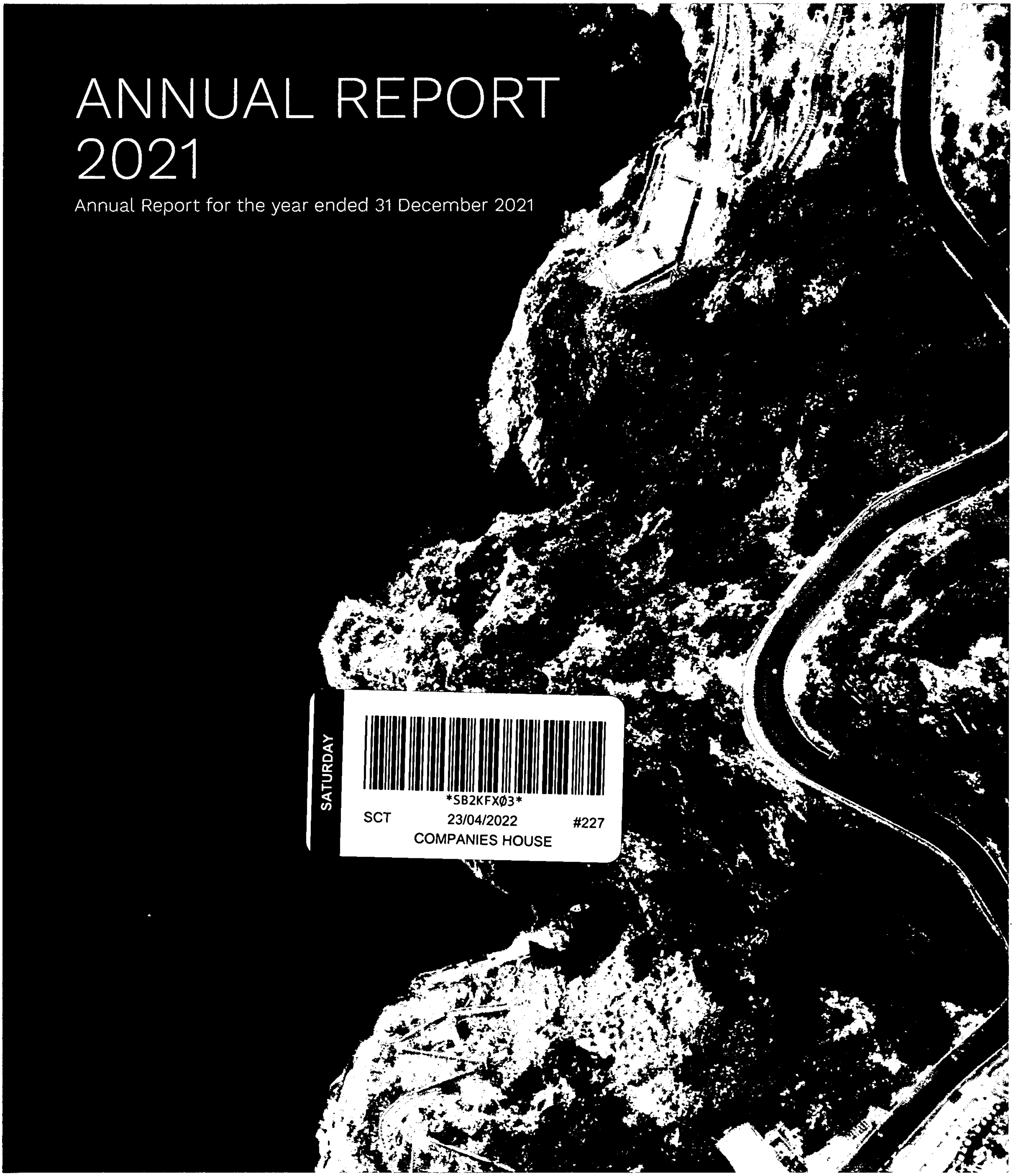
ANNUAL REPORT 2021

Annual Report for the year ended 31 December 2021



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Alliance Trust INVESTING FOR GENERATIONS

Alliance Trust PLC (SC1731)

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.

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.

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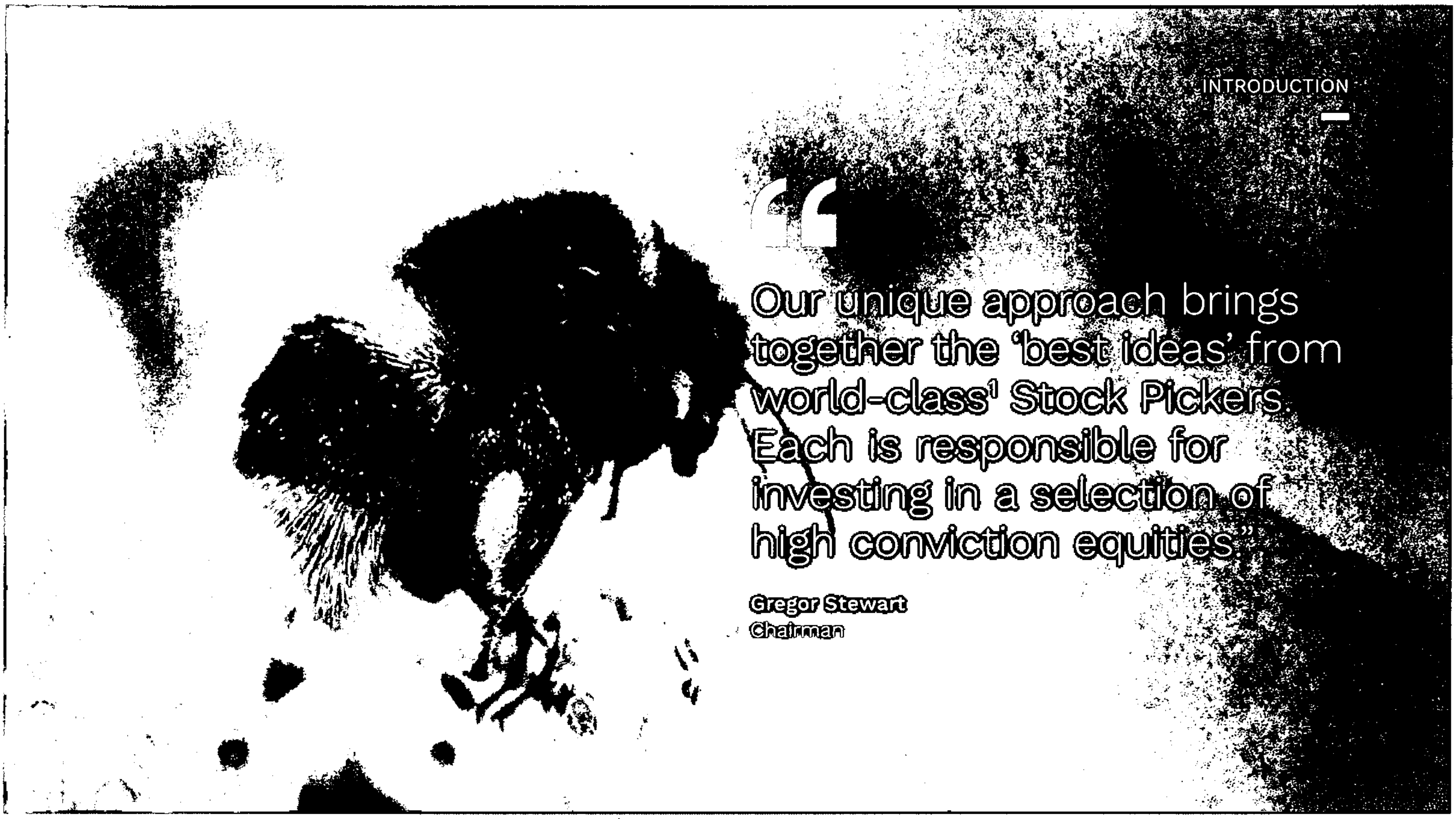


A CORE HOLDING FOR ALL GENERATIONS

Our portfolio's unique blend of Stock Pickers and their customised stock selections make Alliance Trust a strong, core holding for long-term investors seeking capital growth and rising income. Whatever your financial goal, be it saving for university or a first home, building a pension or leaving a legacy, we're built to help you achieve this.

Proven resilience

Established in 1888, we've successfully navigated two world wars, multiple economic crises, the Covid-19 pandemic and numerous political upheavals.

Low maintenance

Our ready-made portfolio does all the hard work for you. With thousands of funds to choose from, it can be daunting finding the time and having the confidence to be your own wealth manager. By using experts to select and monitor a team of top-rated[1] Stock Pickers, who in turn choose the most attractive stocks, we provide a simple, high-quality way to invest in global equities at a competitive cost.

Diversified by country, industry, and style

Our approach doesn't depend on the skill of a single high-profile individual. It's a team effort which means the portfolio can add value through varying stock market cycles and deliver more consistent returns.

All ten of our Stock Pickers have different but complementary approaches to investing. This means our holdings are well diversified across countries, industries and investment styles to seek a wide range of opportunities while minimising risk.

Focused stock picking

Although well diversified, we avoid hugging the index by asking the Stock Pickers to choose no more than 20 stocks[2] in which they have the highest level of conviction.

When combined, our portfolio's country and sector exposures resemble the index[3] but its individual holdings are very different. This high level of divergence is designed to maximise potential for outperformance.

Expert manager selection

All the Stock Pickers are chosen by our investment manager, Willis Towers Watson (WTW), a leading global investment business.

WTW researches thousands of managers globally, before selecting a diverse team of best-in-class[1] Stock Pickers for Alliance Trust.

To control risk, WTW then balances the amount of capital allocated to each of them. And, thanks to the modular construction of the portfolio, if a Stock Picker needs to be replaced, this can be done smoothly.

Alliance Trust is the only way private investors in the UK can gain direct access to WTW's vast depth of equity resources and expertise.

Responsible ownership

Our approach to investment is forward-thinking. To help protect the returns of the next generations, we include consideration of environmental, social and governance factors in the selection of our Stock Pickers who in turn include these factors in their investment processes. We place particular emphasis on engaging with companies to drive change in harmful business practices that may threaten long-term profitability or society as a whole.

Rising dividend

We're proud of our 55-year track record of dividend growth, which is one of the longest in the investment trust industry.

1. As rated by Willis Towers Watson. 2. Apart from GQG Partners, which also manages a dedicated emerging markets mandate with up to 60 stocks 3. MSCI All Country World Index.

OUR PERFORMANCE

FINANCIAL HIGHLIGHTS AS AT 31 DECEMBER 2021

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 Sterling Net Dividend Reinvested variant of the MSCI All Country World Index (MSCI ACWI).

Share Price

1032.0p at 31 December 2021

31 December 2018	31 December 2019	31 December 2020
688.0p	840.0p	901.0p

NAV Total Return[1]

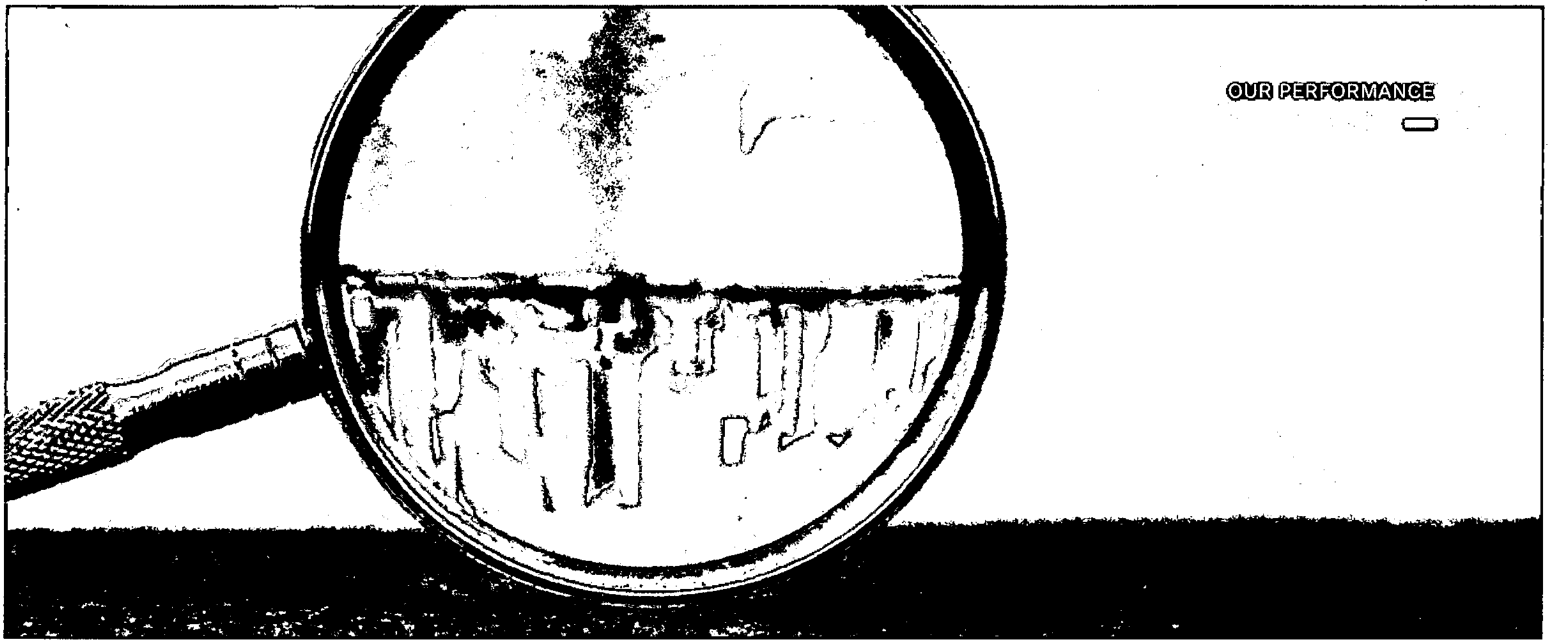
18.6% year to 31 December 2021

Year to 31 December 2018	Year to 31 December 2019	Year to 31 December 2020
-5.4%	23.1%	8.5%

Total Dividend[2]

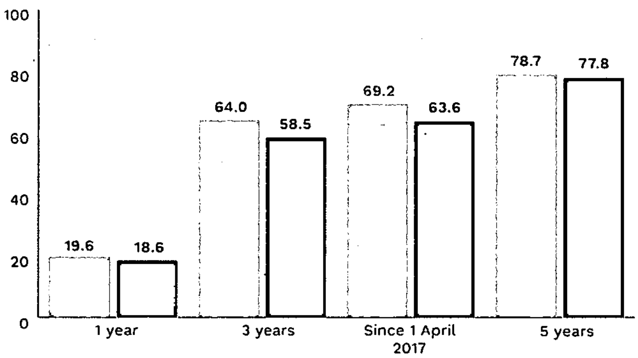
19.05p year to 31 December 2021

Year to 31 December 2018	Year to 31 December 2019	Year to 31 December 2020
13.55p	13.96p	14.38p



NAV TOTAL RETURN (%)[1]

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



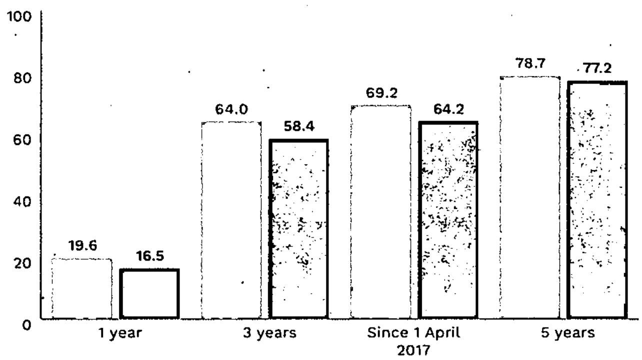
MSCI ACWI
Alliance Trust

Source: Morningstar and MSCI Inc.

NAV Total Return based on NAV including income with debt at fair value and after Stock Picker and WTW investment fees. 1 April 2017 is the date of appointment of WTW as Investment Manager.

TOTAL SHAREHOLDER RETURN (%)[1]

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

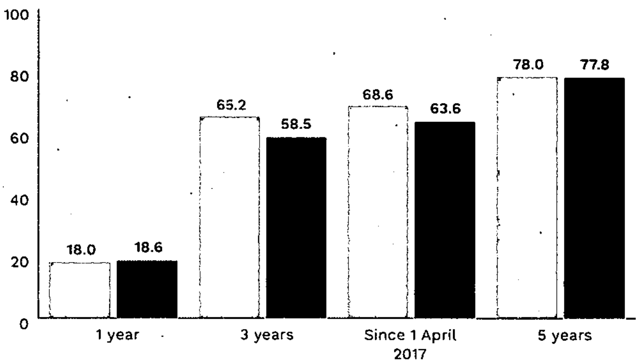


MSCI ACWI
Alliance Trust

Source: Morningstar and MSCI Inc.

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).

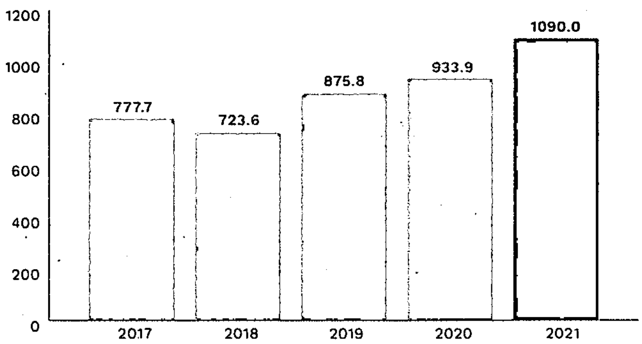


Morningstar Global Equity Median
Alliance Trust

Source: Morningstar.

NET ASSET VALUE (PENCE)[2]

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



Source: BNY Mellon Performance & Risk Analytics Europe Limited.
Net Asset Value includes income and with debt at fair value.

1. Alternative Performance Measure (refer to Glossary on page 114). 2. GAAP Measure.

CHAIRMAN'S STATEMENT

- In 2021 the Company's Total Shareholder Return (TSR) amounted to 16.5%; its Net Asset Value (NAV) Total Return was 18.6% while the Company's benchmark index returned 19.6%.
- Performance in the year was significantly ahead of the Company's benchmark index until the fourth quarter when the index returns became dominated by the performance of a few of the largest US technology companies.
- The Investment Manager and your Board are confident that the fundamental characteristics of the portfolio mean that we expect it to generate outperformance over the longer term.
- A significant increase in dividends was introduced for the third and fourth interim dividends resulting in a year-on-year total increase of 32.5%; had we increased the first and second interim dividends to the same level, this would have resulted in an annual dividend yield of 2.3%.[1]
- We expect to continue extending our 55-year track record of increasing dividends.

1. This is based on the Company's share price on 31 December 2021.

"The Company has delivered a strong absolute performance with a Total Shareholder Return of 16.5%. Against the backdrop of new Covid-19 variants, increasing inflation and a few large technology companies dominating returns, this was a robust result although behind our benchmark. A significant increase in dividends was introduced for the third and fourth interim dividends resulting in a year-on-year total increase of 32.5%. Had we applied the same increased level of interim dividend throughout 2021, this would have resulted in an annual dividend yield of 2.3%.[1] From here, we expect to continue extending our 55-year track record of annual dividend increases."

Gregor Stewart
Chairman

Stock markets generally posted strong gains in 2021, led once again by the US, as the global economy initially continued its recovery from the impact of the Covid-19 pandemic. However, in the fourth quarter, with volatile markets, inflation pressures building and further variants of the virus emerging, there was new uncertainty about the outlook for 2022. As result, valuations of many stocks suffered in this period and most of the performance of the benchmark index in the final quarter of the year was generated by a very small number of large US technology stocks. Overall performance and the effect of the concentration of market returns is further analysed in the report of our Investment Manager, WTW, on pages 11 to 15.

As a result of the above factors, the performance of the Company's portfolio relative to its benchmark declined materially during the final quarter of the year. For the first nine months of the year, as the vaccine-fuelled market recovery broadened in impact, the Company's NAV Total Return outperformed the benchmark by 3.4%. Although the Company's portfolio included some of the large US technology stocks it did not mirror the degree of concentration of such stocks in the benchmark index.. This resulted in NAV Total Return underperformance relative to the index of 4.0% in the fourth quarter. To illustrate the extreme nature of this concentration, if the portfolio had included Apple and Tesla at the same weight as the benchmark, the portfolio's performance would have improved by approximately 1.0% in the fourth quarter.

This concentration factor has harmed the performance of the Company relative to the benchmark for significant periods over recent years. This has resulted in the portfolio underperforming relative to the benchmark index, and against our target, since 1 April 2017 when WTW was appointed as the Company's Investment Manager. In this period, excluding the effect of non-equity investments previously held by the Company, the Company's annualised NAV Total Return was 0.45% per annum below its benchmark return.

In the past year we have seen encouraging signs that when the individual stock returns from global markets are less concentrated and focus on long-term company fundamentals, returns from our portfolio exceed those of the market index. The Board and WTW remain confident that over the longer term the Company's diversified but high conviction portfolio is well placed to provide the level of outperformance we target.

We announced a number of changes to our Stock Pickers during the year. Following the termination of Lomas Capital Management's mandate in February we appointed Sands Capital Management and Metropolis Capital. If and when any further changes are made, we will announce these once the transition of assets to the relevant Stock Pickers has been completed.

The discount remained stable for most of the year closing at 5.3% (2020: 3.5%) and averaging 5.9%. The Company bought back just over 4% of its issued share capital during the year. The widening of the discount is consistent with many other global equity investment trusts.

DIVIDEND SIGNIFICANTLY INCREASED

During 2021 the Board completed a review of the level and funding of the Company's dividend. After taking account of the Company's projected investment income and significant accumulated distributable reserves, enhanced by the conversion

1. This is based on the Company's share price on 31 December 2021.

CHAIRMAN'S STATEMENT

of the merger reserve, the Board determined it was appropriate and prudent to increase significantly the Company's dividend. This has been implemented without changing the Company's investment objective or strategy. Before making this decision, the Board sought views from individual shareholders, institutional investors and wealth managers.

The total dividend paid for 2021 will be 19.05p (2020: 14.38p), representing an increase of 32.5% on that paid for 2020. For illustration, if the Company had paid all interim dividends during the year at the same level as the increased third and fourth interim dividends, the annual dividend yield would have been 2.3%[1]. Following this increase, through a combination of its investment income and the use of its significant distributable reserves, the Board expects to continue extending the Company's 55-year track record of dividend increases. Of the Company's £3.3bn distributable reserves at 31 December 2021, the Board anticipates that £10.5m (2020: £10.1m) will be utilised to support the total dividend declared for 2021. The Board believes that delivering a higher, but still sustainable, level of dividend will benefit existing shareholders and enhance the attractiveness of the Company's shares.

INVESTING RESPONSIBLY

In 2021 we reaffirmed our focus on Environmental, Social and Governance (ESG) factors through announcing a formal commitment, along with our Investment Manager, that the Company's portfolio will be managed to target net zero greenhouse gas emissions by 2050. In addition, the aim is to reduce emissions over the medium term on a pathway which may not necessarily show year-on-year improvements but one that will still be consistent with the goals of the Paris Agreement. You can read more about the practical implications of these commitments in our Investment Manager's report on page 24.

While we would much rather encourage positive change through the Company's stewardship and engagement activities, we will consider excluding certain types of stocks from its portfolio. For example, in July we decided to exclude stocks with significant exposure to thermal coal or producing oil from tar sands. Thermal coal is by far the most carbon-emitting source of energy in the global fuel mix, and tar sands are among the most carbon-intensive means of crude oil production. If we believe that positive change cannot be brought about by engagement alone, we may decide to impose further restrictions on the stocks in which the portfolio may be invested.

BOARD CHANGES AND SUCCESSION PLANNING

I was pleased to welcome Sarah Bates and Dean Buckley to the Board in March 2021. These appointments added to the Board's existing skills and expertise. Sarah took on the role of Senior Independent Director when Karl Sternberg, who joined the Board in 2015, stood down in June 2021 as part of the Company's succession plans. Chris Samuel, who became a Director at the same time as Karl, will not seek re-election at the 2022 Annual General Meeting (AGM) and Anthony Brooke, the third of our Directors appointed in 2015, will complete his tenure at the 2023 AGM. I would like to reiterate my thanks to Karl and to thank Chris for the significant and continuing contribution he has made to the Board over the last six and half years.

We are mindful that the Board is currently all white and all British. As we refresh the Board, in addition to ensuring that we have a diverse range of individuals with the necessary skills and knowledge, we are aiming to achieve a more ethnically diverse Board by 2024 or earlier. This is in line with the recommendations of the Parker Review.

1. This is based on the Company's share price on 31 December 2021.

In accordance with our succession plan, we anticipate recruiting at least one further Director during 2022, which will both enhance the Board's existing skills and help us achieve this aim.

ENGAGING WITH SHAREHOLDERS

The increased use of online meetings and webinars allowed the Company to continue to engage with its stakeholders throughout the year. During 2021 we conducted three online webinars and the number of shareholders receiving regular updates increased to over 14,000.

It was disappointing that due to Covid-related government restrictions I was again unable to welcome shareholders to the Company's AGM. I am hoping that will not be the case in 2022. We will be holding our AGM in Dundee and, subject to there being no restrictions in place at the time, shareholders will be welcome to attend. In any event we will stream the AGM live to shareholders and they will be able to submit questions in advance or during the meeting. If we are unable to address all questions during the meeting, we will answer them in writing afterwards and details of all the questions and answers will be published on the Company's website. Full details of how to view the meeting and submit questions will be sent to all shareholders and will be on our website. After the formal meeting we will be holding a webinar where shareholders will be able to hear presentations from not just WTW but also from Metropolis Capital and Vulcan Value Partners, two of the Company's Stock Pickers.

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

We note with concern the events in Ukraine taking place as we write this report and the potential consequences this will have. It is difficult to predict how this will impact on global markets.

At its core, our portfolio in aggregate, contains companies that are now cheaper and have stronger and more stable earnings potential than the benchmark. The Board and WTW believes that as Omicron-variant related fears recede, and provided that longer-term fundamentals come back into focus, this will provide the environment for our portfolio to outperform. We have seen some evidence of this in early 2022 with the broadening of index returns. WTW believes that the domination of the market by so few companies is unlikely to persist over the longer term. This should provide further opportunities for our Stock Pickers and portfolio to deliver outperformance.

Gregor Stewart
Chairman
24 February 2022

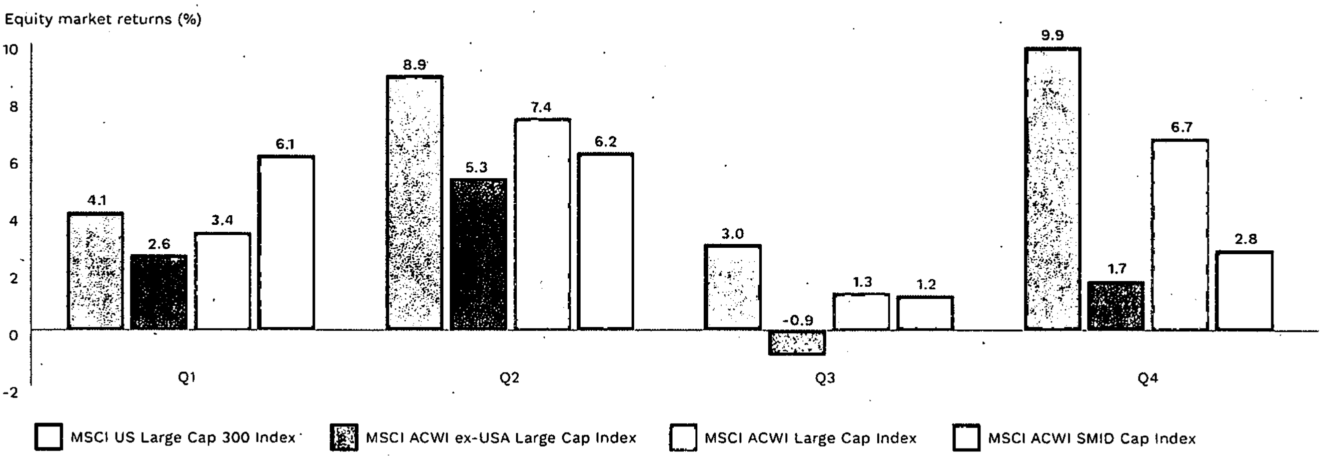
INVESTMENT MANAGER'S REPORT

INVESTMENT YEAR 2021

2021 was a strong year for equity returns. It began on a positive tone for global markets as vaccine rollouts gained pace and the reopening of economies boosted investor sentiment. The broad economic recovery meant that value stocks, small to mid-cap areas of the market, and stocks which are more cyclical fared better than the large-cap US-based growth companies, which had dominated returns for much of the pandemic. However, this market rotation and move away from 'big tech' was short-lived, as US large-cap growth stocks rebounded in June leaving value stocks and smaller and mid-cap companies lagging again. This reversal was, in part, due to comments from the US Federal Reserve suggesting it might act sooner to control inflation, causing investors to pile back into long-duration growth names under the assumption that inflation would be temporary. The trend towards large-cap US stocks was significantly amplified in the last quarter by concerns over the new Omicron variant.

A mix of additional worries emerged: fears of further lockdowns, global supply-chain problems and regulatory shocks in China. Emerging markets equity returns were weighed down by China's cataclysmic sell-off in the second quarter during their government's regulatory crackdown on Chinese private education and technology companies. This was later amplified by fears that Chinese real estate giant, Evergrande Group, might

US LARGE-CAP STOCKS DOMINATE THE FINAL QUARTER OF 2021



Past performance is not indicative of future returns. MSCI ACWI SMID Cap Index is the MSCI ACWI Small and Mid Cap index. The MSCI US Large Cap 300 Index is designed to measure the performance of the large-cap segment of the US equity market. This index had 303 constituents as of 31 December 2021.

Source: eVestment Alliance LLC and MSCI Inc.

default. Our portfolio's exposure to some Chinese companies detracted value during this period.

Inflation as an ongoing theme continued throughout the year, with increases leading the market to debate whether this was transitory or stickier in nature. By its final meeting of 2021, the Federal Open Market Committee announced that it would end the emergency quantitative easing programme a few months earlier than had been expected, in a bid to curb elevated levels of inflation. Fears of rising interest rates pushed investors out of growth stocks in December, impacting some, but not all growth players as many large technology stocks continued to outperform.

Arguably one of the biggest impacts on markets in 2021 was the growing influence of retail investors. This was particularly true in the US, where individuals' stimulus cheques[1] were used to support the equity markets. This became big news in the early part of the year, as GameStop share price volatility hit headlines, and remained a key presence throughout. Another example was the special purpose acquisition company (SPAC)[2], Digital World Acquisition Corp., that saw shares soaring nearly 1,000% following the announcement of a merger with Trump Media & Technology Group Corp. Retail investors strongly supported the rally in the stock, and it was one of the most mentioned stocks on social media sites such as Reddit and Twitch. These investors relied on social media platforms to define and coordinate their portfolio strategies, often focused on shorter-term speculative momentum, and markets saw a rise in volatility and trading volumes. This was magnified by the leverage taken over the year by individual investors and led to some already expensive stocks becoming even more expensive.

We believe that it is long-term company fundamentals such as earnings growth, that drive returns over time. Overall, markets finished the year with the MSCI ACWI returning 19.6% over 2021 in sterling terms, and although our portfolio lagged its benchmark, we remain confident that it is very well positioned for strong future returns that, most importantly, are sustainable.

THE PORTFOLIO

Our portfolio has delivered strong absolute returns, both over 2021 and since our appointment in April 2017. However, returns relative to the MSCI ACWI have been disappointing over both periods. What appeared to be a broadening of market conditions in the earlier part of 2021, ended up being a continuation of the challenging market conditions we have seen over the last few years, where market leadership has remained very narrow in a handful of very large growth companies.

Our Stock Pickers' focus on the longer-term fundamentals of the companies they hold was not sufficiently rewarded by the market. This was largely a result of the last quarter, where the Company's portfolio lagged the benchmark significantly after being ahead over the first three quarters of the year. The 2021 market environment was challenging for many active equity managers, as illustrated in the AJ Bell 'Manager versus Machine' report for 2021.[3] Based on that report, 25% of active global equity managers outperformed their passive alternatives last year.

Over the full year, the Company's Total Shareholder Return was 16.5%. The discount widened from 3.5% as of the end of 2020 to 5.3% as of 31 December 2021, consistent with what was seen in other global equity investment trusts. The Company's Net Asset Value (NAV) Total Return was 18.6%, 1% below the MSCI ACWI return of 19.6%, but was 7.8% above the MSCI ACWI Equal-Weighted Index which returned 10.8%.

1. https://www.cnbc.com/2020/05/21/many-americans-used-part-of-their-coronavirus-stimulus-check-to-trade-stocks.html
2. Also known as 'blank check companies', SPACs have no commercial operations and are set up to raise capital in the public markets for the purpose of acquiring or merging with an existing company.
3. https://www.ajbell.co.uk/news/aj-bell-active-v-passive-report-2021

INVESTMENT MANAGER'S REPORT

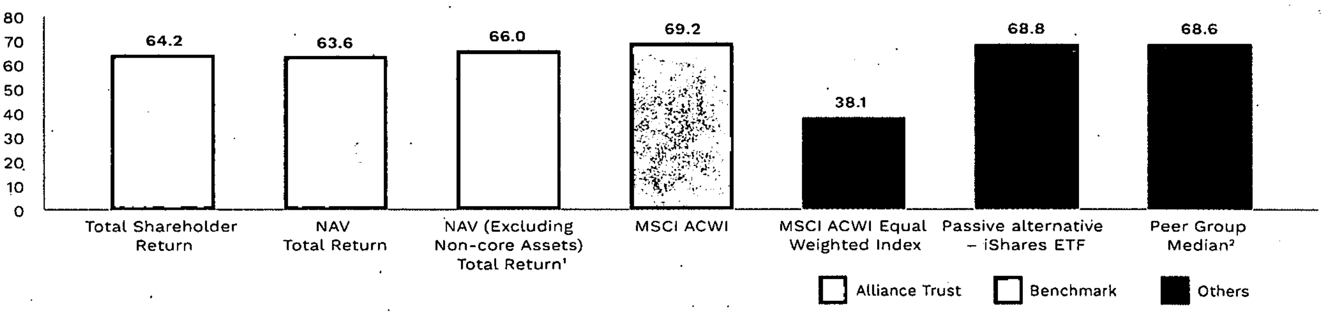
The Board set us a high bar when we were appointed in April 2017 with an outperformance target of 2% per annum after costs over rolling three-year periods. The large-cap skewed, and challenging, market environment experienced since 2018, has meant that our focus on finding the best companies in a wide global universe, regardless of benchmark biases or company size, has resulted in our being behind our target. We have a long track record in identifying quality Stock Pickers. By asking them to pick only their best stock ideas for the Company, and constructing a risk managed portfolio, we believe we are enhancing our portfolio's alpha potential. We have been managing funds based on our multi-manager, concentrated approach for many years and have experienced tough market environments in the past. Despite temporary drawbacks, markets eventually normalise and long-term fundamentals come back into focus, leading to strong relative returns for our strategies. We therefore have conviction in the fundamental strength of our portfolio and believe it will deliver attractive returns once the narrow leadership of the market dissipates.

Since our appointment, the Company has delivered a Total Shareholder Return of 64.2% (11.0% per annum) and a NAV Total Return of 63.6% (10.9% per annum). If, however, the impact of the Company's now sold legacy Non-core Assets and subsidiaries is excluded, the Company delivered a NAV (Excluding Non-core Assets) Total Return[1] of 66% (11.3% per annum). All these measures are quoted after all costs. The MSCI ACWI returned 69.2% (11.7% per annum) and the MSCI ACWI Equal-Weighted Index 38.1% (7.0% per annum) over the same period. The MSCI ACWI Equal-Weighted Index gives all the stocks in the MSCI ACWI index an equal weighting rather than, as the MSCI ACWI does, weighting them by company size. As a result, it is a better indicator of how the average-sized stock performed and reduces the impact of mega-cap growth names that dominated.

The chart opposite at the top of the page, illustrates the performance of the MSCI ACWI index relative to the MSCI ACWI Equal Weighted Index, on a 12-month rolling basis, along with the performance of the Company's NAV (Excluding Non-core Assets) Total Return relative to the MSCI ACWI index on the same bases. The MSCI ACWI Equal Weighted Index, is an indicator of how the average stock performed rather than the small number of large-cap companies that dominated the market capitalisation weighted index. In many ways, the equal weighted index is more reflective of how our Stock Pickers think about their portfolios - focusing on their best ideas from anywhere and ignoring short-term risks relative to the benchmark. From the chart, you can note that the Company's portfolio performs better when a broader set of stocks share in the market momentum and underperforms when a few large-cap stocks dominate. In 2021 the bulk of our underperformance occurred in the final quarter when the size bias in the market was largest.

COMPARING RETURNS

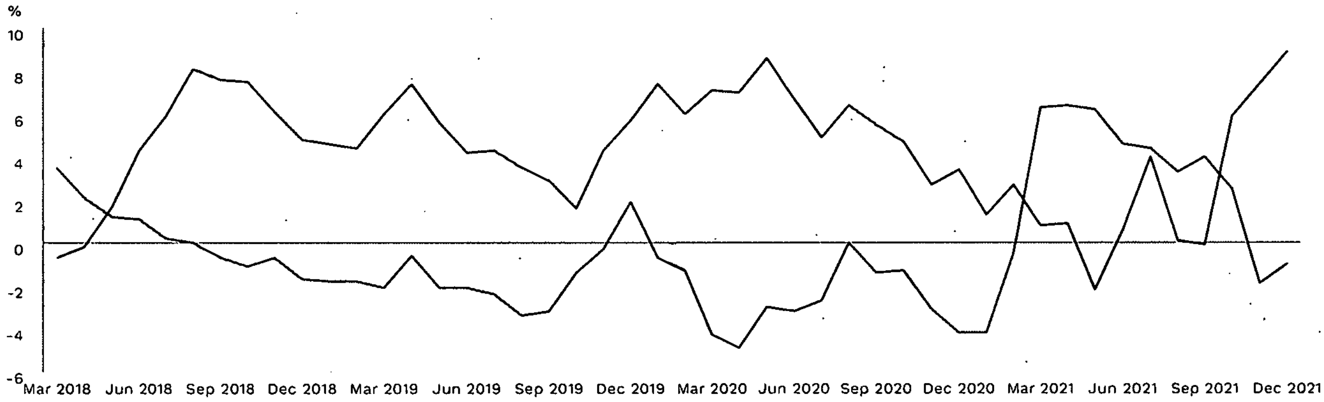
Performance from 1 April 2017 to 31 December 2021 (%)



Notes: All figures are measured from 1 April 2017 with data provided as at 31 December 2021. 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 and NAV (Excluding Non-core Assets) Total Return are after all manager fees (including Willis Towers Watson's fees) and allow for any tax reclaims when they are achieved. The NAV Total Return and NAV (Excluding Non-core Assets) Total Return are 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 NAV (Excluding Non-core Assets) Total Return excludes the impact of Non-core investments and Alliance Trust Savings. Sources: Investment performance data is provided by BNY Mellon Performance & Risk Analytics Europe Limited, Morningstar and MSCI Inc. The peer group source is Morningstar.

1. NAV (Excluding Non-core Assets) Total Return is a measure of the performance of the Company's Net Asset Value (NAV) that excludes the impact of the Non-core Assets held by the Company. 2. Calculated as the median stock return.

OUTPERFORMANCE MUCH MORE DIFFICULT IN TIMES OF NARROW MARKET LEADERSHIP



MSCI ACWI Total Return less MSCI ACWI Equal-Weighted Index Total Return

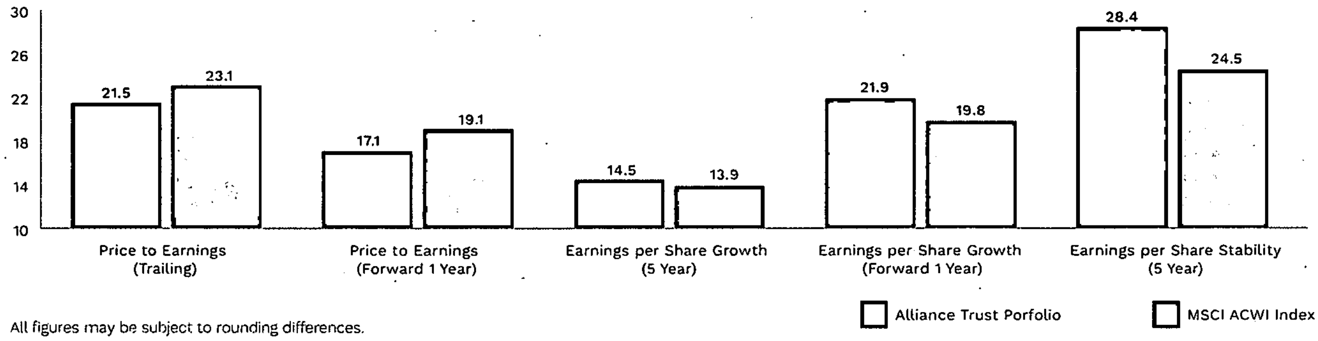
Alliance Trust NAV (Excluding Non-core Assets) Total Return less MSCI ACWI Index Total Return

All figures may be subject to rounding differences. Past performance is not a reliable indicator of future returns.
Source: FactSet, MSCI Inc., Bank of New York Mellon Performance & Risk Analytics Europe Limited and WTW. Data to 31 December 2021.

While the current narrowness of markets could clearly continue for a while longer (it has already lasted longer than we anticipated was likely), we are confident that at some point there will be a reversal in this trend, as we saw briefly in the first half of 2021. We believe that this reversal could take hold for a much longer period. That would be extremely beneficial for our portfolio and is one of the reasons we are so excited about it today. In the meantime, we are comforted that we own a number of high-quality businesses that are growing faster than the market (have higher earnings per share growth), with more stable earnings and which are cheaper than the market (have a lower Price to Earnings ratio).

PORTFOLIO IS ATTRACTIVELY VALUED WITH STRONG EARNINGS POTENTIAL

Portfolio fundamentals at 31 December 2021



All figures may be subject to rounding differences.

Notes: The Price to Earnings ratio, also called the P/E ratio, is an indication of the worth of a company. It is the amount per share that an investor will pay for each £1 of that company's earnings. One way to calculate the P/E ratio is to use actual reported earnings over the past 12 months. This is referred to as the trailing P/E ratio. The P/E ratio can also be calculated using an estimate of future earnings (the forward P/E). The lower the P/E ratio the better value that company should be.

Earnings per Share is an indicator of how much money a company makes for each share of its stock, it is a measure of a company's profitability. Earnings per Share Growth gives a good picture of the rate at which a company has grown its profitability over a given period, with higher levels suggesting a company has products or services in strong demand and is able to grow its earnings faster. Earnings per Share Stability is a measure of the level of fluctuation in a company's Earnings per Share over a given time period, the higher the value the more predictable future earnings should be.

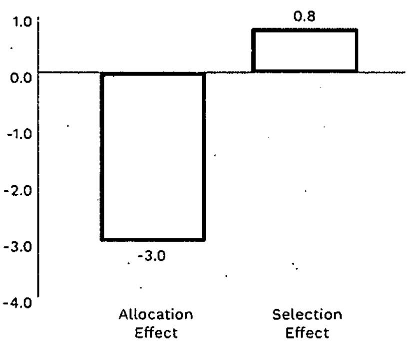
Source: BNY Mellon Performance & Risk Analytics Europe Limited. Data as of 31 December 2021.

INVESTMENT MANAGER'S REPORT

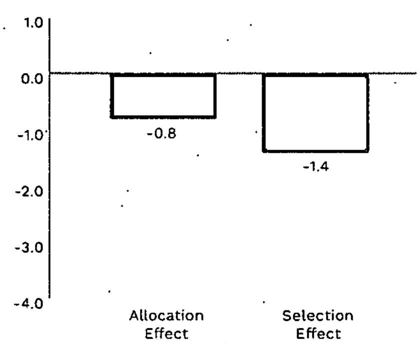
STOCK PERFORMANCE

The main reason for our underperformance was that we held more mid and small-cap stocks and less large-cap stocks than the index. The charts below show that, based on company size alone, our size positioning cost us approximately 3% in performance terms. This was partially offset by good stock selection which improved performance by approximately 0.8%. This negative effect of the size allocation impacted our stock selection and allocation across the regional and sector level attributions. If we look at the sectors in which we invested, our overweight in Communication Services, which tends to have less large-cap companies in it and which did less well than the index, detracted some value leading to a negative sector allocation effect. Our overweight is a result of our Stock Pickers' company selections as opposed to a macro view on the sector overall. In addition, stock selection was negative as the smaller and mid-cap companies we held in each sector did less well than their larger cap peers. Looking at the regions in which we invest we benefited from being underweight in Asia and the Emerging Markets, this benefit was outweighed by the choice of stocks which reduced performance by 2.8%. This negative stock selection impact was largest in the US, with our underweight to US large-caps significantly penalising the portfolio. In the following section we explain this in more detail and give examples of the stock selections that contributed, both negatively and positively, to performance during the year.

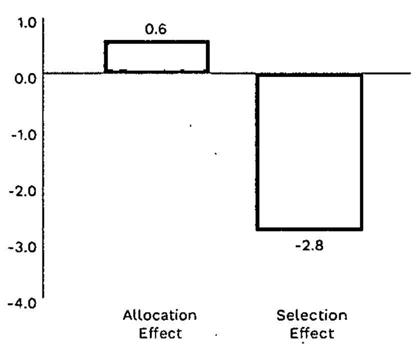
ATTRIBUTION BY SIZE



ATTRIBUTION BY SECTOR



ATTRIBUTION BY REGION



Data to 31 December 2021. Past performance is not a reliable indicator of future returns. Estimated attribution metrics calculated using the Brinson methodology. All figures may be subject to rounding differences. Source: FactSet, MSCI Inc., Bank of New York Mellon Performance & Risk Analytics Europe Limited and WTW.

Key detractors to performance:

- Certain emerging markets stocks, particularly, Chinese stocks, with our holdings in Baidu and New Oriental Education alone detracting -0.9%
- In the US, we did not hold Apple and Tesla which detracted -0.7% and some US stocks that were held such as Charter Communications, Fleetcor Technologies and Visa, lagged the market
- Some stocks held within the Information Technology and Consumer Discretionary sectors together with negative allocation impacts from our slight overweight in Communication Services (one of the worse performing sectors) also impacted performance

With the Chinese government regulatory crackdown and market turmoil around Evergrande, several Chinese stocks detracted value over the year.

The two key detractors were Baidu and New Oriental Education. **Baidu**, China's internet search and online community leader, was held in the portfolio by both River and Mercantile Asset Management and Black Creek Investment Management. Despite solid fundamentals, shares have suffered with the general sell-off in Chinese equities, with the stock down 30% over the year. Nonetheless, these Stock Pickers remain favourable to Baidu and view the loss as

short-term volatility within the context of their long-term investment horizon. Baidu is a technology-driven company and is considered a leader in artificial intelligence (AI) research, including technology for autonomous vehicles. It is also growing its cloud computing service offerings in China and Southeast Asia and is considered a leader in AI cloud services in China. With Baidu's only modest direct exposure to the areas of increased regulation, its core market of internet advertising is competitive and its areas of growth, such as AI and autonomous vehicles, are strongly supported by the Chinese Communist Party, both Stock Pickers' outlooks for the company are favourable, in particular given its attractive valuation.

The other significant detractor was **New Oriental Education**, the Chinese for-profit education business, a company that was held by Sustainable Growth Advisers (SGA). SGA had owned New Oriental Education for a long time. It had generated significant value for investors as its share price multiplied. SGA sold down the company's shares in February 2020 at a significant profit from their original acquisition cost. More recently, regulation in the sector has been expected and SGA's view was that ultimately regulation would benefit the strongest players as they would be best able to navigate the regulations, absorb the cost and gain market share. SGA bought shares in the company after the share price fell approximately 50% from its peak but, as it became clear the regulatory clampdown was going to materially change the profitability allowed in the sector, SGA quickly exited the position, at a loss. Despite being a major negative contributor to performance over the year, SGA's holding in New Oriental added value since April 2017.

The next biggest detractor to performance was not holding **Apple** which rallied by more than 35% over the year. Not holding **Tesla** also hurt relative performance, with the stock up 51% over the year. Last year, many active growth managers underperformed[1], being underweight both stocks. Tesla is valued at more than all other key auto manufacturers in the world combined, despite accounting for just over 1% of global car sales. Over 2021, the company's market cap increased by over half a trillion dollars, essentially the equivalent of a new JP Morgan, or a Procter & Gamble, whereas Apple added approximately the same amount to its market capitalisation in just 6 weeks from mid-November 2021.

Key contributors to performance:

- Stock selection within the Communication Services sector was positive. Our holding in Alphabet and Interpublic Group of Companies added value, as did being underweight Tencent and Verizon Communications Inc.
- Stock selection within the Health Care sector with a number of our holdings performing strongly such as CVS Health Corporation, UnitedHealth Group and Novo Nordisk
- Our underweight in Emerging Markets, which was the worst performing region over the period

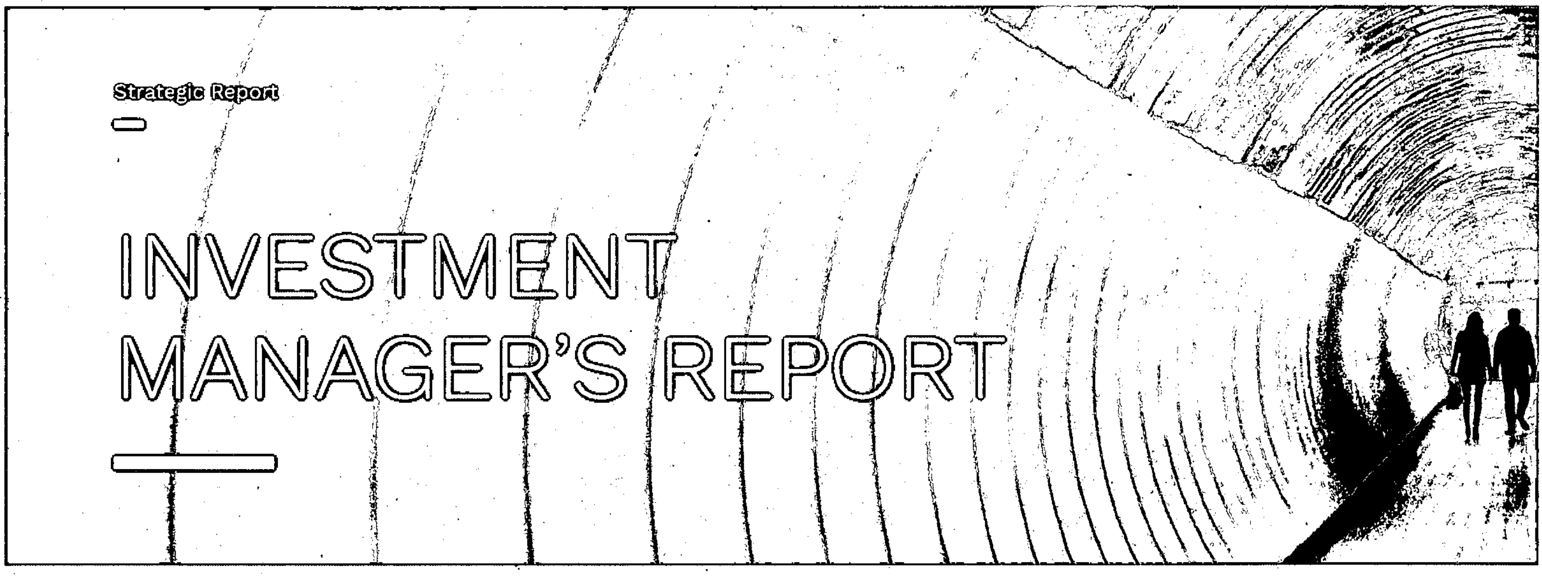
Internet search leader **Alphabet Inc.** was the largest contributor to performance during the year, up 66%. Alphabet's reported revenues grew significantly over the year, largely on the back of strong growth in advertising revenues, including solid growth in YouTube revenues. Google Cloud, another business segment of the tech giant, also delivered solid results despite still being loss making.

The company is held across five Stock Pickers as at the 31 December 2021, with many impressed by the company's execution and growth potential while remaining cognisant of valuation and rising regulatory risks.

The second largest contributor to performance was **Nvidia Corporation** (Nvidia), up an impressive 127% over the year. Nvidia designs graphics processing units (GPUs) for the gaming and professional markets, as well as 'system on a chip' (SoC) units for the mobile computing and automotive market. The company is benefitting from a sustained increase in demand for its products, driven in part by gaming consoles that use Nvidia's GPUs (which constitute more than half of its revenue) and in part by cryptocurrency infrastructure. Ever-growing demand for the company's cloud storage has also fuelled robust spending by Nvidia's largest customers and has been a source of high margin revenue strength. Continued growth in the firm's large gaming sector business and a growing automotive pipeline are other key factors in the positive outlook for the company. Nvidia was held in the portfolio by both GQG Partners and Vulcan Value Partners over 2021.

KKR & Co. Inc., an American global investment company held by Vulcan Value Partners, was the third largest contributor to performance for the year. KKR is a global investment firm that manages multiple alternative asset classes. It has stable capital with a stable client base and predictable earnings. KKR has enjoyed the favourable tailwind of increasing allocations by investors to private and alternative investments.

1. https://www.ft.com/content/d1f96d83-1a72-47d7-a4af-2483bd49b024



INVESTMENT MANAGER'S REPORT

STOCK PICKER PERFORMANCE

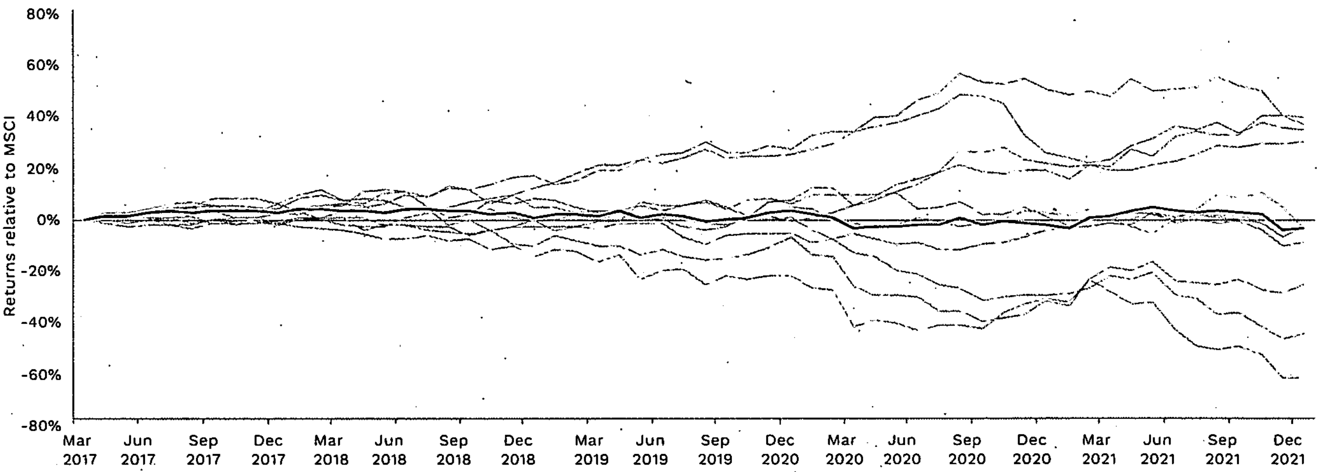
In the 12 months to 31 December 2021, only three out of our ten global Stock Pickers outperformed the benchmark index. GQG Partners' emerging markets mandate which has a lower exposure to China outperformed the MSCI Emerging Markets Index over the year.

The cyclical rotation at the beginning of the year allowed our value-based Stock Pickers to recover some of the previous years' losses, with Lyrical Asset Management (Lyrical) posting the strongest returns in the first half of the year. In contrast, the portfolio's large cap, growth-oriented Stock Pickers, such as Sustainable Growth Advisers (SGA), were amongst the poorer performers. As concerns over inflation diminished somewhat mid-year, growth-oriented managers recovered ground and the recovery in value-oriented managers' momentum faltered, until December, when value rebounded again. In the 12-month period, which saw fluctuations in terms of style and size dominance, Vulcan Value Partners and Lyrical were the best performing managers, with River and Mercantile Asset Management, the deep-value recovery manager, the biggest underperformer.

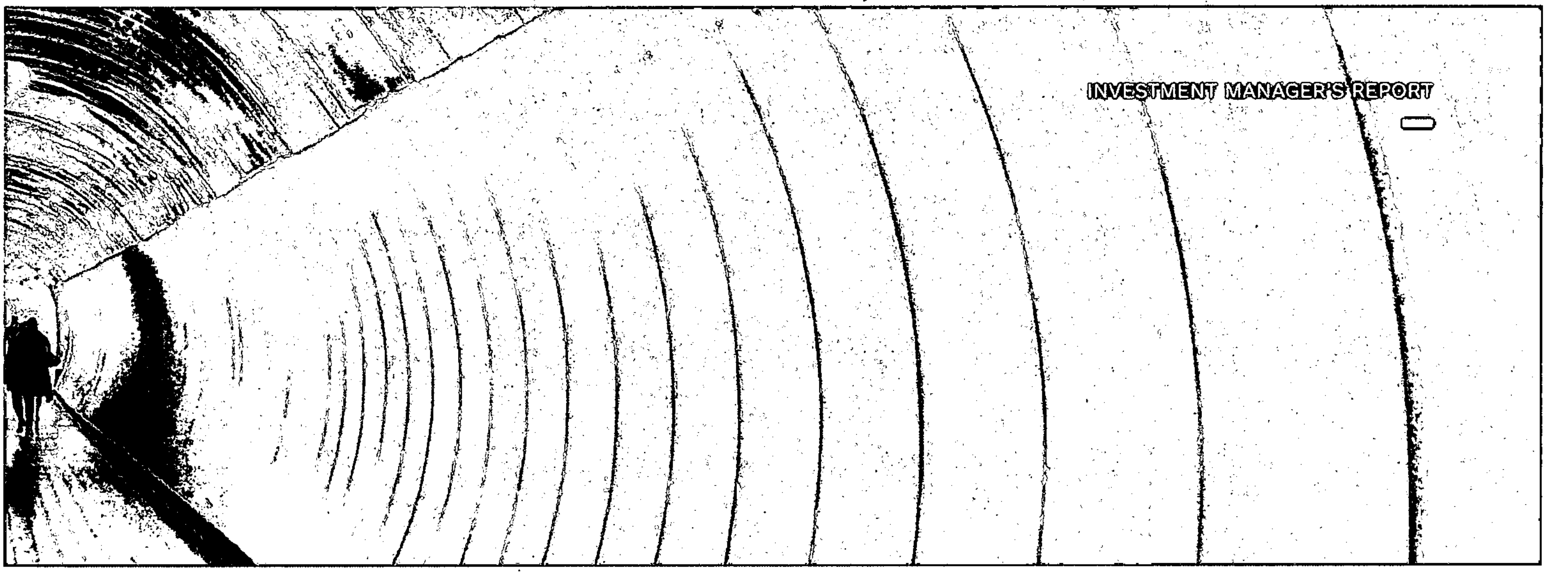
The volatility and rotation in markets this year illustrate the importance of maintaining a mixture of different Stock Pickers whose different investment styles allow the portfolio to gain upside in different market scenarios and deliver smoother returns. The chart below also illustrates the unusual return profile of the last quarter of 2021, where most of our Stock Pickers struggled, irrespective of their style in a very narrow market, driven by a small number of large-cap stocks.

DELIVERING SMOOTHER RETURNS

Relative cumulative performance from Willis Towers Watson's appointment* to 31 December 2021



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 NAV (Excluding Non-core Assets) Total Returns are benchmarked against the MSCI All Country World Index NDR Total Returns in sterling. All figures may be subject to rounding differences. *1 April 2017.



OUTLOOK

Despite disappointing relative returns in the fourth quarter of 2021, we are very excited by the current portfolio's fundamentals and how these are helping to position the portfolio for 2022. As of the end of 2021, the portfolio looks better value than the benchmark, with stronger and more stable earnings growth. Although long-term fundamentals were less of a focus in 2021, we believe they will come back into the limelight, as they are the driver of long-term equity returns.

Some of our stocks have been hurt on a relative basis by the sentiment-driven market, being overly penalised by short-term considerations despite maintaining very strong long-term credentials. Our Stock Pickers stand by these firms. They include names such as Booking.com, other consumer discretionary names such as Adidas, or payments companies such as MasterCard or Visa. These companies were all hit by the Omicron variant-related uncertainty as well as occasional idiosyncratic concerns. Despite the short-term impacts of the Omicron variant, companies such as Booking.com, with dominant market positions, should flourish over the long term.

With the threat of persistent inflation now present, those growth companies with particularly lofty valuations are most vulnerable to the associated impact of tightening financial conditions, particularly once Omicron fears recede, and as longer-term fundamentals come back into focus. We have already seen volatility in the early part of 2022 as markets weigh up the impact of rising inflation and increasing costs of capital.

We believe the overall growth rate of corporate profits is set to slow in 2022, relative to the recovery levels of growth seen in 2021, returning to pre-pandemic trend growth perhaps as early as the end of 2022. While the outcome is uncertain, we expect inflation rates to slow as commodity prices stabilise, workers continue to return to the workforce after Covid pressures abate; and some of the global supply constraints currently disrupting industry continue to ease.

However, there are risks to the upside in terms of inflation trends and equity market returns. The increased geo-political tensions surrounding Ukraine and Russia's recent actions are further fuelling volatility and compounding concerns around inflationary impacts on energy prices associated with this escalating conflict. We could also see elevated price pressures persisting for longer given continued risks of supply-side constraints and the impact of very tight labour markets. As such, a fundamental bottom-up analysis of the resiliency of each company to inflationary pressures is required. Valuations continue to compress driven by rising discount rates and continued recovery in earnings for Covid-hit sectors. We expect margins to be the deciding factor for equity returns (particularly in the US where the economy is further along in the business cycle). Companies best able to pass on (or avoid) rising input prices whilst navigating the impact of rising yields across many developed markets may be set to navigate this environment well. Our Stock Pickers have been actively evaluating the impacts of higher inflation on their companies to ensure they can weather that storm.

Regarding China, recent regulatory changes have dominated 2021 for the region. Navigating these changes may be the main challenge for investors in the short term against a global backdrop of rising inflation in the West and prevailing US-China tensions. Overall, whilst uncertainty does cloud the region, we continue to believe the long-term case for Chinese equities remains and the region provides selective investment opportunities, potentially broadening sources of diversity available to investors.

As current global constraints start to ease, and concerns over the Omicron variant continue to dissipate, we believe we will see a continuation of market recovery, providing great opportunities.

INVESTMENT MANAGER'S REPORT

PORTFOLIO CASE STUDY: CLOUD COMPUTING

Demand for cloud computing is growing rapidly driven by the constantly increasing amount of global data produced, and the need for complex and flexible computation. Cloud solutions are also offering enhanced employee flexibility – which is critically important due to the increasing permanence of remote working and adaptability companies will need in the future. Covid-19 has accelerated these trends. Cloud has also helped transform software by allowing for a more subscription and consumption-based business model, enabling more frequent and seamless software updates, significantly improving customer profitability, ease of use and functionality.

We hold several stocks that benefit both directly and indirectly from the migration of businesses toward greater cloud computing. From the well known mega-caps such as Alphabet, Amazon, Microsoft or Baidu, to other names such as Oracle, Dell, Western Digital, ServiceNow, Twilio, Autodesk and salesforce.com, these are just a few of the stocks held that benefit from cloud computing.

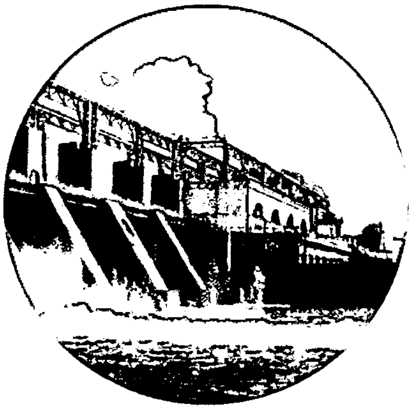
Ultimately, cloud computing companies are seeing more recurring revenues via longer-term relationships with businesses which has been the source of attractive growth for the segment. While the growth opportunity is massive, selectivity will be increasingly critical.

PORTFOLIO CASE STUDY: SEMICONDUCTORS

Semiconductors are an essential component of electronic devices, enabling advances in communications, computing, healthcare, military systems, transportation, clean energy and countless other applications. Due to their role in the fabrication of electronic devices, semiconductors are a high growth segment of the market which will benefit from increasing digitalisation of the economy. One of our Stock Pickers expects annualised industry revenue growth to accelerate from 5% over the past decade to more than 10% over the next 10 years. Historically, the semiconductor industry has been largely driven by devices per human. In the future, it is likely the industry will benefit from trends not limited by human use (The Internet-of-Things), and new technologies that demand greater processing power than traditional smartphone devices (e.g. virtual and augmented reality).

We hold many semiconductor companies, including Nvidia, Qorvo, Skyworks Solutions, ASML Holdings, Taiwan Semiconductor Manufacturing Company and Broadcom, to name but a few. Current demand for semiconductor chips is vastly outstripping supply, impacting production across a number of industries from car manufacturers to consumer appliance producers – a trend that is likely to continue into 2022. The semiconductor industry is also benefitting from the transition to a world aligned with a 2°C climate target, being critical components in electric vehicles (EVs) and other products that form part of the climate solution.

The concentrated market, coupled with demand outstripping supply, has caused our Stock Pickers to focus on the best-in-class companies in the semiconductor space where they see the highest likelihood of sustainable earnings growth going forward.



PORTFOLIO CASE STUDY: CLIMATE SOLUTIONS

Climate change is one of the biggest issues facing investors today and both we and our Stock Pickers, are actively looking at climate-related risks within the portfolio. But the climate transition also offers opportunities by investing in those companies that are providing solutions to others in this space.

The portfolio includes a number of companies that are working on solutions to help the economy reduce climate-related risks, including Bureau Veritas, Schneider Electric, Owens Corning, ANDRITZ and many more.

Bureau Veritas is a global leader in the provision of carbon and energy consultancy, verification and certification services. Their team of experts support the development of bespoke energy and carbon management strategies to set objectives, targets and management plans, helping companies in their decarbonisation journey.

Schneider Electric SE is a French multinational company providing energy and automation digital solutions for efficiency and sustainability. It addresses homes, buildings, data centres, infrastructure and industries, by combining energy technologies, real-time automation, software and services. It was ranked the world's most sustainable corporation by Corporate Knights in 2021.[1] Schneider Electric helps customers reduce their carbon footprints via products and software tools that optimise energy management and industrial processes.

Owens Corning is a global building and industrial materials leader. The company's three integrated businesses are dedicated to the manufacture and advancement of a broad range of insulation, roofing and fibreglass composite materials. Owens Corning provides innovative products and sustainable solutions that address energy efficiency, product safety, renewable energy, durable infrastructure and labour productivity.

ANDRITZ is an international technology group providing plants, systems, equipment and services for various industries. ANDRITZ Hydro is a global supplier of electromechanical systems and services ('from water-to-wire') for hydropower plants and one of the leaders in the world market for hydraulic power generation. ANDRITZ offers technologies for producing steam and electricity from renewable fuels as well as the efficient use of traditional fossil fuels.

In addition to the above stocks, we also hold a number of energy companies. Although their carbon footprint might be significant now, we believe they are also part of the solution, not only because they have plans to align their carbon reduction trajectory with the Paris Agreement, but also through researching and investing in alternative energy sources and carbon capture technology. Our Stock Pickers incorporate an ESG lens in their evaluation of these companies and also, along with EOS at Federated Hermes (EOS), actively engage with them to steer them towards better practices, reinforcing their engagement via voting activity. We provide a BP engagement case study by EOS via the Climate Action 100+ initiative in our Responsible Investment section on page 25.

1 Corporate Knights is a media, financial information and research company.
Source: https://www.corporateknights.com/leadership/top-company-profile-schneider-electric-leads-decarbonizing-megatrend25289/

INVESTMENT MANAGER'S REPORT

WHERE WE INVEST

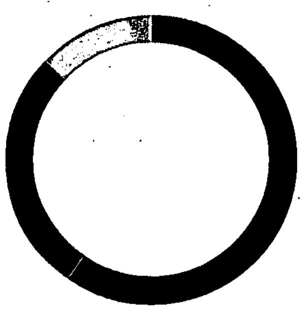
During 2021 we maintained a balanced exposure to sectors, regions, and styles, ensuring we took no significant bets against the benchmark on any of these macro factors. Stock selection remains the key driver of performance and of the portfolio's risk profile. The portfolio maintained a regional and sector allocation approximately in line with that of the benchmark as a result.

By far the largest country weighting is to the US, which saw strong returns throughout 2021. At 57.6% of the portfolio as at 31 December 2021, this represents a slight underweight to the benchmark weight which was 61.2%. The portfolio had an allocation to the UK of 10.5% as at 31 December 2021, an overweight of 6.9% versus the MSCI ACWI, and our biggest regional overweight position. Most UK investments are opportunities selected by our value Stock Pickers and, whilst many of these companies are based in the UK, they tend to be global in nature.

The best performing sector over the period was Energy, up 38% for the year, with our allocation of 3.4% within the portfolio being in line with the index weight. The sector was boosted by soaring energy prices throughout the year. Consumer Discretionary was the worst performing sector over the year and the portfolio was slightly underweight, with a position of 10.8% as of 31 December 2021 versus a weight of 12.4% in the MSCI ACWI.

REGIONAL AND SECTOR WEIGHTS

Region



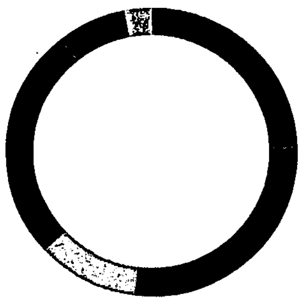
Portfolio Weight

- North America **59.8%**
- Europe **14.3%**
- Asia & Emerging Markets **13.0%**
- UK **10.5%**
- Stock Picker Cash **2.4%**

All figures may be subject to rounding differences.

Source: The Bank of New York Mellon (International) Ltd and MSCI Inc., data as at 31 December 2021.

Sector

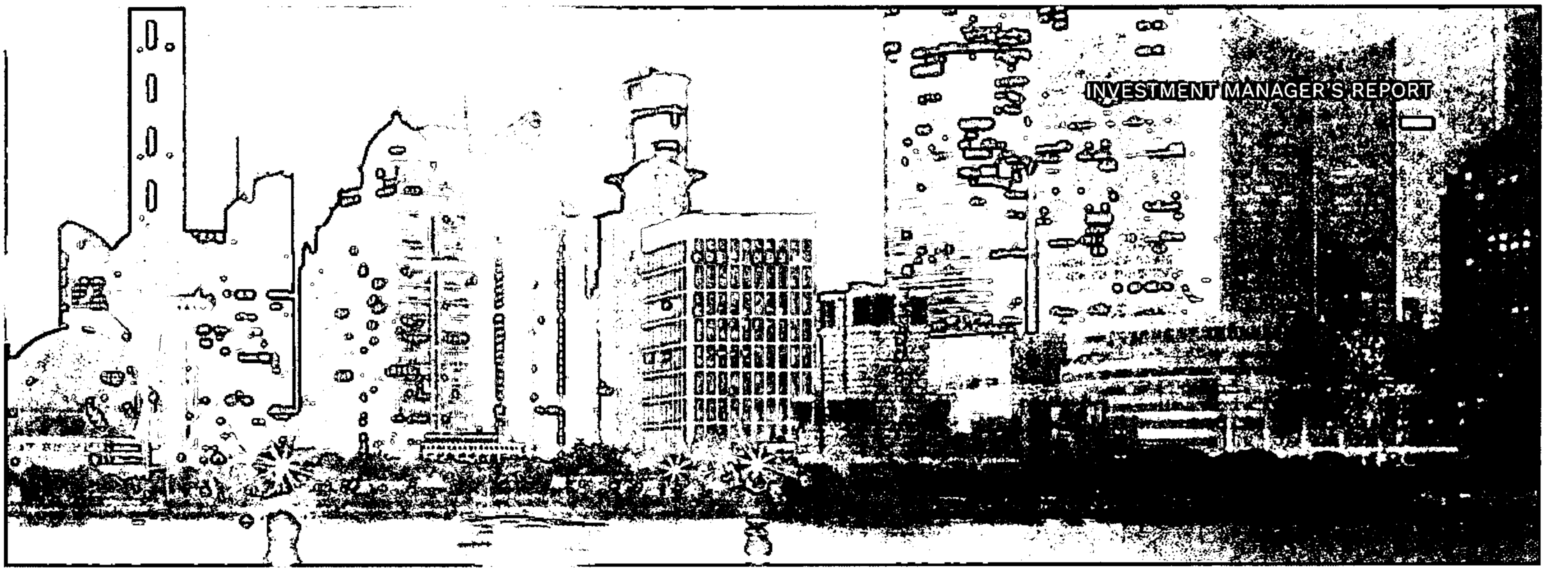


Portfolio Weight

- Information Technology **24.6%**
- Communication Services **15.4%**
- Financials **12.1%**
- Health Care **11.1%**
- Consumer Discretionary **10.8%**
- Industrials **10.6%**
- Consumer Staples **4.8%**
- Materials **4.3%**
- Energy **3.4%**
- Utilities **0.5%**
- Real Estate **0.0%**
- Stock Picker Cash **2.4%**

All figures may be subject to rounding differences.

Source: The Bank of New York Mellon (International) Ltd and MSCI Inc., data as at 31 December 2021.



INVESTMENT RISK AND POSITIONING

The Company has both long-term and short-term borrowing facilities to provide it with flexibility to manage gearing. In 2021, we maintained a gross level of gearing of between 9.2% and 10.2%, reflecting our positive view of equity markets. Given the strong equity returns in 2021, gearing added value over the period. In December we recommended the Company increase its short-term borrowing facility by up to £100m. At 31 December 2021 the Company has unsecured long-term loans amounting to £160.0m. In addition the Company had drawn £180.5m of its approved borrowing facilities of £250.0m plus an accordion option of a further £50.0m.

Portfolio turnover was 65.7% for the 12 months to December 2021. The level of turnover was higher than might otherwise be expected, in part due to the addition of Sands Capital Management and Metropolis Capital as Stock Pickers and the termination of Lomas Capital Management's mandate during the year.

Annualised expected volatility was 19% p.a. for the portfolio and 18.3% p.a. for the benchmark as at 31 December 2021. Active Share, the measure of how different the portfolio is to the benchmark, was 75%, with Active Risk (or tracking error) at 2.7% p.a. as at 31 December 2021. We have retained a broadly balanced exposure to styles, sectors, and geographical regions in 2021 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 another particularly volatile year. During 2021, we did not implement any currency hedging for the portfolio. 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.

Risk summary	
Active Risk	2.7%
Active Share	75.0%
Beta	1.03
Portfolio volatility	19.0%
Benchmark volatility	18.3%

Number of Companies as at 31 December 2021*	
Portfolio	213
Benchmark	2,965

All figures may be subject to rounding differences

The Glossary on page 114 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, as we may invest in more than one class of share in a company and limited data coverage for certain stocks.

Source: FactSet and MSCI Inc.

"Given the risks and range of potential outcomes, we believe it is best to take an approach that does not try to time markets in terms of macro risks, sectors, styles, or regional exposures, but instead focuses on the highest conviction ideas of skilled Stock Pickers."

OUR STOCK PICKERS

OUR PICK OF THE BEST*

A list of all Stock Pickers as of 31 December 2021 is provided below. We monitor and continuously review the performance of each Stock Picker. Changes can be made at any time if we believe there is the potential to improve expected risk-adjusted returns. Changes in our views on the Stock Pickers are driven by factors that impact on their sustainability of competitive advantage, such as changes to key personnel or company culture and to corporate activity or investment style drift. The Company will usually announce any changes of Stock Pickers once the transition of assets to the new appointee(s) has been completed.

Stock Picker	Background	Investment Style	% of portfolio by value at 31 December 2021
Black Creek Investment Management	Black Creek is based in Toronto and was founded in 2004. Assets under management as at 31 December 2021 were $11.3bn.	Long-term contrarian value-orientated buyers of leading businesses across the market cap spectrum.	11% (11% at 31 Dec 2020)
GQG Partners	GQG is a boutique investment management firm focused on global and emerging markets equities. Headquartered in Fort Lauderdale, Florida, USA, it managed assets of $91.2bn as at 31 December 2021.	Seeks high-quality sustainable businesses at reasonable prices whose strengths should outweigh the macro environment.	19% (18% at 31 Dec 2020) (Includes both global and emerging markets mandates)
Jupiter Asset Management[1]	Jupiter was established in London in 1985 as a specialist investment boutique. Since then it has expanded beyond the UK and managed £60.7bn as at 30 September 2021 (latest available figure).	Looks for out-of-favour and undervalued businesses with prominent franchises and sound balance sheets.	7% (7% at 31 Dec 2020)
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 $8.7bn as at 31 December 2021.	Looks for US companies in cheapest decile of valuation with high returns on invested capital and ability to grow profitability.	7% (10% at 31 Dec 2020)
Metropolis Capital[2]	Metropolis is a UK-based firm with a value-based investment style. It had $2.5bn assets under management at 31 December 2021.	Focuses on long-term market recognition of the fundamental value of their investments and income generated from those investments.	10% (nil at 31 Dec 2020)
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 30 September 2021 (latest available figure), they managed £4.6bn.	Seeks smaller companies and recovery situations where it can identify value at different stages of a company's lifecycle.	6% (8% at 31 Dec 2020)
Sands Capital Management[2]	Sands is an independent, employee-owned firm based in Greater Washington DC, USA. As at 31 December 2021, it had assets under management of $73.1bn.	Focuses on finding high-quality businesses that are innovative and can sustain above-average growth over the long term.	8% (nil at 31 Dec 2020)
Sustainable Growth Advisers (SGA)	SGA is based in Stamford, USA, and manage US, global, emerging markets & international large-cap growth portfolios. It had client assets of $26.9bn as at 31 December 2021.	Seeks differentiated companies that have strong pricing power, recurring revenue generation and long runways of growth.	11% (14% at 31 Dec 2020)
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 2021 it managed £25bn.	Aims to grow real wealth over five-year periods by researching thematic trends that drive medium-term growth.	13% (14% at 31 Dec 2020)
Vulcan Value Partners	Vulcan is based in Birmingham, USA, and was founded in 2007. As at 31 December 2021 it managed $20.7bn 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.	8% (9% at 31 Dec 2020)

*As rated by Willis Towers Watson. 1. 'JUPITER' and JUPITER are the trade marks of Jupiter Investment Management Group Ltd. 2. Appointed 16 April 2021. Lomas Capital Management was a Stock Picker until 3 February 2021.

> "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."

Craig Baker
Global Chief Investment Officer, WTW

Willis Towers Watson

HOW WE MANAGE THE COMPANY'S PORTFOLIO

We have overall responsibility for the management of the Company's portfolio. We have built and manage a team of diverse, best-in-class* Stock Pickers, each of whom invest in a bespoke selection of typically 10-20 of their 'best ideas'. 'Investing For Generations' is the backbone of the philosophy of the Company. It brings long-term principles into how we invest your money, including ESG 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.

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: risk is more associated with the permanent loss of capital.

After a number of years where no significant manager changes were made, this year saw a number of changes. Following the termination of Lomas' mandate in February, due to the surprise decision of the firm to wind down its business, we appointed two new Stock Pickers: Sands Capital Management, LLC (Sands) and Metropolis Capital Limited (Metropolis). Sands is a growth manager. It seeks out opportunities in businesses offering sustainable, above-average earnings growth with leadership positions and significant competitive advantages, clear value-add and financial strength. Metropolis adopts a value-based approach to investing. It looks to identify mispriced opportunities across a broad universe. This ranges from high-quality companies in industries with poor economics or out-of-favour sectors, to ones where its assessment of growth differs to the market or where growth investors are selling due to decelerating growth momentum.

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 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. 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.

1. Sebastian & Attaluri, Conviction in Equity Investing, The Journal of Portfolio Management, Summer 2014.

RESPONSIBLE INVESTMENT

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 our Stock Pickers to 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. Although we consider the 'E', 'S' and 'G' factors within our approach, in our report for this year we have focused more on the 'E' component and, in particular, climate risk.

E IS FOR THE ENVIRONMENT

Whilst climate-related risk is first and foremost a physical environmental risk, it is also a financial risk. It is one of the key areas that we require our Stock Pickers to identify and assess when they select stocks for the portfolio.

In 2021, both we and the Board recognised the impact that climate-related risks could have, and made a commitment to a target of net zero greenhouse gas emissions from the portfolio by 2050 and, on the way, to halve them by 2030. In addition to playing a part in the necessary transition to a low-carbon world, we believe that this will be beneficial to the expected returns of the portfolio, ensuring we reduce the transition risks in the portfolio and investing ahead of other investors moving in this direction.

This means that, by the middle of the century, the amount of greenhouse gases across the portfolio must overall net off to zero, taking account of the emissions arising from the day-to-day operations of the companies held in the portfolio.

This target is consistent with the goals of the Paris Agreement and meets the principles of the Institutional Investors Group on Climate Change (IIGCC), Net Zero Investing Framework (NZIF)[1] and the Net Zero Asset Managers Initiative (NZAMI) of which we are signatories. We have always recognised the power of collaboration and that it is particularly important in the area of ESG. WTW is a signatory to the Principles for Responsible Investment and the 2020 UK Stewardship Code, signalling the robustness of our approach to stewardship, including our partnership with EOS, a stewardship specialist, which provides our Stock Pickers with voting recommendations and engages with companies, legislators, regulators, and industry bodies on our and the Company's behalf.

Climate risk is a key consideration and engagement priority for EOS as well as our Stock Pickers. EOS and a number of our Stock Pickers are involved in Climate Action 100+, a collaborative engagement initiative which aims to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. We illustrate a case study of their engagement with BP opposite.

TARGET NET ZERO: OUR CARBON JOURNEY PLAN

Plotting the net zero journey, is a developing science; identifying what data we should collect and how best to measure and analyse it is part of our evolving Carbon Journey Plan methodology. This will include a rigorous framework with which to measure and evaluate our progress, along with controls to help keep the portfolio on track.

Our aim is to align our Carbon Journey Plan to limiting global temperature increases well below 2°C above pre-industrial levels. We have also set a mid-way milestone where, by 2030, we plan to have achieved a 50% reduction in portfolio emissions relative to 2019. This provides the Company with a strategic framework to manage and monitor the reduction in carbon exposure over time. Our triggers and intermediate targets will be developed and shared as we report, in the years to come, on our progress on this journey.

1. The Net Zero Investment Framework, published in March 2021, provides a common set of recommended actions, metrics and methodologies through which investors can maximise their contribution to achieving global net zero global emissions by 2050 or sooner.

"

An assessment of how well climate-related issues, as well as wider sustainability issues, are factored into a Stock Picker's investment process and stewardship activities, is a significant part of our manager research, monitoring and selection process."

EOS CASE STUDY:
BP plc

Climate Action 100+

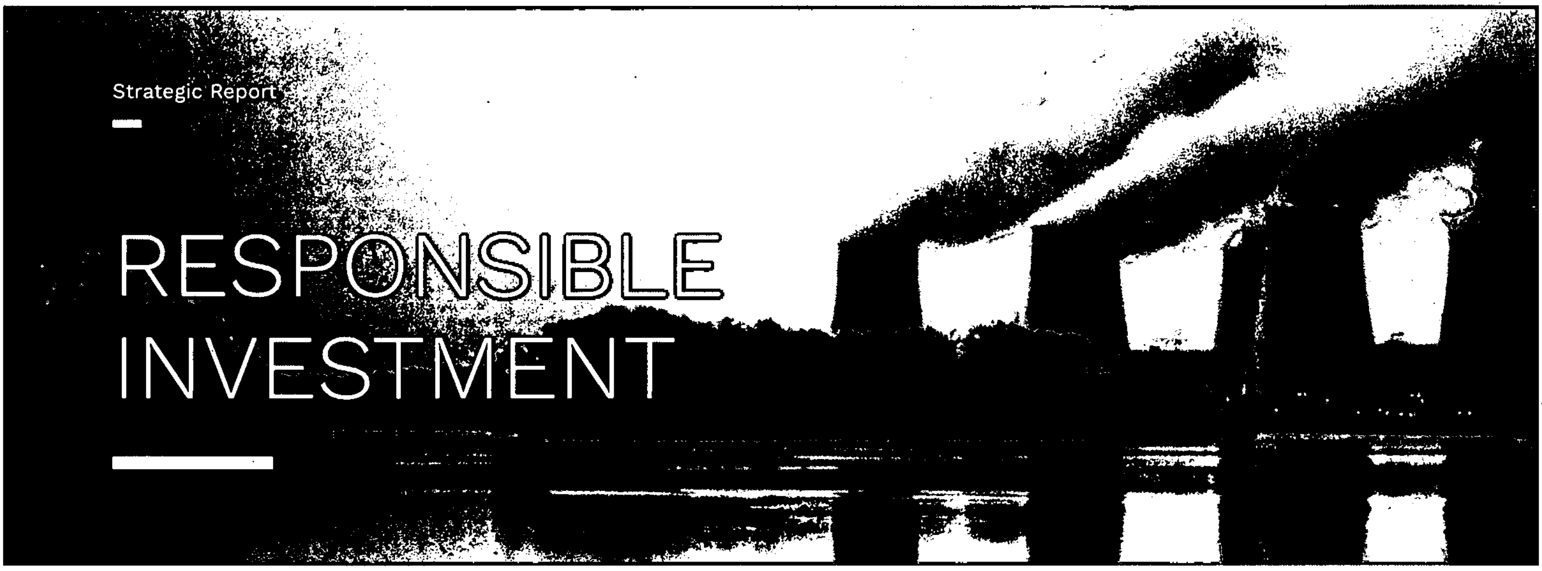
In the 2019 Annual Report we described EOS and Climate Action 100+ engagement with BP which culminated with the 2019 shareholder resolution calling for the company to set out a business strategy that is consistent with the goals of the Paris Agreement on climate change. The resolution gained management support and was co-filed by nearly 10% of the shareholder base, passing with a very large majority at the shareholder meeting in 2019.

In early 2020, the newly-appointed CEO, Bernard Looney, announced a new ambition for the company to transition to net zero by 2050 or sooner, supported by 10 underpinning corporate aims. The company has since laid out a detailed strategy by which it intends to transition the energy it produces from high carbon to low carbon, including short, medium and long-term targets and aims on the journey to net zero. The company also has market-leading disclosures demonstrating how it evaluates new material capex investments for consistency with the Paris Agreement goals.

EOS further intervened at the 2020 shareholder meeting, asking the company to reconsider its assumptions for Paris-consistent investment and its long-term oil-and-gas price assumptions in light of the coronavirus pandemic. During its Q2 2021 results, BP reduced the long-term oil-and-gas price assumptions used in its financial statements, giving shareholders greater visibility about the firm's climate-related risks.

EOS continue to engage with BP to seek assurances that it has in place a rigorous investment process, with economic criteria consistent with the company's purpose and a range of price scenarios including assumptions consistent with the Paris goals. They are also requesting that BP extends its net zero goal beyond the energy produced by the company to apply also to the energy products it markets and sells to customers.

Note: BP plc is held by Jupiter Asset Management.
Source: FactSet and EOS at Federated Hermes.



RESPONSIBLE INVESTMENT

APPROACH: LOOK FORWARD AND AVOID OVERSIMPLIFICATION

Divestment from carbon intensive industries can often be self-defeating. We want to encourage corporates, industries and countries to move towards low-carbon solutions. Starving them of investment can potentially discourage them from making a positive change. Many climate solutions are being developed by companies that are currently highly carbon intensive but which will provide a path for the whole economy to decarbonise more quickly.

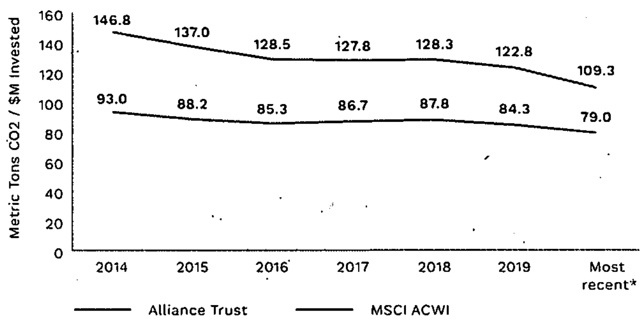
It might not always be in the Company's shareholders' financial interests to be ahead of the pathway to net zero. This year, some of our Stock Pickers found attractive opportunities in the Energy sector, leading to an increase in the portfolio's carbon footprint. These stocks contributed positively to the portfolio, as energy prices sky-rocketed, driven by supply chain issues. Many of these companies are, however, on a decarbonisation path that is consistent with the Paris Agreement, something that we and our Stock Pickers monitor. Often they are heavy investors in green energy and will be a key part of the solution.

This approach means that we place greater importance on effective stewardship and, more specifically, voting and engagement as a means to support the transition to a low-carbon economy.

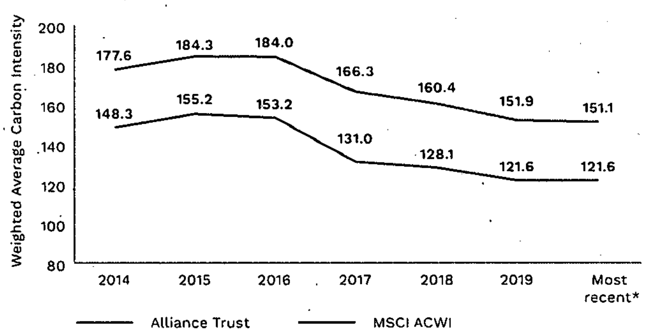
We provide an illustration of the carbon emissions and Weighted Average Carbon Intensity (WACI) of the current holdings in the portfolio and the index, as well as the trend in the emissions and WACI of these stocks through time. Carbon emissions for the portfolio is higher than for the benchmark, due to some of our Stock Pickers having increased their allocation to energy stocks earlier in the year. Our exposure will depend on opportunities that arise and, at any given point in time, we will not necessarily always be ahead of the pathway to net zero. The weighted average carbon intensity, a measure of a portfolio's exposure to carbon-related potential market and regulatory risks, is however lower than the benchmark. Critically, in terms of both measures, the carbon emissions of the stocks in the portfolio are reducing at a faster rate than the stocks in the benchmark.

PORTFOLIO'S WEIGHTED AVERAGE CARBON INTENSITY IS LOWER THAN THE BENCHMARK

Carbon Emissions Trend of Current Holdings

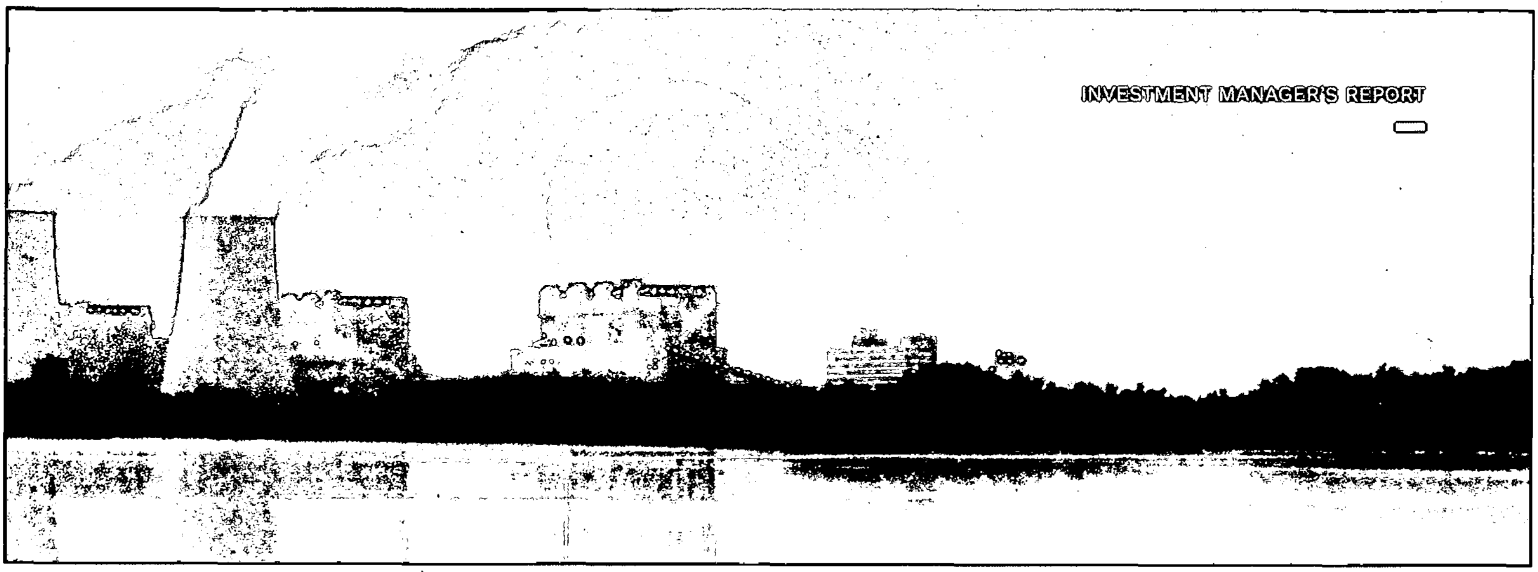


Weighted Average Carbon Intensity (WACI) Trend of Current Holdings



*The timeline charts compare the historical and most recent emissions and weighted carbon intensity of the portfolio to the benchmark, based on the constituents and weights of each, as of the 31 December 2021: The most recent data point is based on the most recently available data for each company on the date of running the report (10 January 2022). When reported data is not available for a company, Scope 1 & 2 carbon emissions are estimated using MSCI's proprietary carbon estimation model.

Source: MSCI ESG Research, portfolio as at 31 December 2021.



ENGAGEMENT

EOS engaged with 128 companies on 571 issues and objectives

There are numerous 'layers' of engagement within the Company's portfolio. These include our engagement with the Stock Pickers in order to assess how well climate-related issues, as well as wider sustainability issues, are factored into their investment process and stewardship activities and when needed, steering them towards better practices. We also engage with the asset management industry at large regarding sustainability and stewardship practices, and with industry bodies, governments, regulators, and policy makers, both individually and via several collaborative initiatives.

In addition, we partner with EOS, who engages with companies, regulators, and governments on our and the Company's behalf. Our Stock Pickers and EOS regularly engage with companies to ensure they improve disclosure and change behaviours to enhance their climate resilience. This includes collaborative initiatives such as Climate Action 100+. Over the course of 2021, EOS engaged with 128 companies held within the Company's portfolio on 571 issues and objectives. Of these engagements within the environmental category, which accounted for 25% of total engagement, 74% of environmental engagements related to climate change.

MANDATE CHANGES

We excluded companies with significant exposure to tar sands and thermal coal

Exclusion can be warranted in situations where, for example, exposure to climate risk cannot be resolved via other means such as engagement. Where a company's business relies heavily on activities that are likely to be phased out in the 'net zero world', engagement is unlikely to be fruitful. In 2021, the Board decided to exclude companies with significant revenue exposure to tar sands and thermal coal from the portfolio.

CLIMATE SOLUTIONS

Our Stock Pickers will hold companies trying to develop more energy efficient alternatives and new technology solutions

Finally, we should note that climate change also presents attractive investment opportunities for our Stock Pickers. Many companies are involved in addressing climate resilience and our Stock Pickers actively invest in a number of them. This includes companies in some traditionally 'dirty' sectors, working on developing more energy efficient alternatives, as well as new innovative companies offering new technology and/or solutions.

RESPONSIBLE INVESTMENT

S IS FOR SOCIAL

Whilst this year we report more on climate risk, we do not forget other factors that appear closer to home. Social and ethical topics regularly represent approximately a quarter of EOS's engagement activity.

During the last couple of years, EOS has recognised how the pandemic has put key workers in supermarkets, retail pharmacies, logistics and the caring professions under acute pressure – but the ongoing pandemic has also demonstrated their true value to society more clearly than ever. As a result, EOS has engaged closely with companies on how they have treated their employees, given their importance to overall business performance.

In their engagements with companies, EOS recognised that companies in certain sectors faced unenviable choices – between making workers redundant or going out of business, for example. Hospitality, travel and high street retail were all badly hit, triggering thousands of job losses. EOS wrote an open letter to the CEOs of the companies in its engagement programme, asking how they were making difficult decisions in relation to their employees, supply chains, customers and other stakeholders. Companies that made workers redundant after benefitting from taxpayer-funded bailouts or furlough schemes have attracted public criticism, particularly if they had spent the pre-crisis years using surplus cash for share buybacks. EOS has encouraged a responsible approach to the use of government furlough schemes, and fairness between executive and staff pay.

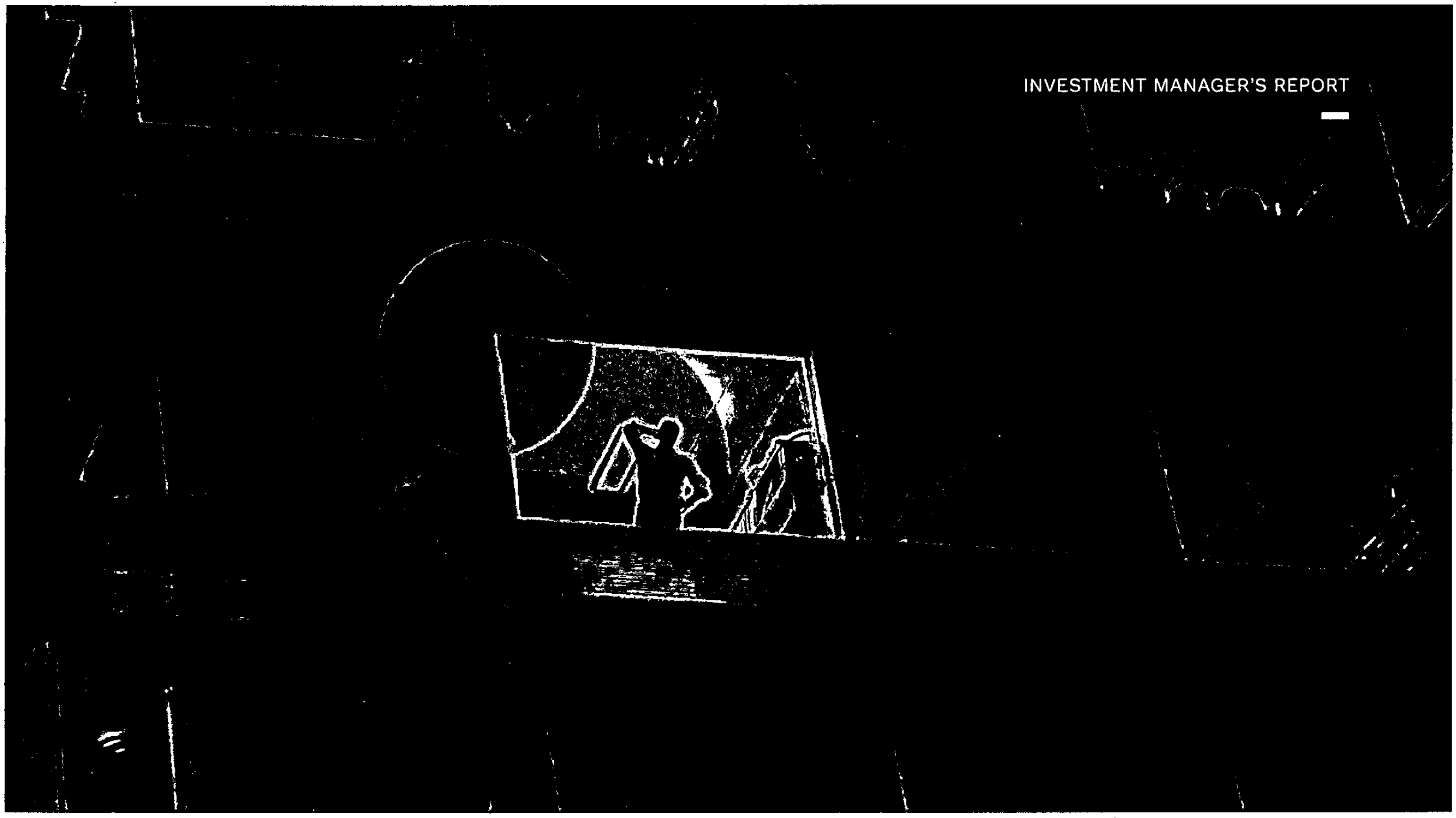
In addition to the engagement activity undertaken by EOS, our Stock Pickers also engage on social issues with their companies. SGA, for instance, engaged with Walt Disney on the topic of modern slavery risk within the supply chain of their licensed merchandised goods.

MANAGER ENGAGEMENT CASE STUDY: SGA ENGAGEMENT WITH WALT DISNEY

Walt Disney is one of the world's largest licensors with brands spanning Walt Disney Studios, DisneyPixar, Marvel, ESPN and more. Given the company's broad exposure to its suppliers, Disney takes a risk-based approach to auditing suppliers with the vast majority of audits conducted by third parties in high-risk areas. If corrective issues are identified, suppliers are given one chance to remedy the issue before termination of the relationship. Audits currently prioritise the health and safety of the manufacturing environment and while forced labour is an area of audit, it is not currently a significant feature. Disclosures into Walt Disney's supply chain are limited and the company has opportunities to increase transparency, particularly into its suppliers further down the chain. SGA encouraged management to take action and publicly map these supply chains; they will continue to monitor the company's progress in these areas of risk.

Source: Sustainable Growth Advisers.

The Walt Disney Company



G IS FOR GOVERNANCE

Good governance gets great results!

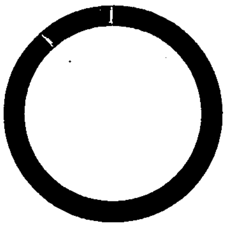
Stock Pickers are expected to promote good governance by exercising their investor rights and by engaging with companies on issues of governance and shareholder value and in the long-term interest of the Company's shareholders.

It is no surprise that the majority of voting activity and a significant proportion of engagement activity therefore continues to relate to Governance-related issues. This can be on a number of issues such as Board Diversity, Board Independence, Executive Remuneration, Shareholder Rights and Succession Planning.

Voting: Stock Pickers voted on 3,290 resolutions

In addition to engagement, EOS provides voting recommendations to our Stock Pickers, who exercise the voting rights in respect of the stocks they hold. Over the course of 2021 the Stock Pickers voted on all voteable proposals, casting votes on 3,290 resolutions at company meetings. Of these, they voted against company management on 323 and abstained from voting on 59. Of the votes against management, the key issues voted on were governance-related issues such as remuneration and Directors-related topics. Voting against management, and in particular, against the re-election of certain Directors or on specific climate-related resolutions, allows the Stock Pickers to communicate dissatisfaction following a lack of progress achieved via engagement.

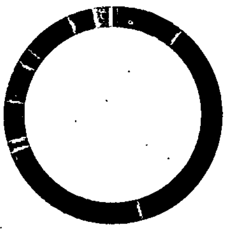
HOW WE VOTED



- Number of votes with management **88.4%**
- Number of votes against management **9.8%**
- Number of votes abstained **1.8%**

Source: EOS at Federated Hermes, data to 31 December 2021

REASONS FOR VOTING AGAINST MANAGEMENT



- Anti-takeover Related **0.6%**
- Capitalisation **10.5%**
- Director Related **34.7%**
- Non-Salary Comp. **23.5%**
- Reorganisation and Mergers **1.9%**
- Routine/Business **5.0%**
- Shareholder – Compensation **0.9%**
- Shareholder – Corporate Governance **1.5%**
- Shareholder – Director Related **5.0%**
- Shareholder – Health/Environment **2.2%**
- Shareholder – Other/Miscellaneous **7.4%**
- Shareholder – Routine/Business **4.0%**
- Shareholder – Social Proposal **2.8%**

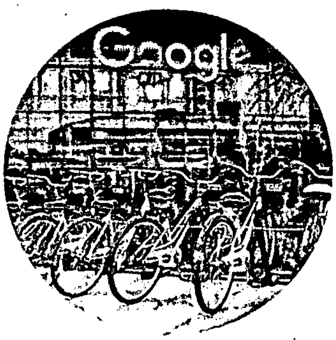
Percentage figures above are of the eligible votes exercised that were against management.

Note: vote categories starting with 'Shareholder' indicate resolutions brought forward by shareholders.

Source: EOS at Federated Hermes, data to 31 December 2021

INVESTMENT PORTFOLIO

OUR LARGEST 30 INVESTMENTS AT 31 DECEMBER 2021



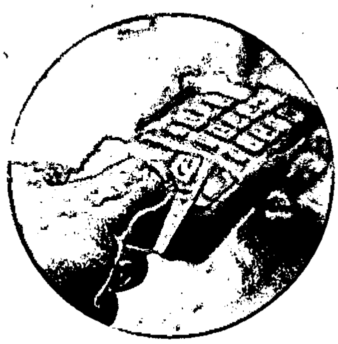
Alphabet

1

Alphabet, Inc.

Alphabet, Inc. is a holding company that engages in the acquisition and operations of different firms. It is best known as a parent company for Google, but holds other subsidiaries as well. The company, through its subsidiaries, provides web-based search, advertisements, maps, software applications, mobile operating systems, consumer content, enterprise solutions, commerce, and hardware product. Alphabet dominates the online search market with Google's global share above 80%, via which it generates strong revenue growth and cash flow.

Country of Listing	**United States**
Sector	**Communication Services**
Selected by Stock Pickers	**GQG Partners** **Metropolis Capital** **Sustainable Growth Advisers (SGA)** **Veritas Asset Management** **Vulcan Value Partners**
Value of Holding (£m)	**189.5**
Purchases in 2021 (£m)	**14.8**
% of Total Assets	**5.1**
% of MSCI ACWI	**2.4**
% Average Portfolio Weight	**4.6**
% Total Return in Sterling	**66.4**
% Attribution Effect Relative to Benchmark	**0.8**



VISA

2

Visa, Inc.

Visa, Inc. is an American multinational financial services corporation. It describes itself as a global payments technology company that works to enable consumers, businesses, banks and governments to use digital currency. It facilitates electronic funds transfers throughout the world, most commonly through Visa branded credit cards, debit cards and prepaid cards across a broad clientele from retail to corporate use. The company is a dominant player within payment solutions and with cross-border travel volumes increasing, this could help sustain double-digit revenue growth for years to come.

Country of Listing	**United States**
Sector	**Information Technology**
Selected by Stock Pickers	**GQG Partners** **Metropolis Capital** **Sands Capital Management** **Sustainable Growth Advisers (SGA)** **Vulcan Value Partners**
Value of Holding (£m)	**122.8**
Sales in 2021 (£m)	**71.5**
% of Total Assets	**3.3**
% of MSCI ACWI	**0.5**
% Average Portfolio Weight	**2.4**
% Total Return in Sterling	**(0.2)**
% Attribution Effect Relative to Benchmark	**-0.3**

Microsoft

3

Microsoft Corporation

Microsoft Corporation develops, manufactures, licenses, sells and supports software products including operating systems, server applications, business & consumer applications and software/development tools for the Internet and intranets. In addition, it develops video game consoles and digital music entertainment devices. Microsoft is an established player in the tech sector and continues to evolve and innovate to maintain this position. We see the potential for solid growth driven by a still significant opportunity for its Azure cloud-computing business and within its suite of office and productivity solutions.

Country of Listing	**United States**
Sector	**Information Technology**
Selected by Stock Pickers	**GQG Partners** **Sustainable Growth Advisers (SGA)** **Veritas Asset Management** **Vulcan Value Partners**

Value of Holding (£m)	**117.5**
Purchases in 2021 (£m)	**22.9**
% of Total Assets	**3.1**
% of MSCI ACWI	**3.4**
% Average Portfolio Weight	**2.9**
% Total Return in Sterling	**53.7**
% Attribution Effect Relative to Benchmark	**0.0**

amazon

4

Amazon.com, Inc.

Amazon.com, Inc. is an American multinational technology company that focuses on e-commerce, cloud computing, digital streaming and artificial intelligence. Amazon offers personalised shopping services, web-based credit card payment, direct shipping to customers, as well as operating a cloud platform offering services globally. Amazon's revenue growth does not only benefit from increases in online shopping. The opportunity for growth is also driven by the strength and execution in its AWS business coupled with expectations for easing cost pressures in its retail business in 2022.

Country of Listing	**United States**
Sector	**Consumer Discretionary**
Selected by Stock Pickers	**Sands Capital Management** **Sustainable Growth Advisers (SGA)** **Vulcan Value Partners**

Value of Holding (£m)	**71.7**
Purchases in 2021 (£m)	**54.0**
% of Total Assets	**1.9**
% of MSCI ACWI	**2.2**
% Average Portfolio Weight	**2.7**
% Total Return in Sterling	**3.2**
% Attribution Effect Relative to Benchmark	**-0.1**

INVESTMENT PORTFOLIO

OUR LARGEST 30 INVESTMENTS AT 31 DECEMBER 2021

Meta

5

Meta Platforms

Previously known as Facebook, Inc., Meta Platforms is an American social media and technology company. The company engages in the development of social media applications, as well as virtual and augmented reality products, allowing users around the globe to connect seamlessly through mobile devices, personal computers and other platforms. The company is a dominant force in social media engagement which continues to power the growth of its revenue gained from online advertising. It also continues to invest and expand into areas such as social commerce.

Country of Listing	**United States**
Sector	**Communication Services**
Selected by Stock Pickers	**Sands Capital Management** **Sustainable Growth Advisers (SGA)** **Veritas Asset Management**
Value of Holding (£m)	**68.4**
Purchases in 2021 (£m)	**43.8**
% of Total Assets	**1.8**
% of MSCI ACWI	**1.1**
% Average Portfolio Weight	**2.4**
% Total Return in Sterling	**24.8**
% Attribution Effect Relative to Benchmark	**0.0**

Charter® COMMUNICATIONS

6

Charter Communications

Charter Communications, Inc. operates as a cable telecommunications company across the United States, serving over 30 million customers in the country. The company offers a range of communications services, including cable broadcasting, internet, television, voice, and other relevant solutions to both residential and business consumers. It continues to benefit from growth in subscriptions for broadband at a time when its capital expenditure is falling and it is buying back stock further driving growth in revenue.

Country of Listing	**United States**
Sector	**Communication Services**
Selected by Stock Pickers	**GQG Partners** **Veritas Asset Management**
Value of Holding (£m)	**68.3**
Sales in 2021 (£m)	**35.4**
% of Total Assets	**1.8**
% of MSCI ACWI	**0.1**
% Average Portfolio Weight	**1.3**
% Total Return in Sterling	**(0.9)**
% Attribution Effect Relative to Benchmark	**-0.3**

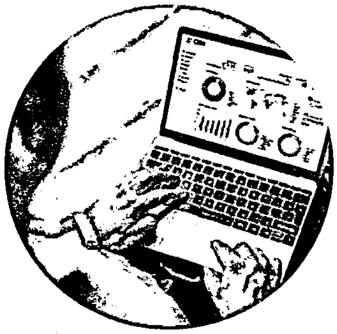
mastercard.

7

Mastercard

Mastercard Incorporated is an American technology company in the global payments business. It works with a wide range of consumers across individuals to corporations to governments to enable and facilitate electronic forms of payment. It provides technological solutions and enablement of electronic payment solutions. Mastercard is a firm that has shown good stability and quality with it's earnings, holding one of the dominant positions amongst payment solutions.

Country of Listing	**United States**
Sector	**Information Technology**
Selected by Stock Pickers	**Metropolis Capital** **Veritas Asset Management** **Vulcan Value Partners**
Value of Holding (£m)	**61.7**
Purchases in 2021 (£m)	**12.6**
% of Total Assets	**1.7**
% of MSCI ACWI	**0.5**
% Average Portfolio Weight	**1.5**
% Total Return in Sterling	**1.9**
% Attribution Effect Relative to Benchmark	**-0.1**



salesforce

8

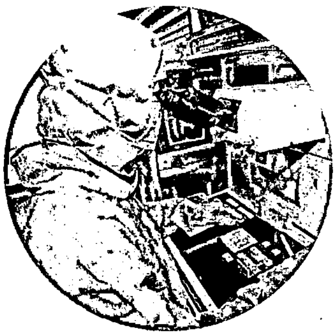
salesforce.com

Salesforce.com designs and develops enterprise software whose purpose is to serve as an effective customer relationship management tool to bring companies and customers closer together. This software is provided to businesses worldwide as an integrated technology platform for customers and developers to build and run business applications. Clients can use salesforce.com to manage their customer, sales, and operational data. It has shown an improvement in margins and displaying a strong growth outlook as it's total addressable market grows.

Country of Listing	**United States**
Sector	**Information Technology**
Selected by Stock Pickers	**Sustainable Growth Advisers (SGA)** **Vulcan Value Partners**
Value of Holding (£m)	**59.1**
Purchases in 2021 (£m)	**3.4**
% of Total Assets	**1.6**
% of MSCI ACWI	**0.4**
% Average Portfolio Weight	**1.7**
% Total Return in Sterling	**15.2**
% Attribution Effect Relative to Benchmark	**-0.2**

INVESTMENT PORTFOLIO

OUR LARGEST 30 INVESTMENTS AT 31 DECEMBER 2021



UNITEDHEALTH GROUP

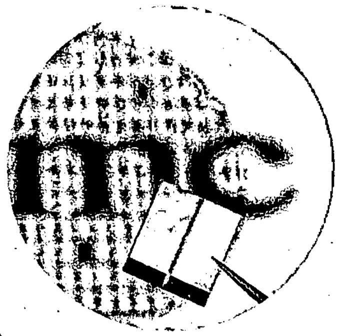
9

UnitedHealth Group Incorporated

UnitedHealth Group describes itself as a health and well-being company, offering health care coverage and benefits through UnitedHealthcare, and technology and data-enabled care delivery through Optum. It also manages organised health systems across the United States and provides employers products and resources to plan and administer employee benefit programs. UnitedHealth Group is the largest health insurer in the world. Due to it's size, stability, dividends and positioning, it holds a dominant position in the largest healthcare industry in the world.

Country of Listing	**United States**
Sector	**Health Care**
Selected by Stock Pickers	**GQG Partners** **Veritas Asset Management**

Value of Holding (£m)	**57.8**
Purchases in 2021 (£m)	**7.7**
% of Total Assets	**1.5**
% of MSCI ACWI	**0.7**
% Average Portfolio Weight	**1.4**
% Total Return in Sterling	**47.0**
% Attribution Effect Relative to Benchmark	**0.2**



tsmc

10

Taiwan Semiconductor Manufacturing Company

Taiwan Semiconductor Manufacturing Company, Ltd. is an established tech hardware and semiconductor firm that manufactures and markets integrated circuits. The company provides the following services: wafer manufacturing; wafer probing; assembly and testing; mask production; and design services. Its integrated circuits are used in computers, communication, consumer electronics, automotive, and industrial equipment industries. The company distributes its products to the United States, Asia and Europe. Demand for semiconductors looks strong as consolidation efforts increase in the industry.

Country of Listing	**Taiwan**
Sector	**Information Technology**
Selected by Stock Pickers	**GQG Partners** **Sands Capital Management**

Value of Holding (£m)	**57.0**
Sales in 2021 (£m)	**38.5**
% of Total Assets	**1.5**
% of MSCI ACWI	**0.8**
% Average Portfolio Weight	**1.1**
% Total Return in Sterling	**20.2**
% Attribution Effect Relative to Benchmark	**-0.1**

	Name	Sector	Country of Listing	Value of Holding £m	% of Total Assets	% Average Portfolio Weight
11	**KKR & Co. Inc.**	**Financials**	**United States**	**52.5**	**1.4**	**1.0**
	KKR & Co. Inc. operates as an investment firm. The company manages investments such as private equity, energy, infrastructure, real estate, credit strategies, and hedge funds.					
12	**GlaxoSmithKline PLC**	**Health Care**	**United Kingdom**	**46.5**	**1.2**	**0.9**
	GlaxoSmithKline PLC operates as a research-based pharmaceutical company. The company develops, manufactures, and markets vaccines, prescription, and over-the-counter medicines, as well as health-related consumer products. GlaxoSmithKline provides products for infections, depression, skin conditions, asthma, heart and circulatory disease, as well as cancer.					
13	**Booking Holdings Inc.**	**Consumer Discretionary**	**United States**	**41.8**	**1.1**	**0.8**
	Booking Holdings Inc. operates as an online travel company. The company offers a platform that allows for travel reservations to be made with providers of travel services. Booking Holdings provides accommodation reservations, car rentals, airline tickets, and vacation packages.					
14	**Petrol Brasileiros S.A.**	**Energy**	**Brazil**	**41.7**	**1.1**	**0.5**
	Petroleo Brasileiro S.A. - Petrobras explores for and produces oil and natural gas. The company refines, markets, and supplies oil products. Petrobras operates oil tankers, distribution pipelines, marine, river and lake terminals, thermal power plants, fertilizer plants, and petrochemical units.					
15	**Baidu, Inc.**	**Communication Services**	**China**	**40.7**	**1.1**	**1.1**
	Baidu, Inc. operates an Internet search engine. The company offers algorithmic search, enterprise search, news, MP3, image searches, voice assistance, online storage, and navigation services across the globe.					
16	**TransDigm Group, Inc.**	**Industrials**	**United States**	**39.1**	**1.0**	**1.0**
	TransDigm Group, Inc., through subsidiaries, manufactures aircraft components. The company produces 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 both AC and DC motors.					
17	**CVS Health Corporation**	**Healthcare**	**United States**	**39.1**	**1.0**	**0.6**
	CVS Health Corporation is an integrated pharmacy health care provider. The company's offerings include pharmacy benefit management services, mail order, retail and specialty pharmacy, disease management programmes, and retail clinics. The company operates drugstores throughout the U.S., the District of Columbia, and Puerto Rico.					

INVESTMENT PORTFOLIO

OUR LARGEST 30 INVESTMENTS AT 31 DECEMBER 2021

	Name	Sector	Country of Listing	Value of Holding £m	% of Total Assets	% Average Portfolio Weight
18	Heineken	Consumer Staples	Netherlands	36.2	1.0	0.2
	Heineken produces and distributes beverages internationally. The company produces beers, spirits, wines, and soft drinks under various brand names.					
19	Adidas AG	Consumer Discretionary	Germany	35.8	1.0	0.6
	Adidas AG manufactures sports shoes and sports equipment. The company produces products that include footwear, sports apparel, and golf clubs and balls. Adidas sells its products worldwide.					
20	Booz Allen Hamilton	Industrials	United States	35.1	0.9	0.9
	Booz Allen Hamilton Holding Corporation provides management and technology consulting services to the US government in the defense, intelligence, and civil markets. The company offers economic and business analysis, information technology, intelligence and operations analysis, modelling and simulation, organisation, and other consulting services.					
21	Walt Disney	Communication Services	United States	34.9	0.9	0.8
	Walt Disney is an entertainment company with operations in media networks, park experiences and consumer products, studio entertainment and direct-to-consumer networks and channels. The company serves customers worldwide.					
22	Novo Nordisk A/S	Health Care	Denmark	34.1	0.9	1.2
	Novo Nordisk A/S develops, produces, and markets pharmaceutical products worldwide. The company focuses on diabetes care and offers insulin delivery systems, along with other diabetes products. Novo Nordisk also works in areas such as haemostatis management, growth disorders, and hormone replacement therapy. The company offers educational and training materials.					
23	DBS Group Holdings Limited	Financials	Singapore	33.2	0.9	0.8
	DBS Group Holdings Limited and its subsidiaries provide a variety of financial services. The company offers services including mortgage financing, lease and hire purchase financing, nominee and trustee, funds management, corporate advisory and brokerage.					
24	ConvaTec Group PLC	Health Care	United Kingdom	33.0	0.9	1.0
	ConvaTec Group PLC manufactures medical and surgical equipment, marketing its products worldwide. The company offers urine meters, dressings, negative pressure wound systems, adhesive removers, and infusion devices.					

	Name	Sector	Country of Listing	Value of Holding £m	% of Total Assets	% Average Portfolio Weight
25	***Yum! Brands, Inc.***	***Consumer Discretionary***	***United States***	***32.1***	***0.9***	***0.8***
	Yum! Brands, Inc, owns and franchises quick-service restaurants worldwide. The company develops, operates, franchises, and licenses a worldwide system of restaurants which prepare, package, and sell a menu of food items.					
26	**Unilever**	**Consumer Staples**	**United Kingdom**	**31.6**	**0.8**	**0.7**
	Unilever manufactures personal care products. The company offers consumer goods, food, detergents, fragrances, beauty, home, and personal care products. Unilever serves customers worldwide.					
27	**AstraZeneca PLC**	**Health Care**	**United Kingdom**	**30.9**	**0.8**	**0.8**
	AstraZeneca PLC operates as a holding company. The company, through its subsidiaries, researches, manufactures, and sells both pharmaceutical and medical products.					
28	**Berkshire Hathaway**	**Financials**	**United States**	**29.2**	**0.8**	**0.5**
	Berkshire Hathaway Inc. is a holding company owning subsidiaries in a variety of business sectors. The company's principal operations are insurance business, conducted nationwide on a primary basis, and worldwide on a reinsurance basis.					
29	**Safran**	**Industrials**	**France**	**27.8**	**0.7**	**0.7**
	Safran supplies aerospace and defense systems and equipment. The company sells engines for aeroplanes and helicopters, launch vehicles, landing and braking systems, nacelles, onboard electrical systems, optronics, avionics, launcher propulsion, biometric equipment, explosives detection, and trace analysis systems. Safran serves aviation and defense industries worldwide.					
30	**Walmart**	**Consumer Staples**	**United States**	**27.0**	**0.7**	**0.0**
	Walmart is the world's number 1 retailer, as well as the world's largest company by revenue and largest employer with approximately 2.3 million associates. Walmart sells groceries and general merchandise. The company operates more than 5,340 stores in the US, including about 4,750 Walmart stores and about 600 Sam's Club membership-only warehouse clubs.					

Source: WTW, The Bank of New York Mellon (International) Ltd, Bloomberg L.P and FactSet.

INVESTMENT PORTFOLIO

OUR OTHER INVESTMENTS AT 31 DECEMBER 2021

Name	Sector	Country of Listing	% of Total Assets	Value of Holding £m
Target	Consumer Discretionary	United States	0.7	26.8
Canadian Pacific	Industrials	Canada	0.7	26.6
State Street	Financials	United States	0.7	26.1
Autodesk	Information Technology	United States	0.7	25.9
Procter & Gamble	Consumer Staples	United States	0.7	25.9
Interpublic Group	Communication Services	United States	0.7	25.8
Baxter International	Health Care	United States	0.7	25.8
The Cooper Companies	Health Care	United States	0.7	25.7
Exxon Mobil	Energy	United States	0.7	25.5
Bayer	Health Care	Germany	0.7	25.4
HDFC Bank	Financials	India	0.7	24.8
Bureau Veritas	Industrials	France	0.7	24.4
BAE Systems	Industrials	United Kingdom	0.6	24.0
News Corp	Communication Services	United States	0.6	23.7
Comcast	Communication Services	United States	0.6	23.3
SEA	Communication Services	Taiwan	0.6	22.8
Carlyle Group	Financials	United States	0.6	22.3
ServiceNow	Information Technology	United States	0.6	22.1
Makita	Industrials	Japan	0.6	21.7
ASML	Information Technology	Netherlands	0.6	21.6
Fleetcor Technology	Information Technology	United States	0.6	21.6
Nutrien	Materials	Canada	0.6	21.1
AIA	Financials	Hong Kong	0.6	21.0
Heidelbergcement	Materials	Germany	0.6	21.0
Ameriprise Financial	Financials	United States	0.6	20.7
WPP	Communication Services	United Kingdom	0.5	20.5
Vinci	Industrials	France	0.5	20.5
Dell Technologies	Information Technology	United States	0.5	20.4
Broadcom	Information Technology	United States	0.5	20.2
BNP Paribas	Financials	France	0.5	20.2
Texas Instruments	Information Technology	United States	0.5	20.2
Crown Holdings	Materials	United States	0.5	19.9
Lloyds Banking	Financials	United Kingdom	0.5	19.1
Qorvo	Information Technology	United States	0.5	18.9
United Rentals	Industrials	United States	0.5	18.9
Skyworks Solution	Information Technology	United States	0.5	18.7
Shopify	Information Technology	Canada	0.5	18.6
Santen Pharmaceutical	Health Care	Japan	0.5	18.6
BP	Energy	United Kingdom	0.5	18.5
Nokia OYJ	Information Technology	Finland	0.5	18.3
Weir Group	Industrials	United Kingdom	0.5	18.0
Nvidia	Information Technology	United States	0.5	17.6
DKSH Holding	Industrials	Switzerland	0.5	17.5

Name	Sector	Country of Listing	% of Total Assets	Value of Holding £m
Paypal	Information Technology	United States	0.5	17.3
Atlassian	Information Technology	United States	0.5	17.3
Netflix	Communication Services	United States	0.5	17.1
Ebara	Industrials	Japan	0.5	17.1
Infosys	Information Technology	India	0.4	16.4
Progressive	Financials	United States	0.4	16.4
Smiths Group	Materials	United Kingdom	0.4	16.3
Citigroup	Financials	United States	0.4	16.2
Cisco Systems	Information Technology	United States	0.4	16.1
Fiserv	Information Technology	United States	0.4	15.9
Aercap	Industrials	Ireland	0.4	15.7
Square	Information Technology	United States	0.4	15.7
Whirlpool	Consumer Discretionary	United States	0.4	15.6
Arcelormittal	Materials	Luxembourg	0.4	15.3
Schneider Electric	Industrials	France	0.4	15.3
Sonic Healthcare	Health Care	Australia	0.4	15.3
Intercontinental Exchange	Financials	United States	0.4	15.1
Owens Corning	Industrials	United States	0.4	15.1
Intuit	Information Technology	United States	0.4	15.0
Prosus	Consumer Discretionary	Netherlands	0.4	14.9
Imperial Brands	Consumer Staples	United Kingdom	0.4	14.8
Barrick Gold	Materials	Canada	0.4	14.8
Kingfisher	Consumer Discretionary	United Kingdom	0.4	14.7
Aena	Industrials	Spain	0.4	14.6
Whitbread	Consumer Discretionary	United Kingdom	0.4	14.3
H&R Block	Consumer Discretionary	United States	0.4	13.9
NRG Energy	Utilities	United States	0.4	13.9
Liberty Global	Communication Services	United Kingdom	0.4	13.9
Molson Coors	Consumer Staples	United States	0.4	13.7
Flex	Information Technology	United States	0.4	13.4
Zoetis	Health Care	United States	0.4	13.3
Cigna	Health Care	United States	0.4	13.3
Ebay	Consumer Discretionary	United States	0.3	13.0
Twilio	Information Technology	United States	0.3	12.9
Glanbia	Consumer Staples	Ireland	0.3	12.8
Anglo American	Materials	United Kingdom	0.3	12.8
J P Morgan Chase	Financials	United States	0.3	12.7
Standard Chartered	Financials	United Kingdom	0.3	12.7
Lithia Motors	Consumer Discretionary	United States	0.3	12.4
Qurate Retail	Consumer Discretionary	United States	0.3	12.3
Hargreaves Lansdown	Financials	United Kingdom	0.3	12.2
Glencore	Materials	Switzerland	0.3	12.1
Kubota	Industrials	Japan	0.3	12.1

INVESTMENT PORTFOLIO

OUR OTHER INVESTMENTS AT 31 DECEMBER 2021

Name	Sector	Country of Listing	% of Total Assets	Value of Holding £m
Adient	Consumer Discretionary	Ireland	0.3	12.0
Lincoln National	Financials	United States	0.3	11.9
Oracle	Information Technology	United States	0.3	11.9
Housing Development Finance	Financials	India	0.3	11.8
Amadeus IT	Information Technology	Spain	0.3	11.7
Dexcom	Health Care	United States	0.3	11.6
Edwards Lifesciences	Health Care	United States	0.3	11.5
Intel	Information Technology	United States	0.3	11.4
Snowflake	Information Technology	United States	0.3	11.4
Harley Davidson	Consumer Discretionary	United States	0.3	11.1
Andritz	Industrials	Austria	0.3	11.0
Vodafone	Communication Services	United Kingdom	0.3	10.8
Adyen	Information Technology	Netherlands	0.3	10.8
Western Digital	Information Technology	United States	0.3	10.7
Doordash	Consumer Discretionary	United States	0.3	10.4
Hanesbrands	Consumer Discretionary	United States	0.3	10.3
Baker Hughes	Energy	United States	0.3	10.0
TP ICAP	Financials	United Kingdom	0.3	9.9
Western Union	Information Technology	United States	0.3	9.5
MercadoLibre	Consumer Discretionary	Argentina	0.3	9.5
Siemens	Industrials	Germany	0.2	9.1
TS Tech	Consumer Discretionary	Japan	0.2	8.8
Anima Holding	Financials	Italy	0.2	8.7
Nippon Television	Communication Services	Japan	0.2	8.7
Murata Manufacturing	Information Technology	Japan	0.2	8.6
Applus Services	Industrials	Spain	0.2	8.6
Sanofi	Health Care	France	0.2	8.4
Las Vegas Sands Corp	Consumer Discretionary	United States	0.2	8.1
Reliance Industries	Energy	India	0.2	7.7
Sberbank	Financials	Russia	0.2	7.7
Samsung Electronics	Information Technology	South Korea	0.2	7.4
China Merchants Bank	Financials	China	0.2	7.0
Capita	Information Technology	United Kingdom	0.2	6.7
Alliance Data Systems	Information Technology	United States	0.2	6.3
Kato Sangyo	Consumer Staples	Japan	0.2	6.2
Newmount	Materials	United States	0.2	6.2
Gazprom	Energy	Russia	0.2	6.1
Daimler	Consumer Discretionary	Germany	0.2	5.8
Hong Kong Exchange	Financials	Hong Kong	0.2	5.6
Admiral	Financials	United Kingdom	0.2	5.6
Rosneft Oil	Energy	Russia	0.1	5.4
Lukoil	Energy	Russia	0.1	5.0
Exelon	Utilities	United States	0.1	4.8

Name	Sector	Country of Listing	% of Total Assets	Value of Holding £m
Philip Morris International	Consumer Staples	United States	0.1	4.7
Commscope Holdings	Information Technology	United States	0.1	4.7
Gruma	Consumer Staples	Mexico	0.1	4.7
Chailease Holding	Financials	Taiwan	0.1	4.7
CGG	Energy	France	0.1	4.5
Vale	Materials	Brazil	0.1	4.4
MMC Norilsk Nickel	Materials	Russia	0.1	4.3
Lam Research	Information Technology	United States	0.1	4.3
Bajaj Finance	Financials	India	0.1	4.2
Restaurant Group	Consumer Discretionary	United Kingdom	0.1	4.1
BBVA	Financials	Spain	0.1	3.8
State Bank of India	Financials	India	0.1	3.5
Petrochina Co Ltd	Energy	China	0.1	3.3
ICICI Bank	Financials	India	0.1	3.2
JD.com	Consumer Discretionary	China	0.1	3.0
Tata Consultancy	Information Technology	India	0.1	3.0
Polyus	Materials	Russia	0.1	3.0
Tencent	Communication Services	China	0.1	3.0
RWS	Industrials	United Kingdom	0.1	3.0
Wal-Mart de Mexico	Consumer Staples	Mexico	0.1	2.9
TCS	Financials	Cyprus	0.1	2.4
Bank Central Asia	Financials	Indonesia	0.1	2.2
Itau Unibanco	Financials	Brazil	0.1	2.2
Sun Pharmaceutical Industries	Health Care	India	0.1	2.1
NetEase	Communication Services	China	0.1	2.1
Tata Steel	Materials	India	0.0	1.8
Eregli Demir Celik	Materials	Turkey	0.0	1.7
Qualcomm	Information Technology	United States	0.0	1.5
Li Ning	Consumer Discretionary	China	0.0	1.3
China Construction Bank	Financials	China	0.0	1.3
Capitec Bank	Financials	South Africa	0.0	1.2
SK Telecom	Communication Services	South Korea	0.0	1.2
Hindalco	Materials	India	0.0	1.1
Severstal	Materials	Russia	0.0	1.1
JSW Steel	Materials	India	0.0	1.1
WuXi AppTec	Health Care	China	0.0	1.1
POSCO	Materials	South Korea	0.0	1.1
Solocal	Communication Services	France	0.0	1.1
CLP Holdings	Utilities	Hong Kong	0.0	1.1
Kaspi.NZ	Financials	Kazakhstan	0.0	1.0
SK Square	Information Technology	South Korea	0.0	0.9
Ternium	Materials	Luxembourg	0.0	0.1

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

DIVIDEND

- 2021 dividend up over 32%
- 55-year track record of dividend increases

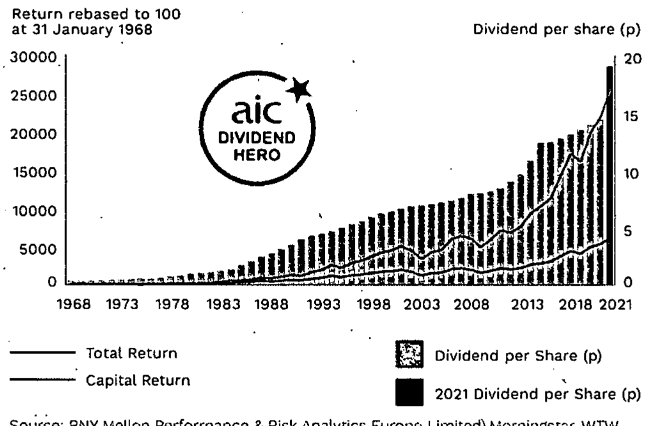
AN INCREASED DIVIDEND

The Company has significantly increased its total dividend for 2021, up 32.5% from 14.38p in 2020 to 19.05p in 2021. This was achieved by increasing the third and fourth interim dividends for 2021 by 62.0% from that paid at the same time last year. Had we increased the first and second interim dividends to the same level this would have resulted in an annual dividend yield of 2.3%[1].

The increase in the Company's dividend was implemented by the Board after a review of the level and funding of the dividend which included obtaining and listening to the views of shareholders. The Board believes that the increased level of dividend is both sustainable and affordable and it expects to extend the Company's 55-year track record of annual dividend increases for many years.

The Company's Dividend Policy and its investment objective (see page 2) and investment strategy remain unchanged.

The chart below shows the growth in the Company's dividend over the last 55 years.



Source: BNY Mellon Performance & Risk Analytics Europe Limited),Morningstar, WTW and Alliance Trust

Past performance is not a reliable indicator of future returns. Total Return is the sum of the change in the share price plus dividend income reinvested whereas Capital Return excludes the impact of dividends reinvested.

The aim is to continue delivering a rising dividend year after year as well as capital growth. The chart also shows what has been achieved for investors so far. If you had invested £100 in the Company at the start of 1968, you would have shares worth over £25,000 at the end of 2021 if you reinvested your dividends in additional shares, and around £5,500 if you did not.

1. This is based on the Company's share price at 31 December 2021.

DIVIDEND 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 continue to take advantage of the Company's structure as an investment trust and will use both its investment income and its significant accumulated distributable reserves to fund dividend payments.

The Company policy of paying quarterly interim dividends means that shareholders have certainty of the date on which they will receive their income but means they are not asked to approve the final dividend. However, each year shareholders are given the opportunity to share their views on the Company's dividend by being asked to approve the Company's Dividend Policy.

DISTRIBUTABLE RESERVES

The Company's distributable reserves at 31 December 2021, including the merger reserve which was converted into a distributable reserve in July 2021, were £3.3bn (2020: £2.3bn). Of these, the Company's revenue reserve was £95.2m (2020: £99.2), realised capital reserves were £2.8bn (2020: £1.9bn) and unrealised capital reserves were £0.5bn (2020: £0.4bn). Both elements of the capital reserves are readily convertible to cash. The Board expects to utilise £10.5m (2020: £10.1m) to support the total dividend declared for 2021. Details of the Company's reserves can be found on page 90.

DIVIDEND DECLARATION

The Ordinary Dividend for 2021 will increase by 32.5% to 19.054p. A fourth interim dividend of 5.825p will be paid on 31 March 2022 to shareholders who are on the register on 11 March 2022. The payment dates for the 2022 financial year can be found on page 119.

INCOME & COSTS

- Dividend income up
- Costs remain competitive

INCOME

The Company's income from dividends in 2021 saw a significant increase to £61.9m from £45.6m, also above t he £58.7m received in 2019.

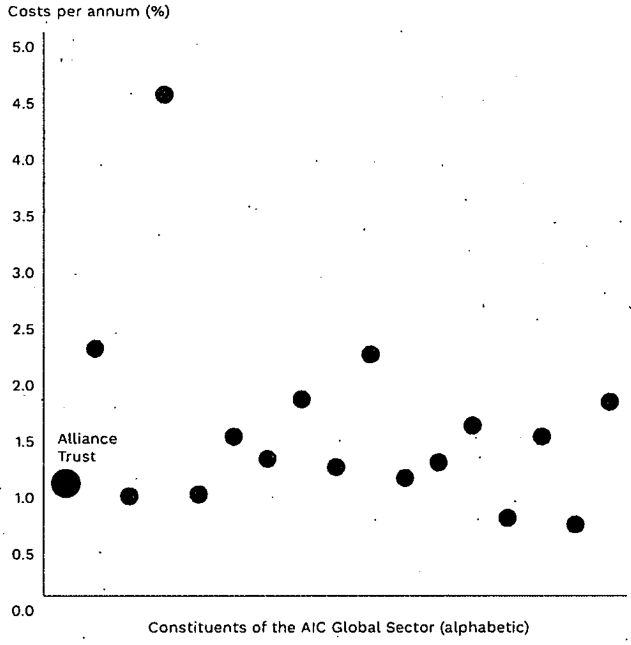
COSTS

The Company's Ongoing Charges Ratio (OCR) was 0.60% (2020: 0.64%). Total administrative expenses were £5.9m (2020: £6.0m). Investment management expenses were £14.1m (2020: £12.0m). The Company incurred property and other costs not connected with the ongoing investment business of the Company for the year of £0.5m (2020: £0.4m). The main contributor to the lower OCR was an increase in the average daily NAVs. This meant that the Company's fixed costs became a smaller proportion of its expenses.

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 Association of Investment Companies (AIC) Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts.

The Company's costs remain competitive for an actively managed multi-manager global equity fund. The chart opposite shows how the Company's costs compared to the other constituents of the AIC Global Sector.

OUR COSTS ARE COMPETITIVE



The charges are shown for the constituents of the AIC Global Sector and include Ongoing Costs, Portfolio Transaction Costs and Performance Fees. Data sourced on 17 January 2022 by WTW from each company's Key Information Documents (KIDs) available on their website. As such, cost data may be as at different dates. Source: WTW.

DISCOUNT & SHARE BUYBACKS

- A stable discount
- 4.2% of our share capital bought back in 2021

DISCOUNT AND SHARE BUYBACKS

The discount remained stable for most of the year except for one day in March 2021 when it rose to 9.3% before returning to the range of between 7.0% and 4.5% that it occupied for most of the year. The discount at 31 December 2021 was 5.3% (2020: 3.5%) and the average for the year was 5.9% (2020: 5.6%). The widening of the discount is consistent with what was seen in other global equity investment trusts.

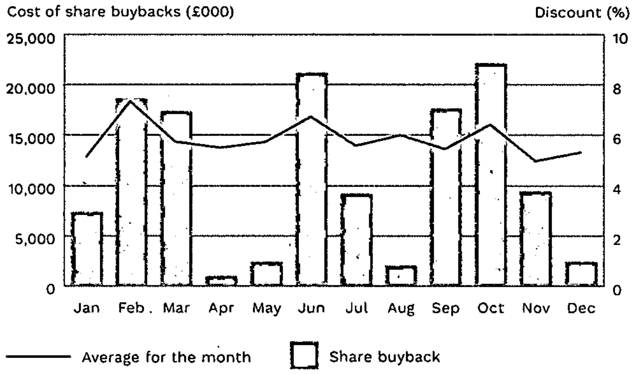
The Company bought back 4.2% of its issued share capital during the year, purchasing 13,480,500 shares and adding £8.0m to the Net Asset Value for remaining shareholders. The total cost of the share buybacks was £131.0m. The weighted average discount of shares bought back in the year was 6.1%. All the shares bought back were cancelled.

Share buybacks, combined with the effect of the change in the discount, contributed a total of 0.3% to the Company's performance in the year.

The chart on the right illustrates the high level of discount that persisted in the years prior to the adoption of the current investment strategy in 2017 and the stability of the average discount since. It also shows that the cost of share buybacks since 2017 to maintain a stable discount have been roughly equal to the cost in the years immediately prior to that date. 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.

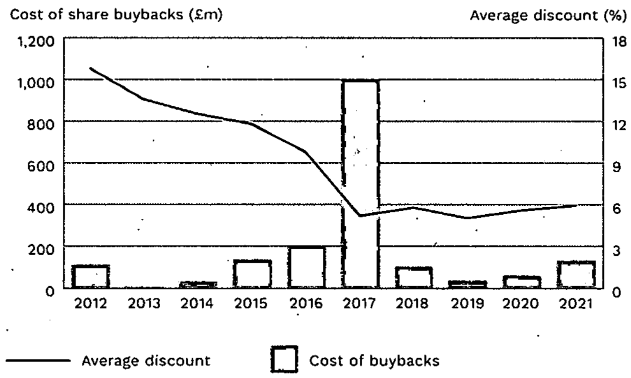
BUYBACKS BOOSTED RETURNS AND KEPT DISCOUNT STABLE

Discount and share buybacks (2021)



Source: WTW, Investec and BNY Mellon.

Cost of share buybacks versus average discount



Source: Alliance Trust

HOW WE MANAGE OUR RISKS

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.

The Board determines the levels of risk that it is prepared to accept to achieve the Company's strategic objectives. It then 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 EWI it has set.

During the year the EWI's were reviewed to ensure they remained appropriate. In addition, a new EWI was introduced to monitor the portfolio's carbon intensity against its benchmark as part of the Company's commitment to transition its portfolio to net zero greenhouse gas emissions by 2050.

At the year end, the Company had three measures which breached their EWIs. The measures related to the level of revenue being generated by the portfolio, the level of operational risk and the level of turnover in the portfolio. The breach of the first two of these EWIs reflected the impact of Covid-19 on the Company's income and the consequences of continuing remote working. The breach of the third reflected increased turnover due to Stock Picker changes and trading in the portfolio when Stock Pickers took advantage of opportunities in the market. There was one measure where the level of acceptable risk was exceeded during the year. This related to investment performance where the Company's NAV Total Return relative to its benchmark over rolling three-year periods was below the set level.

PRINCIPAL AND EMERGING RISKS

In common with other financial services organisations, the Company's business model results in a few 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 continued to be the most significant non-investment related risk faced by the Company in 2021. The arrangements put in place in 2020 to meet the operational challenges surrounding Covid-19 continued into 2021, albeit there was a transition for part of the year to more office-based working. The Company's service providers maintained a good level of service throughout.

As an investment company, investment risk has the potential to significantly impact the Company. We explain on the next page how we mitigate against the potential impact of this risk. Following a turbulent 2020, volatility in the equity market was much lower in 2021 with no clear upward or downward trend. Equity markets remained comparatively stable with some short-lived spikes due to worries around increasing inflation, regulatory shocks in China, and the emergence of the Covid-19 Omicron variant.

The other area where we see risk emerging relates to ESG matters and we cover the actions being taken on this within the portfolio on pages 24 to 29 and operationally on page 49. In addition to considering the potential adverse impact of ESG factors on the Company's reputation and financial performance, a specific climate change risk, along with mitigating activities at Company and portfolio level, is being monitored.

Set out on the next five pages are the Company's principal and emerging risks that could impact on the achievement of the strategic objectives and the Board's view of each risk.

HOW WE MANAGE OUR RISKS

Investment, Counterparty and Financial Risks		
Risk	**Risk Trend during 2021**	**Mitigating Activities**
Market Risk Risk of a general fall in equity markets that would lead to a lower valuation of the Company's investments	▶ Unchanged Following a turbulent 2020, volatility in the equity market was much lower in 2021 with no clear upward or downward trend. Equity markets remained comparatively stable with some short-lived spikes due to worries around increasing inflation, regulatory shocks in China, and the emergence of the Covid-19 Omicron variant.	• Active management of the concentrated high conviction approach employed by the Company means that it should be able to take advantage of any volatility caused by external factors as it creates opportunities. • The investment approach focuses on company fundamentals with stock selection being the main driver of investment performance rather than sentiment-driven market movements. • During 2021, the portfolio was managed to be broadly balanced in terms of style, sector, and geographical exposures relative to the benchmark, avoiding being held hostage to any one particular risk factor that might have fallen out of favour at any point in time which was near impossible to predict. The Company can use derivative instruments to hedge, enhance and protect positions including currency exposures.
Investment Performance Risk Investment performance fails to deliver long-term capital growth and rising income that meet the targets set by the Board.	▲ Increased Largely as a result of the last quarter, the Company's portfolio lagged the benchmark return in 2021 after being ahead over the first three quarters.	• 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 processes. • The Company's multi-manager approach benefits from a rich mix of investment styles which reduces the risk of isolated losses normally associated with a single Stock Picker. • The portfolio is designed to outperform the market over the long term, regardless of the market conditions, by blending the stocks invested in by Stock Pickers 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 Stock Pickers as well as the composition and diversification of the portfolio are regularly reviewed. • The Board actively considers the prevailing external environment and outlook in its decision-making process. • With the global economy gradually reopening from the restrictions imposed by the Covid-19 pandemic, the global market appears to be less skewed towards large US technology stocks. This offers more opportunity for active managers to add value through high conviction stock selection and for the portfolio to outperform its index.

Investment, Counterparty and Financial Risks continued

Risk	Risk Trend during 2021	Mitigating Activities
Credit and Counterparty 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. 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.	▶ Unchanged The credit and service quality of the third parties that the Company dealt with in 2021 remained at appropriate levels.	• 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. • Due diligence process is in place for selecting third-party service providers. • 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 Board, the Executive team and WTW. Daily reconciliation of the Company's assets is undertaken.
Capital Structure and Financial Risk The capital structure is not appropriate to support the Company's strategic objectives, risk appetite and overall operations. The Company does not have sufficient liquid resources to ensure it can meet its liabilities as they fall due and the fair value of the assets of the Company is amplified by any gearing that the Company may have.	▶ Unchanged The Board used the tools at its disposal to manage the share capital, reserves, discount and gearing at stable levels.	• 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. • The Board (and the Company's 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. • In 2021, the Company was granted Court approval for the conversion of the Company's merger reserve into a distributable reserve. This has provided the Company with increased flexibility in the way it can fund dividend payments. • Stress and scenario testing is carried out on the portfolio and reported to the Committee by WTW. • Liquidity analysis, including liquidity stress testing, is carried out on the portfolio and reported to the Committee by WTW. • The Company's portfolio comprises quoted equities which are readily realisable.

HOW WE MANAGE OUR RISKS

Operational Risks		
Risk	**Risk Trend during 2021**	**Mitigating Activities**
Cyber attack 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.	▶ Unchanged The risk remained elevated during 2021 as cyber criminals continued to use Covid-19 as a phishing lure for new campaigns and scanning for vulnerabilities in software and remote working tools.	• 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 Loss arising from inadequate or failed processes, people and/or systems of outsourced functions.	▶ Unchanged The outsourced providers and Executive team invoked their Business Continuity Plans in early 2020 due to the Covid-19 pandemic with no adverse impact on the standard of service received. With the roll-out of vaccines, easing of restrictions in 2021 and a partial return to the office, there was a hybrid working model in the later part of 2021 and the Company expects that this will continue into 2022.	• 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.

Environmental, Social and Governance (ESG) factors

Risk	Risk Trend during 2021	Mitigating Activities
Environmental, Social and Governance (ESG) factors Failure to consider the impact of ESG factors adversely affecting the Company's reputation and financial performance.	▶ Unchanged The Stock Pickers with the support of EOS and oversight from WTW continued to engage with companies in the portfolio in relation to ESG matters over 2021.	• WTW's approach to ESG is fully embedded within WTW's overall assessment of the Stock Pickers. It considers each Stock Pickers' 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).
Climate change The adverse impact of climate-related risks (both physical and transition risks) on the Company's business strategy, operating model, investment strategy and financial planning.	▲ Increased In 2021, some of the Stock Pickers found attractive opportunities in the Energy sector, leading to an increase in the portfolio's carbon footprint.	• The Company has a small physical presence with a limited impact on the environment. • The Company committed to transitioning its portfolio to net zero greenhouse gas emissions by 2050. • Stocks with significant exposure to thermal coal and tar sands are excluded from the portfolio. • WTW is a signatory to the Net Zero Asset Managers Initiative, the Principles for Responsible Investment, and the UK Stewardship Code. • EOS and a number of our Stock Pickers are signatories to the Climate Action 100+ initiative. • The Company calculates its carbon footprint based on the GHG Protocol Corporate Accounting and Reporting Standard and verified by Carbon Footprint Limited. • WTW monitors the carbon intensity of the Company's portfolio against recognised benchmarks. • The Board will continue to consider developments in this area such as the recommendations from the Task Force on Climate-related Financial Disclosures.

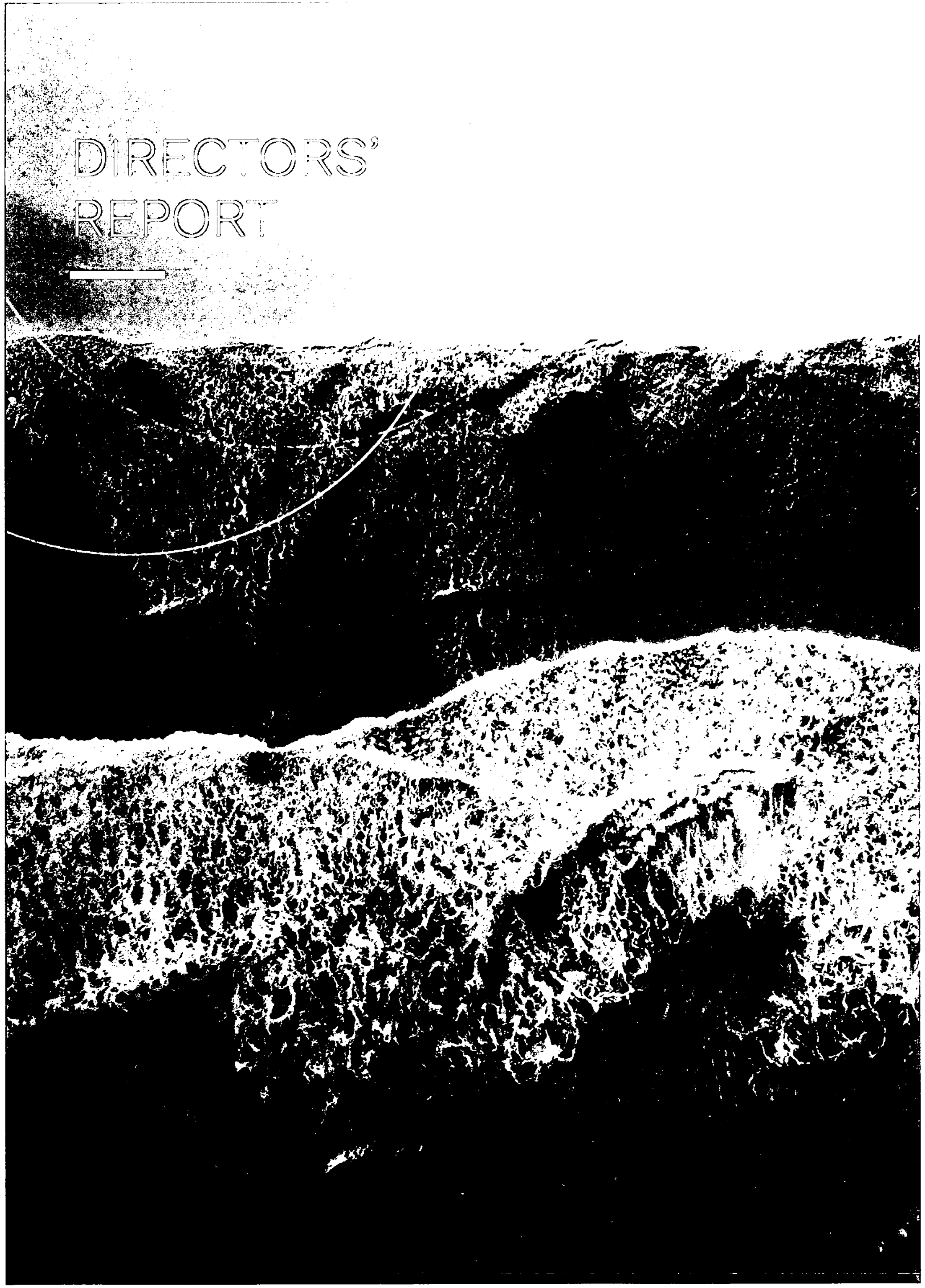
HOW WE MANAGE OUR RISKS

Legal and Regulatory Non-Compliance		
Risk	**Risk Trend during 2021**	**Mitigating Activities**
Legal and Regulatory non-compliance Failure of not meeting and complying with all relevant legal and regulatory requirements and responsibilities.	▶ Unchanged There were no material legal or regulatory issues for the Company that arose during 2021.	• The Board receives updates from WTW, the Executive team and the Company's legal advisers on legal and regulatory developments and changes. • WTW reviews and monitors the Company's Investment Trust status and reports on this regularly to the Board. • 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 and the Executive team periodically attend relevant industry training events. • 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 50 of this document, the s172 statement on pages 65 to 67 and the viability statement on pages 68 and 69) 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, we're driven by the best interests of our shareholders. In this section of the Annual Report, we outline how the Board discharges its duties and what this means to Shareholders and to the Company's other stakeholders."

Gregor Stewart
Chairman

GREGOR STEWART
Chairman

Member of Audit and Risk Committee.

Gregor joined the Board in 2014 and chaired the Audit and Risk Committee until his appointment as Chairman in September 2019.

Gregor is a Chartered Accountant and was Finance Director for the insurance division of Lloyds Banking Group, including Scottish Widows, and a member of the Group's Finance Board. He worked for more than 20 years at Ernst & Young, with 10 years as a Partner in the firm's Financial Services practice.

Guide to current appointments

- Listed operating companies and their subsidiaries
- Unlisted operating companies and their subsidiaries
- Investment companies and Investment Trusts
- Other

Current Appointments

- **Direct Line Insurance Group plc**
  Non-Executive Director
- **FNZ (UK) Limited and its holding company**
  Chair of FNZ (UK) Limited and Non-Executive Director of its holding company

SARAH BATES
Senior Independent Director

Member of Audit and Risk Committee.

Sarah joined the Board in 2021.

Sarah is a Fellow of CFA UK and was previously Chair of the Association of Investment Companies. Sarah was also previously Chair of Merian Global Investors Limited, St James' Place plc, JPMorgan American Investment Trust plc, Witan Pacific Investment Trust plc (now Baillie Gifford China Growth Trust PLC) and chair of the audit committees of New India Investment Trust plc and of U and I Group plc. Sarah was a founder of the Diversity Project and an Ambassador for Chapter Zero.

Current Appointments

- **Polar Capital Technology Trust plc**
  Chair
- **Worldwide Healthcare Trust plc**
  Non-Executive Director
- **John Lewis Partnership Trust for Pensions**
  Chair
- **BBC Pension Scheme**
  Independent Member of the Investment Committee and Chair of BBC Pension Investment Limited
- **USS Investment Management Limited**
  Chair

ANTHONY BROOKE
Non-Executive Director

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
- **Investments Committee of Christ's College, Cambridge**
  Member
- **Various Endowments**
  Adviser

BOARD OF DIRECTORS

DEAN BUCKLEY
Non-Executive Director

Member of Audit and Risk Committee.

Dean joined the Board in 2021.

Dean is a qualified actuary and has enjoyed a career in fund management. Dean was previously Chief Executive Officer of Scottish Widows Investment Partnership. Prior to that, Dean held several positions at HSBC Bank plc, most recently as Chief Executive Officer of HSBC Asset Management UK & Middle East. Dean held senior fund management positions at Prudential Portfolio Managers and was also previously a Non-Executive Director of Saunderson House Limited.

Current Appointments

- **Smith & Williamson Fund Administration Limited**
  Chair
- **JPMorgan Asia Growth & Income plc**
  Chair of the Audit Committee, Remuneration Committee and Senior Independent Director
- **Fidelity Special Values PLC**
  Senior Independent Director
- **Baillie Gifford & Co Limited**
  Non-Executive Director

JO DIXON
Non-Executive Director

Chair of Audit and Risk 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 Growth and Income PLC**
  Chair
- **BB Healthcare Trust PLC**
  Non-Executive Director and Chair of Audit Committee
- **Strategic Equity Capital PLC**
  Non-Executive Director and Chair of Audit Committee
- **BMO Global Smaller Companies PLC**
  Non-Executive Director and Chair of Audit Committee
- **Ventus VCT PLC (in members' voluntary liquidation)**
  Non-Executive Director

CLARE DOBIE
Non-Executive Director

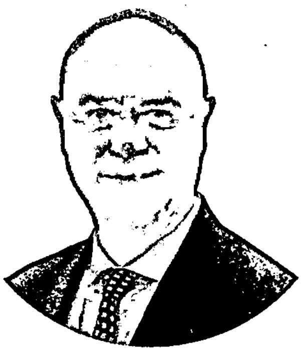
Member of Audit and Risk Committee.

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. Before that she was a journalist at the BBC, Times and Independent, where she was City Editor.

Current Appointments

- **Schroder UK Mid Cap Fund PLC**
  Non-Executive Director



CHRIS SAMUEL
Non-Executive Director

Member of Audit and Risk Committee.

Chris joined the Board in 2015 and will not be seeking re-election at the AGM in April 2022.

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

- **BlackRock Throgmorton Trust PLC**
  Chair
- **JPMorgan Japanese Investment Trust PLC**
  Chair
- **Quilter Financial Planning Limited**
  Chair
- **Quilter PLC**
  Non-Executive Director
- **UIL Limited**
  Non-Executive Director

BOARD OF DIRECTORS

- We are an experienced and skilled Board with a good balance of male and female directors
- We are gradually refreshing our Board, aiming to increase its ethnic diversity by 2024

BOARD AND COMMITTEE ATTENDANCES

In 2021, in addition to the Board's regular quarterly meetings, several ad hoc Board meetings were held. There were three scheduled Audit and Risk Committee meetings and an additional ad hoc Audit and Risk Committee held. Sarah Bates and Dean Buckley joined the Board on 4 March 2021 and Karl Sternberg left the Board on 30 June 2021. Gregor Stewart was unable to attend one meeting of the Board and one meeting of the Audit and Risk Committee during the latter part of the year due to Covid-19:

Scheduled Meeting Attendances	**Board**		**Audit and Risk**	
Director	**Actual**	**Possible**	**Actual**	**Possible**
Gregor Stewart	3	4	3	4
Sarah Bates	3	3	2	2
Anthony Brooke	4	4	4	4
Dean Buckley	3	3	2	2
Jo Dixon	4	4	4	4
Clare Dobie	4	4	4	4
Chris Samuel	4	4	4	4
Karl Sternberg	2	2	2	2

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, ethnicity, 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 the best candidates for appointment to the Board, the Board will consider candidates from a range of differing perspectives and backgrounds against objective criteria 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 candidates that will improve the ethnic diversity of the Board given the Board's aim of meeting the Parker Review target for ethnic diversity by 2024.

The Board reports on its succession plans on page 60. When making appointments, the Board will ensure that the positive steps taken to increase the Board's gender diversity over the last two years will be applied to other areas of diversity in which the Board could improve.

The search agent used in the recruitment of Sarah Bates and Dean Buckley was Cornforth Consulting, it is and was independent of the Company and the Board.

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	✓	✓		✓	✓	✓
Sarah Bates	✓	✓	✓	✓	✓	✓
Anthony Brooke	✓		✓		✓	
Dean Buckley	✓	✓	✓	✓	✓	✓
Jo Dixon	✓	✓		✓		✓
Clare Dobie	✓		✓	✓	✓	
Chris Samuel	✓	✓	✓	✓	✓	✓

BOARD EVALUATION

The annual review of individual Directors' performance is usually supported by an independent external facilitator and undertaken by way of questionnaire and discussions between the Chairman and each of the Directors with a review of the performance of the Chairman by the other Directors, led by the Senior Independent Director. A more extensive review is undertaken every third year and such a review was undertaken for 2021. With one Director having stepped down and two new Directors having been appointed during the year and the Board's desire to obtain a different perspective on its performance, after consideration of a number of proposals, Board Level Partners, which has no other connections with the Company or individual Directors, was appointed as the external facilitator.

The process included confidential unattributable one-to-one interviews between the external evaluator and each Director as well as a representative from the Investment Manager; the Company Secretary, and former Director, Karl Sternberg. The findings of the external evaluation were discussed with the Chairman and were considered by the Board after the year-end.

The appraisal concluded that the Board oversees the management of the Company effectively and has the skills and expertise to safeguard shareholders' interests. All Directors continue to demonstrate commitment to their roles, and, drawing on diverse but complementary skills and experience, they provide constructive challenge to the Investment Manager and provide valuable contributions to the deliberations of the Board.

No material weaknesses or concerns were highlighted, but the evaluation did identify some areas for focus in 2022 and beyond. These include the Board concluding its ongoing work to strengthen the Company's operating model; continued Board refreshment as part of the implementation of the Board's succession plan; and further enhancement of the Company's marketing, investor relations and distribution activities.

CORPORATE GOVERNANCE

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

The AIC 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.

The Company has complied with the Principles and recommended Provisions of the AIC Code during the year ended 31 December 2021 and up to the date of this report. There are three areas where the Company is required to explain how it complies with the AIC Code. The Company does not have a separate internal audit function. 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 such a 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. The Board does not have a Remuneration Committee nor does it have a Nomination Committee. All of the functions exercised by the Remuneration Committee were taken on by the full Board with effect from 31 December 2020. The Board was satisfied there was no longer a need to consider any discretion relating to share awards, as there are none, and the only questions to be determined were in relation to the remuneration of the five members of the Executive team and the Directors' own remuneration. The Board was satisfied in relation to the Nomination Committee that as all Directors were members of the Committee it provided little benefit. On page 72 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

"On the previous pages you will find details of the Directors responsible for the governance of your Company. The Board believes that good governance is important. We apply considerable scrutiny to how the companies in which we invest are managed and expect to be measured no less rigorously by our shareholders. We seek to achieve a high standard of corporate governance, business and ethical behaviour. We report here on how we have met this standard during the year."

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. The Board arranges to meet with each of the Stock Pickers at least once a year. A separate strategy session is held annually. Board or Board Committee meetings are also held on an ad hoc basis to consider issues as they arise. In addition, ad hoc working groups involving the Directors are arranged to support the work of the Board or relevant Board Committee on particular topics. Outside the formal meetings there is also regular contact between the Investment Manager, the Executive team and the Directors.

THE CHAIR

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

THE SENIOR INDEPENDENT DIRECTOR

The Senior Independent Director provides a sounding board for the Chair and serves as an intermediary for other Directors and shareholders. They also lead any discussions on the appointment of a new Chair and may take on the role of Chair on an interim basis to cover an unexpected vacancy or absence of the Chair. This was required for a short period in the second half of 2021 when the Chairman was recovering from the effects of Covid-19.

Name	Designation	Appointed	Expected minimum duration of appointment
Gregor Stewart	Chair	1 December 2014; took on role of Chair on 5 September 2019	April 2026*
Sarah Bates	Senior Independent Director	4 March 2021	April 2027
Anthony Brooke	Non-Executive Director	24 June 2015	April 2023
Dean Buckley	Non-Executive Director	4 March 2021	April 2027
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

*This date is based on Gregor Stewart's date of appointment as Chair rather than as a Director and reflects the potential length of term he may serve on the Board.

CORPORATE GOVERNANCE

THE DIRECTORS

The Board has no Executive Directors and currently comprises seven Non-Executive Directors. This will reduce to six at the AGM as Mr. Samuel is not standing for re-election. It is anticipated that as a result of the Board's succession plan, a seventh Director will be added to the Board. 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 52 to 56. 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 57, a summary of the key skills and expertise that the Board recognises the Directors should possess is also provided.

Directors' Terms of Appointment and Tenure

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.

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 57.

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 74 to 79 details the fees payable to the Directors and the indemnities provided by the Company.

The Board is of the view that long Board tenure is not necessarily an impediment to the independence of Directors or to their ability to contribute to the Company. The Board believes that a variety of Director tenures within the boardroom can be beneficial to ensure Board quality and continuity of experience and provide flexibility in succession planning.

Accordingly, there is no absolute limit to the period for which a Non-Executive Director may serve. Their appointment may be terminated at any time by notice given by three quarters of the other Directors. However, continuation of each Director's appointment is subject to satisfactory performance evaluation and annual re-election by shareholders at the Company's AGM. Subject to the foregoing, each Director will be appointed to serve until the seventh AGM after the date of their appointment. Following that term, the Board may, depending on the circumstances, determine that the continued appointment of a Director is in the best interests of the Company and a Director may be appointed for a further term. In the ordinary course, this is not expected to be for more than three years.

The Chairman was appointed to the Board in December 2014 and to the role of Chairman in September 2019. Based on that date of appointment, they may potentially serve as a Director until April 2026. Only the Chairman has more than seven years' service as a Director of the Company.

Should any Director's appointment extend for more than nine years, the reasons for that Director's continuing appointment shall be considered by the Board annually and disclosed in the Company's Annual Report in accordance with the provisions of the AIC Code.

Succession

The Board appointed Sarah Bates and Dean Buckley as Directors effective 4 March 2021.

In accordance with the Company's succession plan, one of three Directors appointed in 2015, Karl Sternberg, stood down on 30 June 2021. Sarah succeeded Karl as Senior Independent Director. Chris Samuel will not be seeking re-election at the AGM in 2022 and Anthony Brooke is expected to complete his tenure at the AGM in 2023.

As part of the refreshment of the Board, the Company anticipates recruiting at least one further Director during 2022. This exercise will also help the Board achieve its aim of improving its diversity.

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 is stepping down from one of her appointments and expects to step down from another before the end of 2022.

All the Directors who served in 2021 other than Karl Sternberg, who stepped down during the year, and Sarah Bates and Dean Buckley who were appointed during the year, served the full financial year. All of these Directors except for Karl Sternberg remained in office at the date of signing these Accounts.

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 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 February 2022. 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 chair of Monks Investment Trust PLC in September 2020, the Board noted that Karl, who had 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. He has since done so.

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 2 we set out the Company's Investment Objective. This, together with the Investment Policy set out 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 evaluation of the Investment Manager's performance in 2021 after the year-end, in January 2022. As well as considering investment performance and the Investment Manager's general support of the Company's marketing and investor relations activities during the year, the Board also considered the action taken by the Investment Manager to address the priorities identified during the 2020 evaluation process. The Board received a report from the Investment Manager and reviewed the feedback from questionnaires that had been circulated to Directors in advance of the meeting. The Board noted that the investment performance achieved continued to be below the outperformance target it had set the Investment Manager when it was appointed. On balance, taking into account the factors that had impacted performance such as the concentration of the market, with returns particularly in the last quarter of 2021 again being driven by only a small number of very large US technology stocks, the Board considered that performance was disappointing but understandable.

CORPORATE GOVERNANCE

RESPONSIBLE INVESTMENT

On pages 24 to 29, WTW describes the responsible investment activities it, the Stock Pickers, and EOS has undertaken for the Company. WTW provides details of some of the company-specific engagement activities undertaken 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 also reports on these activities in its quarterly Responsible Investment Report which can be found on its website: www.alliancetrust.co.uk

The Company has not placed any ethical or value-based restrictions on the types of stocks in which the Stock Pickers can invest. However, there are a small number of types of companies in which the Stock Pickers are prohibited from investing. These are:

- Companies which illegally manufacture armaments under international law via the Inhuman Weapons Convention, and those weapons covered by standalone conventions.
- Companies with significant exposure to thermal coal and tar sands.
- The Company itself and other UK listed investment trusts.
- Willis Towers Watson.

Although the Board believes that effective stewardship and engagement activities are preferable to imposing exclusions, it may decide to impose further restrictions if it is of the view that positive change will not result from engagement or as its approach to responsible investment evolves. This may include, for example, considering restrictions to support the commitment of the Company and the Investment Manager to manage the portfolio in a way that is consistent with achieving net zero greenhouse gas emissions by 2050 at the latest. On pages 24 to 27, WTW explains how the portfolio will be transitioned to net zero greenhouse gas emissions.

The Company supports the UK Stewardship Code published by the Financial Reporting Council (FRC). It 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. WTW is a signatory to the 2020 UK Stewardship Code (Code) and reports annually on its adherence to the Code. These reports can be found on its website (www.willistowerswatson.com) where you can also find out about its ESG commitments.

SHARE CAPITAL AND WAIVER OF DIVIDENDS

The Company's issued share capital as at 31 December 2021 comprised 308,117,181 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 13,480,500 shares at a cost of £131.0m.

The issued share capital figure above includes 1,611 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. It is expected that the Employee Benefit Trust will be wound up during the course of 2022.

DIVIDEND

The dividend payable to shareholders on 31 March 2022 is disclosed on page 42.

VOTING RIGHTS

There are no agreements in respect of voting rights.

As at 24 February 2022 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 2021 when certain minor changes were made to ensure that the Board had more flexibility in terms of its meeting arrangements. Approved changes included allowing 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.

ANNUAL GENERAL MEETING

At the AGM taking place in April 2022, in addition to a presentation from the Chair and the Investment Manager, there will be a question and answer session where the Board will respond to questions submitted in advance and during the meeting. In addition to the normal business there will be proposals for:

- Approval of Dividend Policy (details on page 42);
- Approval of Remuneration Policy (details on page 74);
- Approval of the renewal of the share buyback authority and requesting the power to hold shares purchased under that authority to be held in Treasury or cancelled and 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.

The Board remains committed to maintaining a physical AGM, with shareholders and Directors present in person. The Board has no present intention of holding a virtual only meeting, which it expects will only be arranged as a last resort when physical meetings are prohibited. A hybrid meeting may be arranged where the Directors consider it is in the best interests of shareholders.

USE OF FINANCIAL INSTRUMENTS

Information on the use of financial instruments can be found in Note 18 on pages 104 to 110 of the Accounts.

AUDITOR

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 2021.

The Directors who held office at the date of approval of the 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 £14.1m (2020: £12.0m) 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 2021 this was £34,000 (2020: £34,000); 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 2021 this fee was £0.98m (2020: £0.97m); and

(ii) fees paid to the managers/administrators of Non-core Assets of £nil (2020: £nil).

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.

CORPORATE GOVERNANCE

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. During 2021, as Covid-19 restrictions eased and workers returned to the office on a more regular basis, the Company's total energy consumption increased slightly. The CO^2 emissions relating to this increased consumption are represented by the Scope 1 and 2 figures in the table below. The Company's overall level of CO^2 emissions has fallen by 19.4%, mainly due to limited business travel in 2021 which is included within the Scope 3 figure below.

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. Early in 2021 the Company compensated for its hard-to-decarbonise emissions with certified greenhouse gas removals to achieve a net zero position for its carbon emissions.

Tonnes C02e	**Year to 31 Dec 2017**	**Year to 31 Dec 2018**	**Year to 31 Dec 2019**	**Year to 31 Dec 2020**	**Year to 31 Dec 2021**
Total of Scope 1, 2 and 3 Location based	71.5	55.3	26.6	12.9	**10.4**
Total of Scope 1, 2 and 3 Market based	68.5	52.4	24.0	13.7	**9.0**
Scope 1	21.6	21.6	11.0	6.1	**6.2**
Scope 2 (Location)	8.3	6.5	2.9	1.3	**1.4**
Scope 2 (Market)	5.3	3.6	0.3	2.1	**0.0**
Scope 3	41.6	27.1	12.7	5.5	**2.8**
Tonnes C02e per FTE all Scopes (location)	15.3	11.0	5.3	3.1	**2.5**
Tonnes C02e per FTE Scopes 1 and 2 (location)	6.4	5.6	2.8	1.8	**1.8**
Total Energy Consumption (all UK) (kWh)				38,753	**40,168**

- We sought and listened to the views of our shareholders as part of our dividend review
- We have helped many shareholders to be reunited with shares or dividends they may have lost
- Through the use of carbon offsetting our operations are carbon neutral

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 account of 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 between individual shareholders and members of the Board; and via its website, newsletters and factsheets.

During the year the Company has invested in improving shareholder communications and hosted three webinars for shareholders allowing them to interact with the Company.

In 2022 we hope that we will be able to hold at least one live event that shareholders will be able to attend, whether remote or in-person. Details of all Company events will be available on our website, www.alliancetrust.co.uk, and we will send electronic invitations to all shareholders who have provided us with their email contact details.

In terms of its engagement with shareholders on the reset of the level of the Company's dividend, the Board sought the feedback of institutional investors, wealth managers and share trading platforms as well as individual shareholders. The Board concluded that the impact of the reset would be positive and would address calls for an improved yield but not to the extent that it would have a significant impact on capital growth.

The impact of Covid-19 meant that, yet again, the Company's AGM could not take place in the usual way. In 2021 while a physical meeting was held, attended by the Chair and Company Secretary, no other shareholder was able to attend in person. Shareholders were able to view the meeting and ask questions remotely through our website. The Board is keen to host in person public meetings again and the plan for the AGM in 2022 is to hold a meeting that shareholders can physically attend, but also to provide a facility to allow shareholders, if they so choose, to view the meeting and ask questions remotely.

This year the Company amended its Privacy Statement to make it clear that it could use information obtained from nominees or share trading platforms to enable it to contact underlying shareholders directly. The Company now communicates monthly with over 14,000 shareholders, including shareholders on our main register as well as those who may hold their shares through a share trading platform.

The Company continues to reunite shareholders with 'lost' shares and dividends. It has extended this exercise to include, not just those who did not receive dividends for more than 12 years, but also other shareholders who have simply not kept their details up to date. In the course of this year, over £0.7m of shares have been reunited with their owners together with around £50,000 of dividends which would have been liable to forfeiture or which had been returned to the Company after not being claimed for 12 years. In addition, shareholders have been able to claim the dividends that were being held by Registrar until the shareholder updated their details. Shareholders who have been contacted by the Company includes a shareholder who has 40,000 shares and over £40,000 of dividends to be paid as well as shareholders holding only a few hundred pounds of shares. This year £49,000 was returned to the Company for dividends that have been unclaimed for more than 12 years which is reinvested in the portfolio.

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 22 April 2021 Annual General Meeting that received significant opposition.

Employees

The Company has a small executive team of five people who have all been in post since at least when the last member joined. There has therefore been no need to seek to recruit staff nor has there been a need to consider any promotions. Should such a requirement arise the Company will base its decisions solely on the individual's suitability. There is and will 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.

Any recruitment would take into account the Board's desire to improve diversity in the Company.

The Company has two part-time employees (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.

CORPORATE GOVERNANCE

All employees have the flexibility to work from home or in 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 2021.

As at 31 December 2021	Male	Female	British	White
Board	4	3	7	7
Senior Managers	2	1	3	3
Other Staff	0	2	2	2
Total Workforce (including Directors)	6	6	12	12

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 2021 this was again almost exclusively 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. He was not able to physically attend the Company's offices in Dundee other than for the AGM held in April 2021.

Society

The Company and WTW also announced during the year that they are targeting net zero greenhouse gas emissions by 2050 for the Company's portfolio and aiming to reduce emissions over the medium term on a pathway that is consistent with the goals of the Paris Agreement and the principles of the Institutional Investors Group on Climate Change Net Zero Investing Framework. The Board believes that being strategically ahead of a net zero transition will, in its opinion, significantly improve risk-adjusted returns. This will come from two sources: better market returns due to more effective stewardship and outperformance opportunities as the mispricing of climate issues is resolved. More detail on how the Investment Manager is approaching this can be found on pages 24 to 29.

The Company has an energy efficient office. However, for almost the whole of 2021, there was reduced office working with staff having mostly worked from home. There has been limited business travel and no air travel during the year. The Board has agreed that the day-to-day business operations of the Company should be carbon neutral and it is now net zero for carbon emissions. More details of the Company's carbon footprint can be found on page 64. 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 influences how its investee companies operate through its responsible investment activities. The Company's investment approach takes account of 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 are set out on pages 24 to 29.

The Board reviewed the small number of exclusions that it had put in place for the portfolio. In keeping with its commitment to the portfolio being managed to achieve net zero carbon emissions by 2050, the Board decided to exclude stocks with significant exposure to thermal coal or producing oil from tar sands. Thermal coal is by far the most carbon-emitting source of energy in the global fuel mix, and tar sands are among the most carbon-intensive means of crude oil production. The Company's Investment Manager believes that, in general, actively engaging with the companies in which the Company invests is one of the best ways of effecting change and managing risk. But it believes that engagement with these companies is often less viable and a more direct action is required.

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 and made a payment of £50,000 in the year. The Company also provided £200 to fund prizes at Dundee University. A payment of £804 was made to the Gorgie Parish Church in Edinburgh, being dividends over 12 years old that had been returned to the Company.

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 various 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 and the Board or Audit and Risk Committee receive reports from these providers as required.

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

CASE STUDY: THE SHARES THAT GOT AWAY

When Henry's wife Naomi died 23 years ago, he had no idea she owned shares in Alliance Trust as they had been a gift from her father a few years previously. *"My father-in-law was administering them after her death, and everything was a little chaotic at the time,"* recalls Henry, who works in IT.

In this case, to unite the lost shares with its rightful owners, the Company accessed a copy of Naomi's will and the probate document from public sources, which revealed her husband's name. The Company was able to identify Henry through Companies House; it used the LinkedIn social media app to get in touch and break the news that 8,700 shares in his late wife's name were waiting for him.

The Company has helped guide Henry through the bureaucracy involved in transferring the shares into his own name and getting access to £16,500 in dividends.

Once the whole process is done and dusted, Henry says, *"The money will go to our children who are now young adults and will help towards the deposits for their first flats in due course."*

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 and emerging risks in the current, medium and long term, as set out on pages 45 to 50. The Company's Investment Objective, which was approved by shareholders in April 2019, is set out on page 2. After the year-end but before approval of these Accounts, the Board reviewed how it is performing against its strategic objectives and its principal and emerging risks.

The Board remained 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. The Board received regular updates on performance and other factors that could impact on the viability of the Company.

The Board also engaged with the Investment Manager on the longer term impact of climate change and other societal change factors on the portfolio, and how the portfolio be transitioned to a net zero greenhouse gas emissions position by 2050.

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. The Board has chosen the five year period because the ever changing economic and political conditions mean that forecasting over longer periods becomes less precise. The Board's long-term view of viability will continue to be reviewed and updated each year in the Annual Report.

In arriving at this conclusion, the Board considered:

- **Financial Strength:** As at 31 December 2021 the Company had a NAV of £3.4bn, with net gearing of 7.4% and gross gearing of 10.0%. At the year end the Company had £88.6m 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 also considers 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. During the year the Investment Manager carried out a liquidity analysis and stress test which indicated that around 96% of the Company's portfolio could be sold within a single day and a further 4% within 10 days, without materially influencing market pricing.

  The Investment Manager performs liquidity analysis and stress testing on the Company's portfolio of investments on an ongoing basis under both current and stressed conditions. The Investment Manager remains comfortable with the liquidity of the portfolio under both of these market conditions. The Board would not expect this position to materially alter in the future.
- **Dividends:** During the year, after consultation with shareholders, the Board effected a reset of its dividend to a more attractive level. With an expected recovery in the income from the portfolio, the Board recognised that the flexibility afforded by the Company's already significant distributable reserves, enhanced by the conversion of its merger reserve into a distributable reserve in July, meant that an increased level of dividend was affordable. In addition, its track record of annual dividend increases could be sustained, without changing the Company's investment strategy or Investment Objective of delivering a real return over the long term through a combination of capital growth and a rising dividend. In arriving at that conclusion the Board considered a number of financial models and analysis including different levels of yield, investment returns and share buybacks.
- **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 NAV accretion for shareholders (see page 44).

- **Significant Risks:** The Company has a risk and control framework (see pages 45 to 50) 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 18 on pages 104 to 109.
- **Borrowing:** The Company has put in place unsecured long-term borrowing arrangements of various durations going out to 2053 amounting to £160.0m. In addition the Company at the year end had drawn £180.5m of its approved borrowing facilities of £250.0m plus an accordion option of a further £50.0m. The Company comfortably meets its banking covenant tests.
- **Reserves:** The Company has large reserves (at 31 December 2021 it had £3.3bn of distributable reserves and £19.0m 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.
- **Operations:** 2021 saw a continuation of the operational change caused by the Covid-19 pandemic that we reported on last year. The Board has found that operationally the Company is very robust and has, when necessary, operated 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 most cases, working remotely for almost all 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

ROLE OF THE COMMITTEE

The primary responsibilities of the Committee are

- to ensure the integrity of the financial reporting statements
- to ensure that the external auditors appointed are competent and independent
- oversee the process of finalisation and audit of the Annual Report
- identify the key risks of the Company and how they are managed
- ensure the internal control systems that are being relied upon are operational and that any areas of concern are followed up to resolution

COMPOSITION OF THE COMMITTEE

The Committee is comprised of all the Directors of the Board, they are all independent and non-executive. Due to my recent relevant experience, and qualification as a Chartered Accountant, I am the designated financial expert on the Board and head up this Committee. All members are offered training if required. As permitted by the AIC Code, and due to the size of the Board, the Chairman, who was also independent on appointment, is a member of this Committee.

KEY AREAS OF FOCUS

Review of Interim Accounts and Annual Report

The Committee considered the content of the Company's Interim Accounts and Annual Report before recommending approval to the Board. The Committee concluded that the Company's accounts were fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, business model and strategy. It also considered whether the narrative was consistent with the underlying numerical disclosures and concluded that these reports did pass that test.

Auditor assessment, independence and appointment

The Committee evaluated the External Auditor and had been satisfied with the effectiveness of BDO's performance at their first audit of the Company in 2020. BDO LLP were appointed on 23 April 2020, were recommended for re-appointment at the Company's AGM in April 2021 and are recommended for re-appointment at the next AGM in April 2022. In its evaluation the Committee considered the Financial Reporting Council's Audit Quality Review report and were satisfied that the issues referred to therein did not impact on the audit provided to the Company.

As part of the appointment process of the Auditor the Committee reviewed their independence, their audit plan for the Company, the engagement letter and fees for the work that was required.

"

I am pleased to present to you the Report of the Audit and Risk Committee for the year ended 31 December 2021. I hope it helps provide insight to the Committee's role of oversight of the control environment, risk management and financial reporting."

Jo Dixon
Chair, Audit and Risk Committee

The Committee regards the continued independence of the External Auditor to be a matter of the highest priority. The Company policy on non-audit services by the External Auditor ensures that no engagement will be permitted if

- The Auditors are not considered expert providers of non-audit services;
- The services are considered to inhibit the Auditor's independence; and
- The provision of such service provides a conflict for the Board or Investment Manager

The policy also provides that the accumulated costs of non-audit services sought from the Auditors in any one year should not exceed 30% of the likely audit fees for that year and not exceed 70% cumulatively over three years. In 2021 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 £4,700 was paid.

During the year the Audit and Risk Committee Chair had a private meeting with the Auditor. The Audit and Risk Committee also had private meetings with the Auditor after the conclusion of the 2020 Audit and in February 2022 following completion of the 2021 Audit.

The Committee also considered the issue of Internal audit and concluded that, given the reliance on outsourced providers of its investment and administrative arrangements, there was no need for an internal audit function.

Identification and Management of risk

The Company has a risk management framework, that has been refined over several years, to identify the key risks and the controls that operate to ensure the security of its assets and the operation of the organisation within set guidelines. The Committee conducts an annual review of the effectiveness of the internal control environment and systems operated by key service providers in managing those risks. This is achieved by a review by the Committee of the internal control reports from these key providers

The level of risk being run by the Investment Manager in the portfolio was reviewed and consideration given to the diversification of risk by exposures to different regions, industries 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.

The operational risk during the year was raised due to the continued impact of Covid-19 on the day-to-day operation of key suppliers. The Committee again considered the effectiveness of the arrangements that were put in place for remote working by the Company's service providers in the previous year due to Covid-19 and was satisfied with the level of support which continued to be provided.

Other risks considered included the increasing impact of ESG. Linked to that the Committee considered and discussed with the External Auditor and the Investment Manager the additional disclosure requirements that are coming into the reporting regime on climate related matters. The Committee intends to work closely with the Investment Manager in 2022 to begin the process of publishing such disclosures on a voluntary basis and ensuring that the climate metrics used are verifiable. Brexit was also considered, and it was concluded that given the global remit of the Company that this is not a material risk.

AUDIT AND RISK COMMITTEE

INTERNAL CONTROLS

The Committee considered the effectiveness of the control environments of key service providers during the year.

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 their 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.

The 2021 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 recording and 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 to the Board for the accuracy and completeness of the financial records of the Company and provides a report to each Board meeting.

The role of the Depositary

The Company's depositary is NatWest Trustee and Depositary Services Limited. It provides reports to the Committee regularly on the safe custody of the investments and the operation of controls over the movement of cash in settlement of investment transactions. Through these reports the Committee is satisfied that the assets remained protected throughout they year.

The Custodian appointed by the Depositary for the Company is The Bank of New York Mellon, London Branch. The Committee receives regular reports of their oversight to the Committee and there were no issues that caused any concern during the period.

OTHER MATTERS CONSIDERED IN 2021

In the course of their work in the review of the finalisation of the Annual Report the Committee considered a number of other matters including the following

- Disclosures in the financial statements following the changes to the merger reserve
- The selection and consistency of accounting policies
- The level of provisioning to ensure prudence
- Judgement on the accounting estimates to ensure reasonableness
- The reclaim processes for withholding tax on overseas dividends
- The appropriateness of the period used in the viability statement of the Company
- The use of the going concern accounting principal being appropriate
- That the international accounting standards and the Companies Act requirements are complied with
- The level, extent and terms of Directors' and Officers' Liability Insurance cover required. Taking into account the simplification of the Company the Committee concluded that a lower level of cover was now appropriate.

COMMITTEE EVALUATION

The activities of the Audit and Risk Committee were also considered as part of the board appraisal process. The conclusion from this process was that the Committee was operating effectively, with the right balance of membership, experience and skills.

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with UK adopted international accounting standards 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 UK adopted international accounting standards. 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 that period.

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 UK adopted international accounting standards, 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 56 to 73 (other than pages 65 to 67 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 65 to 67 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.

Gregor Stewart
Chairman
24 February 2022

REMUNERATION REPORT

REMUNERATION

The Board as a whole takes all decisions on remuneration matters. The Company's Remuneration Committee was dissolved on 31 December 2020 as it was not considered necessary to continue with a Remuneration Committee when all of the Directors are non-executive and there are only five employees. During the year the Board agreed employees' salaries for 2022 and employees' discretionary bonus awards for 2021. Due to the recruitment of new Directors during the year, the Board did not look at simplifying the fee structure for Directors but expects to do so once further planned recruitment for succession purposes has been completed.

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 and, while we did not have any face-to-face meetings during the year, we did hold a number of virtual events where shareholders could participate and raise any concerns. Although we did not specifically seek the views of our shareholders on remuneration issues, we have not received any representations from shareholders on remuneration matters during the year.

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). It will be submitted for approval to the AGM being held on 21 April 2022:

> 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 Chair 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 Board also reserves the right to make payments outside the Policy in exceptional circumstances. The Board 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 2021.

HOW WE IMPLEMENT OUR POLICY

NON-EXECUTIVE DIRECTORS' FEES

The maximum level of ordinary remuneration (basic Non-Executive Director fees and not including any payments for additional responsibilities which may be paid) that may be paid to Directors as a whole is £300,000 per annum. Any change to this level would require shareholder approval. The basic Non-Executive Director's fee has remained unchanged since 2013. During 2021, the Board 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 prorated 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 2021 to the Chairman, who is the highest paid Director, and all other Directors and the fees which will be payable from 1 January 2022. The table also explains the purpose of each fee.

Annual Fees	**2021**	**2022**	**Purpose**
Chair	£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.
Chair 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 Chair 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. Details of the Company's policy on Directors' tenure may be found on page 60.

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 Board takes 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 Board has agreed that any shares which were not required to satisfy historic commitments and are held by the Trustee of the Employee Benefit Trust (EBT) 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. There will be no such shares held after the cost of this year's cash bonuses have been met and it is expected that the EBT will be wound up in 2022.

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[2]		Variable Remuneration[3]	
	2020	2021	2020	2021	2020	2021
Gregor Stewart	-22.3	0	–	–	–	–
Sarah Bates[4]	N/A	N/A	–	–	–	–
Anthony Brooke	-4.7	0	–	–	–	–
Dean Buckley[4]	N/A	N/A	–	–	–	–
Jo Dixon[5]	N/A	+11.4	–	–	–	–
Clare Dobie	0	0	–	–	–	–
Chris Samuel	0	0	–	–	–	–
Karl Sternberg[6]	-2.2	-50.0	–	–	–	–
Average Employee	+5.4	+1.3	+49.2	+30.0	-5.1	-35.4

1. Calculated as the change in remuneration received in the financial year ended 31 December 2021 compared to financial year ended 31 December 2020.
2. This is the cost of private medical insurance. The Directors do not receive any taxable benefits.
3. The Directors do not receive any variable remuneration.
4. Sarah Bates and Dean Buckley were both appointed in March 2021.
5. Jo Dixon was only a Director for part of 2020.
6. Karl Sternberg was only a Director until 30 June 2021.

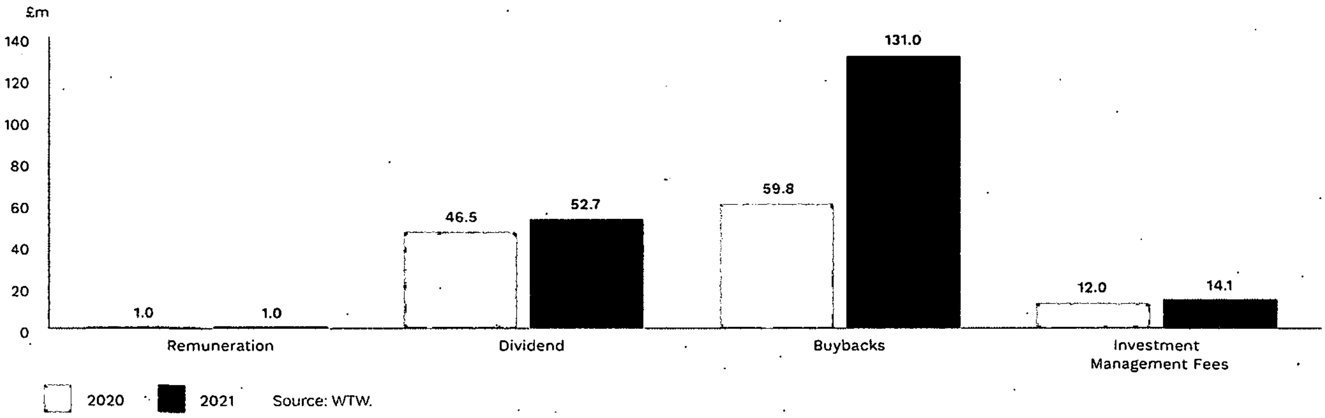
Note: The Company has not had a Chief Executive Officer (CEO) nor any Executive Directors since 3 February 2016. Details of their remuneration can be found in earlier Annual Reports which are available on our website (www.alliancetrust.co.uk). No further payments have or will be made to the former CEO or to any other former Executive Directors.

"We have decided that there should be no increase to Directors' fees for 2022. The total remuneration paid to Directors and staff in 2021 was £1.0m, the same as 2020. We are proposing no changes to the Directors' Remuneration Policy that will be put to shareholders for approval at the AGM."

Gregor Stewart
Chairman

RELATIVE IMPORTANCE OF SPEND ON PAY

The chart below shows the actual expenditure of the Company in 2020 and 2021 on remuneration, distributions to shareholders by way of dividend and share buybacks, as well as investment management fees incurred. The Executive team received £0.6m in remuneration for the year to 31 December 2021 (2020: £0.7m) and the Non-Executive Directors received £0.3m (2020: £0.3m).



SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

The figures in the table below represent the total remuneration paid to the Directors. In each case the only remuneration payable was the Director's Annual Fee (as detailed on page 75); there was no variable remuneration paid or taxable benefits provided to any of the Directors. The total Basic Non-Executive fees paid for 2021 were £215,370, the maximum Basic Non-Executive fees which may be paid is £300,000 per annum.

£000	2021	2020
Non-Executive Director	**Total Remuneration**	**Total Remuneration**
Gregor Stewart	80	80
Sarah Bates[1]	35	-
Anthony Brooke	41	41
Dean Buckley[2]	34	-
Jo Dixon[3]	49	44
Clare Dobie	41	41
Chris Samuel	41	41
Karl Sternberg[4]	22	44
Total	343	291

1. Sarah Bates was appointed to the Board on 4 March 2021, and Senior Independent Director from 30 June 2021.
2. Dean Buckley was appointed to the Board on 4 March 2021.
3. Jo Dixon joined the Board on 29 January 2020 and became Chair of the Audit and Risk Committee on 6 March 2020.
4. Karl Sternberg was only a Director until 30 June 2021.

REMUNERATION REPORT

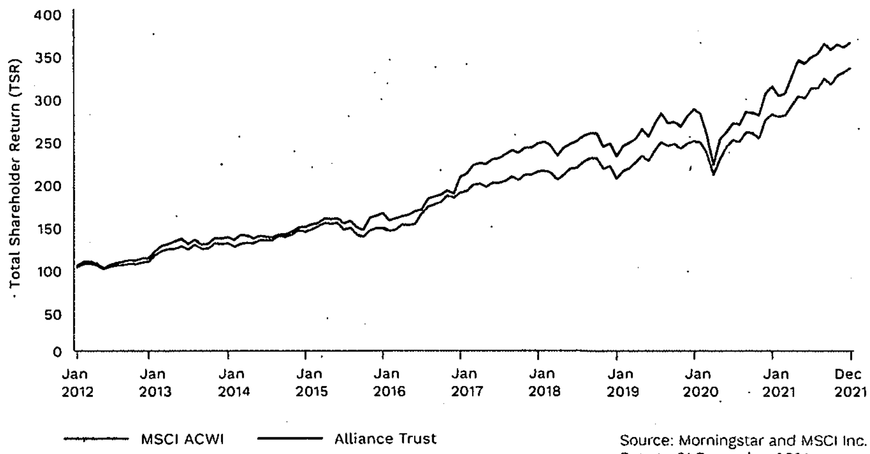
DIRECTORS' SHAREHOLDINGS (AUDITED)

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 2021 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 2021 or date of joining if later	As at 31 December 2021 or date of leaving if earlier	Acquired between 31 December 2021 and 21 February 2022
Gregor Stewart	25,235	25,235	-
Sarah Bates	27,198	27,198	-
Anthony Brooke	25,000	25,000	-
Dean Buckley	-	3,000	-
Jo Dixon	3,000	3,000	1,112
Clare Dobie	4,666	4,666	-
Chris Samuel	62,132	62,936	338
Karl Sternberg	18,967	18,967	-

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 2012. 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. Data to 31 December 2021.

VOTING AT ANNUAL GENERAL MEETING

At the AGM held on 22 April 2021 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)	87,176,659	99.75	215,113	0.25	87,391,682	240,281

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	86,27,474	1,270,000

APPROVAL

The Remuneration Report comprising pages 74 to 79 has been approved by the Board and signed on its behalf by:

Gregor Stewart
Chairman
24 February 2022

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 2021 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Alliance Trust Plc (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Cashflow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

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 and Risk Committee.

Independence

Following the recommendation of the Audit and Risk Committee, we were appointed by the Board of Directors on 22 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 2 years, covering the years ending 31 December 2020 to 31 December 2021. 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:

- Assessing the appropriateness of the Directors' assumptions and judgements made by comparing the prior year forecasted costs to the actual costs incurred to check that the projected costs are reasonable. Assessing the projected management fees for the year to check that it was in line with the current assets under management levels and the projected market growth forecasts for the following year.
- Sensitising the forecasts based on an economic downturn and calculating financial ratios to ascertain the financial health of the Company, including performing calculations assessing the net asset position of the Company to understand the reliance on loans.
- Reviewing the loan agreements to identify the covenants and assessing the likelihood of them being breached based on the Directors' forecasts and our sensitivity analysis.

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 UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

OVERVIEW

		2021	2020
Key audit matters	Valuation and Ownership of Investments	✓	✓
	Revenue recognition	✓	✓
Materiality	Company financial statements as a whole £33.5m (2020:£30m) based on 1% (2020: 1%) of Net Assets		

INDEPENDENT AUDITOR'S REPORT

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 listed equity investments and investments in related and subsidiary companies held at fair value through profit or loss. We consider the valuation and ownership of listed investments to be the most significant audit area as the listed investments represent the most significant balance in the financial statements and underpin the principal activity of the entity. Furthermore, we consider the valuation disclosures to be a significant area as they are expected to be a key area of interest for the users of the financial statements.	We have responded to this matter by testing the valuation and ownership of 100% of the listed portfolio of investments. We performed the following procedures: • Confirmed the year end bid price used by agreeing to externally quoted prices and for a sample of investments, assessed if there were contra indicators, such as liquidity considerations, to suggest that bid price is not the most appropriate indication of fair value. • Obtained direct confirmation from the custodian regarding the existence all of investments held at the balance sheet date. We also considered the completeness, accuracy and clarity of investment-related disclosures against the requirements of relevant accounting standard. **Key observations:** Based on our procedures performed we did not identify any material exceptions with regards to valuation or ownership of listed investments or the related disclosures.
Revenue recognition (Note 2 and Note 3) Income arises from dividends and is a key factor in demonstrating the performance of the portfolio. Judgement is required by management in determining the allocation of income to 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 distributions per 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 by reviewing the underlying reason for issue of the dividend and whether it could be driven by a capital event. We analysed the whole population of dividend receipts to identify items for further discussion that could indicate a capital distribution, for example where a dividend represents a particularly high yield. **Key observations:** Based on our procedures performed we found the judgements made by management in determining the allocation of income to revenue or capital to be appropriate.

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		
	2021 £m	2020 £m
Materiality	33.5	30
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 for users of the financial statements.	
Performance materiality	25.1	19.5
Basis for determining performance materiality	75% of materiality based on our risk assessment and consideration of the control environment. We also considered the history of misstatements based on our knowledge obtained in the previous year, aggregation effect of planned nature of testing and the overall size complexity of the entity.	65% of materiality based on our risk assessment and consideration of the control environment. 2020 was the first year we audited the Company and used a lower threshold. We also considered aggregation effect of planned nature of testing and the overall size complexity of the entity.

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 based on revenue return before tax to be £2,500,000 (2020: £1,800,000). Specific materiality was determined using 5% (2020: 5%) of revenue return before tax. We further applied a performance materiality level of 75% (2020: 65%) of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of £130,000 (2020: £90,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

INDEPENDENT AUDITOR'S REPORT

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 to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 68; and • The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 68.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 73; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 45; • 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 and Risk Committee set out on page 70.

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.

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.

INDEPENDENT AUDITOR'S REPORT

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 it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be the Companies Act 2006, the UK Listing Rules, the DTR rules, the principles of the UK Corporate Governance Code, UK adopted international accounting standards, VAT and other taxes. We also considered the company's qualification as an Investment Trust under UK tax legislation.

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk area to be management override of controls.

Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- enquiries of management and those charged with governance of any known, reported or indications of fraud occurring within the Company and it's operations;
- reviewed correspondence with the relevant authorities;
- testing the appropriateness of a sample of the journal entries in the general ledger by agreeing to supporting documentation and adjustments made in the preparation of the financial statements, reviewing and assessing the accounting estimates for possible bias and obtaining an understanding of the business rationale of significant transactions that are outside the normal course of the business for the Company and those that appear to be unusual;
- review of minutes of board meetings throughout the period; and
- the procedures set out in the Key Audit Matters section above.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

DocuSigned by:

Peter Smith

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Peter Smith (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
24 February 2022

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

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

		Year to 31 December 2021			Year to 31 December 2020		
£000	Note	Revenue	Capital	Total	Revenue	Capital	Total
Income	3	62,282	-	62,282	46,244	-	46,244
Change in the fair value through profit or loss	9	-	500,959	500,959	-	230,268	230,268
Profit/(loss) on fair value of debt		-	11,957	11,957	-	(13,142)	(13,142)
Total revenue		62,282	512,916	575,198	46,244	217,126	263,370
Investment management fees	4	(3,532)	(10,595)	(14,127)	(2,991)	(8,973)	(11,964)
Administrative expenses	4	(5,003)	(919)	(5,922)	(5,227)	(762)	(5,989)
Finance costs	5	(1,958)	(5,876)	(7,834)	(1,798)	(5,322)	(7,120)
Foreign exchange losses		-	(3,999)	(3,999)	-	(8,378)	(8,378)
Profit before tax		51,789	491,527	543,316	36,228	193,691	229,919
Taxation	6	(3,110)	(183)	(3,293)	147	-	147
Profit for the year		48,679	491,344	540,023	36,375	193,691	230,066

All profit for the year is attributable to equity holders.

Earnings per share attributable to equity holders							
Basic (p per share)	8	15.48	156.23	171.71	11.16	59.42	70.58
Diluted (p per share)	8	15.48	156.22	171.70	11.16	59.40	70.56

As the Company does not have any other comprehensive income, the 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 2021

£000	Note	Share capital	Capital redemption reserve	Merger reserve	Realised capital reserve (Distributable reserves)	Unrealised capital reserve (Distributable reserves)	Revenue reserve (Distributable reserves)	Total distributable reserves (Distributable reserves)	Total Equity
At 1 January 2020		8,227	10,771	645,335	1,863,282	242,613	109,164	2,215,059	2,879,392
Total Comprehensive income:									
Profit for the year		-	-	-	46,554	147,137	36,375	230,066	230,066
Transactions with owners, recorded directly to equity:									
Ordinary dividend paid	7	-	-	-	-	-	(46,514)	(46,514)	(46,514)
Unclaimed dividends returned		-	-	-	-	-	149	149	149
Own shares purchased		(187)	187	-	(59,793)	-	-	(59,793)	(59,793)
At 31 December 2020		8,040	10,958	645,335	1,850,043	389,750	99,174	2,338,967	3,003,300
Total Comprehensive income:									
Profit for the year		-	-	-	**399,917**	**91,427**	**48,679**	**540,023**	**540,023**
Transactions with owners, recorded directly to equity:									
Ordinary dividend paid	7	-	-	-	-	-	**(52,680)**	**(52,680)**	**(52,680)**
Unclaimed dividends returned		-	-	-	-	-	**49**	**49**	**49**
Own shares purchased		**(337)**	**337**	-	**(131,512)**	-	-	**(131,512)**	**(131,512)**
Transfer to capital reserves*		-	-	**(645,335)**	**645,335**	-	-	**645,335**	-
At 31 December 2021		**7,703**	**11,295**	-	**2,763,783**	**481,177**	**95,222**	**3,340,182**	**3,359,180**

*Following the approval by shareholders at the Company's Annual General Meeting held on 22 April 2021 to convert its £645.3m Merger reserve into a distributable reserve, the Court on 8 July 2021 approved the reduction of the bonus shares. The Court Order became effective on 9 July 2021 completing the process such that the former Merger reserve is now distributable. At this time the Merger reserve was transferred into Capital reserves.

The £481.2m of Capital reserve arising on the revaluation of investments is subject to fair value movements and may not be readily realisable at short notice, as such it may not be entirely distributable.

BALANCE SHEET AS AT 31 DECEMBER 2021

£000	Note	2021	2020
Non-current assets			
Investments held at fair value	9	**3,650,282**	3,269,556
Right of use asset	19	**504**	594
		3,650,786	3,270,150
Current assets			
Outstanding settlements and other receivables	10	**14,624**	25,357
Cash and cash equivalents	17	**88,579**	112,730
		103,203	138,087
Total assets		**3,753,989**	3,408,237
Current liabilities			
Outstanding settlements and other payables	11	**(15,863)**	(49,397)
Bank loans	12	**(180,500)**	(145,000)
Lease liability	19	**(251)**	(228)
		(196,614)	(194,625)
Total assets less current liabilities		**3,557,375**	3,213,612
Non-current liabilities			
Unsecured fixed rate loan notes held at fair value	12	**(197,823)**	(209,780)
Lease liability	19	**(372)**	(532)
		(198,195)	(210,312)
Net assets		**3,359,180**	3,003,300
Equity			
Share capital	13	**7,703**	8,040
Capital redemption reserve		**11,295**	10,958
Merger reserve		**-**	645,335
Capital reserve		**3,244,960**	2,239,793
Revenue reserve		**95,222**	99,174
Total Equity		**3,359,180**	3,003,300

All net assets are attributable to equity holders.

Net asset value per ordinary share attributable to equity holders			
Basic and diluted (£)	14	**£10.90**	£9.34

The financial statements of Alliance Trust PLC (SC1731) were approved by the Board of Directors and authorised for issue on 24 February 2022. They were signed on its behalf by:

Gregor Stewart
Chairman

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

£000	Note	2021	2020
Cash flows from operating activities			
Profit before tax		543,316	229,919
Adjustments for:			
Gains on investments		(500,959)	(230,268)
(Gains)/losses on fair value of debt		(11,957)	13,142
Foreign exchange losses		3,999	8,378
Depreciation	19	203	203
Finance costs	5	7,834	7,120
Scrip dividends		(854)	(279)
Operating cash flows before movements in working capital		41,582	28,215
(Increase)/decrease in receivables		(1,074)	887
Decrease in payables		(1,206)	(1,318)
Net cash inflow from operating activities before income tax		39,302	27,784
Taxes paid		(3,454)	(3,652)
Net cash inflow from operating activities		35,848	24,132
Cash flows from investing activities			
Proceeds on disposal at fair value of investments through profit and loss		3,817,847	2,878,460
Purchases of fair value through profit and loss investments		(3,717,464)	(2,845,677)
Net cash inflow from investing activities		100,383	32,783
Cash flows from financing activities			
Dividends paid - Equity		(52,680)	(46,514)
Unclaimed dividends returned		49	149
Purchase of own shares		(131,512)	(59,793)
Drawdown of bank debt	17	35,500	80,000
Principal paid on lease liabilities	19	(250)	(251)
Interest paid on lease liabilities		(25)	(31)
Finance costs paid		(7,465)	(6,853)
Net cash outflow from financing activities		(156,383)	(33,293)
Net (decrease)/increase in cash and cash equivalents		(20,152)	23,622
Cash and cash equivalents at beginning of year		112,730	97,486
Effect of foreign exchange rate changes		(3,999)	(8,378)
Cash and cash equivalents at end of year		88,579	112,730

NOTES

1 GENERAL INFORMATION

Alliance Trust PLC was incorporated in the United Kingdom under the Companies Acts 1862-1886. The address of its registered office is given on page 117. 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 2021 and the comparatives, which are in brackets, refer to the year ended 31 December 2020.

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 UK-adopted international accounting standards (IASs).

The financial statements have been prepared on the historical cost basis, except that investments and 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 (AIC SORP) in April 2021. The Directors have sought to prepare the financial statements in accordance with the AIC SORP where the recommendations are consistent with IFRS.

Presentation of statement of comprehensive income

Additional analysis is provided on the Statement of Comprehensive Income between items of a revenue and capital nature to improve accuracy, this follows guidance provided by the AIC. 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 having assessed the principal risks of the Company have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from date of approval. The Company's assets, the majority of which are investments in quoted equity securities and are readily realisable, significantly exceed its liabilities. 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 ongoing impact of Covid-19, 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. The Board reviews these judgements and estimates on an ongoing basis taking into account historical experience and other relevant factors. 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. However, actual results may differ from these estimates. The Company's financial statements contain no key sources of estimation uncertainty.

New standards, interpretations adopted from 1 January 2021

One new standard impacting the Company that has been adopted in the financial statements for the year ended 31 December 2021:

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)

These amendments have had no material impact on the disclosures or on the amounts reported in these financial statements.

Not yet applied

The Company does not expect any other standards endorsed by the UKEB (UK Endorsement Board), but not yet effective, to have a material impact.

(b) Principal accounting policies

(i) Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company enters into a contract for a 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. These investments are initially valued at cost, excluding transaction costs. Investments are principally designated as fair value through the profit and loss upon initial recognition (excluding transaction costs).

Listed investments are valued after their initial recognition 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 investment entities:

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 recognised 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 the 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 are 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 those transaction costs that are directly attributable to their acquisition or issue. They are subsequently valued at their amortised cost using the effective interest rate method, less provision for impairment.

Other payables are non-interest bearing and are initially recognised at fair value and subsequently valued at their amortised cost using the effective interest method.

(vi) Bank loans and unsecured fixed rate loan notes

Interest-bearing bank loans and overdrafts are initially recognised at the proceeds received, net of direct issue costs. They are subsequently valued at their 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 recognised at the value of the proceeds received. After initial recognition they are valued 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 on the dates of the transactions. At each balance sheet date, monetary items and non-monetary assets and liabilities that are fair valued and which are denominated in foreign currencies are restated at the rates prevailing on that 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 line if they are of a revenue nature.

(viii) Revenue recognition

Dividend income from investments is recognised when the shareholder's right to receive payment has 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 historic mineral rights are recognised on a time-apportioned basis.

Interest receivable from cash and short-term deposits is accrued to the end of the period.

Special dividends received are either 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 attributes 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 under the AIC SORP are chargeable to revenue profits – these are recorded directly to revenue.
- Expenses connected with rental income and mineral rights income – these 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 the 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 as well as items that are never taxable or deductible. The Company's liability for current tax is calculated using the 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 its investment trust status 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 when the Company merged with The Second Alliance Trust. This is not distributable.

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. Following the approval by shareholders at the Company's Annual General Meeting held on 22 April 2021 to convert this into a distributable reserve, the Court on 8 July 2021 approved the reduction of the bonus shares. The Court Order became effective on 9 July 2021, at this time the Merger reserve was transferred into Capital reserves.

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	2021	2020
Income from investments		
Listed dividends – UK	**12,961**	7,511
Listed dividends – Overseas	**48,913**	38,041
	61,874	45,552
Other income		
Property rental income	**321**	318
Mineral rights income	**-**	20
Other interest	**54**	246
Other income	**33**	108
	408	692
Total income	**62,282**	46,244

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

£000	2021 Revenue	2021 Capital	2021 Total	2020 Revenue	2020 Capital	2020 Total
Investment manager fees						
Investment manager fees	3,532	10,595	14,127	2,991	8,973	11,964

Towers Watson Investment Management Ltd (TWIM) is the Company's AIFM. TWIM manages the Company's investment portfolio and a range of specialist managers have been appointed to select investments for the portfolio. TWIM is entitled to a fixed fee and a base variable fee based on the market capitalisation of the Company. TWIM is also entitled to an administration fee for certain administrative services outsourced by the Company. Each of the specialist managers is entitled to a base management fee rate, generally based on a percentage of the value of assets selected by them. No performance fees are payable to TWIM or the specialist managers.

£000	2021 Revenue	2021 Capital	2021 Total	2020 Revenue	2020 Capital	2020 Total
Total staff costs	301	903	1,204	253	762	1,015
Total auditor's remuneration	37	-	37	37	-	37
Depreciation	203	-	203	203	-	203
WTW finance and administration	1,378	16	1,394	1,385	-	1,385
Depositary and custody services	473	-	473	443	-	443
Other administrative costs	2,611	-	2,611	2,906	-	2,906
Total administrative costs	5,003	919	5,922	5,227	762	5,989

£000	2021 Revenue	2021 Capital	2021 Total	2020 Revenue	2020 Capital	2020 Total
Staff Costs						
Staff costs	240	721	961	236	709	945
Social security costs	46	137	183	7	22	29
Pension costs - defined contribution scheme	15	45	60	10	31	41
Total Staff Costs	301	903	1,204	253	762	1,015

£000	2021 Revenue	2021 Capital	2021 Total	2020 Revenue	2020 Capital	2020 Total
Auditor's remuneration						
Fee payable to the auditor for the audit of the Group's annual accounts	32	-	32	32	-	32
All other services	5	-	5	5	-	5
Total auditor's remuneration	37	-	37	37	-	37

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 (£4,500), with no audit-related services for these entities during either 2020 or 2021. Total audit fees were £36,500 (£36,500) and non-audit fees were £4,700 (£4,500). Total remuneration paid to BDO in 2021 amounted to £41,200 (£41,000).

Total Directors' remuneration recorded for the year was £343k (£291k). The balance of the staff costs £861k (£724k) relates to the Executive team. Further details are given in the Remuneration Report on pages 74 to 79. The average full-time equivalents in the year was four (four); further details can be found on page 65. The cost of insured benefits for staff is included in Staff costs.

Total Company expenses of £20,049k (£17,953k) consist of investment management fees of £14,127k (£11,964k) and administrative expenses of £5,922k (£5,989k). Administrative expenses include property and other costs not connected to the ongoing investment business of the Company of £471k (£394k) as disclosed on page 43.

5 FINANCE COSTS

£000	2021 Revenue	2021 Capital	2021 Total	2020 Revenue	2020 Capital	2020 Total
Bank loans interest and associated costs	377	1,133	1,510	188	553	741
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	6	19	25	8	23	31
Other finance costs	80	240	320	107	262	369
	1,958	5,876	7,834	1,798	5,322	7,120

Bank loan interest has increased in line with higher average loan utilisation in 2021 as gearing was managed at around 10% of the net asset value of the Company. The value of bank loans utilised at the year end was £180.5m (£145.0m).

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

6 TAXATION

£000	2021 Revenue	2021 Capital	2021 Total	2020 Revenue	2020 Capital	2020 Total
UK corporation tax at 19.00% (19.00%)	-	-	-	-	-	-
UK corporation tax - Revision of prior year estimate	(1,042)	-	(1,042)	(4,504)	-	(4,504)
Overseas taxation - Revision of prior year estimate	(990)	-	(990)	-	-	-
Overseas taxation	5,142	183	5,325	4,357	-	4,357
	3110	183	3,293	(147)	-	(147)
Deferred taxation originations and reversal of temporary differences	-	-	-	-	-	-
Tax expense/(credit) for the year	3,110	183	3,293	(147)	-	(147)

The 2021 revisions of prior year estimates relates to a £1.04m release of a prior year UK tax provision relating to taxation of overseas dividends and a £0.99m refund of overseas withholding tax. The 2020 revision of prior year estimate relates to the £2.85m release of a prior year tax provision and a £1.65m refund of UK corporation tax received from HMRC, both in relation to prior year taxation of overseas dividends. In 2021 and 2020 the UK tax provisions were released because the tax provision amounts no longer met the conditions to be recognised as a liability.

The profit/(loss) of the Company for the year ended 31 December 2021 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 2020 and 2021 can be reconciled to the profit per the statement of comprehensive income as follows:

£000	2021 Revenue	2021 Capital	2021 Total	2020 Revenue	2020 Capital	2020 Total
Profit before tax	51,789	491,527	543,316	36,228	193,691	229,919
Tax at the standard UK corporation tax rate of 19.00% (19.00%)	9,840	93,390	103,230	6,883	36,801	43,684
Non-taxable income	(11,080)	-	(11,080)	(8,551)	-	(8,551)
Gains on investments not taxable	-	(95,182)	(95,182)	-	(43,751)	(43,751)
Revision of prior year estimate	(2,032)	-	(2,032)	(4,504)	-	(4,504)
Effect of overseas tax	5,142	183	5,325	4,357	-	4,357
Deferred tax assets not recognised	1,300	1,032	2,332	1,673	5,358	7,031
Other adjustments	(60)	760	700	(5)	1,592	1,587
Tax expense/(credit) for the year	3,110	183	3,293	(147)	-	(147)

At the balance sheet date, the Company had unused tax losses of £171.6m (£155.0m) available for offset against future profits.

The unrecognised deferred tax asset in relation to the unused tax losses is £42.9m (£29.4m). The Company has other deferred tax assets totalling £12.2m 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 25% (19%). The rate of 25% is based on the tax rate announced on 24 May 2021 which is effective from 1 April 2023.

7 DIVIDENDS

Dividends Paid

£000	2021	2020
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	**11,411**	-
2021 first interim dividend of 3.7020p per share	**11,714**	-
2021 second interim dividend of 3.7020p per share	**11,593**	-
2021 third interim dividend of 5.8250p per share	**17,962**	-
	52,680	46,514

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	2021	2020
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	-	11,411
2021 first interim dividend of 3.7020p per share	**11,714**	-
2021 second interim dividend of 3.7020p per share	**11,593**	-
2021 third interim dividend of 5.8250p per share	**17,962**	-
2021 fourth interim dividend of 5.8250p per share	**17,948**	-
	59,217	46,451

8 EARNINGS PER SHARE

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

£000	2021 Revenue	2021 Capital	2021 Total	2020 Revenue	2020 Capital	2020 Total
Ordinary shares						
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders	**48,679**	**491,344**	**540,023**	36,375	193,691	230,066
Number of shares						
Weighted average number of ordinary shares for the purpose of basic earnings per share			**314,504,909**			325,943,630
Weighted average number of ordinary shares for the purpose of diluted earnings per share			**314,508,968**			326,065,762

The basic figure is arrived at by reducing the number of ordinary shares by the 1,611 (22,331) 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	2021	2020
Investments designated at fair value through profit and loss:		
Investments listed on a recognised investment exchange	**3,650,248**	3,268,951
Unlisted investments	**-**	571
Investments in related and subsidiary companies	**34**	34
	3,650,282	3,269,556

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	Related and subsidiary companies	Unlisted investments	Total
Opening book cost at 1 January 2020	2,769,561	-	-	648	2,770,209
Opening investment holdings gains/(losses)	280,313	-	73	(585)	279,801
Opening valuation as 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 as 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
Opening book cost at 1 January 2021	**2,828,600**	**-**	**-**	**648**	**2,829,248**
Opening investment holdings gains/(losses)	**440,351**	**-**	**34**	**(77)**	**440,308**
Opening valuation at 1 January 2021	**3,268,951**	**-**	**34**	**571**	**3,269,556**
Movements in the year					
Purchases at cost	**3,685,646**	**-**	**-**	**-**	**3,685,646**
Sales – proceeds	**(3,804,637)**	**(635)**	**-**	**(607)**	**(3,805,879)**
Gains on investments	**500,288**	**635**	**-**	**36**	**500,959**
Closing valuation at 31 December 2021	**3,650,248**	**-**	**34**	**-**	**3,650,282**
Closing book cost	**3,131,040**	**-**	**-**	**-**	**3,131,040**
Closing investment holdings gains	**519,208**	**-**	**34**	**-**	**519,242**
Closing valuation as at 31 December 2021	**3,650,248**	**-**	**34**	**-**	**3,650,282**

In Other equity, the 2021 and 2020 gains on investments relate to gains on futures contracts held for the purposes of efficient portfolio management.

Detail on the hierarchical valuation of investment is given in note 18.9.

£000	2021	2020
Gains on investments excluding derivatives	500,324	229,375
Gains on derivatives	635	893
Total gains on investments	**500,959**	230,268
Transaction costs	(3,171)	(3,137)
Net gains on investments	**497,788**	227,131

The Company received £3,805.9m (£2,890.4m) from investments sold in the year. The book cost of these investments when they were purchased was £3,383.9m (£2,820.6m). 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	2021	2020
Sales of investments awaiting settlement	8,766	20,734
Dividends receivable	2,282	1,195
Other debtors	342	355
Recoverable overseas tax	3,234	3,073
	14,624	25,357

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

11 OUTSTANDING SETTLEMENTS AND OTHER PAYABLES

£000	2021	2020
Purchases of investments awaiting settlement	9,118	41,790
Amounts due to subsidiary companies	35	35
Other creditors	4,716	4,880
Interest payable	1,899	1,555
Tax payable (Note 6)	95	1,137
	15,863	49,397

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

12 BANK LOANS AND UNSECURED FIXED RATE LOAN NOTES

Bank loans

£000	2021	2020
Bank loans repayable within one year	**180,500**	145,000

Analysis of borrowings by currency:		
Bank loans – sterling	**180,500**	145,000
The weighted average % interest rates payable:		
Bank loans	**0.81%**	0.88%
The Directors estimate the fair value of the borrowings to be:		
Bank loans	**180,500**	145,000

£000	2021	2020
Opening bank loans balance	**145,000**	65,000
Drawdown of bank loans	**35,500**	80,000
Closing bank loans balance	**180,500**	145,000

Unsecured fixed rate loan notes

£000	2021	2020
4.28 per cent. Unsecured fixed rate loan notes due 2029	**122,178**	129,760
2.657 per cent. Unsecured fixed rate loan notes due 2033	**22,844**	24,264
2.936 per cent. Unsecured fixed rate loan notes due 2043	**25,309**	26,812
2.897 per cent. Unsecured fixed rate loan notes due 2053	**27,492**	28,944
	197,823	209,780

The expiry dates for the total bank loan committed facilities of £250m are disclosed in note 18.7. £150m expires on 16 December 2022 and £100m expires on 16 December 2023. The full £150m and £30.5m of the £100m facility, totalling £180.5m, have been utilised as at 31 December 2021. The loans are drawn down through a utilisation request and are repayable on the maturity date of that utilisation. Loans have been classified as short term in line with the date of repayment within the utilisation request.

£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

	2021	2020
The total weighted average % interest rate	**2.26%**	3.05%

13 SHARE CAPITAL

£000	2021	2020
Allotted, called up and fully paid:		
- 308,117,181/(321,597,681) ordinary shares of 2.5p each	**7,703**	8,040

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

During the year the Company bought back 13,480,500 (7,468,052) ordinary shares at a total cost of £130,957,647 (£59,770,582), all of which were cancelled. The full cost of all shares bought back is included in the capital reserves.

£000	2021	2020
Ordinary shares of 2.5p each		
Opening share capital	**8,040**	8,227
Share buybacks	**(337)**	(187)
Closing share capital	**7,703**	8,040

14 NET ASSET VALUE PER ORDINARY SHARE

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

£000	2021	2020
Equity shareholder funds	**3,359,180**	3,003,300
Number of shares at year-end – basic	**308,115,570**	321,575,350
Number of shares at year-end – diluted	**308,117,181**	321,597,681

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 1,611 (22,331) 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 measures its 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 52 to 55.

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 74 to 79.

£000	2021	2020
Total emoluments	**343**	291

17 ANALYSIS OF CHANGE IN NET CASH/(DEBT)

£000	2019	Cash flow	Other losses	2020	Cash flow	Other (losses) /gains	2021
Cash and cash equivalents	97,486	23,622	(8,378)	112,730	**(20,152)**	**(3,999)**	**88,579**
Bank loans and unsecured fixed rate loan notes	(261,638)	(80,000)	(13,142)	(354,780)	**(35,500)**	**11,957**	**(378,323)**
Net (debt)/cash	(164,152)	(56,378)	(21,520)	(242,050)	**(55,652)**	**7,958**	**(289,744)**

Other (losses)/gains includes £3.999m (£8.378m) foreign exchange losses on cash balances and fair value movements of £11.957m gain (£13.142m loss) on the fixed rate loan notes.

18 FINANCIAL INSTRUMENTS AND RISK

The Strategic Report details the Company's approach to investment risk management on pages 2 to 50 and the accounting policies on pages 93 to 95 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 carried at amortised cost 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 2021 (see objective on page 45).

The capital structure of the Company consists of debt (including the borrowings disclosed in Note 12), 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 periodically. The Company has decided that gearing should at no time exceed 30% of its net assets.

£000	2021	2020
Debt*	**(378,323)**	(354,780)
Cash and cash equivalents	**88,579**	112,730
Net debt	**(289,744)**	(242,050)
Net debt as % of net assets	**8.6%**	8.1%

*If debt had been valued at par, net debt as a percentage of net assets would be 7.4% (6.4%).

18.1 RISK MANAGEMENT POLICIES AND PROCEDURES

As an investment trust the Company invests primarily in equities consistent with the investment objective set out on page 2. In pursuing this objective, the Company is exposed to a variety of risks that could result in a reduction in the value of its 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 45 to 50. The policies and processes for managing the risks, and the methods used to measure the risks, have not changed from the previous accounting period.

18.2 MARKET RISK

Market risk embodies the potential for both losses and gains and includes currency risk (see note 18.3), interest rate risk (see note 18.4) and other price risk (see note 18.5). Market risk is managed on a regular basis by TWIM as AIFM. 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 2 and 61.

Details of the equity investment portfolio at the balance sheet date are disclosed on pages 30 to 41.

18.3 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 currency determined by its listing, 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 2021	Net monetary assets 2021	Total currency exposure 2021	Overseas investments 2020	Net monetary assets 2020	Total currency exposure 2020
US dollar	**2,510,185**	**23,418**	**2,533,603**	2,285,253	25,448	2,310,701
Euro	**420,000**	**1,759**	**421,759**	333,886	1,187	335,073
Yen	**101,633**	**282**	**101,915**	60,498	-	60,498
Other non sterling	**297,782**	**3,720**	**301,502**	322,759	510	323,269
	3,329,600	**29,179**	**3,358,779**	3,002,396	27,145	3,029,541

Sensitivity analysis

If pounds sterling had strengthened by 10% (10%) relative to all currencies, with all other variables 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 2020. The revenue return impact is an estimated figure for 12 months based on the cash balances at the reporting date.

£000	2021	2020
Income statement		
Revenue return	**(4,891)**	(3,806)
Capital return	**(335,878)**	(302,954)
Net assets	**(340,769)**	(306,760)

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.

18.4 INTEREST RATE RISK

The Company is exposed to interest rate risk in several ways. A movement in interest rates may impact 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	2021	2020
Exposure to floating interest rates		
Cash at bank	**88,579**	112,730
Bank loans repayable within 1 year	**(180,500)**	(145,000)
	(91,921)	(32,270)

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	2021	2020
Income statement		
Revenue return	**(108)**	(191)
Capital return	**338**	272
Net assets	**230**	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.

18.5 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 almost all 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 TWIM, within parameters set by the Directors on investments and asset allocation strategies and risk. TWIM monitors the Stock Pickers' 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 pages 30 to 41 and 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 page 20.

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

£000	2021	2020
Investments at fair value through profit & loss		
Investments listed on a recognised investment exchange	**3,650,248**	3,268,951
Unlisted investments	**-**	571
Investments in related and subsidiary companies	**34**	34
	3,650,282	3,269,556

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.

£000	2021	2020
Statement of comprehensive income		
Capital return	**(365,025)**	(326,895)
Net assets	**(365,025)**	(326,895)

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.

18.6 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	2021	2020
Credit rating		
A1	**88,262**	112,307
A1	**317**	423
	88,579	112,730
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.

18.7 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	2021	Expires	2020	Expires
Committed multi-currency facility*** –				
The Bank of Nova Scotia, London Branch*	150,000	16/12/2022	100,000	16/12/2021
Amount drawn	150,000		100,000	
Committed multi-currency facility –				
The Bank of Nova Scotia, London Branch*	100,000	16/12/2023	100,000	16/12/2022
Amount drawn	30,500		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	410,000		360,000	
Total drawn	340,500		305,000	

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 Scotiabank Europe PLC was novated and amended to The Bank of Nova Scotia, London Branch.

**The fair value of fixed rate loan notes is shown in Note 12.

***The Bank of Nova Scotia, London Branch £150m facility due to expire on 16 December 2022 has an option to increase the commitment by £50m to £200m, subject to certain conditions being met.

18.8 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	2021	2020
Investments after gearing	3,650,282	3,269,556
Gearing*	(378,323)	(354,780)
Investments before gearing	3,271,959	2,914,776

*Gearing is expressed based on debt at fair value.

Sensitivity analysis

If the fair value of gearing had increased 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.

£000	2021	2020
Income statement		
Capital return	37,832	35,478
Net assets	37,832	35,478

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

18.9 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 2021. 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:

	2021				2020			
£000	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets								
Listed investments	**3,650,248**	**-**	**-**	**3,650,248**	3,268,951	-	-	3,268,951
Unlisted investments								
Private equity	**-**	**-**	**-**	**-**	-	-	571	571
Other	**-**	**-**	**34**	**34**	-	-	34	34
Total assets	**3,650,248**	**-**	**34**	**3,650,282**	3,268,951	-	605	3,269,556
Liabilities								
Unsecured fixed rate Loan notes	**-**	**-**	**(197,823)**	**(197,823)**	-	-	(209,780)	(209,780)
Total liabilities	**-**	**-**	**(197,823)**	**(197,823)**	-	-	(209,780)	(209,780)

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	**2021**	**2020**
Balance at 1 January	**605**	136
Sales proceeds	**(607)**	(45)
Gains on investments	**36**	514
Balance at 31 December	**34**	605

Subsidiaries

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

19 LEASES

Right of use property assets

£000	2021	2020
Cost		
Balance at 1 January	984	984
Lease modification	37	-
Balance at 31 December	1,021	984
Depreciation		
Balance at 1 January	(390)	(187)
Lease modification	76	-
Depreciation charge for the year	(203)	(203)
Balance at 31 December	(517)	(390)
Net book value at 31 December	504	594

Property lease liabilities

£000	2021	2020
Maturity analysis – contractual undiscounted cash flows		
Less than one year	251	228
One to five years	372	532
Total undiscounted lease liabilities at 31 December	623	760

Amount recognised in profit or loss

£000	2021	2020
Income from sub-leasing right-of-use assets	321	318

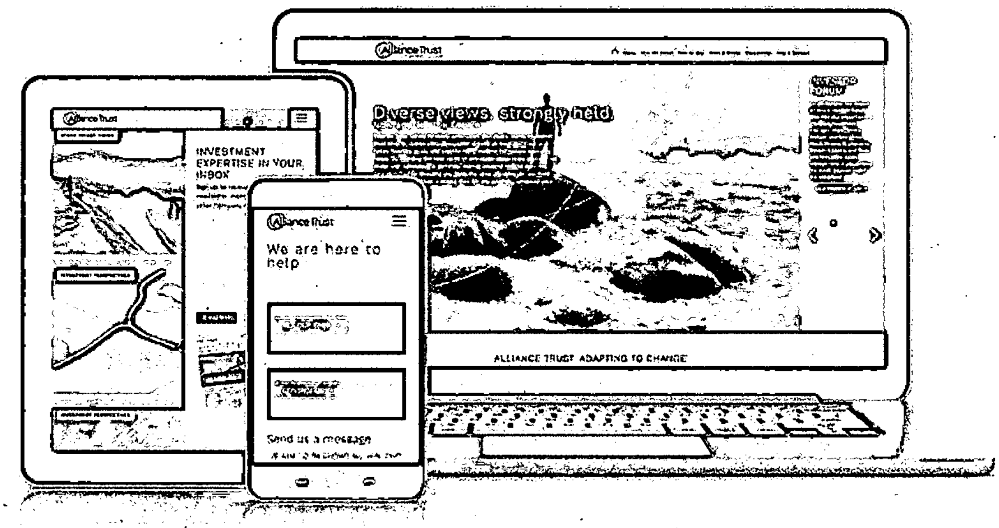
Amounts recognised in the statement of cash flows

£000	2021	2020
Total cash outflow for leases	(250)	(251)

As a reasonable estimate the incremental rate of borrowing applied to lease liabilities is 3.06% (2020: 3.06%), representing the average weighted rate of borrowing in 2018, the year the IFRS16 standard was adopted.

The lease modification relates to an adjustment to the right of use asset and lease liability discounted at the Company's incremental rate of borrowing made to recognise an extension in lease term to a future break point.

CONNECTING WITH SHAREHOLDERS

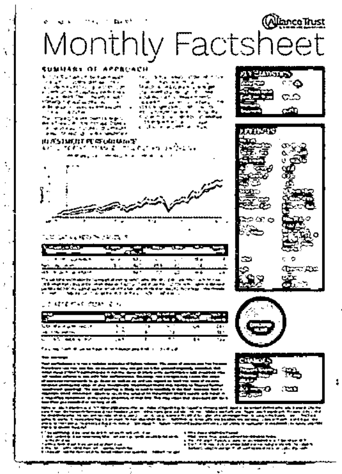


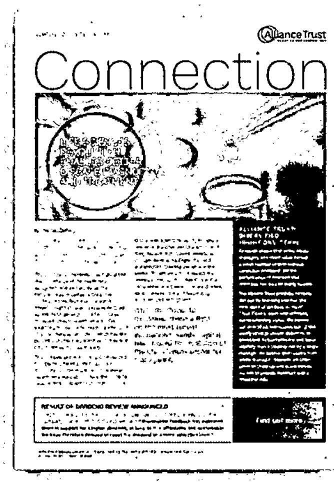
STAYING CLOSE TO SHAREHOLDERS

The routes and access to stock markets have changed dramatically in recent years. Many more shares are now in the hands of retail investors, buying through platforms and obtaining their information about investments from a wide variety of sources, increasingly online, as opposed to relying on companies formal financial reporting.

The Company has been seeking to increase the size of its shareholder contact database. The information on this database is used to keep shareholders informed of Company developments and the performance of its investment strategy. By providing their email addresses shareholders can receive monthly factsheet emails which detail the latest performance information. They can also receive invites to Company events as well as 'Connection', the Company's quarterly newsletter which often contains interviews with the Company's Stock Pickers.

The Company's website, which is its key interface with retail investors, is frequently updated with new information and shareholders are encouraged to familiarise themselves with the different pages. At the bottom of each of the main pages, there is a form to sign up for regular communications. Questions or enquiries can be sent to the Company through the 'Help & Contact' page.





ATTRACTING NEW INVESTORS

Recognising changes in how shareholders can obtain information about their investments, the Company has been seeking to raise its profile in a range of different media through regular contact with journalists and by investing in promotions, including advertising. As well as serving as another, indirect avenue for existing shareholders to stay in touch with their investments, this also has the benefit of marketing the Company to new investors. Together with good investment performance, increased awareness and recognition of the Company's offering by new investors can help boost demand for its shares. This has a direct benefit for existing shareholders if it increases the share price rating.

REUNITING LOST SHAREHOLDERS

There can be so many things to remember in life that it's not surprising that assets get lost through the generations. It can be incredibly easy to lose track of investments, for example, by forgetting to update your address after moving home or not keeping a proper record of shares you have bought or sold.

The Company has taken a very proactive approach to reuniting dormant shareholders with their lost Alliance Trust shares and been delighted to surprise some of them with unexpected windfalls or alert family members to unanticipated inheritances. On pages 65 and 67 you can read in more detail about the Company's efforts to trace 'missing' shareholders, reunite them with their shares and pay them the dividends they might otherwise have forgone.

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 2021 this was calculated as 2.7% 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 2021 this was calculated as 75% in relation to the MSCI ACWI benchmark.

Alpha is commonly used as a measure of performance to indicate when a strategy or manager has managed to beat the market return over some period. Alpha is thus often referred to as excess return of an investment relative to the return of the benchmark index.

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 2021 to be 18.3%.

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 1.03 as at 31 December 2021.

Discount is where the share price of an investment trust is below its net asset value. As of the 31 December 2021 the Company's shares traded at a discount of 5.3%.

Equity Portfolio Total Return (See NAV (Excluding Non-core Assets) Total Return) was a measure of the performance of the Company's equity portfolio over a specified period and was previously used as a good approximation of what the Company's NAV Total Return would have been had the Company not held its legacy Non-core Assets. It combined any appreciation in the value of the equity portfolio and dividends paid and excluded the impact of leverage and buybacks seen in the NAV.

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 and cash equivalents or non-equity holdings. As at 31 December 2021, 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 (ie total borrowings minus cash and cash equivalents) by its Net Asset Value. Unless otherwise indicated, borrowings are valued at par. As at 31 December 2021, the Company had Net Gearing of 7.4%.

Investment Manager means the investment manager appointed by the Company to manage its portfolio. As at 31 December 2021, 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.

MSCI ACWI Equal Weighted Index represents an alternative weighting scheme to its market cap weighted parent index, MSCI ACWI. The index includes the same constituents as its parent, however, at each quarterly rebalance date, all index constituents are weighted equally.

NAV (Excluding Non-core Assets) Total Return is a measure of the performance of the Company's Net Asset Value (NAV) that excludes the impact of the Non-core Assets held by the Company, over a specified time period. The Company's NAV ex non-core assets Total Return for 2021, after fees and including income with debt at fair value, was 18.6% as at 31 December 2021.

In previous years, when reporting on the period from the start of the current investment strategy, the Equity Portfolio Total Return, gross of fees, was used as an estimate of a NAV Total Return after costs that excluded the impact of Non-core Assets and subsidiary company investments, such as Alliance Trust Savings. These assets were a significant drag on the NAV Total Return for the period since the appointment of WTW in April 2017. In this report we have used a more accurate assessment, the NAV (Excluding Non-core Assets) Total Return (after all costs).

The Equity Portfolio Total Return was 65.1% for the period from 1 April 2017 to 31st December 2021. Over the same period the Company's NAV (Ex Non-core Assets Total Return) after fees and including income with debt at fair value, was 66.0%, the Company's NAV Total Return, (which includes the negative impact of the Non-core Assets), was 63.6%, the Total Shareholder Return was 64.2% and the MSCI ACWI returned 69.2%.

The Equity Portfolio Total Return was 16.8% for the year ending 31 December 2021. Over the same period the Company's NAV (Ex Non-core Assets Total Return) after fees and including income with debt at fair value, was 18.6%, the Company's NAV Total Return, (which includes the negative impact of the Non-core Assets), was 18.6%, the Total Shareholder Return was 16.5% and the MSCI ACWI returned 19.6%.

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 2021, after fees and including income with debt at fair value, was 18.6% as at 31 December 2021.

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 2021 was £3.4bn which, divided by 308,117,181 ordinary shares in issue on that date, gave a NAV per share of 1090.0p.

GLOSSARY, PERFORMANCE MEASURES AND OTHER TERMS

Non-core Assets are the assets the Company holds aside from the global equity portfolio. At the end of 2021 there was one interest in a private equity investment which has now sold all of its assets but is not able to complete its liquidation for two years, any further return on this investment will be insignificant. The total value of these Non-core Assets as at 31 December 2021 was £34,225 (2020: £605,000).

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). We 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 2021 was 0.60%.

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 43.

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.

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 2021 was 19.0%.

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 2021 was 0.61%.

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 12 months to 31 December 2021 was 16.5%.

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 2021 turnover was 65.7%.

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 its investment performance in its monthly factsheet, and a daily update on the Company's share price and Net Asset Value.

SHARE REGISTER QUERIES

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

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

REGISTRARS

The Company's Registrars are:

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

AUDITORS

The Company's Auditors are:

BDO LLP
55 Baker Street
London
W1U 7EU

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 the 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.

INFORMATION FOR SHAREHOLDERS

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.

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 2022 financial year as follows:

1st Interim Dividend

Dividend will be paid on 30 June 2022 to shareholders on the register on 6 June 2022.

2nd Interim Dividend

Dividend will be paid on 30 September 2022 to shareholders on the register on 2 September 2022.

3rd Interim Dividend

Dividend will be paid on 30 December 2022 to shareholders on the register on 2 December 2022.

4th Interim Dividend

Dividend will be paid on 31 March 2023 to shareholders on the register on 10 March 2023.

ANNUAL GENERAL MEETING

The 134th Annual General Meeting of the Company will be held at 11am on Thursday 21 April 2022 at the Apex City Quay Hotel, 1 West Victoria Dock Road, Dundee, DD1 3JP. Subject to there being no restrictions in place at the time, shareholders will be welcome to attend in person. In any event we will stream the AGM live to shareholders and they will be able to submit questions in advance or during the meeting. Full details of how to view the meeting and submit questions will be sent to all shareholders and will be on the Company's website. Shareholders are recommended to lodge proxies for their votes before the meeting so that they can be certain their votes will be counted.

Shareholder Events

Immediately after the formal business of the AGM, there will be presentations from the Investment Manager and also from Metropolis Capital and Vulcan Value Partners, two of the Company's Stock Pickers. These presentations will be shown live online on our website and recorded so that shareholders can view them later at their convenience. The Company will be holding other shareholder events during the course of 2022. The timing and format of these events will depend on circumstances in place at the time. The Company will provide details of these events on its website www.alliancetrust.co.uk If you wish to register to be sent details of any such events, please contact the Company.

DISABILITY ACT

This document is available both in printed form and on the Company's website. The website uses the Web Content Accessibility Guidelines (WCAG) 2.0 to ensure its 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 the Company.

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 the Company on 01382 938320.

The Company does try to contact shareholders who have moved house and not updated their details on the share register or where dividends have not been claimed. Contact will generally be by letter or email rather than telephone, but if you are in any way unsure of the genuineness of the contact, please call the Company 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

A 10-year record of the Company's Financial Performance is provided below.

Assets £m as at	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	31 Dec 2021
Total assets	2,702	3,478	3,415	3,351	3,541	2,979	2,678	3,162	3,408	3,754
Loans	(200)	(380)	(380)	(390)	(220)	(233)	(227)	(225)	(305)	(341)
Net assets	2,491	2,886	3,019	2,948	3,284	2,700	2,411	2,879	3,003	3,359
Net asset value (p)										
NAV per share	444.9	516.5	544.8•	559.0•	667.5•	777.7•	723.6•	875.9•	933.9•	1,090.0•
NAV total return on 100p – 10 years*			210.7	178.6	198.3	217.8	265.8	270.1	254.1	326.0
Share price (p)										
Closing price per share	375.3	450.1	478.9	517.0	638.0	746.5	688.0	840.0	901.0	1,032.0
Share price High	383.5	464.2	481.1	528.5	641.5	747.5	785.0	853.0	912.0	1,078.0
Share price Low	337.0	375.3	426.0	440.1	447.3	638.0	672.0	688.0	544.0	868.0
Total shareholder return on 100p – 10 years*			226.0	197.0	225.5	266.4	306.7	321.4	302.3	373.6
Gearing/Net cash (%)										
Gearing	7	12	11	13	6	5	7	6	8	10
Net cash	–	–	–	–	–	–	–	–	–	–

Revenue	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	31 Dec 2021
Profit after tax	£55.6m	£60.6m	£68.8m	£60.2m	£65.9m	£48.5m	£41.4m	£47.2m	£36.4m	£48.7m
Earnings per share	9.74p	10.83p	12.38p	12.43p†	12.77p	12.86p	12.18p	14.30p	11.16p	15.48p
Dividends per share	9.27p	9.55p	9.83p	10.97p	12.77p	13.16p	13.55p	13.96p	14.38p	19.05P
Special dividend	0.36p	1.28p	2.546p	1.46pΔ	–	–	–	–	–	–

Performance %†† as at	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	31 Dec 2021
NAV per share	106	123	130	133	158	185	228	232	213	271
Closing price per share	103	123	131	141	174	204	257	268	248	301
Earnings per share	112	125	143	143	147	148	117	155	115	153
Dividends per share (excluding special)	122	126	130	145	169	174	169	171	171	212

Cost of running the Company	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	31 Dec 2021
Total expenses	£18.7m	£21.5m	£20.8m	£24.0m	£16.8m	£17.4m	£ 17.4m	£ 17.6m	£18.0m	£20.0m
Ongoing charges ratio (excluding capital incentives**)	0.67%	0.75%	0.60%	0.59%	0.43%	0.54%	0.65%	0.62%	0.64%	0.60%

•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 2021 has been rebased to 31 December 2011. **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. Prior to 2019 the OCR was calculated on the average of the opening and closing NAV for the year.

CONTACT

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Alliance Trust INVESTING FOR GENERATIONS