versus the MSCI ACWI, the largest relative position. Most of the UK exposure, however, is through investments in global companies. These are the companies that our Stock Pickers believe have the most attractive long-term prospects, irrespective of the challenges that Brexit, for instance, might pose. Our allocation to the UK is a representation of the stock selections made by our Stock Pickers and is not driven by a top down view on the UK market.

The best-performing sector over the period was Information Technology, up 41% for the year, the biggest sector allocation within the portfolio, with a weight of 20.2% as at 31 December 2020, a slight underweight versus the index weight of 21.8%. The sector was boosted by the pandemic with the shift of many to working from home and a greater impact of technology in our lives. The dominance of the FAAMGs receded slightly in the last quarter of the year, on the news of momentum in vaccine developments.

The Energy sector was the worst performing sector over the year as demand for oil plummeted, fuelled by the negative impact of the lockdown at both a global and local level and the ensuing economic slowdown. The Company's portfolio was underweight in the Energy sector, with a position of 1.5% as of 31 December 2020 versus a weight of 3.0% in the MSCI ACWI.

"We offer investors a unique global equity portfolio that aims to grow your capital and provide rising income."

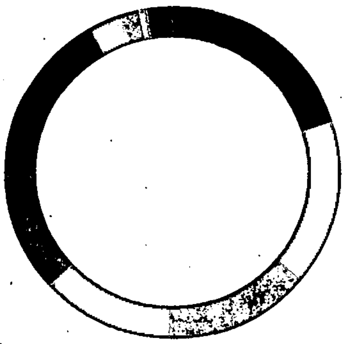
REGION



- North America 57.6%
- Europe 15.7%
- Asia & Emerging Markets 14.0%
- UK 10.4%
- Stock Picker Cash 2.3%

Source: The Bank of New York Mellon (International) Ltd and MSCI Inc.

SECTOR



- Information Technology 20.2%
- Consumer Discretionary 16.0%
- Communication Services 14.3%
- Industrials 12.7%
- Financials 12.4%
- Health Care 10.7%
- Materials 5.4%
- Consumer Staples 3.5%
- Energy 1.5%
- Real Estate 0.6%
- Utilities 0.4%
- Stock Picker Cash 2.3%

Source: The Bank of New York Mellon (International) Ltd and MSCI Inc.

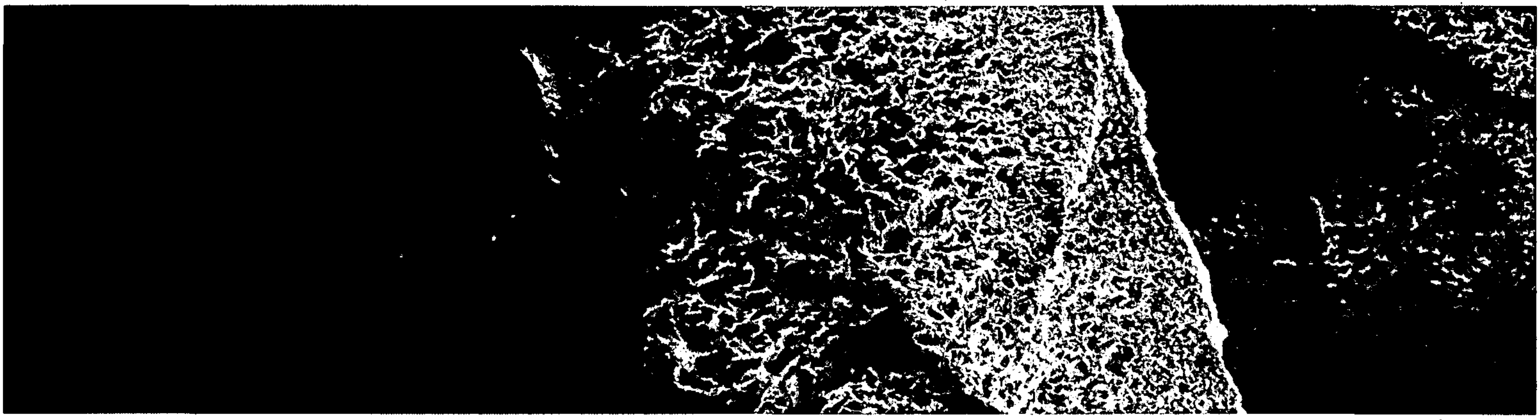
PORTFOLIO INVESTMENT CASE STUDY: SGA

PayPal

PayPal is the leading accepted payment form for online merchants, given its strong brand name and high customer trust. The company provides safer and simpler ways for businesses to accept payments from merchant websites, mobile devices, applications and at offline locations through a wide range of payment solutions across their platform. PayPal's two-sided platform, where it serves both customers and merchants, drives increased user engagement and trust, as well as higher merchant conversion rates. PayPal is able to continue gaining market share among payment options due to the breadth of services it provides to merchants, its seamless user experience and its better than industry-average checkout conversion rates. This has led to it having the highest digital wallet acceptance by merchants.

The company benefits from high recurring revenues, given that payments are recurring in nature. PayPal's ability to expand both its consumer and its merchant base leads to increased stickiness by customers and greater repeatability. PayPal's long-term growth trajectory is enhanced by the secular trend towards greater e-commerce consumption and digitalisation of payments and financial services, as consumers move away from cash and credit cards toward electronic payments.

The company has the potential for additional monetisation opportunities in some of its earlier lifecycle businesses such as leading peer-to-peer payment platform Venmo, Bill Pay, Offline usage via QR code and PayPal/ Venmo credit options, as well as further international expansion. We see the Covid-19 pandemic further accelerating the adoption of e-commerce and the use of digital currency instead of cash, which will benefit PayPal over the long-term as the most dominant digital wallet provider globally.



PORTFOLIO CHANGES

During the year, our Stock Pickers took time to review their holdings to ensure they were still satisfied with their long-term thesis, ensuring strength of earnings and company fundamentals, and resilience to pressures from the pandemic. They also took advantage of some of the opportunities that market volatility unearthed. As a result of changes made, which includes changes in Stock Picker allocations and the appointment of Lomas Capital Management (Lomas) and the termination of First Pacific Advisors (FPA), stock turnover during the period was 77.3% (52.3% in 2019).

Significant Stocks Purchased:

VINCI

A French company, which operates toll roads and airports and also has a construction business. The stock was affected by the lockdown, especially in France, and shares fell, allowing for it to be purchased at a very attractive price. Despite short-term pressures, the company has an all-time high order book for projects.

Transdigm Group Inc.

Transdigm provides thousands of niche-piece part components for use on commercial and military aircraft. The company's products are proprietary and sole-sourced, giving them a significant competitive advantage. This aerospace company was hit hard by the limitations on international travel during the pandemic but is expected to rebound quickly once travel picks up again in the recovery.

Mercadolibre Inc.

A leading Latin American e-commerce company seeing strong, diversified growth and market share gains combined with fundamental business acceleration.

Skyworks Solutions Inc.

A semi-conductor manufacturer purchased in the first quarter of 2020. The company is competitively entrenched as one of the three major manufacturers of radio frequency systems for mobile devices including mobile phones, tablets and, increasingly, other connected devices in the 'Internet of Things'. The company benefitted from Covid-19, with increased demand for telecom infrastructure, reporting a 16% year-on-year revenue increase in 2020 and is well placed to become a leading light in its sector.

Fiserv Inc.

A fintech company that develops the technology that banks and financial institutions use to process payments and move money. The company is well positioned as sales growth picks up and banks in the US continue to consolidate and digitalise.

Significant Stocks Sold:

Carnival Corporation & plc

With cruising looking like it will take longer to recover compared to other holiday/travel options, this holding was sold. Carnival also had a balance sheet precariously exposed to any extended period of low demand.

Cigna Corporation

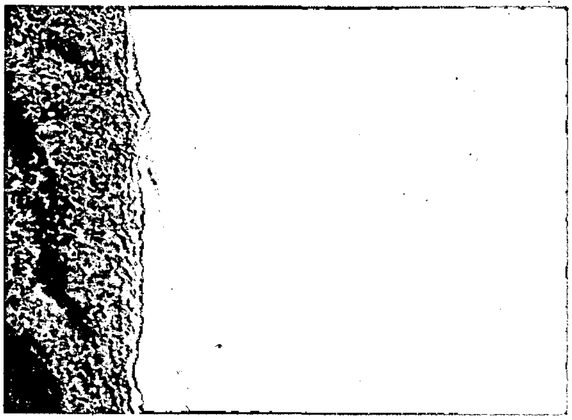
An American worldwide health services organisation offering health, pharmacy, dental, supplemental insurance and related products and services. Whilst the company remains strongly positioned in the markets in which it competes, against a backdrop of rising US unemployment it was considered that commercial membership growth would likely disappoint in the coming year.

ENI S.p.A.

The uncertain outlook for major oil companies led our Stock Picker to sell ENI in the earlier part of the year. Uncertainty surrounding oil majors' cash flows and dividends due to not only the current economic situation reducing oil demand, but also a changing demand dynamic from investors concerned about climate change, were reasons for selling ENI.

STOCK PICKER CHANGES

Our Stock Pickers have very different approaches, style exposures and risk profiles. Within the portfolio we aim to ensure that the allocation to our Stock Pickers is balanced in terms of risk, with each one contributing more or less evenly to the overall risk of the portfolio. Usually we take a contrarian approach to rebalancing, giving more capital to underperforming Stock Pickers and reducing our exposure to outperforming ones. This year, due to the evolving risk landscape, we actually reduced our exposure to the underperforming value Stock Pickers who tend to have a higher exposure to more cyclical, small to mid-cap companies as the risk in this part of the market increased with the impact of the pandemic. As such, to maintain a balanced level of risk in the portfolio, we reduced our exposure to them in the early part of the year, allocating more capital to the Stock Pickers focused on larger cap, quality stocks with a lower risk profile. Towards the later part of the year, we slightly increased the allocation to value as risk profiles moderated, due to more certainty around a vaccine and a route to recovery emerging.



The universe of managers is ever evolving, with new opportunities arising all the time. In addition, changes can occur at our Stock Pickers which mean, in some cases, we need to make changes. In October, we appointed Lomas, a Stock Picker with a focus on a thematic approach that provided a differentiated source of return from the other Stock Pickers within the portfolio. In parallel to adding Lomas, we terminated the appointment of FPA, as the team managing the Company's assets, led by Pierre Py and Greg Herr, decided to leave FPA.

In February 2021 we were notified by Lomas that, due to two members of the senior management team wishing to retire, the company would be shutting down. Clearly, this was disappointing news, given their recent appointment and our conviction in their ability as Stock Pickers. However, such events happen, and the benefit of the multi-manager approach is that we can navigate the loss of Lomas without disrupting the whole portfolio. Lomas' allocation was redeployed in the 'best ideas' of our other eight Stock Pickers. The transition ensured that the portfolio remained balanced in terms of sector, style and country exposures and that stock selection was the key driver of returns. Over the very short period since their appointment to the end of December 2020, Lomas lagged behind the benchmark by 3.8%.

The portfolio is well diversified and risk controlled without Lomas, and there is no need to rush to appoint anyone new. We continue to review our line-up of Stock Pickers to evolve the portfolio and may make some changes in the not-too-distant future.

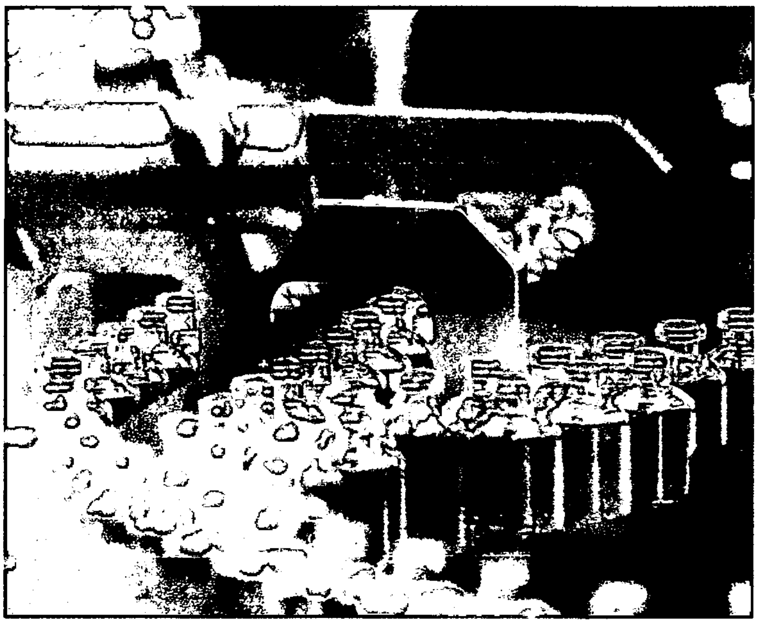
PORTFOLIO INVESTMENT CASE STUDY: VERITAS

Catalent.

It's one thing to have the eureka moment in a lab, when a drug is proved to be effective, but another to ensure the drug is produced in the right way with the appropriate percentage of constituents, the delivery mechanism is optimal (tablet, syringe, etc), production can be scaled up and transportation does not destroy the product.

Catalent is a Contract Development Manufacturer (CDM) that provides integrated services, delivery technologies and manufacturing solutions to develop and launch pharmaceuticals, biologics and consumer health products. Catalent makes 70 billion+ doses of all kinds of drugs each year. Globally, the company is currently working with 75 Covid-related programmes including antivirals, vaccines, diagnostics and treatments across its biologics, gene therapy, oral technologies and clinical supply businesses. For example, Moderna raised global production estimate for its mRNA-based coronavirus vaccine for 2021 by 20% to 600 million doses. So far, the company's coronavirus vaccine has received emergency use approval in the United States and Canada.

Additionally, Israel's Ministry of Health also granted authorisation to import the Covid-19 vaccine. Moderna has a supply agreement for 200 million doses with the United States, which are due to be delivered during the first half of 2021. The United States government has an option for additional 300 million doses of the vaccine. Moderna has signed an agreement with Catalent to provide the vial filling and packaging of the virus. Catalent has also signed an agreement with AstraZeneca to provide drug substance manufacturing to AstraZeneca for the University of Oxford's adenovirus vector-based Covid-19 vaccine, AZD1222, at Catalent's commercial gene therapy manufacturing facility. This agreement expands Catalent's support of the AZD1222 programme following the announcement in June that Catalent's facility in Anagni, Italy, would provide large-scale vial filling and packaging of AZD1222. As governments around the world focus on public health post pandemic, it's likely we will see drug developments for unmet medical needs like cancer make a step jump in the coming decade and with it demand for the services of CDMs like Catalent.



Our Stock Pickers

OUR PICK OF THE BEST*

Stock Picker	Background	Investment Style	% of Portfolio
Black Creek Investment Management	Black Creek is based in Toronto and was founded in 2004. Assets under management as at 31 December 2020 were $9.8bn.	Long-term contrarian value-orientated buyers of leading businesses across the market cap spectrum.	11% (11% at 31 December 2019)
First Pacific Advisors (FPA)[1]	FPA is an independently owned Los Angeles-based institutional money management firm. The team responsible for managing the Company's portfolio left FPA in October 2020.	Seeks companies with high-quality business models, financial strength and strong management at a significant discount.	Nil (10% at 31 December 2019)
GQG Partners	GQG is a boutique investment management firm focused on global and emerging markets equities. Headquartered in Fort Lauderdale, Florida USA, it manages assets of around $67bn as at 31 December 2020.	Seeks high-quality sustainable businesses at reasonable prices whose strengths should outweigh the macro environment.	18% (14% at 31 December 2019)
Lomas Capital Management[2]	Lomas is an independent, majority employee-owned, boutique investment firm with a strong investment-led culture. It was founded in 2012, in New York, and, as at 31 December 2020, had $1.2bn assets under management.	A thematic approach that does not identify with a particular pre-defined style of investing.	9% (Nil at 31 December 2019)
Lyrical Asset Management	Lyrical Asset Management is a boutique advisory firm based in New York, with 250 clients and discretionary assets under management (AUM) of over $7.6bn as at 31 December 2020.	Looks for US companies in cheapest decile of valuation with high returns on invested capital and ability to grow profitability.	10% (13% at 31 December 2019)
Sustainable Growth Advisers (SGA)	SGA is based in Stamford, USA, and manage US, Global, Emerging Markets & International Large Cap Growth Portfolios. They had client assets of over $22.3bn as at 31 December 2020.	Seeks differentiated companies that have strong pricing power, recurring revenue generation and long runways of growth.	14% (11% at 31 December 2019)
Vulcan Value Partners	Vulcan is based in Birmingham, USA, and was founded in 2007. As at 31 December 2020 it managed $16.7bn for a range of clients including endowments, foundations, pension plans and family offices.	Focuses on protecting capital by investing in companies with high-quality business franchises trading at attractive prices.	9% (9% at 31 December 2019)
Jupiter Asset Management[3]	Jupiter was established in London in 1985 as a specialist investment boutique. Since then it has expanded beyond the UK and manages around £58.7bn as at 31 December 2020.	Looks for out-of-favour and undervalued businesses with prominent franchises and sound balance sheets.	7% (10% at 31 December 2019)
River and Mercantile Asset Management	River and Mercantile Group was formed in 2014 and is based in London. Its advisory and investment solutions serve a large client base predominantly in the UK. As at 31 December 2020 they managed £4.6bn.	Seeks smaller companies and recovery situations where it can identify value at different stages of a company's lifecycle.	8% (9% at 31 December 2019)
Veritas Asset Management	Veritas was established in 2003 and is run with a partnership structure and culture. They have offices in London and Hong Kong. As at 31 December 2020 they managed £24.1bn.	Aims to grow real wealth over five-year periods by researching thematic trends that drive medium-term growth.	14% (13% at 31 December 2019)

*As rated by Willis Towers Watson.
1. FPA's mandate was terminated on 16 October 2020.
2. Appointed 16 October 2020 and terminated 3 February 2021. 3. 'JUPITER' and JUPITER are the trade marks of Jupiter Investment Management Group Ltd.

Willis Towers Watson

CRAIG BAKER
Global Chief Investment Officer, WTW

> "We look beyond the mere numbers of past performance to try to understand what 'competitive edge' each Stock Picker has."

HOW WE MANAGE YOUR PORTFOLIO

We have overall responsibility for the management of the Company's portfolio. We have built and manage a team of diverse, world-class* Stock Pickers to whom we allocate part of the portfolio to invest in a bespoke selection of usually 20 or less of their 'best ideas'.

'Investing For Generations' is a backbone of the philosophy of the Company. It brings long-term principles into how we invest your money including environmental, governance and social considerations. This helps us define our investment approach, ensuring that the Stock Pickers' thinking and practices are aligned with the core beliefs of the Company and that they invest responsibly. We consider this a key factor for long-term success. Arguably, responsible investing has been brought into sharper focus during 2020. The changes that the world's organisations, individuals, societies, governments and corporations will have to make over the coming years are significant.

HOW WE CHOOSE OUR STOCK PICKERS

We aim to forge abiding partnerships with our Stock Pickers, enabling them to focus on what they do best. Our Stock Pickers are focused on the long term and do not necessarily look at volatility as a risk, but more as an opportunity: to many of them risk is more associated with the permanent loss of capital. The greater focus on the long term generally leads to lower turnover than the average manager. We do not often change Stock Pickers nor are they often changing stocks.

We invest significant time, research and effort in identifying Stock Pickers for the Company's portfolio, leveraging our extensive research network, robust process and expertise. Our approach involves identifying the skills and characteristics we believe are essential in good Stock Pickers. We believe the key to identifying tomorrow's high-performing Stock Pickers lies in extensive due diligence combined with qualitative and quantitative analysis. This due diligence focuses on:

- the investment processes, resources and decision-making that make up the Stock Picker's competitive advantage;
- the culture and alignment of the organisation that leads to sustainability of that competitive advantage;
- their approach to responsible investment. We expect our Stock Pickers to have a demonstrable process in place that identifies and assesses material ESG factors; we aim to appoint Stock Pickers who actively engage with the companies in which they invest and have an effective voting policy. When necessary, we engage with the Stock Pickers and guide them towards better practices; and
- the operational infrastructure that minimises risk from a compliance, regulatory and operational perspective.

We do not believe that qualitative or quantitative assessments on their own provide enough information to give us an advantage in assessing the potential of a Stock Picker to outperform. Our Manager Research team formulates a view on each Stock Picker we seek to rate over a series of meetings with each one. We look beyond past performance numbers to try to understand what 'competitive edge' each Stock Picker has and whether that edge is likely to be sustainable in the future. We dig deeper into the investments made by each Stock Picker using a case study methodology to understand the depth of fundamental analysis involved in investment decisions. We look at matters such as the team's process for selecting stocks, adherence to this process through different market conditions, relevant team dynamics, training and experience as well as performance track record. We see the track record as just a single data point and, without the context of the additional data we assess, it is unlikely to persuade us that a Stock Picker is skilled.

Our expectation of success further rises where we engage with Stock Pickers to structure bespoke high conviction, concentrated strategies usually of 10 to 20 stocks, at an attractive cost and we believe portfolios are more robust when we diversify across Stock Pickers with differing approaches. High active share and concentrated portfolios are advantageous. Academic research supports this.[1] The broadest opportunity set is provided by unrestricted global mandates, to allow skilled Stock Pickers the widest scope.

*As rated by Willis Towers Watson.
1. For example, Mike Sebastian and Sudhakar Attaluri, 'Conviction in Equity Investing', Journal of Portfolio Management, Summer 2014.

How we Reduce Risk and Enhance Returns for our Portfolio

PORTFOLIO RISK AND POSITIONING

The Company's portfolio had a level of risk similar to that of the benchmark. Annualised expected volatility was 19.5% for the portfolio and 18.5% for the benchmark as at 31 December 2020. Active Share, a measure of the percentage of stock holdings in a portfolio that differs from the benchmark, remained in the range of 73% to 80% over the year with active risk* controlled at 2.9% as at 31 December 2020. We have retained a broadly balanced exposure of manager styles, sectors and markets in 2020 relative to the benchmark. This is in line with our process and has been an appropriate method to manage risk, as performance of the different investment styles, markets and sectors differed significantly in a particularly volatile year.

During 2020, we did not implement any currency hedging for the Company. Our reference benchmark is unhedged and our currency exposure is in line with our country allocations. As part of our portfolio risk management we monitor and manage country and currency exposure, aiming not to diverge significantly from the benchmark allocations. However, we can hedge currency risk as required, depending on our view of the risk profile.

*Also known as tracking error, active risk is a measure of the risk in an investment portfolio that is due to active management decisions made.

GEARING TO ENHANCE RETURNS

The Company has both long-term and short-term facilities for gearing to allow for greater flexibility. We manage gearing within a range set by the Board. In 2020, we maintained a gross level of gearing of between 5.5% and 11.5%. At the start of 2020, we maintained gearing at the lower end of this range, due to concerns over the high equity valuations following strong 2019 returns. This proved beneficial given the collapse in the equity market in the first quarter of the year. We allowed gearing to increase naturally with the market sell-off. This meant that gearing stood at a high of 11.5% when the market started to recover from late March. With the rebound in the market the gearing level again reduced and, following the market recovery, we took action to further reduce it due to the significant level of uncertainty and risk still facing us.

Towards the latter part of the year, we again adjusted the level of gearing and brought it back towards 10%, given more clarity around the outcome of the US election and the positive news regarding successful vaccine development.

In December we replaced the Company's existing short-term credit facilities totalling £200m, with two new short-term credit facilities totalling the same amount. The Company's total gearing level remained unchanged as a result of the new facilities and the level of gross gearing at the end of the year was 10%.

Risk summary	
Active Risk	2.9%
Active Share	77%
Beta	1.04
Portfolio volatility	19.5%
Benchmark volatility	18.5%

Number of Companies as at 31 December 2020**	
Portfolio	179
Benchmark	2,908

Source: FactSet, BNY Mellon Performance & Risk Analytics Europe Limited and MSCI Inc.

The Glossary on page 100 explains the meaning of the above terms.

**The figures shown in the Number of Companies table above for Portfolio and Benchmark are different from those used for the calculation of the corresponding risk analysis. This is due to the classification of stocks for risk purposes, that we may invest in more than one class of share in a company and limited data coverage for certain stocks.

OUTLOOK

Financial markets always face uncertainty but, as we entered 2021, uncertainty and risk remained high. We are still in the middle of a global pandemic and, despite positive news on the development and distribution of vaccines, the return to normality is still beset with challenges, with virus levels, lockdown and economic policy and vaccine distribution progress varying between countries.

The outcome of the US elections will cause important short-term and structural policy shifts. With small majorities in both the House of Representatives and the Senate, the Democrats are now more likely to be able to deliver on their policy agenda. Further fiscal stimulus packages are likely, which should have a significant impact on the level and speed of economic recovery in the US. From a structural perspective, potential changes in taxation, especially corporate taxation, and anti-trust policy are also more likely. Any potential rise in inflation expectations or significant tax changes could dramatically affect the style or sectors driving the market. We also expect the Biden administration to implement climate-changed focused stimulus policies and now it has rejoined the Paris Climate Agreement, to bring Federal momentum back to the pace of decarbonisation.

With a UK-EU trade deal now approved and the UK's separation from the European Union complete, the uncertainty of a no-deal Brexit evaporated. Whilst there may be some short-term volatility as specific details from the new trading relationship emerge, there should now be a more positive backdrop for future UK growth over the long term as it negotiates trade deals with its other major trading partners and develops its productivity strategy.

Since its outbreak in 2020, China has, to date, largely controlled the pandemic and, therefore, benefitted from a faster economic recovery. With much of the world still grappling with the effects of the pandemic, varied approaches to its control and different paces of vaccine rollout, China appears well positioned economically. We believe that China offers an attractive investment opportunity – it accounts for approximately 5% of the MSCI ACWI, yet it has the second largest economy in the world, around 66% the size of the US's. The importance of China as a global leader is likely to grow further over time. The Company's portfolio is currently slightly overweight to both the UK and China, given the attractive stock opportunities our Stock Pickers have been able to uncover there.

With interest rates at close to record lows and governments prepared to support economies with extensive fiscal measures, we believe 2021 should be a positive year for equities. As such, the Company's 100% global equity portfolio, with a risk-managed level of gearing, is well positioned. However, given the amount of uncertainty still ahead of us, we believe now is not the time to take concentrated bets on particular countries, sectors or investment styles. For that reason, we think it is vital to have a diversified portfolio which is focused on stock selection rather than macro factors as its key driver.

Our Approach to Responsible Investment

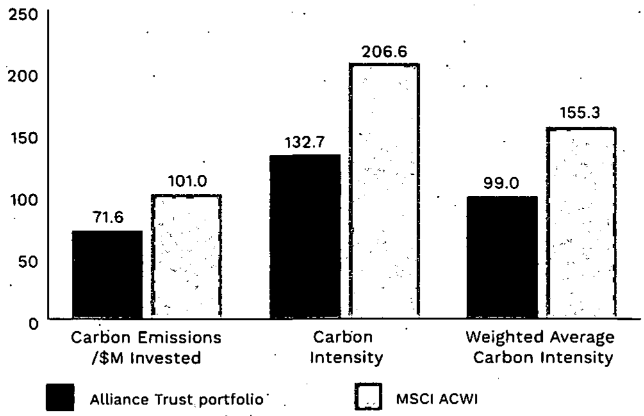
A core part of our manager research, selection and monitoring procedure is an assessment of ESG risks and opportunities. We require our Stock Pickers to have a demonstrable process in place that identifies and assesses material ESG factors. We expect that our Stock Pickers will act where they determine an ESG risk is likely to affect the performance of an investee company and that this risk is outweighing any potential financial reward. We explore how our Stock Pickers identify, assess and act on the ESG risks inherent in their stock selections for the Company, using internal and external ESG information in order to analyse, monitor and challenge their approach. When constructing the Company's portfolio, we review it through a sustainability lens which aims to measure the portfolio's resilience to ESG risks and long-term trends that could materially impact it.

Climate-related risk is one of the specific areas that we consider in relation to the Company's portfolio. In addition to the analysis carried out by our Stock Pickers when selecting investments, we monitor the portfolio's climate risk exposures against its benchmark, both from a top-down and stock-level perspective. We do this using internal and external data and models. We continually evolve our research, tools, data and analysis to enable a robust assessment of risks and opportunities.

The analysis allows us to evaluate the climate-related risks within the portfolio and informs our risk management and discussions with our Stock Pickers. An example of some of the information we utilise can be seen in the chart below. As at 31 December 2020, the Company's portfolio's carbon footprint is significantly better than its benchmark. The portfolio has a much lower exposure to companies owning fossil fuel reserves than the benchmark.

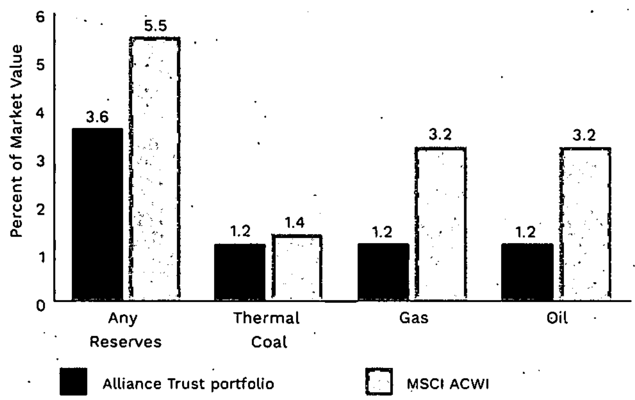
Both we and the Company believe that effective stewardship enables us to guide investee companies towards better practices. However, investors may want to exclude a particular type of investment. To date, the Company has not placed any ethical or value-based restrictions on the types of stocks in which our Stock Pickers can invest and has only imposed limited restrictions. The Company prohibits investment in armaments made illegal under international law via the Inhuman Weapons Convention, and those weapons covered by standalone conventions. It also prohibits investment in other investment companies. In 2020, as part of its oversight of the Company's responsible investment activities, the Board looked at the restrictions the Company currently places on us and our Stock Pickers. The Board decided not to change or impose further restrictions, but is keeping this under review and we anticipate that it may do so if it considers exclusion rather than engagement may be more effective.

CLIMATE RISK EXPOSURES (tCO_2e)
AS AT 31 DECEMBER 2020



Source: MSCI ESG Research LLC and WTW.

WEIGHT OF HOLDINGS OWNING FOSSIL FUEL RESERVES (%) AS AT 31 DECEMBER 2020



Source: MSCI ESG Research LLC and WTW.

> When constructing the Company's portfolio, we review it through a sustainability lens which aims to measure the portfolio's resilience to ESG risks and long-term trends that could materially impact it."

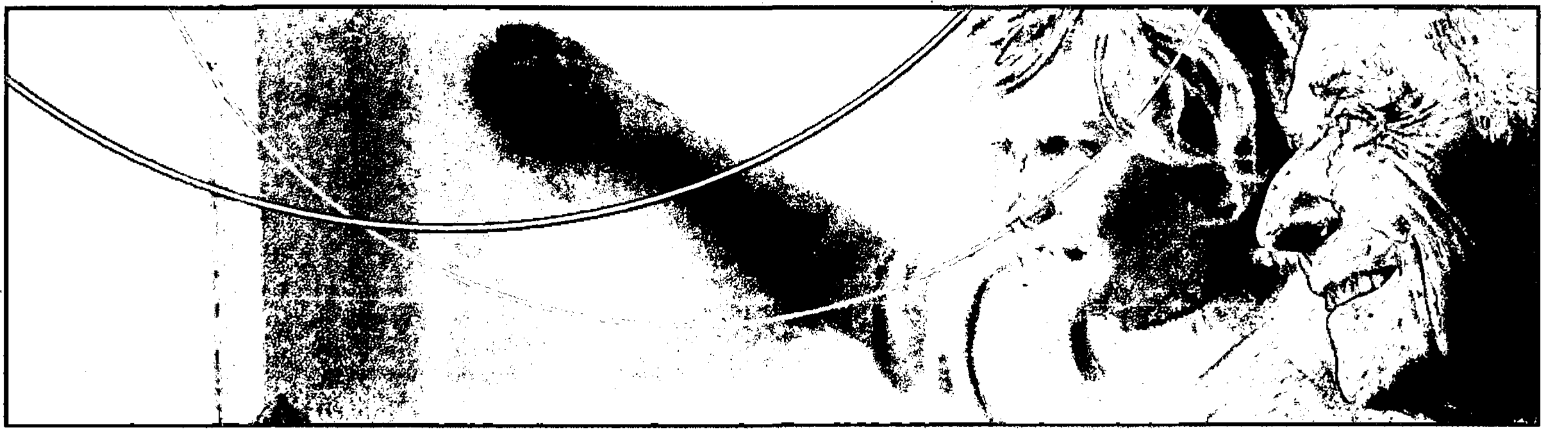
CASE STUDY: EOS AT FEDERATED HERMES (EOS)

Climate Action 100+[1] is an investor-led initiative that launched in December 2017 to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. Selected for engagement have been 167 focus companies, accounting for over 80% of corporate industrial greenhouse gas emissions.

CA100+ oil and gas call on benchmarking methodology

In 2020, EOS and the Climate Action 100+ investor leads had a multi-stakeholder call with all the major European oil and gas companies. The attendees ran through the methodology being used to track companies' progress. Concerns were raised around the boundary for Scope 3 emissions, and regarding the limitations around actions that the companies could take in mitigating value chain emissions. EOS noted the need for an enhanced focus on positive lobbying by the industry, so that the companies can play a role in the low-carbon transition. EOS raised concerns around leakage of emissions from the sector through divestment of assets, and the need for clear disclosure around the type of capital expenditure and divestiture. It encouraged greater clarification around the capital expenditure methodology. Concerns were also raised around the carbon budget boundary used to measure the alignment of capital expenditure. Subsequently, EOS had a call with investors to discuss feedback around the benchmarking methodology. It emphasised the need for alignment of capital expenditure with the goals of the Paris Agreement to take a dominant role within the methodology, as it could apply to multiple different strategies. EOS expects this to be core to the methodology, with supplementary assessment criteria for those companies looking to transition. EOS also encouraged greater clarification around Scope 3 boundaries and a need for more specificity on the expectations for a Just Transition.

1. EOS along with our manager Jupiter are signatories of Climate Action 100+ (https://www.climateaction100.org/) and are responsible for direct engagement with companies, which include names like BP, Heidelberg Cement and Suncor.



EFFECTIVE STEWARDSHIP

One of the key relationships for the Company's portfolio is the work WTW and the Stock Pickers do with EOS, a leading stewardship provider with a focus on achieving positive change and helping investors meet their fiduciary responsibilities. EOS share their expertise and provide voting recommendations to our Stock Pickers and engage with the companies within the portfolio. Their influence and scale, representing $1.3tr of assets under advice,[1] provides significant leverage during their engagement activities. Examples of some of EOS's engagement activities in relation to investments held within the Company's portfolio are detailed on pages 25 to 29.

WTW ENGAGEMENT WITH OUR STOCK PICKERS

In addition to EOS's stewardship activities, we also expect our Stock Pickers to be good stewards of their capital and assessing a manager's credentials and activities in this space is an integral part of our manager research, selection and monitoring process. We aim to appoint Stock Pickers for the Company who actively engage with the companies in which they invest and have an effective voting policy. When necessary, we engage with the Stock Pickers and guide them towards better practices.

We believe corporate culture is a key element to a Stock Picker's long-term success, and cognitive diversity, through the inclusion of people with different ways of thinking, viewpoints and skillsets within a team, enhances that success. Although we acknowledge that the investment industry has a long way to go to improve in this space, we actively encourage our Stock Pickers to act.

In addition to engaging with the Stock Pickers, we take a strong and engaged approach to the investment industry, helping to shape it for the benefit of all participants through our collaborative initiatives such as the Thinking Ahead Institute and being a member of Climate Wise,[2] Transition Pathway Initiative[3] and one of the founding members of the Diversity Project,[4] among many others.

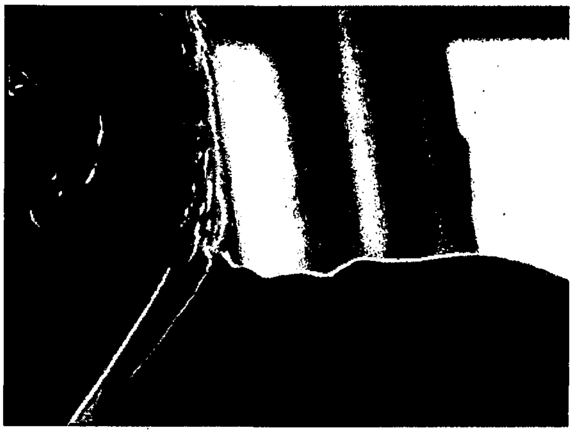
To ensure that we 'walk the walk', within WTW we have many initiatives aimed at enhancing our culture, sense of purpose and improving on the inclusion and diversity within our teams. It's fundamental to everything we do: how we hire, promote and develop colleagues, how we work with clients and asset managers and how our teams function.

VOTING

The Company's Stock Pickers exercise the voting rights in respect of the stocks in which they have invested for the Company. The Stock Pickers voted on all voteable proposals over the year. They cast votes on 3,016 proposals at company meetings. Of these, they voted against company management or abstained from voting on 300. Of the votes against management, the key issues voted on were around remuneration and directors-related topics.

"Over the course of 2020, we engaged with our Stock Pickers on a number of key topics, including climate risk, culture, and diversity and inclusion."

1. As of 31 December 2020. 2. www.climate-wise.com 3. www.transitionpathwayinitiative.org 4. www.diversityproject.com



CASE STUDY: EOS AT FEDERATED HERMES

To provide some context of the type of discussions EOS are involved in, we illustrate below two case studies which demonstrates EOS's collective bargaining power and how, over several years, it can influence companies to bring about positive change.

Alphabet

In April 2018, EOS began engaging with Alphabet on how its technologies manage the prioritised content of Google Search and YouTube to avoid human rights concerns arising through the application of AI. It encouraged the company to go beyond publishing AI principles and to demonstrate how the principles are being applied.

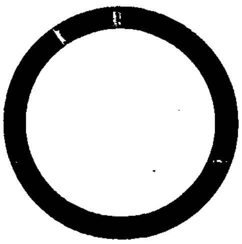
After multiple touchpoints it stepped up its engagement, including writing to the chair of the board, asking for further disclosure on content governance and recommending a feedback system in its AI ecosystem. At the 2019 annual stockholder meeting, in addition to supporting one of the shareholder proposals aimed at better addressing societal risks, EOS voiced their concerns relating to AI governance directly to the executives and board.

With regard to their request for demonstration of how the AI principles are being applied, in January 2019 the company published a 30-page white paper on AI governance. In January and February 2019, YouTube took a series of actions to improve transparency and accountability. Since 2019, the company has made improvements to tools to measure fairness, transparency and explicability of AI which also helped satisfy EOS's request. It has also improved stakeholder engagement and communications with regard to how AI social impact is assessed and measured. In November 2020, Alphabet changed its audit committee to become an audit and compliance committee (ACC). The ACC's charter now includes sustainability, data privacy and civil and human rights risks as items which must be reviewed by it – becoming closer to meeting EOS's request for enhanced board oversight. EOS continue to engage with the company through a human rights lens to encourage board accountability over the responsible use of AI.

Taiwan Semiconductor Manufacturing Company (TSMC)

In 2018, EOS encouraged TSMC to take a leadership position on ensuring broader access to water. The company's fabrication facilities consume a lot of water and Taiwan is exposed to a growing drought risk due to climate change. EOS outlined how the company could play a role in sustainable development by improving water stewardship. TSMC allocated significant resources to develop the know-how to support its ambition of using reclaimed water in fabrication operations. It started a pilot project and promised to share the knowledge with the government and peers. Its intellectual property data allowed EOS to gain deeper insights into its progress. It engaged with the executive committee sponsor of the sustainability initiative and the former CFO to ensure further development. Smart measurement systems are now in place. Recycled water with improved quality can replace the demand for city water, contributing to a more sustainable society. The company recycles 133.6 million metric tons of water annually, a saving of around NT$1,613.2m (US$53.8m). In 2019, TSMC achieved the highest score ever recorded by the Alliance for Water Stewardship and its current recycling rate is 86.7%. EOS continues to monitor its progress.

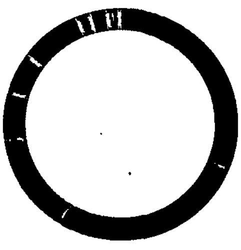
VOTING SUMMARY



- Number of votes exercised with management on each topic **90.1%**
- Number of eligible votes exercised that were against management **9.1%**
- Number of eligible votes that were abstentions **0.8%**

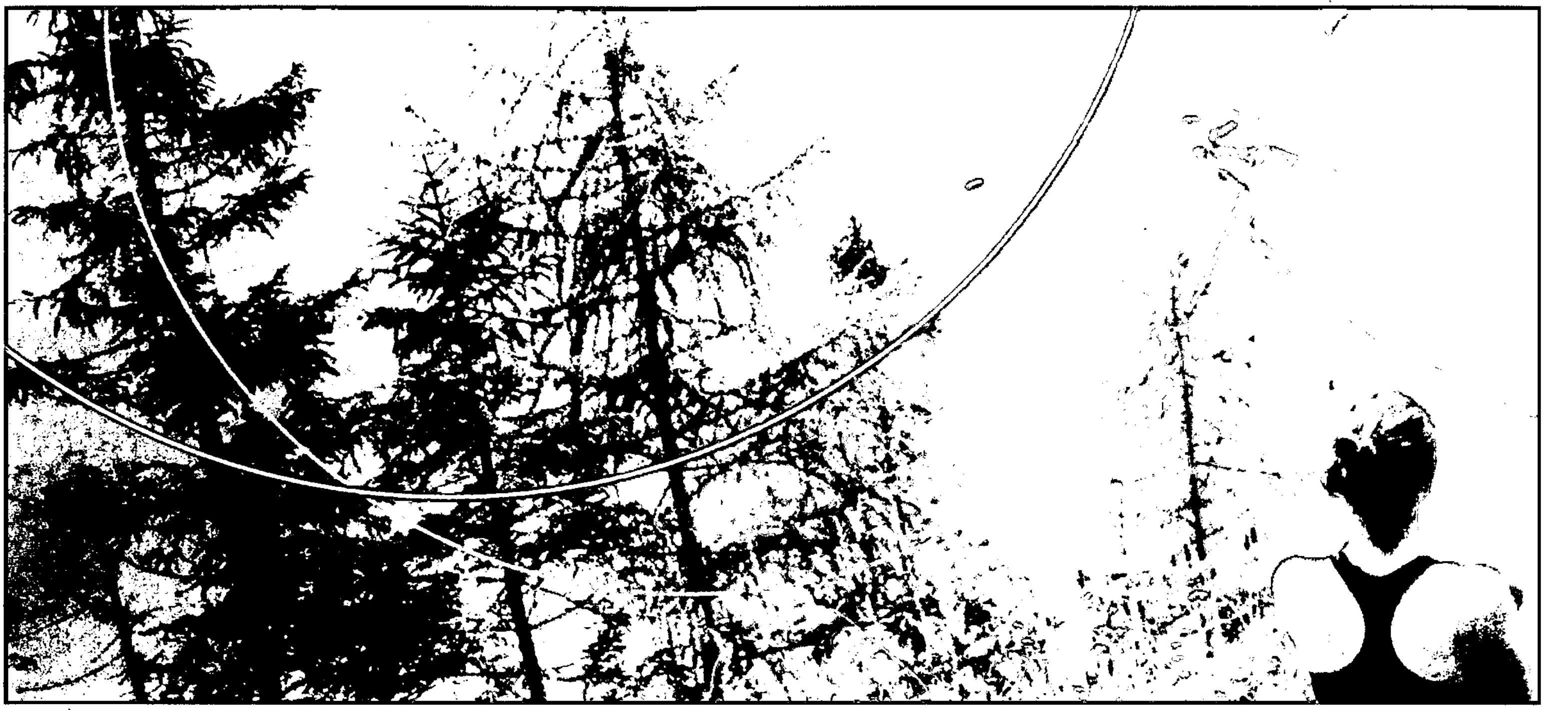
Source: WTW.

ELIGIBLE VOTES EXERCISED THAT WERE AGAINST MANAGEMENT



- Director Related **31.2%**
- Non-Salary Comp **27.6%**
- Capitalisation **14.2%**
- Routine/Business **6.2%**
- Shareholder – Director Related **6.2%**
- Shareholder – Other/Miscellaneous **5.1%**
- Shareholder – Routine/Business **3.3%**
- Shareholder – Social Proposal **2.2%**
- Shareholder – Corporate Governance **1.8%**
- Shareholder – Health/Environment **1.1%**
- Shareholder – Compensation **0.7%**
- Shareholder – Social/Human Rights **0.4%**

Note: vote categories starting with 'Shareholder' indicate resolutions brought forward by shareholders. As such 'Shareholder – Director Related', indicates a shareholder proposal on director related matters. Source: WTW.



EOS'S ENGAGEMENT ACTIVITIES

During 2020, EOS has engaged on a range of 497 ESG issues and objectives with 108 companies held by the Company. Of the 223 specific engagement objectives, EOS discussed with the companies during the period, it recorded progress on 50% using its milestone measurement system.

As part of their engagement on climate change, including their role in the Climate Action 100+ (CA100+) collaborative engagement initiative referred to on page 25, EOS raised questions at the annual general meetings (AGMs) of seven companies.

We commented on engagement with BP in the Company's previous Annual Report. It is worth noting that since then BP has restated its business purpose supported by revised long-term aims and targets. BP's purpose is now: "Our purpose is reimagining energy for people and the planet. We want to help the world reach net-zero and improve people's lives." The Company has set a new ambition to become a net zero company by 2050 or sooner, and to help the world get to net zero. This illustrates that collaborative engagement can have an impact. Investors need to continue to work with the companies in which they invest. It is through this collaboration and engagement that progress can be made. Many oil and gas companies are part of the solution. Demand for gas or oil is not going to disappear overnight and pure divestment would potentially shift greater power towards more opaque state-owned institutions, many of which are less exposed and responsive to investor pressures. In some situations divestment will make sense. The Board is constantly evolving and evaluating the best approach for the Company. The critical point is that all the companies within the portfolio are in the top 10 to 20 stock picks of our Stock Pickers and that each incorporates sustainability risks in their analysis.

In addition to the engagement with the oil and gas majors and the biggest carbon emitters, investors also stepped up their calls for banks to align their policies with the Paris Agreement goals to phase out the financing of fossil fuels. At the Barclays Bank AGM there were two climate-related resolutions. The first committed the bank to aligning its financing activities with the Paris Agreement and achieving net-zero emissions by 2050 and was put forward by the bank after intensive engagement by investors and their representatives, including EOS. The second, which went further, calling for a 'phase out' of financing for fossil fuels and utility companies that are not aligned with the Paris Agreement climate goals, was backed by ShareAction, a charity that advocates for responsible investment.

One of our Stock Pickers, Jupiter, which has invested in Barclays shares for the Company, voted in favour of both the management-backed resolution and ShareAction's more ambitious resolution as it believed the more stringent approach proposed by ShareAction promoted better management of ESG risks and opportunities.

The company-backed resolution passed with almost unanimous support. ShareAction's resolution was supported by 24% of the investor base.

ENGAGEMENT CASE STUDY: EOS AT FEDERATED HERMES

The Coronavirus and the race for a vaccine

It has been encouraging to see the Pharmaceutical and Healthcare sector leap into action, searching for treatments and vaccines for Covid-19. Despite this, EOS remain concerned about the lack of commitment and action across the industry to act ethically to ensure safety and efficacy, as well as equitable access. It is engaging with pharmaceutical companies to ensure they consider a global access approach. It has been particularly concerned about early actors setting a precedent by limiting the initial supply of treatments within certain country borders. It wishes to ensure that companies consider new and innovative mechanisms to assess country-specific needs and equal distribution while preventing stockpiling. Companies and health authorities will also need to rapidly expand manufacturing while ensuring product quality and safety and considering innovative methods such as patent sharing.

EOS have seen from engagement that the most successful models for addressing global health challenges involve multi-stakeholder partnerships. These should include pricing flexibility from pharmaceutical companies, investment in health spending by governments, guidance and coordination from bilateral and multilateral organisations, and education about vaccination programmes and distribution, with assistance from NGOs. The challenge on which EOS will continue to engage is ensuring that the current momentum around access to vaccines for infectious diseases continues.

MANAGER ENGAGEMENT

In addition to the engagement work done by EOS, our Stock Pickers engage with their investee companies on various ESG-related topics. Below we provide two examples of engagement by our Stock Pickers:

Sonic Healthcare

Sonic Healthcare is an Australian company that provides laboratory, radiology and pathology services in eight countries. A large part of the business is diagnostics which involve samples being collected and analysed and the results emailed to physicians.

During the second quarter of the year our Stock Picker engaged with Sonic Healthcare over allegations made against one of its UK operations, The Doctors Laboratory (TDL). This related to wrongful dismissal and whether couriers had been provided with adequate personal protective equipment (PPE) while making collections/deliveries during Covid-19. The dialogue also covered the working contracts given to its employees. TDL has offered all its couriers a full employment contract with full employee status and at rates that are at the top achieved in the UK market. The company has always been able to recruit new couriers and has low attrition rates as a consequence. Our Stock Picker was reassured that adequate PPE had been provided. The company provided in writing assurances that the Director of Health and Safety continually monitors all regulation and guidelines on Covid-19.

Heidelberg Cement

Our Stock Picker had noticed that Heidelberg Cement had no mention of the Task Force on Climate-related Financial Disclosures (TCFD) on its website up until it released its capital markets day slides in early September 2020. It mentioned in these slides that it has a 'clear commitment to TCFD compliant reporting'. Seeking to understand the company's position, the Stock Picker arranged a call and asked the company to clarify. Heidelberg currently is not an official endorser of the TCFD, but its practices and policies seem consistent with the TCFD's recommendations. For the past several years, Heidelberg had been working on aligning with the TCFD. However, it did not want to sign on until it had all of its processes in place. It will be officially endorsing in the near future.

Investment Portfolio

OUR LARGEST 20 INVESTMENTS AT 31 DECEMBER 2020

Alphabet

1

Alphabet Inc. is the holding company for Google but also has other subsidiaries which provide web-based search, advertisements, maps, software applications, mobile operating systems, consumer content, enterprise solutions, commerce and hardware products.

Country of Listing	**United States**
Sector	**Communication Services**
Selected by Stock Pickers	**4**
% of Total Assets	**3.7**
% of MSCI ACWI	**1.8**
Value of Holding (£m)	**123.0**

amazon

2

Amazon.com, Inc. is an American multinational technology company based in Seattle that focuses on e-commerce, cloud computing, digital streaming and artificial intelligence.

Country of Listing	**United States**
Sector	**Consumer Discretionary**
Selected by Stock Pickers	**4**
% of Total Assets	**3.6**
% of MSCI ACWI	**2.3**
Value of Holding (£m)	**121.6**

FACEBOOK

3

Facebook, Inc. is an American social media and technology company based in Menlo Park, California.

Country of Listing	**United States**
Sector	**Communication Services**
Selected by Stock Pickers	**4**
% of Total Assets	**2.9**
% of MSCI ACWI	**1.1**
Value of Holding (£m)	**96.6**

Microsoft

4

Microsoft Corporation develops, manufactures, licenses, sells and supports software products including Microsoft Office. The company offers a range of other software products including operating systems, server applications, business and consumer applications.

Country of Listing	**United States**
Sector	**Information Technology**
Selected by Stock Pickers	**4**
% of Total Assets	**2.8**
% of MSCI ACWI	**2.7**
Value of Holding (£m)	**95.6**

Alibaba Group

5

Alibaba Group Holding Limited is a Chinese multinational conglomerate holding company specialising in e-commerce, retail, Internet and technology.

Country of Listing	**China**
Sector	**Consumer Discretionary**
Selected by Stock Pickers	**4**
% of Total Assets	**2.2**
% of MSCI ACWI	**0.8**
Value of Holding (£m)	**72.7**

"

2020 has been a unique year, for all kinds of reasons. However, perhaps unsurprisingly, some sectors have flourished amid the chaos."

mastercard.

Mastercard Incorporated is an American multinational financial services corporation headquartered in the Mastercard International Global Headquarters in Purchase, New York, United States. Its principal business is to process payments.

6

Country of Listing	**United States**
Sector	**Information Technology**
Selected by Stock Pickers	**3**
% of Total Assets	**2.1**
% of MSCI ACWI	**0.5**
Value of Holding (£m)	**71.5**

salesforce

salesforce.com, inc. designs and develops enterprise software. It supplies a customer relationship management service to businesses worldwide providing a technology platform for customers and developers to build and run business applications. Clients use salesforce.com to manage their customer, sales, and operational data.

7

Country of Listing	**United States**
Sector	**Information Technology**
Selected by Stock Pickers	**2**
% of Total Assets	**1.7**
% of MSCI ACWI	**0.3**
Value of Holding (£m)	**57.4**

novo nordisk®

Novo Nordisk A/S develops, produces and markets pharmaceutical products worldwide. It focuses on diabetes care but also works in areas such as haemostatis management, growth disorders, hormone replacement therapy and offers educational and training materials.

8

Country of Listing	**Denmark**
Sector	**Health Care**
Selected by Stock Pickers	**2**
% of Total Assets	**1.5**
% of MSCI ACWI	**0.2**
Value of Holding (£m)	**49.6**

VISA

Visa Inc. is an American multinational financial services corporation headquartered in Foster City, California, United States. It facilitates electronic funds transfers throughout the world, most commonly through Visa-branded credit cards, debit cards and prepaid cards.

9

Country of Listing	**United States**
Sector	**Information Technology**
Selected by Stock Pickers	**2**
% of Total Assets	**1.5**
% of MSCI ACWI	**0.6**
Value of Holding (£m)	**49.1**

Baidu百度

Baidu, Inc. operates an Internet search engine. It offers algorithmic search, enterprise search, news, MP3, and image searches, voice assistance, online storage and navigation services. Baidu serves clients globally.

10

Country of Listing	**China**
Sector	**Communication Services**
Selected by Stock Pickers	**2**
% of Total Assets	**1.4**
% of MSCI ACWI	**0.1**
Value of Holding (£m)	**46.1**

Our largest 20 investments represent 33.8% of the portfolio. Note that a number of stocks are held by more than one Stock Picker. You can find the full list of holdings on our website www.alliancetrust.co.uk

Investment Portfolio

OUR LARGEST 20 INVESTMENTS AT 31 DECEMBER 2020

UnitedHealthcare®

11

UnitedHealth Group Incorporated owns and manages organised health systems in the United States and internationally. It provides products for employers to enable them to plan and administer employee benefit programs.

Country of Listing	**United States**
Sector	**Health Care**
Selected by Stock Pickers	**2**
% of Total Assets	**1.3**
% of MSCI ACWI	**0.6**
Value of Holding (£m)	**44.7**

TRANSDIGM GROUP INC.

12

TransDigm Group, Inc., through subsidiaries, manufactures aircraft components. These include ignition systems and components, gear pumps, mechanical and electromechanical actuators and controls, NiCad batteries and chargers, power conditioning devices, hold-open rods and locking devices, engineered connectors and latches, cockpit security devices, and AC and DC motors.

Country of Listing	**United States**
Sector	**Industrials**
Selected by Stock Pickers	**1**
% of Total Assets	**1.2**
% of MSCI ACWI	**0.1**
Value of Holding (£m)	**40.0**

PayPal

13

PayPal Holdings, Inc. operates worldwide as a technology platform company that enables digital and mobile payments on behalf of consumers and merchants. It offers online payment solutions.

Country of Listing	**United States**
Sector	**Information Technology**
Selected by Stock Pickers	**2**
% of Total Assets	**1.1**
% of MSCI ACWI	**0.4**
Value of Holding (£m)	**37.3**

Charter® COMMUNICATIONS

14

Charter Communications, Inc. operates as a cable telecommunications company. It offers cable broadcasting, internet, voice, and other business services in the United States.

Country of Listing	**United States**
Sector	**Communication Services**
Selected by Stock Pickers	**1**
% of Total Assets	**1.1**
% of MSCI ACWI	**0.2**
Value of Holding (£m)	**35.3**

ConvaTec

15

ConvaTec Group PLC manufactures medical and surgical equipment. It offers urine meters, dressings, negative pressure wound systems, adhesive removers and infusion devices. ConvaTec Group markets its products worldwide.

Country of Listing	**United Kingdom**
Sector	**Health Care**
Selected by Stock Pickers	**2**
% of Total Assets	**1.0**
% of MSCI ACWI	**0.0**
Value of Holding (£m)	**32.8**

KKR

16

KKR & Co. Inc. operates as an investment firm. It manages investments such as private equity, energy, infrastructure, real estate, credit strategies and hedge funds. KKR & Co serves clients worldwide.

Country of Listing	**United States**
Sector	**Financials**
Selected by Stock Pickers	**1**
% of Total Assets	**0.9**
% of MSCI ACWI	**0.0**
Value of Holding (£m)	**31.8**

NVIDIA.

17

Nvidia Corporation is an American technology company incorporated in Delaware and based in Santa Clara, California. It designs graphics processing units for the gaming and professional markets, as well as system-on-a-chip units for the mobile computing and automotive market.

Country of Listing	**United States**
Sector	**Information Technology**
Selected by Stock Pickers	**2**
% of Total Assets	**0.9**
% of MSCI ACWI	**0.5**
Value of Holding (£m)	**31.3**

Yum!

18

Yum! Brands, Inc., owns and franchises, worldwide, quick-service restaurants which prepare, package and sell a menu of food items.

Country of Listing	**United States**
Sector	**Consumer Discretionary**
Selected by Stock Pickers	**1**
% of Total Assets	**0.9**
% of MSCI ACWI	**0.1**
Value of Holding (£m)	**30.4**

HDFC BANK

19

HDFC Bank Ltd. is an Indian banking and financial services company headquartered in Mumbai, Maharashtra. HDFC Bank is India's largest private sector lender by assets.

Country of Listing	**India**
Sector	**Financials**
Selected by Stock Pickers	**1**
% of Total Assets	**0.9**
% of MSCI ACWI	**0.0**
Value of Holding (£m)	**29.8**

AIA

20

AIA Group Limited offers insurance and financial services. It writes life insurance for individuals, as well as business, accident and health insurance. It also provides retirement planning and wealth management services.

Country of Listing	**Hong Kong**
Sector	**Financials**
Selected by Stock Pickers	**1**
% of Total Assets	**0.9**
% of MSCI ACWI	**0.3**
Value of Holding (£m)	**29.8**

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Costs, Discount and Share Buybacks

COSTS

The Company's Ongoing Charges Ratio (OCR) was 0.64% (2019: 0.62%). Total administrative expenses were £6.0m, a small increase from 2019 when they were £5.9m. Investment management expenses were £12.0m (2019: £11.7m). The main contributor to the increase in the OCR is higher expenditure on investor relations and marketing.

The Company incurred one-off costs for the year of £0.4m (2019: £0.7m). These included £0.2m of property matters which are not connected to the ongoing investment business of the Company and £0.2m of non-recurring legal fees for tax-related matters.

The Board has a policy of adopting a one quarter revenue and three quarters capital allocation for management fees, financing costs and other indirect expenses where this is consistent with the AIC Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts.

DISCOUNT AND SHARE BUYBACKS

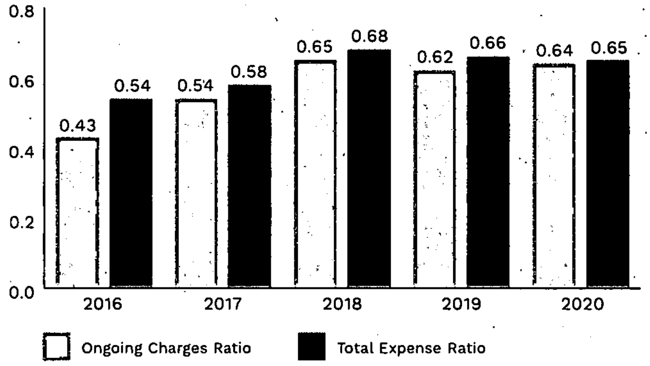
The discount remained stable for most of the year except for a short period in March and early April when markets fell sharply and it swung between 2.5% and 17.6%. The discount at 31 December 2020 was 3.5% (2019: 4.1%) and the average for the year was 5.6% (2019: 5.0%).

From the end of May until the middle of October the Company bought back shares. In that period the Company purchased 7,468,052 shares adding £1.6m to the Net Asset Value for remaining shareholders. The total cost of the share buybacks was £59.8m. The weighted average discount of shares bought back in the year was 6.0%. All the shares bought back were cancelled.

Share buybacks, combined with the effect of the change in the discount, contributed a total of 0.1% to our performance in the year.

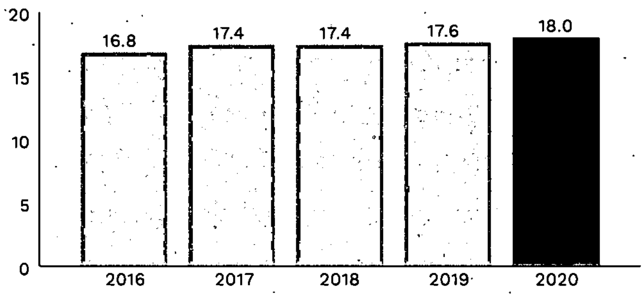
The Board will continue to monitor the stability of the discount and will take advantage of any significant widening of the discount to produce additional return for shareholders.

ONGOING CHARGES AND TOTAL EXPENSE RATIOS (%)



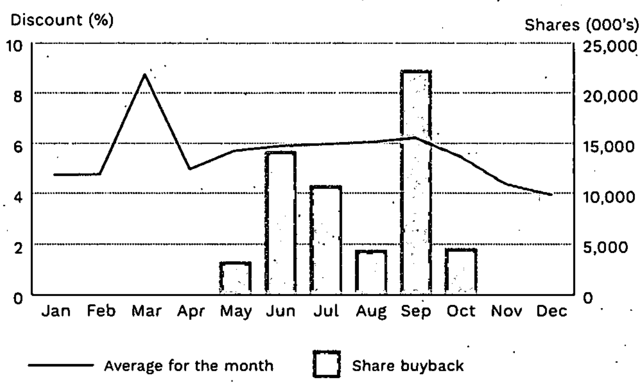
Source: Alliance Trust and FactSet.
An explanation of how these ratios are calculated can be found on page 101. For years prior to 2019 the OCR is calculated using the average of the opening and closing NAV for the year. The OCR for 2019 and 2020 is calculated using the average daily NAV.

TOTAL EXPENSES (£M)



Source: Alliance Trust and FactSet.

DISCOUNT AND SHARE BUYBACKS (2020)



Source: Bloomberg and Morningstar.

Dividend

DIVIDEND POLICY

Since 2006, the Company has paid quarterly interim dividends on or around the ends of June, September, December and March. The final quarterly interim dividend is paid prior to the Company's Annual General Meeting which takes place in April or May. This means that shareholders have certainty of the date on which they will receive their income but are not asked to approve the final dividend. At last year's AGM, shareholders were given an opportunity to share their views on the Company's dividend as they were asked to approve the Company's dividend policy. This year, and in following years, we will similarly ask our shareholders to endorse this policy:

> Subject to market conditions and the Company's performance, financial position and outlook, the Board will seek to pay a dividend that increases year on year. The Company expects to pay four interim dividends per year, on or around the last day of June, September, December and March, and will not, generally, pay a final dividend for a particular financial year.

In determining the level of future dividends, the Board will take into account factors such as any anticipated increase or decrease in dividend cover, projected income, inflation and yield on similar investment trusts.

The Board will seek to use the income from investments to satisfy its dividend payments, but may also, when this income is insufficient, use part of the Company's distributable reserves. In addition, should there be a year in which income is unexpectedly high, some of that income, but not more than 15%, may be retained in the distributable reserves or a special dividend may be declared.

DISTRIBUTABLE RESERVES

The Company has £99.2m (2019: £109.2m) of revenue reserves and a further £2.2bn (2019: £2.1bn) of capital reserves that can be distributed. With a reduced level of income this year due to investee companies cutting the level of their dividends or not paying dividends at all, the Company used £10.0m of its revenue reserves to meet the cost of the dividend in 2020.

The Company also has a merger reserve (£645.3m) which cannot presently be used for payment of dividends. Last year, the Board was proposing to ask shareholders to approve its conversion into a distributable reserve. This is a process which requires shareholder and Court approval but, due to the impact of Covid-19 on the Court system, the Board decided to withdraw the proposal from last year's AGM and to include it for shareholders' approval at the AGM in April 2021.

If approved by shareholders and the Court, the Board has no intention of making immediate use of the funds currently forming the merger reserve. The proposal is being recommended as a means of providing additional flexibility in the future.

In terms of process, the merger reserve would have to be capitalised and a share issue declared. This is a technical step and would not require any shares to be physically issued. These shares would then be cancelled with Court approval. Once approved by shareholders, a Court hearing would then take place. Assuming the approval of the Court is given (a process expected to take 10 weeks), the merger reserve would then be converted into a reserve that could be distributed.

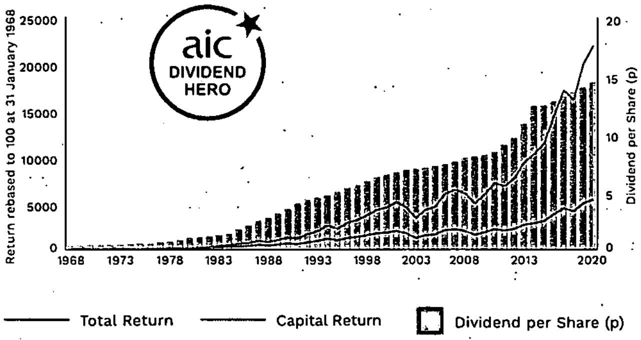
The process will not reduce the total capital of the Company but, if approved, will increase the proportion of the Company's reserves capable of being distributed in the future. Details of the Company's reserves can be found on page 76.

DIVIDEND DECLARATION

The Ordinary Dividend for 2020 will increase by 3% to 14.38p. A fourth interim dividend of 3.595p will be paid on 31 March 2021 to shareholders who are on the register on 12 March 2021. The payment dates for the 2021 financial year can be found on page 104.

A GROWING DIVIDEND

The chart below shows the growth in the Company's dividend over the last 54 years.



Source: WTW and Alliance Trust.

Our Principal Risks and How we Manage them

The Audit and Risk Committee has delegated responsibility from the Board to provide oversight and to challenge the appropriateness of the actions being taken to mitigate the risks which could impact the Company. All of the Directors, including the Chairman, are members of the Committee. The Committee receives and considers regular reports from the Executive team and from WTW.

The Board determines the level of risk that it is prepared to accept to achieve the Company's strategic objectives which monitors whether there is a possibility of any of these risk levels being breached (through Early Warning Indicators, or EWIs) and, if there is, it will take action to bring the level of risk back within the EWIs set by the Board.

During the year there were periods of significant market volatility which impacted on the Company's share price, NAV, gearing and discount. At these times there were occasions when some EWIs were triggered or the risk limit was exceeded. The Board increased the level of its monitoring during these periods, considered that these occurrences were likely to be of a short-term duration and decided that no positive action was required.

After review by the Board changes were made in 2020 to the EWIs for Costs, Dividend Funding and, recognising the increasing importance and higher level of risk associated with ESG matters, introduced a new EWI to capture the performance of our Stock Pickers in this area.

At the year end, the Company had four measures which breached their EWI and one where the level of acceptable risk was exceeded. This breach of the level of acceptable risk related to investment performance where the NAV Total Return was below the set level.

STRATEGIC OBJECTIVES

The strategic objectives of the Company are to:

- Consistently meet the investment performance targets set by the Board;
- Continue its policy of paying a progressive dividend;
- Maintain a stable discount; and
- Provide good value to its shareholders.

PRINCIPAL AND EMERGING RISKS

In common with other financial services organisations, the Company's business model results in a number of inherent risks. The Directors have carried out a robust assessment of the principal and emerging risks facing the Company and how these are continuously monitored and managed.

The impact of the Covid-19 pandemic was the most significant emerging risk faced by the Company in 2020. The Committee received reports from WTW setting out the measures that it and its delegates had put in place to address the crisis, in addition to existing business continuity frameworks, to ensure they could continue to function effectively. Having considered these arrangements and reviewed service levels since the crisis has evolved, the Board is confident that a good level of service has and will be maintained.

Set out on the next four pages are the Company's principal risks that could impact on the achievement of the strategic objectives and also indicate whether the Board is prepared to accept more or less risk in 2021 compared to 2020.

Risk	Description	Mitigating Activities
Market, Counterparty and Financial Risks		
Investment Risk ▶ No change in risk appetite for 2021	Investment performance fails to deliver long-term capital growth and rising income or is impacted by adverse currency movements.	• The Company is closed-end and, unlike open-ended funds, does not have to sell investments at low valuations in volatile markets. This allows Stock Pickers to remain invested for the long term and adhere to their disciplined investment process. • The portfolio is designed to outperform the market over the long term, regardless of the market conditions, by blending the stocks invested in by Managers with different complementary styles into a diversified, high conviction global equity portfolio expected to deliver consistent outperformance with lower volatility. • The investment strategy and the performance of the Managers as well as the composition and diversification of the portfolio are regularly reviewed. • While in 2019 currency risk was not considered a material risk, in 2020 currency volatility has increased due to the impact of the Covid-19 pandemic on the global economy. The Company has the ability to borrow in US Dollars and Euros as well as Sterling.
Credit and Counterparty Risk ▶ No change in risk appetite for 2021	Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. Counterparty risk is the risk that a counterparty to an agreement will fail to discharge an obligation or commitment that it has entered into with the Company.	• The Company contracts only with creditworthy counterparties. • Its main transactions relating to investments are carried out with well-established brokers on a cash against receipt, or cash against delivery, basis. • Outsourced providers are subject to regular oversight by the Board, the Executive team and the Depositary. • The Company's Depositary is responsible for the safekeeping of the Company's assets and liable to the Company for any loss of assets. Reports from the Depositary and Custodian are reviewed regularly by the Depositary, Custodian, the Executive team and WTW. Daily reconciliation of the Company's assets is undertaken.
Capital Structure and Financial Risk ▶ No change in risk appetite for 2021	The capital structure is not appropriate to support the Company's strategic objectives, risk appetite and overall operations.	• The Board regularly reviews the capital structure of the Company including, but not limited to, issued share capital, discount and share buybacks, capital and other reserves, and gearing. • Stress and scenario testing is carried out on the portfolio and reported to the Committee by WTW.

Our Principal Risks and How we Manage them

Risk	Description	Mitigating Activities
Market, Counterparty and Financial Risks continued		
Liquidity Risk ▶ No change in risk appetite for 2021	The Company does not have sufficient liquid resources to ensure that it can meet its liabilities as they fall due and the movement in the fair value of the assets of the Company is amplified by any gearing that the Company may have.	• The Company's portfolio comprises quoted equities which are readily realisable. • Liquidity analysis, including liquidity stress testing, is carried out on the portfolio and reported to the Committee by WTW.
Operational Risks		
Cyber Attack ▶ No change in risk appetite for 2021	Failure to ensure that the business is adequately protected against the threat of cyber attack, which may lead to significant business disruption or external fraud.	• The Company benefits from the level of IT security put in place by its third-party IT service provider. This includes having in place security designed to protect systems from cyber attack and a programme of training for staff on privacy-related risks and data security. • Business continuity plans are in place should a cyber attack occur.
Outsourcing ▲ Increase in risk appetite for 2021	Loss arising from inadequate or failed processes, people and/or systems of outsourced functions.	• WTW monitors and reports on the performance of outsourced providers to the Board, which also receives control reports from certain service providers. • WTW itself is monitored by the Board and the Executive team, and the Depositary which also monitors the Custodian. • Whilst outsourced providers met the operational challenges of the pandemic and have transferred seamlessly to working remotely, their operational resilience is monitored closely by the Board.
Corporate Governance		
Corporate Governance ▶ No change in risk appetite for 2021	The risk of not meeting and being in compliance with legal and regulatory responsibilities.	• The Board conducts an annual internal review on its and its Committees' effectiveness. An external review is carried out at least every three years and the last such review was in November 2019. • Members of the Board or the Executive team periodically attend relevant industry training events. • The Board receives updates from WTW, the Executive team and the Company's legal advisers on legal and regulatory developments and changes.

Risk	Description	Mitigating Activities
Investment Trust Status		
Loss of Investment Trust status ▶ No change in risk appetite for 2021	The risk of not complying with Sections 1158-59 of the Corporation Tax Act and the Company losing Investment Trust status.	• WTW reviews and monitors the Company's Investment Trust status and reports on this regularly to the Board.
Strategy Risk		
Performance impacted by external factors ▶ No change in risk appetite for 2021	Stock market action impacting the Company as a result of external factors, such as political uncertainty, natural disasters, terrorism, disease outbreaks and shareholder influence, results in uncertainty around the business model and impact on performance (current and future).	• The Board expects active management of the concentrated high conviction approach employed by the Company will be able to take advantage of any volatility caused by external factors as it creates opportunities. • The Board actively considers the prevailing external environment and outlook in its decision-making process. • The Board continues to assess the risks associated with the Covid-19 pandemic and the United Kingdom's exit from the European Union. • The Company has a stable shareholder base and continues to take action through its buyback programme to support the management of the discount at which the Company's shares trade. • An increased level of engagement with shareholders is being facilitated by the Head of Marketing and Investor Relations.
Share price and discount ▶ No change in risk appetite for 2021	The risk that the Company's share price trades at a wide discount to its underlying net asset value.	• The Board (and Broker) monitors the discount level closely and has taken the powers, which it seeks to renew each year, for share issuance, buybacks and cancellation to support the management of the discount. • The Board believes that consistently delivering investment performance in accordance with the target set by the Board will drive demand for the shares.
Reputational		
Reputational ▶ No change in risk appetite for 2021	Damage to the Company's reputation that could lead to negative publicity and adverse impact on financial performance.	• Due diligence process is in place for selecting third-party service providers. • These providers are regularly monitored by the Committee or Board.

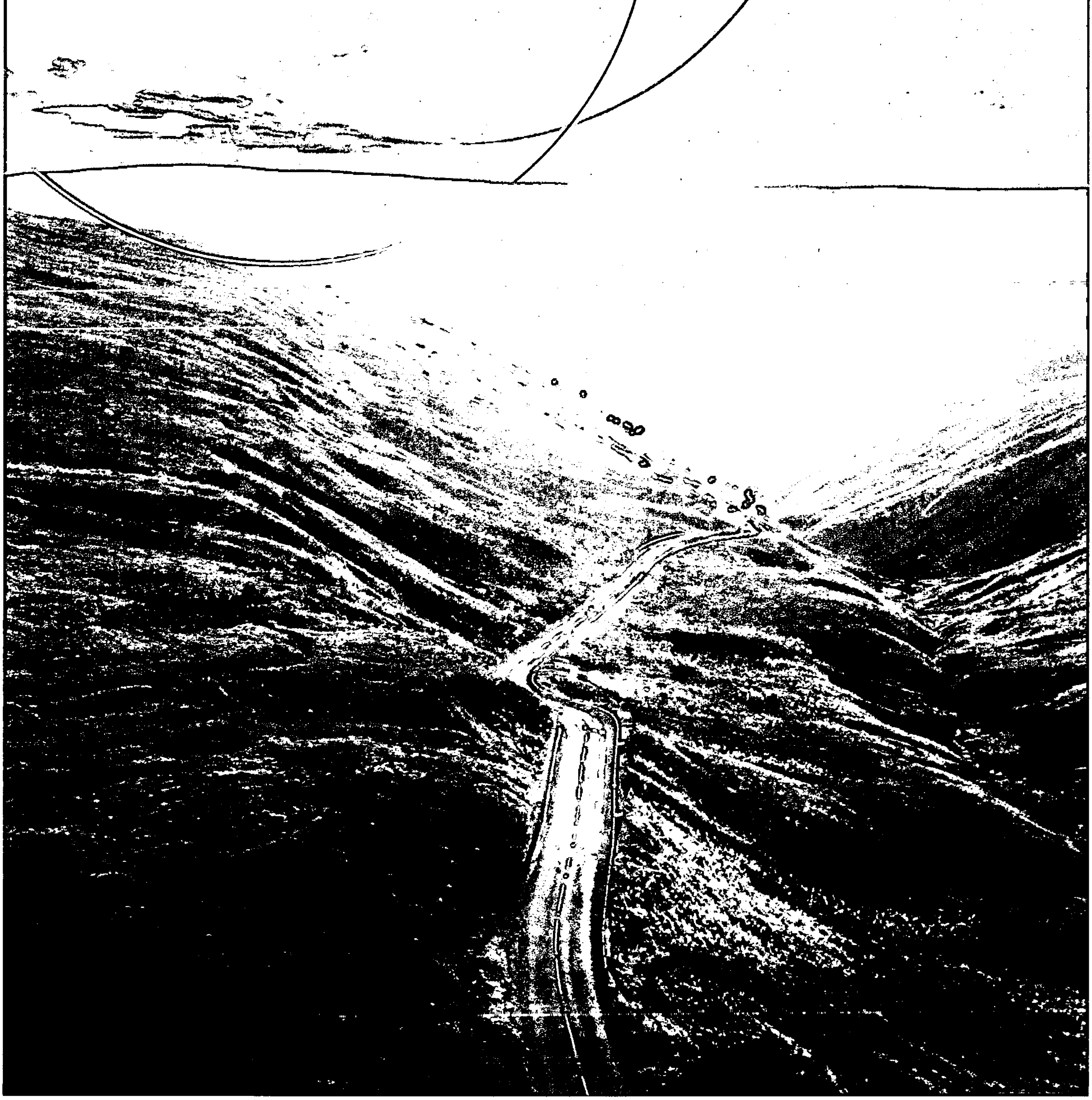
Our Principal Risks and How we Manage them

Risk	Description	Mitigating Activities
Environmental, Social and Governance (ESG) factors		
Environmental, Social and Governance (ESG) factors ▶ No change in risk appetite for 2021	Failure to consider the impact of ESG factors adversely affecting the Company's reputation and financial performance.	• WTW's approach to ESG is fully embedded within WTW's overall assessment of the Managers. It considers each Manager's stewardship credentials and integration of ESG factors into the portfolio management process. • The appointment of EOS (Equity Ownership Services) team at Federated Hermes has strengthened the Company's commitment to responsible investment (see pages 24 to 29).
Regulatory Non-Compliance		
Regulatory non-compliance ▶ No change in risk appetite for 2021	Failure to ensure that systems and controls are adequate to allow compliance with all relevant regulatory requirements.	• The Board receives updates from WTW and the Executive team on regulatory developments and changes. • The Company's third-party service providers have a good understanding of the activities of the Company and its regulatory obligations. • Shareholder documentation including the Company's Interim and Annual Reports are subject to stringent review. • Processes and procedures are in place to ensure compliance with applicable requirements such as the Market Abuse Directive.

The Strategic Report (including pages 2 to 40 of this document, the s172 statement on pages 52 and 53 and the viability statement on page 54) has been approved by the Board and signed on its behalf by:

Gregor Stewart
Chairman

Directors' Report



Board of Directors

A highly experienced and skilled Board, driven by the best interests of our shareholders.

GREGOR STEWART
Chairman

Member of Audit and Risk Committee and of Remuneration Committee.

Gregor joined the Board in 2014 and chaired the Audit and Risk Committee until his appointment as Chairman in September 2019. He was also previously a Non-Executive Director of Alliance Trust Savings Limited.

Gregor was Finance Director for the insurance division of Lloyds Banking Group, including Scottish Widows, and a member of the Group's Finance Board. He brings over 20 years' experience at Ernst & Young, with ten years as a Partner in the firm's Financial Services practice.

Current Appointments

Direct Line Insurance Group plc ■
Non-Executive Director

FNZ (UK) Limited and its holding company ■
Chairman of FNZ(UK) Limited and Non-Executive Director of its holding company

KARL STERNBERG
Senior Independent Director

Member of Audit and Risk Committee and of Remuneration Committee.

Karl has been a member of the Board since 2015.

Karl was a founding partner of Oxford Investment Partners. He has had an executive career in fund management at Deutsche Asset Management, latterly as both its Global Head of Equities and Chief Investment Officer for Europe and Asia Pacific.

Current Appointments

Monks Investment Trust PLC ■
Chairman

Jupiter Fund Management PLC ■
Non-Executive Director

JPMorgan Elect PLC ■
Non-Executive Director

Lowland Investment Company PLC ■
Non-Executive Director

Herald Investment Trust PLC ■
Non-Executive Director

Clipstone Industrial REIT PLC ■
Non-Executive Director

ANTHONY BROOKE
Non-Executive Director

Chair of Remuneration Committee and member of Audit and Risk Committee.

Anthony joined the Board in 2015.

Anthony was a Vice Chairman of S.G. Warburg & Co. Ltd and from 1999 to 2008 a partner in Fauchier Partners, a manager of alternative investments. Until 2010, Anthony was a Non-Executive Director of the PR consultancy, Huntsworth PLC.

Current Appointments

Investment Committee of the National Portrait Gallery ■
Member

Investment Committee of Christ's College, Cambridge ■
Member

Various Endowments ■
Adviser

■ Listed operating companies and their subsidiaries ◘ Unlisted operating companies and their subsidiaries ■ Investment companies ■ Other

JO DIXON
Non-Executive Director

Chair of Audit and Risk Committee and member of Remuneration Committee.

Jo joined the Board in 2020.

Jo is a chartered accountant and has previously held senior positions within the NatWest Group and was Finance Director of Newcastle United plc. She was Commercial Director, UK, Europe and the Middle East at Serco Group and sat on various advisory boards in the education and charity sector.

Current Appointments

JPMorgan European Investment Trust PLC ■
Chair

BB Healthcare Trust PLC ■
Non-Executive Director

Strategic Equity Capital PLC ■
Non-Executive Director

BMO Global Smaller Companies PLC ■
Non-Executive Director

Ventus VCT PLC ■
Non-Executive Director

CLARE DOBIE
Non-Executive Director

Member of Audit and Risk Committee and of Remuneration Committee.

Clare joined the Board in 2016.

Clare ran a marketing consultancy from 2005-2015. Before that she was Group Head of Marketing at GAM (formerly Global Asset Management) and served on its Executive Business Committee. Prior to that, Clare held a number of roles at Barclays Global Investors, including Head of Marketing.

Current Appointments

BMO Capital and Income Investment Trust PLC ■
Non-Executive Director

Schroder UK Mid Cap Fund PLC ■
Non-Executive Director

CHRIS SAMUEL
Non-Executive Director

Member of the Audit and Risk Committee and Remuneration Committee.

Chris joined the Board in 2015.

Chris was Chief Executive of Ignis Asset Management from 2009-2014 and was previously a Director and Chief Operating Officer of Gartmore and Hill Samuel Asset Management and a Partner at Cambridge Place Investment Management. He is a Chartered Accountant.

Current Appointments

Quilter Financial Planning Limited ■
Chairman

Sarasin and Partners LLP ■
Non-Executive Director

BlackRock Throgmorton Trust PLC ■
Chairman

JPMorgan Japanese Investment Trust PLC ■
Chairman

UIL Limited ■
Non-Executive Director

A breakdown of gender, ethnicity and colour can be found on page 52.

Board of Directors

BOARD AND COMMITTEE ATTENDANCES

In 2020, in addition to the Board's regular quarterly meetings, an additional seven ad hoc Board meetings were held. There were three Audit and Risk Committee and one Remuneration Committee meetings scheduled with an additional ad hoc Audit and Risk Committee being held. All Directors attended all of the regular meetings and all but two Directors (who each missed one ad hoc meeting) attended all of the ad hoc meetings. Jo Dixon joined the Board on 29 January 2020.

Scheduled Meeting Attendances	Board		Audit and Risk		Remuneration	
Director	**Actual**	**Possible**	**Actual**	**Possible**	**Actual**	**Possible**
Gregor Stewart	4	4	3	3	1	1
Anthony Brooke	4	4	3	3	1	1
Jo Dixon	4	4	3	3	1	1
Clare Dobie	4	4	3	3	1	1
Chris Samuel	4	4	3	3	1	1
Karl Sternberg	4	4	3	3	1	1

Several ad hoc working group meetings also took place to deal with specific activities during the year which involved some, or all, of the Directors.

POLICY ON BOARD DIVERSITY

The Board's Policy on Board Diversity is:

> The Company recognises the benefits of having a diverse Board, and sees diversity at Board level as important in maintaining good corporate governance and Board effectiveness. The Board members should have different skills, regional and industry experience, backgrounds, race and gender. These differences will be considered in determining the composition of the Board and when possible should be balanced appropriately.
>
> All Board appointments must be made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. In reviewing Board composition the benefits of all aspects of diversity will be considered, including, but not limited to, those described above, in order to enable it to discharge its duties and responsibilities.
>
> In identifying suitable candidates for appointment to the Board, the Board will consider candidates against objective criteria and with due regard to the benefits of diversity on the Board. As part of the selection process, where search agents are used, they are currently required in preparing their long list to include female candidates of at least 33% of the number submitted for consideration and to consider other areas of diversity.

The Board reports on its succession plans on page 47. The Board will ensure that the positive steps taken to increase the Board's diversity in 2020 will continue and is mindful of the importance of considering the benefits of all aspects of diversity when making appointments.

The search agent used in the recruitment of the Company's two new Directors was Cornforth Consulting.

DIRECTORS' SKILLS

Set out in the table below are the key skills and experience that the Board recognises it must possess to manage and govern effectively. In addition to these key skills, the Board also has experience in Investment, Financial Oversight, Risk, Strategy and Change, and Corporate Finance.

Board Experience

Director	Financial Services	Business Leadership	Asset Management	Investment Trusts	Marketing and Distribution	Finance
Gregor Stewart	✓	✓		✓	✓	✓
Anthony Brooke	✓		✓		✓	
Clare Dobie	✓		✓	✓	✓	
Chris Samuel	✓	✓	✓	✓	✓	✓
Karl Sternberg	✓	✓	✓	✓	✓	
Jo Dixon	✓	✓		✓		✓

BOARD EVALUATION

The annual review of individual Directors' performance involves a review carried out by an independent external facilitator as well as discussions between the Chairman and each of the Directors and a review of the Chairman's performance by the other Directors, led by the Senior Independent Director. The externally facilitated review is usually undertaken by way of questionnaire but in every third year, a more extensive review is undertaken, by way of questionnaire and interviews. This was last undertaken for year-ended 31 December 2018.

In order to ensure the process remained effective, the Board reviewed how the 2020 evaluation was to be undertaken. For each of the past three years, the external facilitator has been Lintstock Limited. The Board decided to retain Lintstock for the 2020 review. Having decided to appoint at least one Director during 2021 and wanting to obtain a different perspective on the performance of the Board, the Board decided that a different external facilitator should be engaged for a more extensive review for 2021.

The findings of the evaluation process were discussed by the Board. The appraisal concluded that the Board and its Committees were functioning well and that the Board oversees the management of the Company and of the Investment Manager effectively and has the skills and expertise to safeguard shareholders' interests. The evaluation did not highlight any material weaknesses or concerns but did identify several priorities for 2021. These included the finalisation of the work commenced in 2020 to enhance the efficiency and effectiveness of the Company's administrative services; implementing the Board's succession plans to address the planned departure of a number of Directors; advancing the Company's sales, marketing and investor relations activities with a particular focus on the retail market; and, evolving its relationship with WTW.

The Board considered the progress made against the priorities that had been identified following its 2019 evaluation and noted that a number of these had been fully addressed and action was ongoing to address the others. In 2020, the Board appointed Jo Dixon as a Director, strengthening the Board's audit and financial skills and achieving a 33% female composition. The Board also developed its succession arrangements and has announced that Karl Sternberg will step down as a Director on 30 June 2021 and that Sarah Bates and Dean Buckley have been appointed as new Directors effective from 4 March 2021. The Board also expects to implement changes in 2021 which will strengthen its operating model.

Corporate Governance

The Board is committed to achieving and demonstrating high standards of corporate governance.

The Association of Investment Companies Code of Corporate Governance issued in February 2019 (AIC Code) provides a framework of best practice for investment companies and can be found at www.theaic.co.uk. The Financial Reporting Council (FRC) has confirmed that AIC member companies who report against the AIC Code will be meeting their obligations in relation to the UK Corporate Governance Code.

We outline over the next four pages how the Principles and recommended Provisions of the AIC Code were complied with during the year ended 31 December 2020 and up to the date of this report. There are two areas where the Company is required to explain how it complies with the AIC Code. The Board is of the view that as most of the Company's day-to-day operations are outsourced to third parties with established internal control frameworks, there is no need for an internal audit function. The Board also gains assurance on the effectiveness of the internal controls operated by third parties on its behalf from the reports that it receives from the Investment Manager and the Company's Executive team. Effective 31 December 2020, the Board will no longer have a Remuneration Committee. All of the functions exercised by the Remuneration Committee will now be taken by the full Board. In deciding to dissolve the Remuneration Committee the Board took into account that there would be no need to consider whether to exercise any discretion relating to any share awards, as they have now all vested, and that the only decisions now required were in relation to the remuneration of the five members of the Executive team and in respect of the Directors' own remuneration. On pages 56 and 57 we provide details of the main features of our internal control and risk management processes in relation to our financial reporting.

The terms of reference of the one standing Board Committee (Audit and Risk) can be found on the Company's website www.alliancetrust.co.uk

Gregor Stewart
Chairman

THE BOARD

The Board is responsible to shareholders for the effective stewardship of the Company. Investment policy and strategy are determined by the Board. It is also responsible for the gearing, dividend and share buyback policies; public documents, such as the Annual Report and Financial Statements; and, corporate governance matters.

The Board currently meets at least four times a year to review investment performance and associated matters such as gearing, asset allocation, marketing/investor relations, discount, costs, risk, compliance, share buybacks and the performance of peer investment trusts. Representatives of the Investment Manager and one or more of the Stock Pickers attend each meeting. Board or Board Committee meetings are also held on an ad hoc basis to consider issues as they arise. Outside the formal meetings there is also regular contact between the Investment Manager, the Executive team and the Directors.

THE CHAIRMAN

The Chairman is responsible for leading the Board and for its overall effectiveness. His letter of appointment, which is available at the Company's registered office and at the AGM, clearly sets out his responsibilities.

THE SENIOR INDEPENDENT DIRECTOR

The Senior Independent Director provides a sounding board for the Chairman and serves as an intermediary for other Directors and shareholders. He also leads any discussions on the appointment of a new Chairman.

THE DIRECTORS

The Board has no Executive Directors and comprises six Non-Executive Directors. The Board is wholly independent, with the Chairman having been considered to be independent on appointment.

The Directors' biographies, including other board commitments, are set out on pages 42 and 43. These show the breadth of the Board's relevant knowledge and that Directors' attendance at meetings has not been impacted by their other commitments. On page 45, a summary of the key skills and expertise that the Board recognises the Directors should possess is also provided.

Directors' Terms of Appointment

Every Director on appointment receives an individually tailored induction and the Board, as a whole, receives updates on relevant topics. The Directors are also encouraged to attend industry and other seminars covering issues and developments relevant to investment trusts and to receive other training as necessary.

Name	Designation	Appointed	Expected minimum duration of appointment
Gregor Stewart	Chairman	1 December 2014; took on role of Chairman on 5 September 2019	April 2026*
Anthony Brooke	Non-Executive Director	24 June 2015	April 2022
Jo Dixon	*Non-Executive Director*	*29 January 2020*	*April 2026*
Clare Dobie	Non-Executive Director	26 May 2016	April 2023
Chris Samuel	Non-Executive Director	23 September 2015	April 2022
Karl Sternberg	Non-Executive Director	23 September 2015	April 2022

Sarah Bates and Dean Buckley were appointed as Non-Executive Directors after the date of the approval of this Annual Report.
*This date is based on Gregor Stewart's date of appointment as Chairman rather than as a Director and reflects the potential length of term he may serve on the Board.

As part of its annual Board evaluation process, the effectiveness of individual Directors is considered. A report on this year's evaluation process is set out on page 45.

Each Non-Executive Director's appointment is governed by written terms which are available for inspection at the Company's registered office. They are also available at the AGM. The Remuneration Report on pages 60 to 65 details the fees payable to the Directors and the indemnities provided by the Company.

There is no absolute limit to the period for which a Non-Executive Director may serve. Directors' appointments may continue subject to satisfactory performance evaluation and annual re-election by shareholders at the Company's AGM. Their appointment may be terminated at any time by notice given by three quarters of the other Directors. Subject to the foregoing, the expectation is that any Director appointed will serve until the seventh AGM after the date of their appointment and thereafter for a further term of between one and three years. The Chairman was appointed to the role of Chair in September 2019 and, based on that date of appointment, he may potentially serve as a Director until April 2026. The Chairman originally joined the Board in December 2014.

If and when the Chairman, or any other Director, has served a term of more than nine years, the Company will explain in its Annual Report why this continued appointment is in the best interests of shareholders.

Only the Chairman has more than six years' service as a Director of the Company.

Succession

Three Directors joined the Board in 2015. As part of the Company's succession plans, Karl Sternberg, the Senior Independent Director, will stand down on 30 June 2021. Two others are also expected to retire over the course of the next two years. The Board initiated a search for at least one other Director to take account of the skills it expected to lose and to facilitate an orderly handover. The search process has completed and as a result Sarah Bates and Dean Buckley were appointed as Directors effective 4 March 2021. Sarah will succeed Karl as Senior Independent Director when he stands down from the Board.

Election and re-election of Directors

Although the Articles of the Company provide for re-election every three years, the Board has decided that all the Directors will be subject to re-election every year. All are recommended for approval by shareholders at this year's AGM.

The individual performance of each Director and their ongoing suitability for re-election was considered and endorsed by the Chairman and the Board. Each of the Company's Directors has confirmed that they remain committed to their role and have sufficient time available to meet what is expected of them. As planned prior to her appointment, Jo Dixon will be stepping down from at least one of her other appointments before the 2022 Annual General Meeting.

All the Directors who served in 2020 other than Jo Dixon, who joined the Board in January 2020, served the full financial year. All of these Directors remained in office at the date of signing these Accounts.

As Sarah Bates and Dean Buckley join the Board as Directors on 4 March 2021 they will both be subject to election by shareholders at this year's AGM. More information about the new Directors can be found in the AGM Notice of Meeting and will be made available on the Company's website.

Conflicts of interest

The Directors have previously provided details of all interests which potentially could cause a conflict of interest to arise. The unconflicted Directors in each case noted the declarations by the Directors of their other interests

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and confirmed that at that time none of the interests disclosed was reasonably likely to give rise to a conflict. An annual review of all interests was undertaken as part of the year-end process and this was considered by the Board in March 2021. Procedures are in place to allow Directors to request authority should it be required outwith the normal Board meeting schedule.

The Board noted that while Karl Sternberg is a Director of Jupiter Fund Management PLC the appointment of Jupiter as a Stock Picker was not a conflict as he had no part in their selection. WTW has full discretion over each Manager's appointment and removal.

In relation to Karl's appointment as chairman of Monks Investment Trust PLC in September 2020, the Board noted that Karl, who has been a Non-Executive Director of that company since July 2013 and in respect of which no conflicts had arisen, had indicated that he would be stepping down from his role as a Director of the Company.

THE COMPANY'S PURPOSE

The Company is a public limited company and an investment company with investment trust status. It aims to generate capital growth over the medium to long-term while maintaining an increasing dividend for its shareholders. It does all this at a competitive cost. HM Revenue & Customs has confirmed that Alliance Trust PLC has investment trust status for all financial periods from 1 January 2012.

On page 3 we set out the Company's Investment Objective. This, together with the Investment Policy set out on below, was approved by shareholders at the Annual General Meeting held in April 2019.

INVESTMENT POLICY

The Company, through its Investment Manager, appoints a number of Stock Pickers with different styles and approaches, each of which will select and invest in stocks for the Company's single investment portfolio; it will achieve an appropriate spread of risk by holding a diversified portfolio in which no single investment may exceed 10% of the Company's total assets at the time of investment. Where market conditions permit, the Company will use gearing of not more than 30% of its net assets at any given time. The Company can use derivative instruments to hedge, enhance and protect positions, including currency exposures. While the primary focus of the Company is investment in global equities, the Company may also invest from time to time in fixed interest securities, convertible securities and other assets.

INVESTMENT MANAGER REVIEW

In addition to its ongoing monitoring of the Investment Manager, the Board is responsible for undertaking a robust annual evaluation of its performance. This monitoring process and review is important as investment performance and responsible ownership are critical to delivering sustainable long-term growth and income for shareholders.

The Board undertook its formal evaluation of the Investment Manager's performance in October 2020. The Board received reports from representatives of the Investment Manager and reviewed the responses to questionnaires that had been circulated to Directors in advance of the meeting. Although the investment performance achieved was below the target it had set the Investment Manager, taking into account the level of market volatility over the period since the Investment Manager's appointment and the negative impact of the legacy investments that had been held by the Company, the Board considered that it was acceptable.

As well as considering investment performance and the Investment Manager's general support of the Company's marketing and investor relations activities, the Board also considered the action taken by the Investment Manager to address the priorities identified during the 2019 evaluation process. The Board noted the efforts of the Investment Manager to support additional remote-marketing and investor relations activities implemented during 2020, the steps taken to enhance its reporting to the Board and to assist the Board in its review of the Company's administrative services. The Board also noted that WTW had a strong position on ESG matters, bolstered by their work with EOS and its participation in the Investment Consultants Sustainability Working Group (which aims to improve sustainable investment practices across the investment industry) and that this was important in supporting the Investing for Generations ethos of the Company.

Overall, the Board decided that, in its opinion, it was in the shareholders' interests as a whole to continue the Investment Manager's appointment.

RESPONSIBLE INVESTMENT

On pages 24 to 29, WTW describes the responsible investment activities it has undertaken for the Company and provides details of some of the company-specific engagement activities undertaken by EOS and the Stock Pickers in relation to stocks held in the Company's portfolio as well as how the Stock Pickers have voted at investee company meetings.

The Company supports the UK Stewardship Code published by the Financial Reporting Council (FRC) which aims to enhance the quality of engagement between institutional investors and the companies in which they invest to help improve long-term risk-adjusted returns to shareholders and the efficient exercise of governance responsibilities.

The Investment Manager remains a Tier 1 signatory to the 2012 UK Stewardship Code, and has signalled its commitment to report against the 2020 UK Stewardship Code (Code) in the first quarter 2021, with the aim of being amongst the first signatories to the Code when published by the FRC (Financial Reporting Council), expected later in 2021. The Investment Manager has publicly stated its support of the Code, including the Code's broader scope, explicit inclusion of ESG factors including climate change, focus on activities and outcomes reporting, and its overall heightened ambition in this important area; it reports on its activities in this area on pages 24 to 29.

The Company's statement on how it complies with the UK Stewardship Code and a Statement of Responsible Investment can be found on our website (www.alliancetrust.co.uk).

SHARE CAPITAL AND WAIVER OF DIVIDENDS

The Company's issued share capital as at 31 December 2020 comprised 321,597,681 2.5p shares. There are no preference shares or shares held in Treasury.

At the last AGM the shareholders renewed the authority for the repurchase of up to 14.99% of the issued shares and also authorised that shares repurchased may be held in Treasury. These authorities will be proposed for renewal at the next AGM.

The Company made use of this provision during the course of the year and acquired and cancelled 7,468,052 shares at a cost of £59.8m.

The share capital figure above includes 22,331 shares which were acquired by the Trustee of an Employee Benefit Trust ('the 'Trustee') with funds provided by the Company in connection with former employee share plans. The Trustee does not vote in respect of the shares held by it on behalf of the Company and has also elected to waive all dividends payable in respect of those shares.

DIVIDEND

The dividend payable to shareholders on 31 March 2021 is disclosed on page 35.

VOTING RIGHTS

There are no agreements in respect of voting rights.

As at 28 February 2021 the Company had no shareholders holding an interest in more than 3% of the voting rights of the ordinary shares in issue of the Company.

ARTICLES OF ASSOCIATION

The Company's Articles of Association were last amended in 2020 when certain minor changes were made. Noting the impact that Covid-19 had on the conduct of last year's AGM, the Board instructed a further review of the Articles of Association to ensure that the Board had more flexibility in terms of its meeting arrangements. Changes are being proposed to allow meetings to take place without shareholders being able to physically attend and to allow postponement of the meeting should there be issues surrounding venue availability or safety. The Board is committed to maintaining a physical AGM with shareholders and Directors present in person and does not intend to hold purely virtual meetings. If approved by shareholders, such powers would only be used in exceptional circumstances.

ANNUAL GENERAL MEETING

In addition to formal business, there will be a question and answer session where the Board will respond to questions submitted in advance and during the meeting. This year, in addition to the normal business there will be proposals for:

- Approval of Dividend Policy (details on page 35);
- Approval of Amended Articles of Association (details on page 49);
- Approval of changes to the Merger Reserve (details on page 35);
- Approval of the renewal of the share buyback authority and requesting power to hold shares purchased under that authority to be held in Treasury or cancelled with power to reintroduce any shares held in Treasury to the market but not at a discount to Net Asset Value; and
- Approval of the notice period for convening general meetings other than Annual General Meetings.

USE OF FINANCIAL INSTRUMENTS

Information on the use of financial instruments can be found in Note 19 on pages 91 to 97 of the Accounts.

AUDITOR

The Company has appointed BDO LLP as its Auditor and Peter Smith is the Company's audit partner. BDO's appointment followed a lengthy tender process in 2019 involving a number of 'Big 4' and other audit firms and presentations from two firms to the Audit and Risk Committee before a recommendation from the Committee was approved by the Board. Shareholders confirmed the appointment of BDO LLP at the AGM held on 23 April 2020.

Corporate Governance

The Company confirms its compliance with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the year to 31 December 2020.

The Company will only use the Auditor for non-audit work where there is no threat of independence and then only when approved by the Chair of the Audit and Risk Committee. In 2020 the only non-audit work carried out by the Auditor was in relation to agreed upon procedures in respect of the Interim Report for which a fee of £4,500 was paid.

The Committee considered the independence of the Auditor and concluded that it was independent.

During the year the Committee Chair had a private meeting with the Auditor. The Committee then had a private meeting with the Auditor after the conclusion of the audit.

Following completion of the external audit of the financial statements for the period ended 31 December 2019, the Committee carried out an evaluation of the Auditor's effectiveness and concluded that it was generally satisfied with the performance of the External Auditor, noting that this audit was carried out by the Company's previous Auditor, Deloitte.

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

ALTERNATIVE INVESTMENT FUND MANAGER'S DIRECTIVE ('THE DIRECTIVE')

Towers Watson Investment Management Limited was appointed as the Company's alternative investment fund manager (AIFM) with effect from 1 October 2019.

The Company has appointed NatWest Trustee and Depositary Services Limited (formerly National Westminster Bank plc) as its Depositary under the Directive for the purpose of strengthening the arrangements for the safe custody of assets.

Regulatory disclosures, including the Company's Investor Disclosure Document, are provided on the Company's website at www.alliancetrust.co.uk. Disclosures on Remuneration as required under the Directive can also be found on our website.

INVESTMENT MANAGEMENT AGREEMENT

The Company entered into a management agreement with Towers Watson Investment Management Limited dated 1 October 2019 ('the Management Agreement'). Under the terms of the Management Agreement, the AIFM is entitled to a management fee together with reimbursement of reasonable expenses incurred.

The management fee of £12.0m (2019: £11.7m) equates to the sum of:

(i) £1.5m per annum (increasing in line with UK Consumer Prices Index (CPI) on 1 April each year) plus 0.055% per annum of the market capitalisation of the Company after deduction of (a) the value of non-core assets, (b) the value of the Company's subsidiaries. In 2020 this was £34,000 (2019: £73,000); and

(ii) such fees as are agreed from time to time in respect of the Stock Pickers who are each entitled to a base management fee rate, generally based on the value of assets under management. No performance fees are payable.

The AIFM is also entitled to receive the following payments:

(i) A fixed administration fee, in respect of the provision of certain underlying administration services, which is capped at £0.92m per annum (increasing each year from 1 April in line with the CPI). In 2020 this fee was £0.97m (2019: £0.95m); and

(ii) fees paid to the managers/administrators of non-core assets of £nil (2019: £0.4m) (these have been paid directly by the Company to the third parties).

The Management Agreement may be terminated by either party on not less than six months' notice or, if terminated by the Company earlier, upon the payment of compensation. The Management Agreement may also be terminated earlier by either party with immediate effect and without compensation on the occurrence of certain events.

On termination, the AIFM is entitled to receive its fees pro rata to the date of termination.

STREAMLINED ENERGY AND CARBON REPORTING

The ways in which the Company addresses the issue of climate change in its investment portfolio is covered in more detail in the Investment Manager's Report. Here we report on the day-to-day activities of the Company. The Company has seen a year on year reduction in its carbon footprint for a number of years, driven by a more energy efficient office and less business travel.

The Company's carbon footprint has been calculated based on the GHG Protocol Corporate Accounting and Reporting Standard. All of the Company's energy consumption is in the UK. The emissions reported below have been verified by Carbon Footprint Limited. All figures have been restated to reflect the sale of the Company's operating subsidiaries in 2017 and 2019. Details of our verification statements are available on the Company's website. After the year end the Company compensated for its hard-to-decarbonise emissions with certified greenhouse gas removals to achieve a net zero position for its carbon emissions.

carbon footprint standard
Carbon Neutral Organisation

Tonnes C02e	Year to 31 Dec 2016	Year to 31 Dec 2017	Year to 31 Dec 2018	Year to 31 Dec 2019	Year to 31 Dec 2020
Total of Scope 1, 2 and 3 Location based	80.3	71.5	55.3	26.6	**12.9**
Total of Scope 1, 2 and 3 Market based	71.6	68.5	52.4	24.0	**13.7**
Total Scope1	20.8	21.6	21.6	11.0	**6.1**
Total Scope 2 (Location)	9.6	8.3	6.5	2.9	**1.3**
Total Scope 2 (Market)	0.9	5.3	3.6	0.3	**2.1**
Total Scope 3	49.8	41.6	27.1	12.7	**5.5**
Tonnes C02e per FTE all Scopes (location)	20.1	15.3	11.0	5.3	**3.1**
Tonnes C02e per FTE Scopes 1 and 2 (location)	7.6	6.4	5.6	2.8	**1.8**
Total Energy Consumption (all UK) (kWh)					**38,753**

Corporate Governance

CONSIDERING THE COMPANY'S STAKEHOLDERS (S172 STATEMENT)

The Company's Directors have a number of obligations including those under section 172 of the Companies Act 2006. These obligations relate to how the Board takes into account a number of factors in making its decisions – including the impact of its decisions on employees, suppliers and the local community as well as shareholders. The Board is focused on its responsibilities to stakeholders, corporate culture and diversity as well as contributing to wider society.

Shareholders

The Board engages with the Company's shareholders in a number of ways – at the AGM and investor events; through its investor relations and marketing activities, including meetings with individual shareholders and members of the Board; and via its website, newsletters and factsheets.

The heightened awareness of ESG issues from both large and small shareholders, which has been brought out through such engagement, has reinforced the Board's decision to focus on this area. Feedback from investors relating to the importance of a growing dividend has been a factor in the Board's considerations around seeking to increase its distributable reserves through the conversion of its Merger Reserve.

As the impact of Covid-19 in 2020 meant the Company's AGM could not take place in the usual way and the opportunities for face-to-face meetings were restricted, online webinars were arranged which shareholders could attend. These provided access to the Investment Manager and a number of Stock Pickers.

For a number of years the Company has sought to find shareholders who had lost touch and were no longer receiving their dividends. This resulted in around 60% of those shareholders in the programme claiming their dividends and shares. Since the AGM held in April 2020, where shareholders approved changes to the Company's Articles to facilitate the forfeiture of shares and dividends from shareholders who had more than 12 years of uncashed dividends, the Executive team has been conducting a further exercise to track down these shareholders.

In the course of this year, over £235,000 of shares have been reunited with their owners together with around £45,000 of dividends which would have been liable to forfeiture, the largest of these shareholdings, worth around £100,000, being transferred to the children of a deceased shareholder who were unaware of the holding. Over £20,000 has been paid to shareholders, or former shareholders, in respect of dividends declared before 2008 and which had not been claimed. This year £149,000 was returned to the Company for dividends that have been unclaimed for more than 12 years.

The Investment Association maintains a public register of companies who have received significant shareholder opposition to resolutions. There were no votes cast at the Company's 23 April 2020 Annual General Meeting that received significant opposition.

Employees

The Company seeks to attract and retain staff with the requisite skills and experience required to manage and administer the Company's business affairs. Recruitment, development and promotion are based solely on the individual's suitability. There should be no discrimination on any basis either before or during employment and should any worker become disabled reasonable adjustments will be made to allow them to continue to have the same opportunities as any other employee.

There has been only one change to the team since April 2017, being the recruitment of the Head of Marketing and Investor Relations in 2018. Any recruitment would take into account the Board's desire to increase diversity in the Company but there is no specific diversity policy for staff.

The Company has five employees of whom two are part time (one male and one female). The most senior employee is female and all other employees report directly to her. All of the workforce, including Directors, are British and white. All employees have the flexibility to work from home or the office. The table below provides the gender, ethnicity and colour split of the workforce of the Company and the Board as at 31 December 2020.

As at 31 December 2020	Male	Female	British	White
Board	4	2	6	6
Senior Managers	2	1	3	3
Other Staff	0	2	2	2
Total Workforce (including Directors)	6	5	11	11

Having a small number of employees means that all of the Directors are in contact with, and engage with, each member of the Executive team. In normal times, this would often be face-to-face but in 2020 this has mainly been by email, telephone or video calls.

Gregor Stewart is the Director responsible for employee engagement and, when possible, he spends time in the Company's offices in Dundee (and elsewhere), interacting with and understanding the needs of the Executive team.

Society

The Company has seen a reduction in its environmental impact driven by a move to a more energy efficient office, more home-based working, less business travel and a continued reduction in the UK grid electricity emissions factor. The Board has agreed that the day-to-day business operations of the Company should be carbon neutral and, since the year end, it is now 'net zero' for carbon emissions. More details of the Company's carbon footprint can be found on page 51. The Company encourages electronic communications with shareholders whenever possible and uses certifiably sustainable paper for the Annual Report and its other communications. The Company will continue to seek to minimise the impact of its operations on the environment.

The Company is able to influence how its investee companies operate through its responsible investment activities. The Company's investment approach takes into account the external impact of investee companies' activities on the environment, their practices' social acceptability, and their good governance. Details of the activities undertaken on behalf of the Company by the Stock Pickers and EOS are set out on pages 24 to 29.

At the Company's last AGM a shareholder questioned the Company's position on holding tobacco stocks. The Board did consider whether to widen its policy on excluding certain categories of stock from its portfolio but concluded that they would encourage engagement rather than exclusion. The Board recognised that this was a significant shareholder issue and that as part of the Board's evolving approach to responsible investment it will keep this position under review.

The Company considers that it does not fall within the scope of the Modern Slavery Act 2015 and it is not, therefore, obliged to make a slavery and human trafficking statement. The Company considers its supply chains to be of low risk as its suppliers are typically professional advisers. A statement from WTW, the Company's Investment Manager, on the steps it takes to investigate and mitigate the risk of modern slavery and human trafficking can be found on WTW's website (www.willistowerswatson.com).

The Company conducts its business honestly, fairly and with transparency and takes anti-bribery measures very seriously. The Company is committed to implementing and enforcing effective measures to counter bribery and corruption and has a zero-tolerance approach to acts of bribery and corruption by Directors, employees or anyone acting on the Company's behalf. The Company also has zero tolerance for financial crime such as tax evasion or the facilitation of tax evasion.

Community

The Board, while supportive of the aims of many charities, believes that the Company should not divert shareholder's funds to finance them save in occasional circumstances where there is a close link to the Company or its heritage. The Company has been a supporter of the V&A Dundee since 2015. At the request of the museum, the 2020 Company donation of £50,000 was made to the Dundee Museums Foundation to help support some of the city's leading independent cultural organisations as they recover from the impact of Covid-19. The Company also provided £200 to fund prizes at Dundee University. £14,991 was also paid to the Morton Charitable Trust in Dundee, this was the value of dividends that it should have received but which had been returned to the Company as the dividends had been unclaimed for more than 12 years.

Staff are, if they request it, given time off work to participate in charitable activities or to allow them to support the charities in which they are involved.

Service Providers

The Company has outsourced a number of activities, not least, the management of the Company's portfolio to WTW and the responsibilities of safekeeping the Company's assets to its Depositary and Custodian.

The Company favours working with suppliers on a long-term basis. For material contracts, the Board will normally conduct a tender process with associated due diligence prior to appointment. Where possible, consideration is given to suppliers local to Dundee. The performance of suppliers is subject to oversight by the Board as well as the Executive team.

The Company complies with its obligations under the Reporting on Payment Practices and Performance Regulations.

Viability and Going Concern Statements

VIABILITY STATEMENT

The Board has assessed the prospects and viability of the Company beyond the 12 months required by the Going Concern accounting provisions.

The Board considered the current position of the Company and its prospects, strategy and planning process as well as its principal risks in the current, medium and long term, as set out on pages 36 to 40. The Company's Investment Objective, which was approved by shareholders in April 2019, is on page 3. During the year, the Board reviewed its strategy and how it is performing against its strategic objectives and its principal risks which are set out on pages 36 to 40.

The Board was very conscious of the impact of the Covid-19 pandemic on the Company's performance in meeting its strategic objectives and how this could affect the short-term and long-term viability of the Company. As a result, the Board obtained more frequent reports from the Company's Investment Manager about the adjustments it was making to manage performance and control risk in volatile market conditions.

The Board also engaged with the Investment Manager on the longer term impact of climate change, and other societal change factors, to the portfolio. These are very real examples of the types of scenarios that the Board considers when arriving at their assessment of the long-term viability of the Company.

The Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for at least the next five years; the Board expects this position to continue over many more years to come.

In arriving at this conclusion, the Board considered:

- **Financial Strength:** As at 31 December 2020 the Company had a Net Asset Value of £3.0bn, with net gearing of 6.3% and gross gearing of 10.0% (as at that date the Company had £55m of undrawn loan funds, short-term debt of £145m and £160m of long-term debt repayable over a range of periods ending between 2029 to 2053). At the year end the Company had £112.7m of cash or cash equivalents.
- **Investment:** The portfolio is invested in listed equities across the globe. The portfolio is structured for long-term performance with the portfolio targeted to outperform the MSCI ACWI by 2% a year after costs over rolling three-year periods; the Board would also consider five years as being an appropriate period over which to measure performance.
- **Liquidity:** The Company is closed-ended, which means that there is no requirement to realise investments to allow shareholders to sell their shares. The Directors consider this structure supports the long-term viability and sustainability of the Company and have assumed that shareholders will continue to be attracted to the closed-ended structure due to its liquidity benefit. The Investment Manager believes that in normal market conditions around 85% of the Company's portfolio could be sold within a single day, and a further 14% within 10 days, without materially influencing market pricing. The Board would not expect this position to materially alter in the future.
- **Dividends:** The Company has sufficient distributable reserves to continue to meet its Dividend Policy commitments, even with an income stream that may fall in the short term as companies have stopped paying dividends or reduced their level as a result of the impact of Covid-19. This position will be strengthened should the merger reserve (see page 35) become distributable.
- **Discount:** The Company has no fixed discount control policy. The Company will continue to buy back shares when the Board considers it appropriate and to take advantage of any significant widening of the discount and to produce Net Asset Value accretion for shareholders (see page 35).
- **Significant Risks:** The Company has a risk and control framework (see pages 36 to 40) which includes a number of triggers which, if breached, would alert the Board to any potential adverse scenarios. The Board has approved various sensitivities to market, credit, liquidity and gearing as set out in Note 19 on pages 91 to 97.
- **Borrowing:** The Company has put in place unsecured long-term borrowing arrangements of various durations going out to 2053.
- **Reserves:** The Company has large reserves (at 31 December 2020 it had £99.2m of revenue reserves and £2.9bn of other reserves).
- **Security:** The Company retains title to all assets held by the Custodian which are subject to further safeguards imposed on the Depositary.
- **Brexit:** The Board believes that this will not have a significant impact on the Company.
- **Operations:** 2020 has been a year of significant operational change caused by the Covid-19 pandemic. The Board is confident that operationally the Company is very robust and that it can, if necessary, operate effectively without the need for physical meetings or an office presence. The staff, Investment Manager, Stock Pickers and other service providers have all demonstrated that they can work effectively and efficiently despite, in many cases, working remotely for most of the year.

GOING CONCERN STATEMENT

In view of the conclusions drawn in the foregoing Viability Statements, which considered the resources of the Company over the next 12 months and beyond, the Directors believe that the Company has adequate financial resources to continue in existence for at least 12 months from the date of approval of these accounts. Therefore, the Directors believe that it is appropriate to continue to adopt the Going Concern basis in preparing the financial statements.

Audit and Risk Committee

"I have pleasure in presenting my first Report of the Audit and Risk Committee after my appointment as Chair in March 2020.

Like all businesses the events of the last year were a test to resilience and the ability to adapt to changing circumstance. I am pleased to report that your Committee is satisfied that the internal control framework and operational effectiveness of your Company were not impaired by the change in circumstances. All the key players from the Investment Manager, Stock Pickers, Executive team, Custodian and Depository, Auditors and Banks all rose to the challenge of working remotely without hitches. Our thanks go to all concerned.

This is the first year we have been audited by BDO LLP, who were appointed at the Annual General Meeting last year, and I am pleased to report that the audit was performed professionally and efficiently and the transition of audit firms was smooth."

Jo Dixon
Chair, Audit and Risk Committee

Areas of focus in 2020	
Covid-19	The impact of Covid-19 was considered by the Committee alongside its other operational and investment risks. From an operational perspective, the Committee was comfortable with the arrangements in place for the Company's staff: each employee has the same IT equipment and access to information at home, with the same cyber security in place, as in our office, and the Company's outsourced providers are similarly organised to continue to provide the level of service required. From an investment risk perspective, the Committee remained of the view that the active management of the concentrated 'best ideas' approach puts the Company in a good position to be able to take advantage of the opportunities created by volatility during the pandemic.
Risk Appetite	The Committee considered and updated its risk appetite which is reported on in more detail on pages 36 to 40.
Investment Risk	The Committee reviewed the level of risk being run by the Investment Manager including breakdowns by region, industry and style. It also considered the level of active risk being adopted across the portfolio, the source of that risk, and the impact of the individual Stock Pickers' risk profile on the portfolio as a whole. The Committee requested that more detail of the responsible investment activities of the Stock Pickers and EOS be provided at all meetings. During the periods of high volatility experienced during the year increased monitoring was put in place, it was considered that the volatility was likely to be of a short term nature and that no positive action was required.
Regulatory Compliance	The Committee reviewed a number of reports which were required to ensure compliance with regulations that the Company must observe.
Internal and External Auditors	The Committee considered both its internal and external audit requirements. Due to the Company's outsourcing of its investment and administrative arrangements, the Committee concluded that there was no need for an internal audit function. The Company's External Auditor changed in 2020; BDO LLP was approved by shareholders at the Company's AGM in April 2020, replacing Deloitte LLP which had been in office since 2011. The Committee evaluated, and was satisfied with, the performance of both the outgoing and incumbent External Auditor.
Review of Annual and Interim Accounts	The Committee considered the content of the Interim Accounts and the Annual Report and Accounts of the Company before recommending approval to the Board. The Committee concluded that the Company's accounts were fair, balanced and understandable.
Outsourcing	The Committee considered how well the effectiveness of the control environment, including financial controls and risk, were managed by WTW and the other outsourced providers. The Committee also considered the effectiveness of the arrangements that were put in place for remote working by the Company's service providers due to Covid-19 and was satisfied with the level of support which continued to be provided.
Brexit	The Committee considered the impact of Brexit as one of a number of operational and investment risks. Due to the nature of the Company and its global equity investment approach this was not seen as a significant risk, however, it was recognised that it could impact on investment performance.

Audit and Risk Committee

INTERNAL CONTROLS

On pages 36 to 40 we set out the Company's Strategic Objectives and the principal risks to the Company that could impact on the Company achieving those objectives.

The Audit and Risk Committee carries out an assessment of the internal controls that are in place to ensure the security of the Company's assets and that the Company's financial records are correct and reliable. The Board then receives recommendations from the Committee on the level of risk that it should be prepared to take to meet the Company's Strategic Objectives.

The Company has several layers of controls in place to manage or mitigate risk. The Committee receives regular reports from WTW and the Executive team together with reports from the Depositary and the Custodian and Administrator. These third parties have their own internal controls systems. For example, WTW performs operational due diligence on the Stock Pickers that are appointed to manage the Company's portfolio. While the Company has relied on the internal controls systems put in place by WTW, third party assurance is also sought.

The Committee received WTW's report on the effectiveness of the risk management and internal control systems, including an Independent Service Auditors' Assurance Report (ISAE 3402 Type II report) on Internal Controls prepared by KPMG LLP. In addition, where available, similar reports are obtained from other providers.

Annual review of internal controls and findings

The Audit and Risk Committee conducts an annual review on the effectiveness of the risk management framework and internal control systems in place to mitigate any significant risks. The Committee recognises that the systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against regulatory breaches, material misstatement or loss. This review is reported to the Board.

The 2020 assessment and internal controls assurance reports received by the Committee did not highlight any significant weaknesses or failings in the risk management framework and internal control systems.

Internal controls over financial reporting

The financial reporting process is managed by WTW, which has delegated certain accounting responsibilities to The Bank of New York Mellon (International) Limited. WTW still remains responsible for the accuracy and completeness of the financial records of the Company and provides a report to each Board meeting. These risk mitigating controls are assessed regularly by the Executive team. Controls over the preparation of the financial statements include, but are not limited to:

- A formal review and sign-off of the annual accounts by WTW including verification of any statements made;
- Adoption and review of appropriate accounting policies by the Board; and
- Review and approval of accounting estimates by the Board.

The Audit and Risk Committee considered whether the Annual Report, taken as a whole, was fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, business model and strategy. It also considered whether the narrative and the numerical disclosures were consistent. The Committee concluded that the Annual Report did pass these tests.

The designated financial expert on the Audit and Risk Committee was, until 5 March 2020, the Interim Chairman, Chris Samuel. Jo Dixon was appointed Chair on that date and then became the designated financial expert.

Depositary

The Company's depositary is NatWest Trustee and Depositary Services Limited. It is responsible for the safekeeping of all the Company's custodial assets as well as verifying and maintaining a record of the Company's other assets. It also collects income from the Company's assets and monitors the Company's cash flow. The Depositary must take reasonable care to ensure that the Company is managed in accordance with the Financial Conduct Authority's (FCA's) FUND Sourcebook, the Company's Articles of Association and the AIFM Directive. The Custodian appointed by the Depositary for the Company is The Bank of New York Mellon, London branch.

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that period. The Directors are also required to prepare financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- state whether they have been prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Director's report, a strategic report and Directors' remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the Annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

REPORT OF DIRECTORS AND RESPONSIBILITY STATEMENT

The Report of the Directors on pages 44 to 59 (other than pages 52 to 54 which form part of the Strategic Report) of the Annual Report and Accounts has been approved by the Board. The Directors have chosen to include information relating to future development of the Company on pages 2 and 3 and relationships with suppliers, customers and others and their impact on the Board's decisions on pages 52 and 53 of the Strategic Report.

The Directors confirm to the best of their knowledge:

The financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company.

The Annual Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that they face.

That the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, business model and strategy.

Gregor Stewart
Chairman
3 March 2021

Remuneration Report

"I have pleasure in setting out the Directors' Remuneration Report for the year ended 31 December 2020. During the year the Board agreed to discontinue the Remuneration Committee and that in future the Board as a whole would take all decisions as far as remuneration is concerned. We also agreed that in 2021 the Board would consider the merits of simplifying the fee structure for Non-Executive Directors."

Anthony Brooke
Chairman, Remuneration Committee

REMUNERATION COMMITTEE

The Remuneration Committee, which met once during the year was dissolved on 31 December 2020. The Board as a whole now takes all decisions on remuneration matters. During the year each Director was a member of the Committee. The Committee reviewed the level of Directors' fees and agreed employees' salaries for 2021 and discretionary bonus awards for 2020.

Directors regularly engage with shareholders on all aspects of performance and governance and are open to contact from shareholders at any time. Any comments received from shareholders are always carefully considered. We welcome the opportunity to discuss matters of remuneration with shareholders at our AGM or at any other meeting we may have with them. During 2020 we did not specifically seek views of our principal shareholders on remuneration issues, and during the past year we have not received any representations from shareholders on remuneration matters.

REMUNERATION POLICY

The Company seeks approval of its Remuneration Policy from shareholders every three years. On 25 April 2019 shareholders approved the following Remuneration Policy at our Annual General Meeting (AGM):

> The Board's Remuneration Policy is designed to ensure that the remuneration of Directors is set at a reasonable level commensurate with the duties and responsibilities of each Director and the time commitment required to carry out their roles effectively. Remuneration will be such that the Company is able to attract and retain Directors of appropriate experience and quality. The fees paid to Directors will reflect the experience of the Board as a whole, will be fair, and will take account of the responsibilities attaching to each role given the nature of the Company's interests, as well as the level of fees paid by comparable investment trusts. Secretarial assistance will be provided to the Chairman to assist in the execution of his duties. Additional payments may be made to Directors for time expended over and above that envisaged on appointment and for serving on or chairing committees or for service as Directors of subsidiary boards, or other additional responsibilities. The level of such fees and payments will be subject to periodic review. Directors will be reimbursed for travel and subsistence expenses incurred in attending meetings or in carrying out any other duties incumbent upon them as Directors of the Company. In the event that any such payments are regarded as taxable, Directors may receive additional payments to ensure that they suffer no net cost in carrying out their duties. The level of Directors' fees paid will not exceed the limit set out in the Company's Articles of Association.

The Committee also reserves the right to make payments outside the Policy in exceptional circumstances. The Committee would only use this right where it believes that this is in the best interests of the Company, and when it would be disproportionate to seek specific approval from a General Meeting. Any such payments would be fully disclosed on a timely basis. No such payments were made in 2020.

HOW WE IMPLEMENT OUR POLICY

NON-EXECUTIVE DIRECTORS' FEES

The maximum level of ordinary remuneration (basic Non-Executive Director fees) that may be paid to Directors as a whole is £300,000 per annum. This level was approved by shareholders at the Company's AGM in April 2019. Any change to this level would require further shareholder approval. The basic Non-Executive Director's fee has remained unchanged since 2013. We will keep the level of remuneration under review and may, in the future, consider simplifying our fee structure by consolidating into one sum fees paid to Non-Executive Directors and those for committee membership. During 2020, the Committee received no independent advice in respect of remuneration.

Remuneration is fixed at the annual rates set out in the table below. Although permitted under the Company's Articles of Association, no Director is entitled to a pension or similar benefit nor to any other monetary payment or any assets of the Company except in their capacity (where applicable) as shareholders of the Company. Annual fees are pro-rated where a change takes place during a financial year.

Under the Company's Articles of Association, in addition to fees, each Director is entitled to reimbursement of reasonable expenses properly incurred by them in the performance of their duties. Directors are not entitled to damages or compensation for loss of office or otherwise upon their resignation or termination as a Director.

The Company provides insurance for legal action brought against any of its Directors as a consequence of their position. In addition, separate deeds of indemnity have been agreed with each Director indemnifying them as permitted by company law. The indemnity and insurance arrangements do not extend to cover claims brought by the Company itself, which are upheld by the Courts, nor to criminal fines or penalties.

The table below shows the annual fees payable in 2020 to the Chairman, who is the highest paid Director, and all other Directors and the fees which will be payable from 1 January 2021. The table also explains the purpose of each fee.

Annual Fees	**2020**	**2021**	**Purpose**
Chairman	£80,000	£80,000	For leadership of the Board and in recognition of the greater time, commitment and responsibility required.
Basic Non-Executive Director	£35,000	£35,000	In recognition of the time and commitment required by a Director of a public company.
Committee Membership[1]	£6,000	£6,000	For the additional time required on Committee business.
Chairman of Audit and Risk Committee[2]	£8,000	£8,000	For the additional responsibility and the time required on the Company's financial affairs and reporting.
Senior Independent Director	£3,000	£3,000	For supporting the Chair in the delivery of their objectives and leading the evaluation of the Chair and their succession process.

1. All Directors are members of all Board Committees and this is a composite fee for all Board Committees. The Chairman does not receive this fee.
2. This fee is additional to the Committee membership fee.

Remuneration Report

NON-EXECUTIVE DIRECTORS' CONTRACTS

Each Non-Executive Director's appointment is governed by written terms which are available for inspection at the Company's registered office. They are also available at the AGM. There is no absolute limit to the period for which a Non-Executive Director may serve. Further details of our policy on Directors' tenure may be found on pages 46 and 47.

STAFF REMUNERATION

The Company has no Executive Directors. It has a small Executive team comprising five members of staff, two of whom work part-time. The Remuneration Committee has taken all decisions in respect of salary, pension contributions and discretionary cash bonuses for these members of staff on the recommendation of the Company Secretary and Head of Operations (other than in respect of her own remuneration). These staff members are entitled to receive pension contributions of up to 17% of their salary.

Employees are not members of any share-based incentive arrangements nor of any long-term share award schemes. The Committee has agreed that any shares, which are not required to satisfy historic commitments and are held by the Trustee of the Employee Benefit Trust under the Company's Long Term Incentive Plan, can, subject to the agreement of the Trustee, be sold to meet the costs of any discretionary cash bonuses that may be awarded to members of the Executive team.

Set out below is a table showing the annual change in each Director's remuneration compared to the average employee's remuneration (calculated as the mean of all staff on a full-time equivalent basis).

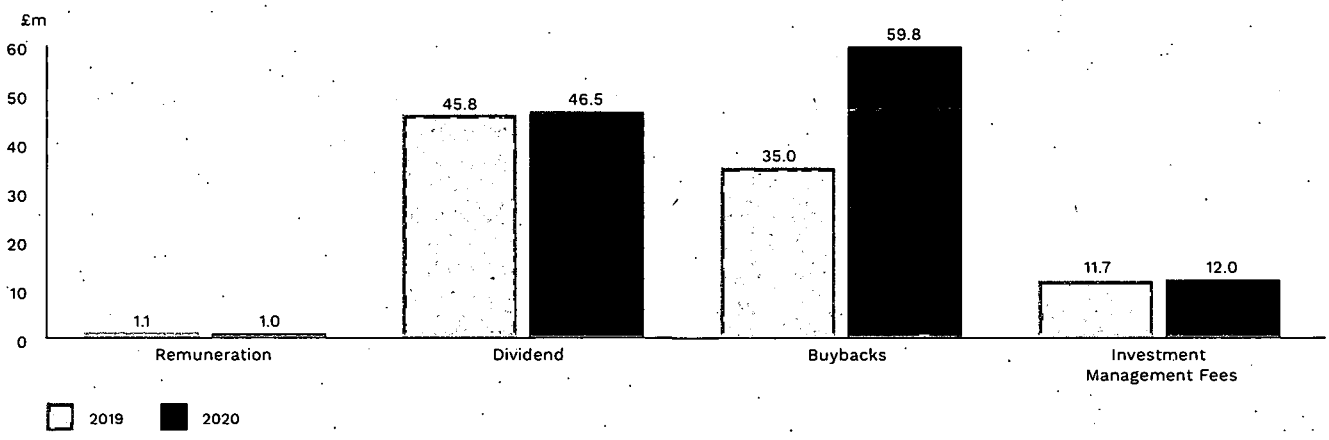
ANNUAL PERCENTAGE CHANGE IN REMUNERATION OF THE DIRECTORS AND EMPLOYEES

(%)	Fixed Remuneration[1]	Taxable benefits[3]	Variable Remuneration[4]
Gregor Stewart	-22.3	-	-
Anthony Brooke	-4.7	-	-
Jo Dixon	n/a	-	-
Clare Dobie	0	-	-
Chris Samuel	0	-	-
Karl Sternberg	-2.2	-	-
Average Employee	+5.4[2]	+49.2	-5.1

1. Calculated as the change in remuneration received in the financial year ended 31 December 2020 compared to financial year ended 31 December 2019.
2. The total fixed remuneration of all employees between 2019 and 2020 fell by 1.4%.
3. This is the cost of private medical insurance. This increase was from an average £913 to £1,362 per annum and was mainly due to staff members no longer being part of a large group policy after the sale of Alliance Trust Savings in June 2019. The Directors do not receive any taxable benefits.
4. The Directors do not receive any variable remuneration.

RELATIVE IMPORTANCE OF SPEND ON PAY

The chart below shows the actual expenditure of the Company in 2019 and 2020 on remuneration, distributions to shareholders by way of dividend and share buybacks, as well as investment management fees incurred. The Executive team received £0.7m in remuneration for the year to 31 December 2020 (2019: £0.8m) and the Non-Executive Directors received £0.3m (2019: £0.3m).



Source: WTW.

SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

£000	2020					2019				
Non-Executive Director	Company Fees	Fees for Subsidiary Appointment	Total	Total Fixed Remuneration	Total Variable Remuneration	Company Fees	Fees for Subsidiary Appointment*	Total	Total Fixed Remuneration	Total Variable Remuneration
Gregor Stewart[1]	80	-	80	80	-	86	17	103	103	-
Anthony Brooke[2]	41	-	41	41	-	43	-	43	43	-
Jo Dixon[3]	44	-	44	44	-	-	-	-	-	-
Clare Dobie	41	-	41	41	-	41	-	41	41	-
Chris Samuel	41	-	41	41	-	41	-	41	41	-
Karl Sternberg[4]	44	-	44	44	-	45	-	45	45	-
Total	291	-	291	291	-	256	17	347	347	-

*No fees for Subsidiary Appointments have been due since the completion of the sale of Alliance Trust Savings Limited on 30 June 2019.
1. Gregor Stewart received a Deputy Chairman fee of £60,000 (reduced from £80,000 on 1 July 2019) until he was appointed Chairman on 5 September 2019.
2. The fee of £4,500 payable for chairing the Remuneration Committee ceased on 1 July 2019.
3. Jo Dixon joined the Board on 29 January 2020 and became Chair of the Audit and Risk Committee on 6 March 2020.
4. The fee for Senior Independent Director reduced from £5,000 to £3,000 on 1 July 2019.

Remuneration Report

DIRECTORS' SHAREHOLDINGS (AUDITED)

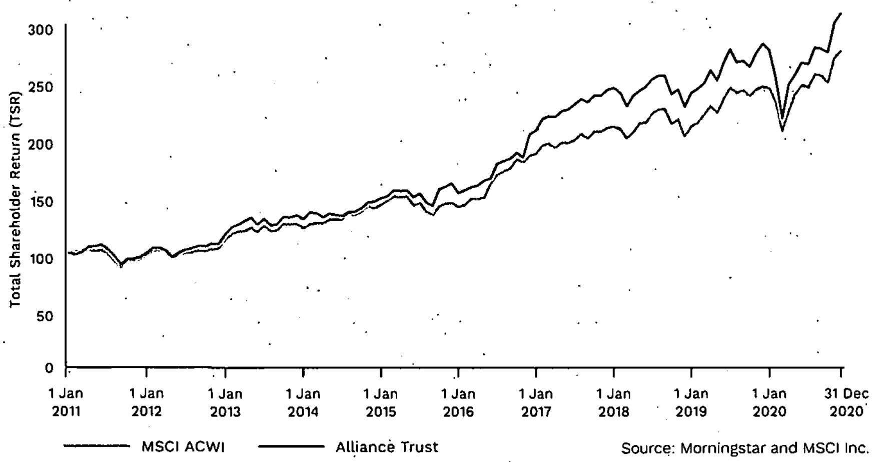
All Directors are required to hold 3,000 shares in the Company. Details of the shareholdings of all Directors and their connected persons, together with details of shares acquired, are shown below. None of these shares are subject to performance conditions. In 2020 the Company issued no options to subscribe for shares and there are no options held by the Directors or by any member of staff.

Directors' shareholdings*	As at 1 January 2020 or date of joining if later	As at 31 December 2020	Acquired between 31 December 2020 and 28 February 2021
Gregor Stewart	25,235	25,235	-
Anthony Brooke	25,000	25,000	-
Jo Dixon*	3,000	3,000	-
Clare Dobie	3,160	4,666	-
Chris Samuel	61,122	62,132	168
Karl Sternberg	18,967	18,967	-

*Jo Dixon joined the Board on 29 January 2020 and had 3,000 shares at the time of her appointment.

PERFORMANCE GRAPH

The graph opposite shows the Total Shareholder Return (TSR) for holders of Alliance Trust PLC Ordinary Shares, measured against the MSCI All Country World Index (ACWI) rebased to 100 at 31 January 2011. The Company believes that this is the most appropriate index as it represents the performance of listed equities across a range of global markets and is the one against which the Company's performance is measured. At the year-end the Company was almost wholly invested in listed equities.



Source: Morningstar and MSCI Inc.

FORMER CHIEF EXECUTIVE OFFICER'S AND EXECUTIVE DIRECTORS' REMUNERATION

The Company has not had a Chief Executive Officer (CEO) nor any Executive Directors since 3 February 2016. Details of their remuneration can be found in earlier Annual Reports which are available on our website (www.alliancetrust.co.uk). No further payments have or will be made to the former CEO or to any other former Executive Directors. As a result, a table giving details of these payments has not been included in this Report, nor is a comparison of the CEO's remuneration with those of other employees as this has not been relevant since 2016.

VOTING AT ANNUAL GENERAL MEETING

At the AGM held on 23 April 2020 votes cast by proxy and at the meeting in respect of the resolution relating to remuneration were as follows:

Resolution	Votes for	%	Votes against	%	Total votes cast	Votes withheld (abstentions)
Directors' remuneration report (excluding Remuneration Policy)	89,842,353	98.33	1,524,987	1.67	91,367,340	623,662

At the AGM held on 25 April 2019 votes cast by proxy and at the meeting in respect of the resolution relating to the Directors' Remuneration Policy were as follows:

Resolution	Votes for	%	Votes against	%	Total votes cast	Votes withheld (abstentions)
Directors' Remuneration Policy	84,114,726	97.49	2,163,748	2.51	86,278,474	1,270,000

APPROVAL

The Remuneration Report comprising pages 60 to 65 has been approved by the Board and signed on its behalf by:

Anthony Brooke

Anthony Brooke
Chairman, Remuneration Committee
3 March 2021

Independent Auditor's Report

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 23 April 2020 to audit the financial statements for the year ending 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 1 year, covering the years ending 31 December 2020. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

CONCLUSIONS RELATING TO GOING CONCERN

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

- Evaluating the appropriateness of management's method of assessing the going concern in light of market volatility and the present uncertainties
- Challenging management's assumptions and judgements made by assessing them for reasonableness and stress-testing forecasts
- Calculating financial ratios to ascertain the financial health of the Company
- Obtaining the loan agreements to identify the covenants and assessing the likelihood of the them being breached based on management forecasts and our sensitivity analysis
- Performing calculations assessing the net asset position of the Company to understand the reliance on loans and debentures

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

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

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

OVERVIEW

Key audit matters	Valuation and Ownership of Investments Revenue Recognition
Materiality	£32.7m based on 1% of net assets

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

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

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation and ownership of investments (Note 2 and Note 9) The investment portfolio at the year-end comprised of predominantly listed equity investments at fair value through profit or loss. We consider the valuation and ownership of investments to be the most significant audit areas as investments represent the most significant balance in the financial statements and underpin the principal activity of the entity.	We have responded to this matter by testing the valuation and ownership of 100% of the portfolio of investments. We performed the following procedures: • Confirmed that bid price has been used by agreeing to externally quoted prices; and • Reviewed trading volumes around year-end to check that there are no contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value by considering the realisation period for individual holdings In respect of the ownership of investments we have obtained direct confirmation from the custodian regarding all investments held at the balance sheet date. **Key observations:** Based on our procedures performed we did not identify any material exceptions with regards to valuation or ownership of investments or the related disclosures.
Revenue recognition – Dividend income (Note 2 and Note 3) Dividend income arises from dividends and can be volatile, but is a key factor in demonstrating the performance of the portfolio. Judgement is required in the allocation of income to either revenue or capital.	We responded to this matter by utilising data analytics to test 100% of the portfolio. We derived an independent expectation of income based on the investment holding and evidence of distributions from independent sources. We also cross checked the portfolio against corporate actions and special dividends and challenged if these had been appropriately accounted for as income or capital. We analysed the whole population of dividend receipts to identify any items for further investigation that could indicate a capital distribution, for example where a dividend represented a particularly high yield. We traced a sample of dividend income receipts to bank statements. **Key observations:** Based on our procedures performed we did not identify any matters to indicate that the revenue recognition of dividend income was inappropriate.

Independent Auditor's Report

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements
	2020 £m
Materiality	30.0
Basis for determining materiality	1% of Net assets
Rationale for the benchmark applied	As an investment trust, the net asset value is the key measure of performance
Performance materiality	19.5
Basis for determining performance materiality	A more conservative performance materiality was used as this is the first year on the audit. Performance materiality was deemed to be 65% of total materiality.

Specific materiality

We also determined that for items impacting revenue return, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items to be £1,800,000 based on 5% of revenue return before tax. We further applied a performance materiality level of 65% of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £90,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the Association of Investment Companies Code of Corporate Governance specified for our review.

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

Going concern and longer-term viability	• The Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 54; and • The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why they period is appropriate set out on page 54.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 57; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 36; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 58; and • The section describing the work of the audit committee set out on page 58.

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or • the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Independent Auditor's Report

RESPONSIBILITIES OF DIRECTORS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and industry in which the Company operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the Association of Investment Companies Code of Corporate Governance, industry practice represented by the AIC SORP and international accounting standards in conformity with the requirements of the Companies Act 2006. We also considered the company's qualification as an Investment Trust under UK tax legislation.

We considered compliance with this framework through discussions with the Audit Committee and performed audit procedures on these areas as considered necessary. Our procedures involved enquiries with Management, review of the reporting to the directors with respect to compliance with laws and regulation, review of board meeting minutes and review of legal correspondence.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- testing of journal postings made during the year to identify potential management override of controls;
- review of minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

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

Peter Smith (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
3 March 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial Statements

Statement of comprehensive income for year ended 31 December 2020
Statement of changes in equity for year ended 31 December 2020
Balance sheet as at 31 December 2020
Cash flow statement for year ended 31 December 2020
Notes

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

		Year to 31 December 2020			Year to 31 December 2019		
£000	**Note**	**Revenue**	**Capital**	**Total**	Revenue	Capital	Total
Income	3	**46,244**	**-**	**46,244**	60,814	-	60,814
Change in the fair value through profit or loss	9	**-**	**230,268**	**230,268**	-	536,228	536,228
Loss on fair value of debt		**-**	**(13,142)**	**(13,142)**	-	(15,317)	(15,317)
Total revenue		**46,244**	**217,126**	**263,370**	60,814	520,911	581,725
Investment management fees	4	**(2,991)**	**(8,973)**	**(11,964)**	(2,931)	(8,794)	(11,725)
Administrative expenses	4	**(5,227)**	**(762)**	**(5,989)**	(4,893)	(969)	(5,862)
Finance costs	5	**(1,798)**	**(5,322)**	**(7,120)**	(1,810)	(5,456)	(7,266)
Impairment on asset held for sale		**-**	**-**	**-**	-	(56)	(56)
Foreign exchange losses		**-**	**(8,378)**	**(8,378)**	-	(3,926)	(3,926)
Profit before tax		**36,228**	**193,691**	**229,919**	51,180	501,710	552,890
Taxation	6	**147**	**-**	**147**	(3,946)	-	(3,946)
Profit for the year		**36,375**	**193,691**	**230,066**	47,234	501,710	548,944

All profit for the year is attributable to equity holders.

Earnings per share attributable to equity holders							
Basic (p per share)	8	**11.16**	**59.42**	**70.58**	14.30	151.84	166.14
Diluted (p per share)	8	**11.16**	**59.40**	**70.56**	14.28	151.68	165.96

The Company does not have any other comprehensive income and hence profit for the year, as disclosed above, is the same as the Company's total comprehensive income.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

£000	Note	Share capital	Capital redemption reserve	Merger reserve	Capital reserve	Revenue reserve	Total Equity
At 1 January 2019		8,342	10,656	645,335	1,639,172	107,684	2,411,189
Total Comprehensive income:							
Profit for the year		-	-	-	501,710	47,234	548,944
Transactions with owners, recorded directly to equity:							
Ordinary dividend paid	7	-	-	-	-	(45,754)	(45,754)
Own shares purchased		(115)	115	-	(34,987)	-	(34,987)
At 31 December 2019		8,227	10,771	645,335	2,105,895	109,164	2,879,392
Total Comprehensive income:							
Profit for the year		-	-	-	**193,691**	**36,375**	**230,066**
Transactions with owners, recorded directly to equity:							
Ordinary dividend paid	**7**	-	-	-	-	**(46,514)**	**(46,514)**
Unclaimed dividends returned		-	-	-	-	**149**	**149**
Own shares purchased		**(187)**	**187**	-	**(59,793)**	-	**(59,793)**
At 31 December 2020		**8,040**	**10,958**	**645,335**	**2,239,793**	**99,174**	**3,003,300**

The Company has a revenue reserve of £99.2m (£109.2m) and a capital reserve of £2,239.8m (£2,105.9m) which may be distributed by way of a dividend. The merger reserve of £645.3m (£645.3m), capital redemption reserve of £11.0m (£10.8m) and the value of its issued share capital of £8.0m (£8.2m) are not distributable by way of a dividend. Share buybacks are funded through the capital reserve.

BALANCE SHEET AS AT 31 DECEMBER 2020

£000	Note	2020	2019
Non-current assets			
Investments held at fair value	9	**3,269,556**	3,050,010
Right of use asset	22	**594**	797
		3,270,150	3,050,807
Current assets			
Outstanding settlements and other receivables	10	**25,357**	13,409
Cash and cash equivalents	17	**112,730**	97,486
		138,087	110,895
Total assets		**3,408,237**	3,161,702
Current liabilities			
Outstanding settlements and other payables	11	**(49,397)**	(19,661)
Bank loans	12	**(145,000)**	(65,000)
Lease liability	22	**(228)**	(251)
		(194,625)	(84,912)
Total assets less current liabilities		**3,213,612**	3,076,790
Non-current liabilities			
Unsecured fixed rate loan notes held at fair value	12	**(209,780)**	(196,638)
Lease liability	22	**(532)**	(760)
		(210,312)	(197,398)
Net assets		**3,003,300**	2,879,392
Equity			
Share capital	13	**8,040**	8,227
Capital redemption reserve		**10,958**	10,771
Merger reserve		**645,335**	645,335
Capital reserve		**2,239,793**	2,105,895
Revenue reserve		**99,174**	109,164
Total Equity		**3,003,300**	2,879,392

All net assets are attributable to equity holders.

Net asset value per ordinary share attributable to equity holders			
Basic (£)	14	**£9.34**	£8.76
Diluted (£)	14	**£9.34**	£8.75

The financial statements were approved by the Board of Directors and authorised for issue on 3 March 2021. They were signed on its behalf by:

Gregor Stewart
Chairman

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

£000	Note	2020	2019
Cash flows from operating activities			
Profit before tax		229,919	552,890
Adjustments for:			
Gains on investments		(230,268)	(536,228)
Losses on fair value of debt		13,142	15,317
Foreign exchange losses		8,378	3,926
Depreciation	22	203	187
Impairment on asset held for sale		-	56
Finance costs	5	7,120	7,266
Scrip dividends		(279)	(350)
Operating cash flows before movements in working capital		28,215	43,064
Decrease in receivables		887	6,399
Decrease in payables		(1,318)	(4,206)
Net cash inflow from operating activities before income tax		27,784	45,257
Taxes paid		(3,652)	(1,539)
Net cash inflow from operating activities		24,132	43,718
Cash flows from investing activities			
Proceeds on disposal at fair value of investments through profit and loss		2,878,460	1,691,941
Purchases of fair value through profit and loss investments		(2,845,677)	(1,627,201)
Disposal of asset held for sale		-	2,699
Net cash inflow from investing activities		32,783	67,439
Cash flows from financing activities			
Dividends paid - Equity		(46,514)	(45,754)
Unclaimed dividends returned		149	-
Purchase of own shares		(59,793)	(34,987)
Net drawdown of bank debt	17	80,000	-
Net repayment of bank debt	17	-	(2,000)
Principal paid on lease liabilities	22	(251)	(271)
Interest paid on lease liabilities		(31)	(37)
Finance costs paid		(6,853)	(7,864)
Net cash outflow from financing activities		(33,293)	(90,913)
Net increase in cash and cash equivalents		23,622	20,244
Cash and cash equivalents at beginning of year		97,486	81,168
Effect of foreign exchange rate changes		(8,378)	(3,926)
Cash and cash equivalents at end of year		112,730	97,486

NOTES

1 GENERAL INFORMATION

Alliance Trust PLC was incorporated in the United Kingdom under the Companies Acts 1862-1886. The address of the registered office is given on page 102. The nature of the Company's operations and its principal activity is a global investment trust. The following notes refer to the year ended 31 December 2020 and the comparatives, which are in brackets, refer to the year ended 31 December 2019.

The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union (Adopted IFRSs) and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No.1606/2002 as it applies in the European Union.

The financial statements have been prepared on the historical cost basis, except that investments and the unsecured fixed rate notes are stated at fair value through the profit and loss. The association of Investment Companies (AIC) issued a Statement of Recommended Practice: Financial Statements of Investment Companies (SORP) in October 2019. The Directors have sought to prepare the financial statements in accordance with this SORP where the recommendations are consistent with IFRS.

Presentation of statement of comprehensive income

In order to reflect the activities of an investment trust more accurately, and in accordance with guidance issued by the AIC, supplementary information which analyses the statement of comprehensive income between items of a revenue and capital nature have been presented alongside the statement of comprehensive income. Capital profits are not generally distributed by way of a dividend. The net revenue profit for the year is the measure the Directors use in assessing the Company's compliance with certain requirements set out in Section 1158 of the Corporation Tax Act 2010.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the financial statements. The Company's business activities, together with the factors likely to affect its future development and performance, including the impact of the Covid-19 pandemic, are set out in the Strategic Report.

Critical accounting estimates and judgements

The preparation of the financial statements necessarily requires the exercise of judgement both in the application of accounting policies, which are set out below, and in the selection of assumptions used in the calculation of estimates. These estimates and judgements are reviewed on an ongoing basis and are continually evaluated based on historical experience and other factors. However, actual results may differ from these estimates. There are no key sources of estimation uncertainty in the Company's financial statements.

Adopted IFRSs

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Disclosure Initiative - Definition of Material); and
- Revisions to the Conceptual Framework for Financial Reporting.

IFRSs not yet applied

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and are not expected to have a material impact:

Covid-19-Related Rent Concessions (Amendments to IFRS 16).

The Directors do not expect that the adoption of the above Standard will have a material impact on the financial statements of the Company in future periods.

The same accounting policies, presentations and methods of computation are followed in these financial statements as were applied in the Company's last annual audited financial statements.

(b) Principal accounting policies

(i) Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the financial instrument. The Company will only offset financial assets and financial liabilities if it has a legally enforceable right of offset and intends to settle on a net basis.

(ii) Investments

Investments are recognised and derecognised on the trade date where a purchase or sale is made under a contract whose terms require delivery within the time frame established by the market concerned, and are initially measured at cost, excluding transaction costs.

Investments are principally designated as fair value through profit and loss upon initial recognition (excluding transaction costs). Listed investments are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

Investments which are not listed, or which are not frequently traded are valued at the Directors' best estimate of fair value. In arriving at their estimate, the Directors make use of recognised valuation techniques and may take account of recent arm's-length transactions in the same or similar instruments.

The following wholly owned subsidiaries are not consolidated and are valued at fair value through the statement of comprehensive income as they do not provide services that relate directly to the investment activities of the Company nor are they themselves regarded as an investment entity:

Name	Shares held	Country of incorporation	Principal Activity
AT2006 Limited	Ordinary	Scotland*	Intermediate holding company
Second Alliance Trust Limited	Ordinary	Scotland*	Inactive
Allsec Nominees Limited	Ordinary	Scotland*	Nominee

*Registered at River Court, 5 West Victoria Dock Road, Dundee, Scotland, DD1 3JT.

Liquidators were appointed to Alliance Trust Services Limited and Alliance Trust Equity Partners Limited on 18 December 2019 and to ATEP 2008 GP Limited and ATEP 2019 GP Limited on 26 August 2020.

(iii) Derivative financial instruments

Derivative financial instruments are initially recorded at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts of similar maturity dates. Changes in fair value of derivative financial instruments are recognised in the statement of comprehensive income.

(iv) Cash and cash equivalents

Cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and not subject to significant changes in fair value.

(v) Outstanding settlements and other receivables and payables

Other receivables do not carry any interest and are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Other payables are not-interest bearing and are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

(vi) Bank loans and unsecured fixed rate loan notes

Interest-bearing bank loans and overdrafts are initially recorded at the proceeds received, net of direct issue costs and subsequently measured at amortised costs. Interest payable on the bank loans is accounted for on an accrual basis in the statement of Comprehensive Income.

Unsecured fixed rate loan notes are initially recorded at the proceeds received. After initial recognition they are measured at fair value through the profit and loss. Finance charges are accounted for through the statement of comprehensive income on an accruals basis using the effective interest rate.

(vii) Foreign currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange applicable to the dates of the transactions. At each balance sheet date, monetary items and non-monetary assets and liabilities that are fair valued and are denominated in foreign currencies are restated at the rates prevailing on the balance sheet date. Foreign exchange differences are recognised as capital and shown in the capital column of the statement of comprehensive income if they are of a capital nature, and recognised as revenue and shown in the related income caption line if they are of a revenue nature.

(viii) Revenue recognition

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established, normally the ex-dividend date.

Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of cash dividend foregone is recognised as income. Any excess in the value of shares received over the amount of cash dividend foregone is recognised as a capital gain in the statement of comprehensive income.

Rental income from property and income from mineral rights are recognised on a time-apportioned basis.

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Special dividends receivable are treated as repayment of capital or as income, depending on the facts of each case.

(ix) Expenses

All expenses and interest payable are accounted for on an accruals basis. Where there is a connection with the maintenance or enhancement of the value of the Company's investments and it is consistent with the AIC SORP, the Company is attributing indirect expenditure including management fees and finance costs, 25% to revenue and 75% to capital profits. Specific exceptions to this general principle are:

- Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of that investment.
- Expenses which under the AIC SORP are chargeable to revenue profits are recorded directly to revenue.

Expenses connected with rental income and mineral rights income are included as administrative expenses.

(x) Taxation

The Company carries on its business as an investment trust and conducts its affairs so as to qualify as such under the provisions of Section 1158 and 1159 of the Corporation Tax Act 2010.

Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates applicable as at balance sheet date.

The Company does not recognise deferred tax assets or liabilities on capital profits or losses on the basis that the investment trust status of the Company means no tax is due on the capital profits, or losses, of the Company.

(xi) Dividends payable

Interim dividends are recognised in the period in which they are paid.

(xii) Realised and unrealised reserves

Each of the realised and unrealised reserves can be described as follows:

Capital redemption reserve

This reserve was created in 2006 by the cancellation and repayment of the Company's preference share capital. The nominal value of the ordinary share capital purchased or cancelled by the company is transferred out of share capital and into the capital redemption reserve, which is non distributable, on the trade date.

Merger reserve

This reserve was created as part of the arrangements for the acquisition of the assets of The Second Alliance Trust Limited in 2006.

Capital reserve

The following are accounted through this reserve:

- Gains and losses on realisation of investments and derivative financial instruments
- Increases or decreases of the value of investments and fair value debt held at the year end
- Foreign exchange differences of a capital nature
- Costs of purchase of own shares or purchases of shares for employee benefit trust
- Where consistent with the AIC SORP, 75% of indirect expenditure including management fees, finance costs and relevant administrative expenses are charged to capital profits

Revenue reserve

Revenue profits and losses of the Company that are revenue in nature are recorded within this reserve, together with the dividend payments made by the Company.

3 INCOME

An analysis of the Company's revenue is as follows:

£000	2020	2019
Income from investments		
Listed dividends – UK	**7,511**	14,542
Listed dividends – Overseas	**38,041**	44,127
	45,552	58,669
Other income		
Property rental income	**318**	324
Mineral rights income*	**20**	974
Other interest	**246**	764
Other income	**108**	83
	692	2,145
Total income	**46,244**	60,814

*The mineral rights income disclosed above represents gross income received. Against this, the Company paid associated expenses of £12k (£243k); with US tax of 20% payable on the net income.

4 PROFIT BEFORE TAX IS STATED AFTER CHARGING THE FOLLOWING EXPENSES:

£000	2020 Revenue	2020 Capital	2020 Total	2019 Revenue	2019 Capital	2019 Total
Investment manager fees	**2,991**	**8,973**	**11,964**	2,931	8,794	11,725

Since 1 October 2019, TWIM has been the Company's AIFM on the same fee arrangement as the AIFM it replaced, TWIMI. TWIM continues to manage the Company's investment portfolio. TWIM has appointed a range of specialist managers to invest the Company's portfolio. TWIM is entitled to a fixed fee and a base variable fee based on the market capitalisation of the Company after deduction of the value of non-core assets and the value of the Company's subsidiaries. TWIM is also entitled to an administration fee for the provision of certain administrative services outsourced by the Company. Each of the managers is entitled to a base management fee rate, generally based on a percentage of the value of assets under management. No performance fees are payable.

£000	2020 Revenue	2020 Capital	2020 Total	2019 Revenue	2019 Capital	2019 Total
Total staff costs	**253**	**762**	**1,015**	327	969	1,296
Total auditor's remuneration	**37**	**-**	**37**	54	-	54
Depreciation	**203**	**-**	**203**	187	-	187
WTW finance and administration	**1,385**	**-**	**1,385**	1,324	-	1,324
Depositary and custody services	**443**	**-**	**443**	415	-	415
Other administrative costs	**2,906**	**-**	**2,906**	2,586	-	2,586
Total administrative costs	**5,227**	**762**	**5,989**	4,893	969	5,862

£000	2020 Revenue	2020 Capital	2020 Total	2019 Revenue	2019 Capital	2019 Total
Staff Costs						
Staff costs	**236**	**709**	**945**	275	813	1,088
Social security costs	**7**	**22**	**29**	40	120	160
Pension costs - defined contribution scheme	**10**	**31**	**41**	12	36	48
Total Staff Costs	**253**	**762**	**1,015**	327	969	1,296

£000	2020 Revenue	2020 Capital	2020 Total	2019 Revenue	2019 Capital	2019 Total
Auditor's remuneration						
Fee payable to the auditor for the audit of the Group's annual accounts	**32**	**-**	**32**	49	-	49
All other services	**5**	**-**	**5**	5	-	5
Total auditor's remuneration	**37**	**-**	**37**	54	-	54

In addition to the audit fees paid by the Company disclosed above, fees payable to the Company's auditors for the audit of the non-consolidated subsidiaries amount to £4,500 (£12,600), with no audit-related services for these entities during either 2019 or 2020. Total audit fees were £36,500 (£61,100) and non-audit fees were £4,500 (£5,100). Total remuneration paid to Deloitte LLP in 2019 amounted to £66,200. Total remuneration paid to BDO in 2020 amounted to £41,000.

Total Directors' remuneration recorded for the year was £291k (£330k). The balance of the remuneration expense £724k (£966k) relates to the Executive team. Further details are given in the Remuneration Report on pages 60 to 65. The average full-time equivalents in the year was four (four), further details can be found on page 52.

Total Company expenses of £17,953k, (£17,587k) consist of investment management fees of £11,964k (£11,725k) and administrative expenses of £5,989k (£5,862k). Administrative expenses include non-recurring administrative expenses of £394k (£733k) as disclosed on page 34.

The cost of insured benefits for staff is included in staff costs.

5 FINANCE COSTS

£000	2020 Revenue	2020 Capital	2020 Total	2019 Revenue	2019 Capital	2019 Total
Bank loans interest and associated costs	**188**	**553**	**741**	217	687	904
4.28% unsecured fixed rate notes	**1,070**	**3,210**	**4,280**	1,070	3,210	4,280
2.657% unsecured fixed rate notes	**133**	**399**	**532**	133	399	532
2.936% unsecured fixed rate notes	**147**	**440**	**587**	147	440	587
2.897% unsecured fixed rate notes	**145**	**435**	**580**	145	435	580
Interest on lease liabilities	**8**	**23**	**31**	9	28	37
Other finance costs	**107**	**262**	**369**	89	257	346
	1,798	**5,322**	**7,120**	1,810	5,456	7,266

The basis of apportionment of finance costs between revenue and capital profits is disclosed in Note 2.

6 TAXATION

£000	2020 Revenue	2020 Capital	2020 Total	2019 Revenue	2019 Capital	2019 Total
UK corporation tax at 19.00% (19.00%)	**-**	**-**	**-**	-	-	-
Revision of prior year estimate	**(4,504)**	**-**	**(4,504)**	(1,525)	-	(1,525)
Overseas taxation	**4,357**	**-**	**4,357**	5,471	-	5,471
	(147)	**-**	**(147)**	3,946	-	3,946
Deferred taxation originations and reversal of temporary differences	**-**	**-**	**-**	-	-	-
Tax (credit)/expense for the year	**(147)**	**-**	**(147)**	3,946	-	3,946

The 2020 revision of prior year estimate relates to the £2.85m release of the prior year tax provision referred to below and a £1.65m refund of UK corporation tax received from HMRC in connection with the same issue. The 2019 revision of prior year estimate noted above relates to a net refund of overseas withholding tax.

The profit/(loss) of the Company for the year ended 31 December 2020 is taxed at the standard UK corporation tax rate of 19% (19%). Taxation for overseas jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The tax charge assessed for the years ended 2019 and 2020 can be reconciled to the profit per the statement of comprehensive income as follows:

£000	2020 Revenue	2020 Capital	2020 Total	2019 Revenue	2019 Capital	2019 Total
Profit before tax	**36,228**	**193,691**	**229,919**	51,180	501,710	552,890
Tax at the standard UK corporation tax rate of 19.00% (19.00%)	**6,883**	**36,801**	**43,684**	9,724	95,325	105,049
Non-taxable income	**(8,551)**	**-**	**(8,551)**	(10,852)	-	(10,852)
Gains on investments not taxable	**-**	**(43,751)**	**(43,751)**	-	(101,873)	(101,873)
Revision of prior year estimate	**(4,504)**	**-**	**(4,504)**	(1,525)	-	(1,525)
Effect of overseas tax	**4,357**	**-**	**4,357**	5,471	-	5,471
Deferred tax assets not recognised	**1,673**	**5,358**	**7,031**	1,455	6,535	7,990
Other adjustments	**(5)**	**1,592**	**1,587**	(327)	13	(314)
Tax (credit)/expense for the year	**(147)**	**-**	**(147)**	3,946	-	3,946

At the balance sheet date, the Company had unused tax losses of £155.0m (£134.9m) available for offset against future profits.

The unrecognised deferred tax asset in relation to the unused tax losses is £29.4m (£22.9m). The Company has other deferred tax assets totalling £10.0m which have not been recognised. The other deferred tax assets relate to carried forward disallowed interest, an accounting adjustment which is being spread for tax purposes over 10 years and fixed asset temporary differences. The Directors have not recognised the deferred tax assets as it is considered unlikely that the Company will generate taxable income in excess of deductible expenses in future periods. The unrecognised deferred tax assets have been calculated using the standard corporation tax rate of 19%.

Tax payable of £1.14m (£3.99m) relates to the taxation of overseas dividends received before July 2009. During 2020, the Company released £2.85m of the prior year tax provision as this amount no longer meets the conditions to be recognised as a liability.

7 DIVIDENDS

Dividends Paid

£000	2020	2019
2018 fourth interim dividend of 3.3890p per share	-	11,260*
2019 first interim dividend of 3.4900p per share	-	11,517
2019 second interim dividend of 3.4900p per share	-	11,504
2019 third interim dividend of 3.4900p per share	-	11,473
2019 fourth interim dividend of 3.4900p per share	**11,474**	-
2020 first interim dividend of 3.5950p per share	**11,804**	-
2020 second interim dividend of 3.5950p per share	**11,675**	-
2020 third interim dividend of 3.5950p per share	**11,561**	-
	46,514	45,754

We also set out below the total dividend payable in respect of the financial year, which is the basis on which the requirements of Section 1158/1159 of the Corporation Tax Act 2010 are considered.

Dividends Earned

£000	2020	2019
2019 first interim dividend of 3.4900p per share	-	11,517
2019 second interim dividend of 3.4900p per share	-	11,504
2019 third interim dividend of 3.4900p per share	-	11,473
2019 fourth interim dividend of 3.4900p per share	-	11,474*
2020 first interim dividend of 3.5950p per share	**11,804**	-
2020 second interim dividend of 3.5950p per share	**11,675**	-
2020 third interim dividend of 3.5950p per share	**11,561**	-
2020 fourth interim dividend of 3.5950p per share	**11,561**	-
	46,601	45,968

*The fourth interim dividend values have been adjusted to reflect share buybacks in the period between the year-end date and the dividend record date.

8 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

£000	2020 Revenue	2020 Capital	2020 Total	2019 Revenue	2019 Capital	2019 Total
Ordinary shares						
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders	**36,375**	**193,691**	**230,066**	47,234	501,710	548,944
Number of shares						
Weighted average number of ordinary shares for the purpose of basic earnings per share			**325,943,630**			330,417,501
Weighted average number of ordinary shares for the purpose of diluted earnings per share			**326,065,762**			330,772,093

The basic figure is arrived at by reducing the number of ordinary shares by the 22,331 (334,182) ordinary shares held in a trust that was set up to satisfy awards made under historic share award schemes (no new awards will be made).

9 INVESTMENTS HELD AT FAIR VALUE

£000	2020	2019
Investments designated at fair value through profit and loss:		
Investments listed on a recognised investment exchange	**3,268,951**	3,049,874
Unlisted investments	**571**	63
Investments in related and subsidiary companies	**34**	73
	3,269,556	3,050,010

Investments listed on a recognised investment exchange relate to equity holdings considered to be core investments.

Investments in related and subsidiary companies contains the remaining subsidiary companies as disclosed in note 2.

Unlisted investments relate to directly held private equity investments.

£000	Listed equity investments	Other equity and funds	Related and subsidiary companies	Unlisted investments	Total
Opening book cost at 1 January 2019	2,623,475	3,956	109,835	9,141	2,746,407
Opening unrealised investment holdings (losses)/gains	(108,931)	1,932	(71,775)	13,132	(165,642)
Opening valuation as at 1 January 2019	2,514,544	5,888	38,060	22,273	2,580,765
Movements in the year					
Purchases at cost	1,633,349	-	250	-	1,633,599
Sales – proceeds	(1,636,206)	(9,177)	(36,939)	(18,260)	(1,700,582)
Gains/(losses) on investments	538,187	3,289	(1,298)	(3,950)	536,228
Closing valuation as at 31 December 2019	3,049,874	-	73	63	3,050,010
Closing book cost	2,769,561	-	-	648	2,770,209
Closing investment holdings gains/(losses)	280,313	-	73	(585)	279,801
Closing valuation as at 31 December 2019	3,049,874	-	73	63	3,050,010
Opening book cost at 1 January 2020	**2,769,561**	**-**	**-**	**648**	**2,770,209**
Opening unrealised investment holdings gains/(losses)	**280,313**	**-**	**73**	**(585)**	**279,801**
Opening valuation at 1 January 2020	**3,049,874**	**-**	**73**	**63**	**3,050,010**
Movements in the year					
Purchases at cost	**2,879,628**	**-**	**-**	**-**	**2,879,628**
Sales – proceeds	**(2,889,412)**	**(893)**	**(45)**	**-**	**(2,890,350)**
Gains on investments	**228,861**	**893**	**6**	**508**	**230,268**
Closing valuation at 31 December 2020	**3,268,951**	**-**	**34**	**571**	**3,269,556**
Closing book cost	**2,828,600**	**-**	**-**	**648**	**2,829,248**
Closing investment holdings gains/(losses)	**440,351**	**-**	**34**	**(77)**	**440,308**
Closing valuation as at 31 December 2020	**3,268,951**	**-**	**34**	**571**	**3,269,556**

In Other equity and funds, the 2020 gains on investments relate to gains on future contracts held for the purposes of efficient portfolio management and to maintain market exposure whilst the transition was made to the new manager, Lomas. There are no open future contracts at the year-end. Detail on the hierarchical valuation of investment is given in note 19.9.

£000	2020	2019
Gains on investments excluding derivatives	**229,375**	536,228
Gains on derivatives	**893**	-
Total gains on investments	**230,268**	536,228
Transaction costs	**(3,137)**	(3,049)
Total gains on investments after transaction costs	**227,131**	533,179

The Company received £2,890.4m (£1,699.9m) from investments sold in the year. The book cost of these investments when they were purchased was £2,820.6m (£1,603.1m). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

10 OUTSTANDING SETTLEMENTS AND OTHER RECEIVABLES

£000	2020	2019
Sales of investments awaiting settlement	**20,734**	8,844
Dividends receivable	**1,195**	2,173
Other debtors	**355**	264
Recoverable overseas tax	**3,073**	2,128
	25,357	13,409

Outstanding settlements and other receivables do not carry any interest and are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. The Directors consider that the carrying amounts of other receivables approximates to their fair value.

11 OUTSTANDING SETTLEMENTS AND OTHER PAYABLES

£000	2020	2019
Purchases of investments awaiting settlement	**41,790**	8,118
Amounts due to subsidiary companies	**35**	37
Other creditors	**4,880**	6,196
Interest payable	**1,555**	1,319
Tax payable (Note 6)	**1,137**	3,991
	49,397	19,661

Outstanding settlements and other payables are not-interest bearing and are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. The Directors consider that the carrying amounts of other payables approximates to their fair value.

12 BANK LOANS AND UNSECURED FIXED RATE LOAN NOTES

Bank loans

£000	**2020**	**2019**
Bank loans repayable within one year	**145,000**	65,000

Analysis of borrowings by currency:		
Bank loans – sterling	**145,000**	65,000
The weighted average % interest rates payable:		
Bank loans	**0.88%**	1.32%
The Directors estimate the fair value of the borrowings to be:		
Bank loans	**145,000**	65,000

£000	**2020**	2019
Opening bank loans balance	**65,000**	67,000
Drawdown/(repayment) of bank loans	**80,000**	(2,000)
Closing bank loans balance	**145,000**	65,000

Unsecured fixed rate loan notes

£000	**2020**	2019
4.28 per cent. Unsecured fixed rate loan notes due 2029	**129,760**	125,340
2.657 per cent. Unsecured fixed rate loan notes due 2033	**24,264**	22,426
2.936 per cent. Unsecured fixed rate loan notes due 2043	**26,812**	23,814
2.897 per cent. Unsecured fixed rate loan notes due 2053	**28,944**	25,058
	209,780	196,638

£100m of unsecured fixed rate loan notes were drawn down in July 2014, with 15 years' duration at 4.28%.

On 28 November 2018 the Company issued £60m fixed-rate, unsecured, privately placed notes each of £20m and with maturities of 15, 25 and 35 years and coupons for each respective tranche of 2.657%, 2.936% and 2.897%.

The fair value of unsecured debt is estimated by discounting future cash flows using quoted benchmark interest yield curves as at the end of the reporting period and by obtaining lender quotes for borrowings of similar maturity to estimate credit risk margin. Any change to these unobservable inputs, or the comparative borrowings used, would result in a change in the fair value.

The fair value of the items classified as loans and borrowings are classified as Level 3 under the hierarchical fair value hierarchy.

Long term fixed rate notes

	2020	**2019**
The total weighted average % interest rate	**3.05%**	3.11%

13 SHARE CAPITAL

£000	2020	2019
Allotted, called up and fully paid:		
– 321,597,681/(329,065,733) ordinary shares of 2.5p each	**8,040**	8,227

The Company has one class of ordinary share which carries no right to fixed income.

During the year the Company bought back 7,468,052 (4,560,287) ordinary shares at a total cost of £59,770,582 (£34,956,557), all of which were cancelled. The full cost of all shares bought back is included in the capital reserves.

£000	2020	2019
Ordinary shares of 2.5p each		
Opening share capital	**8,227**	8,342
Share buybacks	**(187)**	(115)
Closing share capital	**8,040**	8,227

14 NET ASSET VALUE PER ORDINARY SHARE

The calculation of the net asset value per ordinary share is based on the following:

£000	2020	2019
Equity shareholder funds	**3,003,300**	2,879,392
Number of shares at year-end – basic	**321,575,350**	328,731,551
Number of shares at year-end – diluted	**321,597,681**	329,065,733

The diluted figure is the entire number of shares in issue.

The basic figure is arrived at by reducing the number of ordinary shares by the 22,331 (334,182) ordinary shares held in a trust that was set up to satisfy awards made under historic share award schemes (no new awards will be made).

15 SEGMENTAL REPORTING

The Company has identified a single operating segment, the investment trust, whose objective is to be a core investment delivering a real return over the long term through capital growth and a rising dividend. The accounting policies of the operating segment, which operates in the UK, are the same as those described in the summary of significant accounting policies. The Company evaluates performance based on Net Asset Value Total Return and Total Shareholder Return.

16 RELATED PARTY TRANSACTIONS

There are amounts of £1,222 (£1,222) and £34,225 (£34,225) owed to AT2006 and Second Alliance Trust Ltd, respectively, at year end.

There are no other related parties other than those noted below.

Transactions with key management personnel

Details of the Non-Executive Directors are disclosed on pages 42 and 43.

For the purpose of IAS 24 'Related Party Disclosures', key management personnel comprised the Non-Executive Directors of the Company.

Details of remuneration are disclosed in the remuneration report on pages 60 to 65.

£000	2020	2019
Total emoluments	**291**	330

The 2019 comparative includes £74k in respect of Lord Smith who stepped down as a Director on 4 September 2019.

17 ANALYSIS OF CHANGE IN NET CASH/(DEBT)

£000	2018	Cash flow	Other losses	2019	Cash flow	Other losses	2020
Cash and cash equivalents	81,168	20,244	(3,926)	97,486	**23,622**	**(8,378)**	**112,730**
Bank loans and unsecured fixed rate loan notes	(248,321)	2,000	(15,317)	(261,638)	**(80,000)**	**(13,142)**	**(354,780)**
Net (debt)/cash	(167,153)	22,244	(19,243)	(164,152)	**(56,378)**	**(21,520)**	**(242,050)**

Other gains/(losses) includes £8,378m (£3,926m) foreign exchange losses on cash balances and fair value movements of £13,142m (£15,317m) on the fixed rate loan notes.

18 FINANCIAL COMMITMENTS

Financial commitments as at 31 December 2020, which have not been accrued, for the Company totalled £0.3m (£0.3m). These were in respect of uncalled subscriptions in the Company's private equity limited partnerships (LPs) investments. The one remaining commitment relates to an investment in a Limited Partnership which is currently in arbitration with the Spanish Government. Any further calls will be in respect of the cost of arbitration. The commitment may be called at any time.

The Company provided a letter of support to subsidiary companies AT2006 Limited, Second Alliance Trust Limited and AllSec Nominees Limited in connection with banking facilities made available and confirming ongoing support for at least 12 months from the date the annual financial statements were signed, to make sufficient funds available if needed to enable these companies to continue trading, meet commitments and not to seek repayment of any amounts outstanding.

19 FINANCIAL INSTRUMENTS AND RISK

The Strategic Report details the Company's approach to investment risk management on pages 2 to 40 and the accounting policies on pages 79 to 81 explain the basis on which investments are valued for accounting purposes.

The Directors are of the opinion that the fair values of financial assets and liabilities at amortised cost of the Company are not materially different from their carrying values.

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through optimising its use of debt and equity. The Company's overall strategy remains unchanged from the year ended 31 December 2020 (see objective on page 36).

The capital structure of the Company consists of debt (including the borrowings disclosed in Note 13), cash and cash equivalents, and equity attributable to equity holders of the Company comprising issued ordinary share capital, reserves and retained earnings.

The Board reviews the capital structure of the Company on at least a semi-annual basis. The Company has decided that gearing should at no time exceed 30% of the net assets of the Company.

£000	2020	2019
Debt*	**(354,780)**	(261,638)
Cash and cash equivalents	**112,730**	97,486
Net debt	**(242,050)**	(164,152)
Net debt as % of net assets	**8.1%**	5.7%

*If debt had been valued at par, net debt as a percentage of net assets would be 6.4% (4.4%).

19.1 RISK MANAGEMENT POLICIES AND PROCEDURES

As an investment trust the Company invests primarily in equities consistent with the investment objective set out on page 3. In pursuing this objective, the Company is exposed to a variety of risks that could result in a reduction in the Company's net assets or a reduction in the profits available for payment as dividends.

The principal financial instruments at risk comprise those in the Company's investment portfolio.

The risks and the Directors' approach to managing them are set out below under the following headings: market risk (comprising currency risk, interest rate risk and other price risk), credit risk, liquidity risk and gearing risk. The assumptions and sensitivities within each risk are considered appropriate and are based on the Directors' wider knowledge of the investment market.

The Company has a risk management framework in place which is described in detail on pages 36 to 40. The policies and processes for managing the risks, and the methods used to measure the risks, have not changed from the previous accounting period.

19.2 MARKET RISK

Market risk embodies the potential for both losses and gains and includes currency risk (see note 19.3), interest rate risk (see note 19.4) and other price risk (see note 19.5). Market risk is managed on a regular basis by TWIM as AIFM (TWIMI until 1 October 2019). The AIFM manages the capital of the Company within parameters set by the Directors on investment and asset-allocation strategies and risk.

The Company's strategy on investment risk is outlined in our statement of investment objectives and policy on pages 3 and 48.

Details of the equity investment portfolio at the balance sheet date are disclosed on pages 30 to 33.

19.3 CURRENCY RISK

A significant amount of the Company's assets, liabilities and transactions are denominated in currencies other than its functional currency of pounds sterling. Consequently, the Company is exposed to the risk that movements in exchange rates may affect the pounds sterling value of those items.

Currency risk is assessed and managed on an ongoing basis by the AIFM within overall investment and asset-allocation strategies and risk guidelines as set out in the AIFM agreement. The Company may enter into forward exchange contracts to cover specific foreign currency exposure.

The currency exposure for overseas investments is based on the quotation currency of each holding, while the currency exposure for net monetary assets is based on the currency in which each asset or liability is denominated. At the reporting date the Company had the following exposures:

Currency exposure

£000	Overseas investments 2020	Net monetary assets 2020	Total currency exposure 2020	Overseas investments 2019	Net monetary assets 2019	Total currency exposure 2019
US dollar	**2,285,253**	**25,448**	**2,310,701**	1,844,839	24,101	1,868,940
Euro	**333,886**	**1,187**	**335,073**	448,642	1,035	449,677
Yen	**60,498**	**-**	**60,498**	113,211	-	113,211
Other non sterling	**322,759**	**510**	**323,269**	331,750	2,259	334,009
	3,002,396	**27,145**	**3,029,541**	2,738,442	27,395	2,765,837

Sensitivity analysis

If pounds sterling had strengthened by 10% (10%) relative to all currencies, with all other variables held constant, the statement of comprehensive income and the net assets attributable to equity holders would have decreased by the amounts shown below. The analysis is performed on the same basis as for the year ended 31 December 2019. The revenue return impact is an estimated figure for 12 months based on the cash balances at the reporting date.

£000	2020	2019
Income statement		
Revenue return	**(3,806)**	(4,510)
Capital return	**(302,954)**	(276,584)
Net assets	**(306,760)**	(281,094)

A 10% (10%) weakening of pounds sterling against the above currencies would have resulted in an equal and opposite effect on the above amounts, on the basis that all other variables remain constant.

19.4 INTEREST RATE RISK

The Company is exposed to interest rate risk in several ways. A movement in interest rates may affect income receivable on cash deposits and interest payable on variable rate borrowings.

The Company finances part of its activities through borrowings at levels which are approved and monitored by the Directors. The possible effects on fair value and cash flows as a result of an interest rate change are considered when making investment or borrowing decisions. Unsecured fixed rate loans are excluded from the sensitivity analysis.

The following table details the Company's exposure to interest rate risks for bank and loan balances:

£000	2020	2019
Exposure to floating interest rates		
Cash and cash equivalents	**112,730**	97,486
Bank loans repayable within 1 year	**(145,000)**	(65,000)
	(32,270)	32,486

Sensitivity analysis

If interest rates had decreased by 0.25% (0.25%), with all other variables held constant, the statement of comprehensive income result and the net assets attributable to equity holders would have changed by the amounts shown below. The revenue return impact is an estimated figure for the year based on the cash balances at the reporting date.

£000	2020	2019
Income statement		
Revenue return	**(191)**	(203)
Capital return	**272**	122
Net assets	**81**	(81)

A 0.25% increase (0.25%) in interest rates would have resulted in a proportionate equal and opposite effect on the above amounts, on the basis that all other variables remain constant.

19.5 OTHER PRICE RISK

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether caused by factors specific to an individual investment or its issuer, or by factors affecting all instruments traded in that market.

As the majority of the Company's financial assets are carried at fair value with fair value changes recognised in the statement of comprehensive income, all changes in market conditions will directly affect gains and losses on investments and net assets.

The Directors manage price risk by having a suitable investment objective for the Company. The Directors review this objective and investment performance regularly. The risk is managed on a regular basis by TWIMI or, from 1 October 2019, TWIM, within parameters set by the Directors on investments and asset allocation strategies and risk. TWIM monitors the managers' compliance with their mandates and whether asset allocation within the portfolio is compatible with the Company's objective.

Concentration of exposure to other price risks

A listing of the Company's equity investments can be found on the Company's website. The largest geographical area by value for equity investments value is North America, with significant amounts also in Europe, Asia and the UK. A breakdown of investments by geography and sector can be found on pages 16 and 17.

The following table details the Company's exposure to market price risk on its quoted and unquoted equity investments:

£000	2020	2019
Investments at fair value through profit & loss		
Investments listed on a recognised investment exchange	**3,268,951**	3,049,874
Unlisted investments	**571**	63
Investments in related and subsidiary companies	**34**	73
	3,269,556	3,050,010

Sensitivity analysis

99.9% (99.9%) of the Company's investment portfolio is listed on stock exchanges. If share prices had decreased by 10% with all other variables remaining constant, the statement of comprehensive income result and the net assets attributable to equity holders of the parent would have decreased by the amounts shown below. The analysis for last year assumed a share price decrease of 10%.

£000	2020	2019
Statement of comprehensive income		
Capital return	**(326,895)**	(304,987)
Net assets	**(326,895)**	(304,987)

A 10% increase (10% increase) in share prices would have resulted in a proportionate equal and opposite effect on the above amounts, on the basis that all other variables remain constant.

19.6 CREDIT RISK

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

This risk is managed as follows:

- The Company contracts only with creditworthy counterparties and obtains sufficient collateral where appropriate (cash and gilts) as a means of mitigating the risk of financial loss from defaults.
- Investment transactions are carried out with a number of well established, approved brokers on a cash against receipt, or cash against delivery, basis.
- Outsourced providers are subject to regular oversight by the Board, the Executive team and the Depositary.
- The Company's Depositary is responsible for the safekeeping of the Company's assets and liable to the Company for any loss of assets. Reports from the Depositary and Custodian are regularly reviewed and daily reconciliation of the Company's assets is undertaken.

The Company minimises credit risk through banking polices which restrict banking deposits to high rated financial institutions.

At the reporting date, the Company's cash and cash equivalents exposed to credit risk were as follows:

£000	2020	2019
Credit rating		
A1	**112,307**	-
A1	**423**	-
Aa1	**-**	97,145
A3	**-**	341
	112,730	97,486
Average maturity	**1 day**	1 day

The Company's UK and overseas listed equities are held by The Bank of New York Mellon, London branch, as custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed or limited.

19.7 LIQUIDITY RISK

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities.

This is not a significant risk for the Company as most of its assets are investments in quoted equities that are readily realisable. It also can borrow, which gives it access to additional funding when required. At the balance sheet date, it had the following facilities:

£000	2020	Expires	2019	Expires
Committed multi-currency facility – Scotiabank*	**100,000**	**16/12/2021**	100,000	16/12/2020
Amount drawn	**100,000**		65,000	-
Committed multi-currency facility – Scotiabank	**100,000**	**16/12/2022**	100,000	16/12/2021
Amount drawn	**45,000**		-	-
15-year 4.28% unsecured fixed rate loan notes**	**100,000**	**31/07/2029**	100,000	31/07/2029
Amount drawn	**100,000**		100,000	-
15-year 2.657% unsecured fixed rate loan notes**	**20,000**	**27/11/2033**	20,000	27/11/2033
Amount drawn	**20,000**		20,000	-
25-year 2.936% unsecured fixed rate loan notes**	**20,000**	**27/11/2043**	20,000	27/11/2043
Amount drawn	**20,000**		20,000	-
35-year 2.897% unsecured fixed rate loan notes**	**20,000**	**27/11/2053**	20,000	27/11/2053
Amount drawn	**20,000**		20,000	-
Total facilities	**360,000**		360,000	-
Total drawn	**305,000**		225,000	-

All the facilities are unsecured and have covenants on the maximum level of gearing and minimum net asset value of the Company.

*The agreement for the existing loan facility with Scotia Bank (Ireland) Limited was novated and amended to Scotiabank Europe PLC.
**The fair value of fixed rate loan notes is shown in Note 13.

19.8 GEARING RISK

This is the risk that the movement in the fair value of the assets of the Company is amplified by any gearing that the Company may have. The exposure to this risk and the sensitivity analysis is detailed below.

£000	2020	2019
Investments after gearing	**3,269,556**	3,050,010
Gearing*	**(354,780)**	(261,638)
Investments before gearing	**2,914,776**	2,788,372

*Gearing is expressed based on debt at fair value.

Sensitivity analysis

If net assets before gearing had decreased by 10%, with all other variables held constant, the statement of comprehensive income result and the net assets attributable to equity holders would have further decreased by the amounts shown below. The analysis for last year assumed a net asset before gearing decrease of 10%.

£000	2020	2019
Income statement		
Capital return	**(35,478)**	(26,164)
Net assets	**(35,478)**	(26,164)

A 10% increase (10% increase) in net assets before gearing would have resulted in an equal and opposite effect on the above amounts, on the basis that all other variables remain constant.

19.9 HIERARCHICAL VALUATION OF FINANCIAL INSTRUMENTS

Accounting Standards recognise a hierarchy of fair value measurements, for financial instruments measured at fair value in the Balance Sheet, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The classification of financial instruments depends on the lowest significant applicable input.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Included within this category are investments listed on any recognised stock exchange.

Level 2 Quoted prices for similar assets or liabilities or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such instruments would be forward exchange contracts and certain other derivative instruments.

Level 3 Valued by reference to valuation techniques using inputs that are not based on observable market data. The value is the Directors' best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instrument. Included within this category are direct or pooled private equity investments.

The following table analyses the fair value measurements for the Company's assets and liabilities measured by the level in the fair value hierarchy in which the fair value measurement is categorised at 31 December 2020. All fair value measurements disclosed are recurring fair value measurements.

The Company valuation hierarchy fair value through profit and loss through the statement of comprehensive income:

	2020				2019			
£000	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets								
Listed investments	**3,268,951**	**-**	**-**	**3,268,951**	3,049,874	-	-	3,049,874
Unlisted investments								
Private equity	**-**	**-**	**571**	**571**	-	-	63	63
Other	**-**	**-**	**34**	**34**	-	-	73	73
Total assets	**3,268,951**	**-**	**605**	**3,269,556**	3,049,874	-	136	3,050,010
Liabilities								
Unsecured fixed rate Loan notes	**-**	**-**	**(209,780)**	**(209,780)**	-	-	(196,638)	(196,638)
Total liabilities	**-**	**-**	**(209,780)**	**(209,780)**	-	-	(196,638)	(196,638)

There have been no transfers during the year between Levels 1, 2 and 3.

The following table shows the reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy.

£000	**2020**	**2019**
Balance at 1 January	**136**	60,333
Purchases at cost	**-**	250
Sales proceeds	**(45)**	(55,199)
Gains/(losses) on investments	**514**	(5,248)
Balance at 31 December	**605**	136

Subsidiaries

Investments in subsidiary companies (Level 3) are valued in the Company accounts at £34k (£73k).

On 28 June 2019 the sale of Alliance Trust Savings to Interactive Investor Limited was completed. The total consideration payable for the business was £40m which included the Company's office premises at 8 West Marketgait, Dundee, and was subject to post completion adjustments.

20 SHARE BASED PAYMENTS

The Company operated the share based payment schemes:

Long Term Incentive Plan (LTIP)

The LTIP is a discretionary plan for former Executive Directors and senior managers. No awards have been made since May 2015 and no new awards will be made.

The number of shares comprised in all awards has now been determined and was reported in the 2017 financial statements.

The 2015 LTIP vested in May 2020.

Deferred Bonus Award

The Deferred Bonus Award is a discretionary plan for FCA code staff in former subsidiaries, where they were required to defer 50% of an annual bonus award for three years. No awards have been made since 2016.

The last deferred bonus vested in May 2020.

Movements in options

There were 266,783 options outstanding at 31 December 2019. During 2020 these options were all exercised and there were no remaining options at year end. The LTIP and deferred bonus award schemes are now fully vested, the people receiving the benefits in 2020 are no longer employees and the vesting had no impact on the financial statement this year.

21 PENSION SCHEME

The Company offers (i) membership of a pension plan through the National Employment Savings Trust, which was set up for the purposes of auto enrolment and has no members; and (ii) contributions by the Company to personal SIPPs of employees operated by individual members and administered by Interactive Investor (ATS until 28 June 2019).

22 LEASES

Right of use property assets

£000	2020	2019
Cost		
Balance at 1 January	**984**	-
Adjustment due to introduction of IFRS 16	-	984
Balance at 31 December	**984**	984

Depreciation		
Balance at 1 January	**(187)**	-
Depreciation charge for the year	**(203)**	(187)
Balance at 31 December	**(390)**	(187)
Net book value at 31 December	**594**	797

Property lease liabilities

£000	2020	2019
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**228**	251
One to five years	**532**	760
Total undiscounted lease liabilities at 31 December	**760**	1,011

Amount recognised in profit or loss

£000	2020	2019
Income from sub-leasing right-of-use assets	**318**	324

Amounts recognised in the statement of cash flows

£000	2020	2019
Total cash outflow for leases	**(251)**	(271)

The incremental rate of borrowing applied to lease liabilities is 3.06% (2019: 3.06%), representing the average weighted rate of borrowing at the date of inception.

Glossary: Performance Measures and Other Terms

Throughout this document we use several defined terms including specific terms to describe performance. Where not described in detail elsewhere we set out here what these terms mean.

Active Risk is a measure of the risk in a portfolio that is due to active management decisions. It is calculated as the standard deviation of the excess returns of a portfolio over its benchmark. For the Company's portfolio as at 31 December 2020 this was calculated as 2.9% in relation to the MSCI ACWI benchmark.

Active Share is a measure of how actively a portfolio is managed; is the percentage of the 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. For the Company's portfolio as at 31 December 2020 this was calculated as 77% in relation to the MSCI ACWI benchmark.

Benchmark Volatility is a measure of the variability of a benchmark's returns. It is calculated as the standard deviation of the benchmark returns over a one-year period. We have calculated the MSCI ACWI benchmark volatility as at 31 December 2020 to be 18.5%.

Beta is a measure of the risk, defined as the volatility of a stock or portfolio, compared to a benchmark. It is calculated through regression analysis, a statistical analysis that examines the relationship between two or more variables. In general, a beta less than 1 indicates that the investment is less volatile than the benchmark, while a beta greater than 1 indicates that the investment is more volatile than the benchmark. For example, if a stock has a Beta of 0.5, you would expect it to increase or decline in value, half as much as the benchmark increases or declines. The Company's portfolio had a Beta of 1.04 as at 31 December 2020.

Equity Portfolio Total Return is a measure of the performance of the Company's equity portfolio over a specified period. It combines any appreciation in the value of the equity portfolio and dividends paid. The Equity Portfolio Total Return excludes the impact of leverage and buybacks seen in the NAV and, prior to 2020, was a good approximation of what the Company's NAV Total Return would have been had the Company not held its legacy non-core investments. The comparator used for the Equity Portfolio Total Return is the MSCI ACWI total return. The Equity Portfolio Total Return over the year to 31 December 2020 was 9.4%, before Managers fees.

Gearing, at its simplest, 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 (Gross) = Total Gearing and is a measure of the Company's financial leverage. It is calculated by dividing the Company's total borrowings (unless otherwise indicated these are valued at par) by its Net Asset Value. The Gross Gearing calculation includes any cash or non-equity holdings. As at 31 December 2020, the Company had Gross Gearing of 10.0%.

Gearing (Net) is a measure of the Company's financial leverage and calculated by dividing the Company's net borrowings (i.e., total borrowings minus cash) by its Net Asset Value. Unless otherwise indicated, borrowings are valued at par. As at 31 December 2020, the Company had Net Gearing of 6.3%.

Investment Manager means the investment manager appointed by the Company to manage its portfolio. As at 31 December 2020, this was Towers Watson Investment Management Limited, a member of the Willis Towers Watson group of companies.

Leverage for the purposes of the Alternative Investment Fund Managers Directive (AIFMD), is a term used to describe any method by which the Company increases its exposure, whether through borrowing (gearing) or through leverage embedded in derivative positions, or by any other means. As required by AIFMD, the Company's leverage is calculated using two methods: the gross method which gives the overall total exposure, and the commitment method which takes into account hedging and netting offsetting positions. As the leverage calculation includes exposure created by the Company's investments, it is only described as 'leveraged' if its overall exposure is greater than its Net Asset Value. This is shown as a leverage ratio of greater than 100%. Details of the Leverage employed for the Company is disclosed annually by WTW in its AIFMD Disclosure which can be found on the Company's website.

Manager or **Stock Picker** means a manager selected and appointed by Willis Towers Watson to invest the Company's portfolio.

MSCI means MSCI Inc. which provides information relating to the benchmark, the MSCI All Country World Index (MSCI ACWI), against which the performance target for the equity portfolio has been set. MSCI's disclaimer regarding the information provided by it and referenced by the Company can be found on the Company's website.

MSCI All Country World Index (MSCI ACWI) is a market capitalisation weighted index designed to provide a broad measure of equity-market performance throughout the world. It is comprised of stocks from both developed and emerging markets. This measures performance in sterling. The variant of the MSCI ACWI used is the Net Dividend Reinvested (NDR) variant of the MSCI ACWI. This variant gives the return that a shareholder could expect to actually receive because it includes the effects of foreign withholding tax on dividend payments.

NAV Total Return is a measure of the performance of the Company's Net Asset Value (NAV) over a specified time period. It combines any change in the NAV and dividends paid. The comparator used for the Company's NAV Total Return is the MSCI ACWI total return. The Company's NAV Total Return for 2020, after fees and including income with debt at fair value, was 8.5% as at 31 December 2020.

Net Asset Value (NAV) is the value of the Company's total assets less its liabilities (including borrowings). The Company's NAV per share is calculated by dividing this amount by the number of ordinary shares in issue and is stated on an 'including income' basis with debt at fair value. The Company's balance sheet Net Asset Value as at 31 December 2020 was £3.0bn which, divided by 321,597,681 ordinary shares in issue on that date, gave a NAV per share of 933.9p.

Non-core Assets are the assets the Company holds aside from the global equity portfolio. At the end of 2020 there was one interest in a private equity investment which was in the process of winding up and one investment where there is a potential of some return, dependent on an international arbitration process. The total value of these Non-core Assets as at 31 December 2020 was £605,000 (2019: £136,000).

Ongoing Charges Ratio (OCR) is the total expenses (excluding borrowing costs) incurred by the Company as a percentage of the Company's average NAV (with debt at fair value). Previously we reported the OCR based on the average of the opening and closing NAV for the year and this is the method of calculation used for all OCR figures in this Annual Report prior to 2019. We now calculate the OCR in line with the industry standard using the average of net asset values at each NAV calculation date. The OCR for year to 31 December 2020 was 0.64%.

Ongoing Charges represent the Company's total ongoing costs and are calculated in accordance with the guidelines issued by the Association of Investment Companies (AIC). More detailed information on the Company's costs can be found on page 34.

Peer Group Median is the median of the Morningstar universe of UK retail global equity funds (open ended and closed ended). The number of members of the peer group varies from time to time depending on funds entering or leaving that sector. At 31 December 2020 there were 336 members.

Portfolio Volatility is a measure of the variability of the Company's equity portfolio returns. It is calculated as the standard deviation of the Company's portfolio returns and its benchmark returns over a one-year period. The Company's Portfolio Volatility as at 31 December 2020 was 19.5%.

Responsible or **Sustainable Investment** is an investment strategy that integrates financial-driven strategies with non-financial Environmental, Social and Governance (ESG) factors and stewardship for the purpose of managing long-term risk and/or enhancing long-term returns.

Stewardship represents active ownership practices, such as engagement and voting, aimed at achieving positive change in a company's ESG practices and delivering improved risk management and long-term investment returns outcomes, as well as a more sustainable outcome for society and all stakeholders.

Total Assets represents non-current assets plus current assets, before deduction of liabilities and borrowings.

Total Expense Ratio (TER) is a measure of the total costs associated with managing and operating the Company. These costs consist primarily of investment management fees and additional expenses, such as legal fees, auditor fees and other operational expenses. The total costs for managing and operating the Company is divided by the Company's total assets to arrive at a percentage amount, which represents the TER. The Company's TER over the year to end 31 December 2020 was 0.65%.

Total Shareholder Return (TSR) is the return to shareholders after reinvesting the net dividend on the date that the share price goes ex-dividend. The comparator used for the Company's TSR is the MSCI ACWI total return. This measure shows the actual return received by a shareholder from their investment. The Company's TSR for the twelve months to 31 December 2020 was 9.4%.

Turnover is the lesser of the value of stocks sold or purchased in the year expressed as a percentage of the value of the equity portfolio. Turnover can be affected by the investment activity of the Stock Pickers, rebalancing of the Company's portfolio between the Stock Pickers, the appointment of a new Stock Picker, additional funds being made available for investment or the need to realise cash for the Company. In the period ending 31 December 2020 turnover was 77.3%.

Information for Shareholders

INCORPORATION

Alliance Trust PLC is incorporated in Scotland with the registered number 1731.

The Company's Register of Members is held at:

Computershare Investor Services PLC
Edinburgh House
4 North St Andrew Street
Edinburgh
EH2 1HJ

GENERAL ENQUIRIES

If you have an enquiry about the Company, or wish to receive a paper copy of our Annual Report, please contact the Company Secretary at our registered office:

River Court
5 West Victoria Dock Road
Dundee DD1 3JT

Tel: 01382 938320

Email: investor@alliancetrust.co.uk

The Company's website www.alliancetrust.co.uk contains information about the Company, including the most recent information on our investment performance in our monthly factsheet, and a daily update on our share price and Net Asset Value.

REGISTRARS

The Company's Registrars are:

Computershare Investor Services PLC
PO Box 82
The Pavilions
Bridgwater Road
Bristol
BS99 7NH

The Company's Auditors are:

BDO LLP
55 Baker Street
London
W1U 7EU

SHARE REGISTER QUERIES

Change of address notifications and enquiries for shareholdings registered in your own name should be sent to the Company's Registrars at the above address.

You should also contact the Registrars if you would like the dividends on shares registered in your own name to be sent to your bank or building society account. You may check your holdings and view other information about Alliance Trust shares registered in your own name at www-uk.computershare.com/investor

ANNUAL REPORT AND ELECTRONIC COMMUNICATIONS

The Company sends paper Annual Reports only to shareholders who have requested this. All shareholders receive notices of the Company's general meetings and information on how to access our Annual Report either in paper form or electronically. Shareholders can opt to receive all notifications electronically by going to www-uk.computershare.com/investor

DATA PROTECTION

Where the Company has personal information, it will be held and processed by the Company as a data controller in accordance with the requirements of the General Data Protection Regulation and any other applicable legislation. This may be information received from or about shareholders or investors (for example, from a stockbroker), whether by telephone or in writing, or by any electronic or digital means of communication that may be processed.

Information held on the Company's Register of Members is, by law, information to which the public may, for a proper purpose, have access and the Company cannot prevent any person inspecting it or having copies of it for such purpose, on payment of the statutory fee.

If you do not want to receive information from the Company other than that which the Company is obliged to issue to shareholders, please let us know and you will be removed from our mailing lists.

SHARE INVESTMENT

The Company invests primarily in equities and aims to generate capital growth and a progressively rising dividend from its portfolio of investments.

The Company conducts its affairs so that its shares can be recommended by independent financial advisers to ordinary retail investors in accordance with the Financial Conduct Authority's (FCA) rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Shares in the Company may also be suitable for institutional investors who seek a combination of capital and income return. Private investors should consider consulting an independent financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares.

Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

KEY DOCUMENTS

Investment trust companies (and other providers of investment products) are required to publish a Key Information Document (KID). This requires the inclusion of standardised illustrations of theoretical risk and returns.

The intention is to allow investors to enable a comparison of different investment products across a wide range of financial sectors. Caution should be used in using KIDs as the sole basis for your investment decisions.

The Company's Investor Disclosure Document (IDD) and other key documents are available at www.alliancetrust.co.uk

HOW TO INVEST

There are various ways to invest in the Company. The Company's shares can be traded through any UK stockbroker and most share dealing services and platforms that offer investment trusts, as well as Computershare, the Company's Registrars.

DIVIDEND REINVESTMENT PLAN

Shareholders who hold their shares directly may reinvest their dividends in the Company's shares in a cost-effective way through the Company's Dividend Reinvestment Plan. Details can be found by visiting the Registrar's Investor Centre at www-uk.computershare.com/investor. Shareholders can register and apply to join either online or by post. From 1 January 2021 the Dividend Reinvestment Plan is only available to residents of the United Kingdom.

RISKS

If you wish to acquire shares in the Company, you should take professional advice as to whether an investment in our shares is suitable for you. You should be aware that:

- investment should be made for the long term;
- the price of a share will be affected by the supply and demand for it and may not fully represent the underlying value of the assets of the Company. The price generally stands below the net asset value of the Company ('at a discount') but it may also stand above it ('at a premium'). Your capital return will depend upon the movement of the discount/premium over the period you own the share, as well as the capital performance of the Company's own assets;
- the assets owned by the Company may have exposure to currencies other than sterling. Changes in market movements, and in rates of exchange, may cause the value of your investment to go up or down; and
- past performance is not a guide to the future. What you get back will depend on investment performance. You may not get back the amount you invest.

TAXATION

If you are in any doubt about your liability to tax arising from a shareholding in the Company, you should seek professional advice.

CAPITAL GAINS TAX

For investors who purchased shares prior to 31 March 1982, the cost of those shares for capital gains tax purposes is deemed to be the price of the share on that date. The market value of each Alliance Trust PLC ordinary 25p share on that date was £2.85 which, when adjusted for the split on a 10 for 1 basis on 21 June 2006, gives an equivalent value of £0.285 per share. The market value of each Second Alliance Trust PLC ordinary 25p share on 31 March 1982 was £2.35. Holders of Second Alliance Trust PLC shares received 8.7453 ordinary 2.5p shares for each 25p ordinary share they held on 20 June 2006 and are treated as though they acquired these shares at the same time and at the same cost as the Second Alliance Trust shares they previously held. This gives an equivalent value of £0.269 per share.

DIVIDEND TAX ALLOWANCE

Shareholders will normally have a tax-free allowance across their entire share portfolio. Above this amount, shareholders will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances.

The Company's Registrars provide registered shareholders with a confirmation of the dividends paid by the Company. Shareholders should include this with any other dividend income when calculating and reporting total dividend income received to HMRC. If you have any tax queries, you should seek professional advice.

Information for Shareholders

COMMON REPORTING STANDARDS

You may have received requests from the Company's Registrar for personal information to comply with legal obligations introduced to reduce tax evasion. Whilst it is not compulsory that you complete and return these requests, the Company is required by law to make these requests and to report on the responses received to HMRC.

Please note that only a small number of our shareholders fall into the category where these requests have to be made. If you have any queries on the validity of any document received from our Registrars, you can contact them directly on 0370 889 3187.

KEY DATES

Financial Year End

31 December

Dividends

Barring unforeseen circumstances there will be four dividends paid for the 2021 financial year as follows:

1st Interim Dividend

Dividend will be paid on 30 June 2021 to shareholders on the register on 4 June 2021.

2nd Interim Dividend

Dividend will be paid on 30 September 2021 to shareholders on the register on 3 September 2021.

3rd Interim Dividend

Dividend will be paid on 31 December 2021 to shareholders on the register on 3 December 2021.

4th Interim Dividend

Dividend will be paid on 31 March 2022 to shareholders on the register on 11 March 2022.

ANNUAL GENERAL MEETING

The 133rd Annual General Meeting of the Company will be held at 11am on Thursday 22 April 2021 at the Company's office at River Court, 5 West Victoria Dock Road, Dundee, DD1 3JT. Due to the continuing restrictions and concerns about public health, attendance will be restricted to only a limited number of Board members and representatives from the Company. Shareholders are recommended to lodge proxies for their votes before the meeting. The Notice of Meeting, detailing the business of the meeting, is sent to all shareholders. We will post any updates to our meeting arrangements on our website.

Shareholder Events

Immediately after the formal business of the AGM a webinar will be held which will allow shareholders to hear presentations from the Investment Manager as well as Vulcan and Jupiter, two of the Company's Stock Pickers. We will be holding other shareholder events during the course of 2021. The timing and format of these events will depend on circumstances in place at the time. We will provide details of these events on our website www.alliancetrust.co.uk. If you wish to register to be sent details of any such events, please contact us.

DISABILITY ACT

This document is available both in printed form and on our website. Our website uses the Web Content Accessibility Guidelines (WCAG) 2.0 to ensure our text meets the AAA standard in terms of size and contrast and has been designed to be responsive to whichever device it is viewed on, e.g., if it is viewed on a tablet or phone, the screen and text size will adjust so the whole page is viewable.

If you require this document in any other format, please contact us.

BOGUS COMMUNICATIONS

The Company is aware of contact having been made with shareholders, generally by telephone, seeking information about their shareholdings. These unsolicited callers may state this is in connection with a takeover bid or some other reason and may offer to buy your shares. The FCA recommends that if you receive an unsolicited call from an investment firm that you do not know you should ask for confirmation that it is regulated by the FCA. For further details of how you can make sure you are dealing with an authorised firm please refer to the FCA website.

If you receive any similar unsolicited calls, please treat with extreme caution. The safest thing to do is hang up. If you have any concerns about the genuineness of any such communication, you may call us on 01382 938320.

The Company is prohibited from advising shareholders on whether to buy or to sell shares in the Company but recommend that if you wish to sell your shares you deal only with a financial services firm that is authorised by the FCA.

Ten Year Record (unaudited)

A ten-year record of the Company's Financial Performance is provided below.

Assets £m as at	31 Dec 2011	31 Dec 2012	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018	31 Dec 2019	31 Dec 2020
Total assets	2,676	2,702	3,478	3,415	3,351	3,541	2,979	2,678	3,162	3,408
Loans	(249)	(200)	(380)	(380)	(390)	(220)	(233)	(227)	(225)	(305)
Net assets	2,400	2,491	2,886	3,019	2,948	3,284	2,700	2,411	2,879	3,003
Net asset value (p)										
NAV per share	405.8	444.9	516.5	544.8•	559.0•	667.5•	777.7•	723.6•	875.9•	933.9•
NAV total return on 100p – 10 years*				210.7	178.6	198.3	217.8	265.8	270.1	254.1
Share price (p)										
Closing price per share	342.8	375.3	450.1	478.9	517.0	638.0	746.5	688.0	840.0	901.0
Share price High	392.7	383.5	464.2	481.1	528.5	641.5	747.5	785.0	853.0	912.0
Share price Low	310.2	337.0	375.3	426.0	440.1	447.3	638.0	672.0	688.0	544.0
Total shareholder return on 100p – 10 years*				226.0	197.0	225.5	266.4	306.7	321.4	302.3
Gearing/Net cash (%)										
Gearing	7	7	12	11	13	6	5	7	6	8
Net cash	–	–	–	–	–	–	–	–	–	–

Revenue	11 mths to 31 Dec 2011	31 Dec 2012	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018	31 Dec 2019	31 Dec 2020
Profit after tax	£61.9m	£55.6m	£60.6m	£68.8m	£60.2m	£65.9m	£48.5m	£41.4m	£47.2m	£36.4m
Earnings per share	9.87p	9.74p	10.83p	12.38p	12.43p†	12.77p	12.86p	12.18p	14.30p	11.16p
Dividends per share	9.00p	9.27p	9.55p	9.83p	10.97p	12.77p	13.16p	13.55p	13.96p	14.38p
Special dividend	–	0.36p	1.28p	2.546p	1.46pΔ	–	-	–	–	-

Performance %†† as at	11 mths to 31 Dec 2011	31 Dec 2012	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018	31 Dec 2019	31 Dec 2020
NAV per share	96	106	123	130	133	158	185	228	232	213
Closing price per share	94	103	123	131	141	174	204	257	268	248
Earnings per share	117	112	125	143	143	147	148	117	155	115
Dividends per share (excluding special)	119	122	126	130	145	169	174	169	171	171

Cost of running the Company	11 mths to 31 Dec 2011	31 Dec 2012	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018	31 Dec 2019	31 Dec 2020
Total expenses	£16.0m	£18.7m	£21.5m	£20.8m	£24.0m	£16.8m	£17.4m	£ 17.4m	£ 17.6m	£18.0m
Ongoing charges ratio (excluding capital incentives***)	0.56%**	0.67%	0.75%	0.60%	0.59%	0.43%	0.54%	0.65%	0.62%	0.64%

•With debt at fair value.

*Source: Morningstar UK Ltd.

†Includes capital dividend paid December 2015.

ΔCapital dividend paid December 2015.

††Performance has been rebased in each case to the year end occurring 10 years prior to the relevant year e.g. 31 December 2020 has been rebased to 31 January 2010.

**Administrative expenses used in calculating these ratios have been annualised given the financial reporting period was for 11 months, except for incentives which were on an actual basis. For years prior to 2019 the OCR is calculated using the average of the opening and closing NAV for the year. The OCR for 2019 and 2020 is calculated using the average daily NAV.

***The AIC's recommended methodology for the calculation of an Ongoing Charges figure states that for self-managed companies costs relating to compensation schemes which are linked directly to investment performance should be excluded from the calculation of the principal Ongoing Charges figure.

CONTACT

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Alliance Trust INVESTING FOR GENERATIONS