

THURSDAY

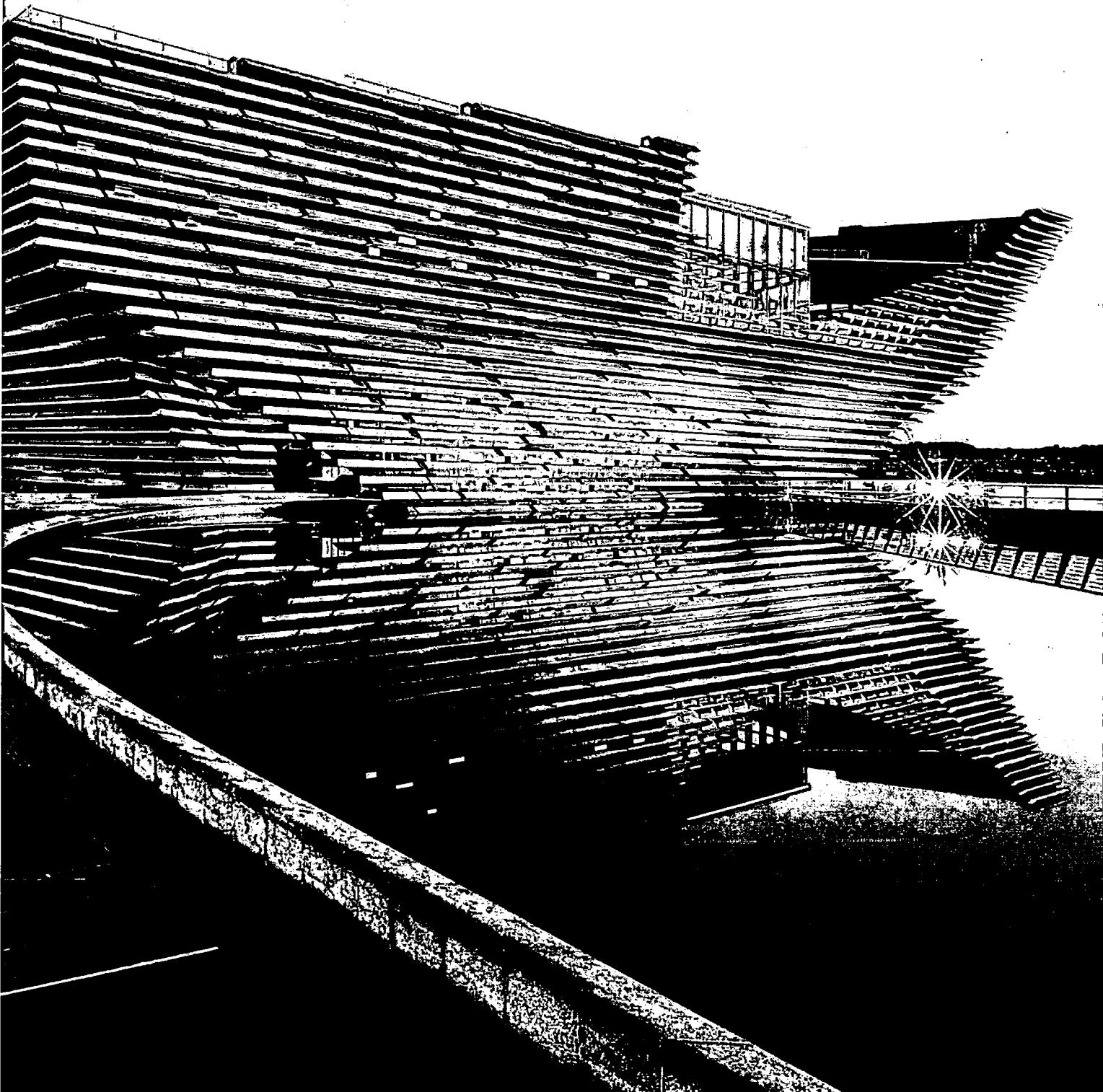


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ANNUAL REPORT 2018



Annual Report for the year ended 31 December 2018

Alliance Trust aims to deliver long-term capital growth and rising income from investing in global equities at a competitive cost. We blend the top stock selections of some of the world's best active managers* into a single diversified portfolio designed to outperform the market.

*As rated by Willis Towers Watson (WTW).

Moray agricultural terraces, Peru

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ABOUT ALLIANCE TRUST

Investing for generations

Founded in 1888, Alliance Trust is one of the oldest and largest investment trusts in the UK. It has stood the test of time.

Capital growth and rising income

Our aim is for our global equity portfolio to outperform the MSCI All Country World Index (MSCI ACWI) by 2% a year after costs over rolling three year periods. Alliance Trust is one of only three investment trusts to have increased its dividends for 52 consecutive years.

High conviction stock picking and lower volatility

Research[†] shows concentrated single-manager portfolios can beat the market, but may be volatile. To reduce this risk of volatility and increase the likelihood of outperformance over the long-term, we combine the high conviction stock picks of eight diverse managers into a single portfolio.

Best-in-class* managers

Our stock pickers are among WTW's highest rated globally. Most can only be accessed in the UK by individual investors through Alliance Trust.

Competitive costs

We aim to do all this at a competitive cost targeting ongoing charges of less than 0.65% of Net Asset Value per annum.**

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

*As rated by WTW.

**The OCR target of 0.65% was set based on the size of the Trust at 31 December 2017.

OUR PERFORMANCE IN 2018

PERFORMANCE SUMMARY

- The Trust's Total Shareholder Return¹ for 2018 was -6.1% (2017: 19.2%) and its share price at 31 December 2018 was 688.0p, down 7.8%, compared to 746.5p at 31 December 2017.
- The Trust's NAV Total Return¹ for 2018 was -5.4% (2017: 18.5%) and its Net Asset Value (NAV)² per share at 31 December 2018 was 723.6p, down 7.0% from 777.7p at 31 December 2017.
- The Trust's Equity Portfolio Total Return¹ remains ahead of its benchmark since the adoption of the current investment approach on 1 April 2017, outperforming the MSCI All Country World Index (MSCI ACWI) by a cumulative 1% (5.1%* compared to 4.1% by the MSCI ACWI). Its performance in 2018 was +4.2%* against the MSCI ACWI -3.3%.
- Ongoing Charges Ratio (OCR)¹ for 2018 was 0.65%. The increase versus the previous year reflects a full year of WTW's fees and fixed costs rising as a proportion of a smaller asset base.
- The Trust bought back 14.0m shares in 2018. This compares to 145.1m shares in 2017 (which included the purchase of 95.5m shares from Elliott).
- The year began with the Trust shares trading at a discount of 4.0% and ended at a discount of 4.9%.
- The Trust raised its total ordinary dividend² for 2018 by 3% to 13.55p, compared with a total ordinary dividend for 2017 of 13.16p, marking the 52nd consecutive annual increase.

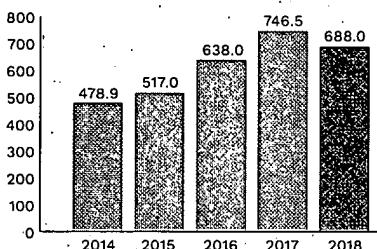
1. Alternative Performance Measure (refer to Glossary on page 97). 2. UK GAAP Measure.

*Refer to glossary on page 97. *Before managers' fees and including the effect of managers' cash holdings.

KEY PERFORMANCE INDICATORS - 2018

- The Board intends to review the number of Key Performance Indicators it uses once the Trust's non-core investments are fully realised and the sale of Alliance Trust Savings has been completed.

SHARE PRICE (PENCE)

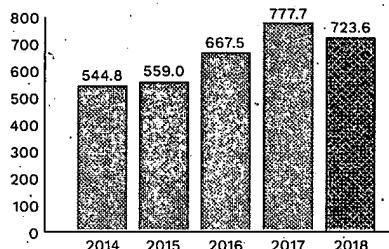


Source: FactSet.

Why we measure this: This is a simple means of identifying the change in the value of the Trust.

How have we performed: The share price fell 7.8% during 2018 from 746.5p at 31 December 2017 to 688.0p as at 31 December 2018. Our share price fell more than our NAV reflecting the increase in our discount at the year end which widened slightly from 4.0% at 31 December 2017 to 4.9% at 31 December 2018.

NET ASSET VALUE (PENCE)²



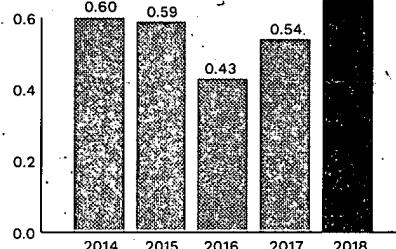
Source: FactSet and WTW.

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

Why we measure this: This shows the performance of all of our investments.

How have we performed: Our NAV per share fell 7.0% during the year from 777.7p at 31 December 2017 to 723.6p at 31 December 2018 driven predominantly by falls in equity markets. The MSCI ACWI fell 3.3% over the same period.

ONGOING CHARGES RATIO (%)¹



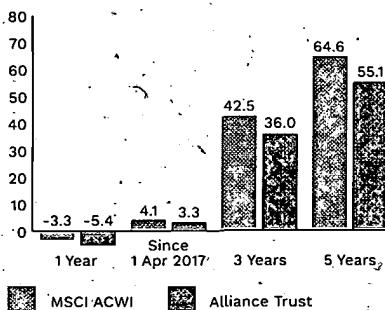
Source: Alliance Trust and FactSet.

Why we measure this: This shows the cost of running the Trust as a percentage of our average NAV. It is an indicator of how efficiently the Trust is managed.

How have we performed: The Ongoing Charges Ratio (OCR) remained stable over much of 2018, until December when a smaller asset base, combined with a full year of WTW's fees and the effect of fixed fees, meant the OCR increased and finished the year at 0.65%.

More information on Costs and Performance Measures can be found on page 29.

NAV TOTAL RETURN (%)¹



Source: Morningstar and MSCI Inc.

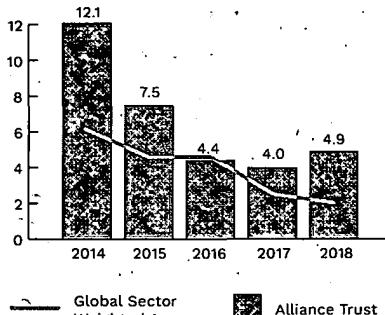
NAV Total Return based on NAV including income with debt at fair value and after managers' fees.

Why we measure this: This measures the performance of our assets, including the contribution of dividends.

How have we performed:

Performance is below the MSCI ACWI for 2018 and also in the period 1 April 2017 to 31 December 2018. Over this period, our NAV Total Return was 3.3% compared to 4.1% achieved by the MSCI ACWI over the same period.

DISCOUNT (%) AS AT 31 DECEMBER



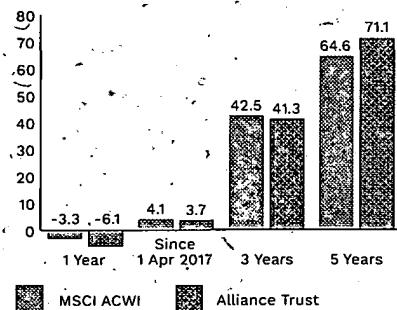
Source: WTW and Association of Investment Companies (AIC).

Why we measure this: This is the difference between the share price of the Trust and its NAV and is an indicator of demand for our shares.

How have we performed: The discount has remained below 8% during 2018, ending the year at 4.9% and averaging 6.0% for the year against the Investment Trust Global Sector average of 2.0%.

More information on Share Buybacks and the Discount can be found on page 31.

TOTAL SHAREHOLDER RETURN (%)¹



Source: Morningstar and MSCI Inc.

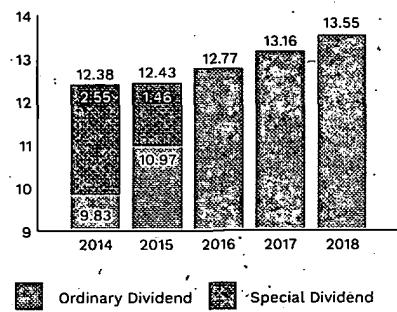
Why we measure this:

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

How have we performed:

Performance is below the MSCI ACWI for 2018 and also in the period 1 April 2017 to 31 December 2018. Over this period, our Total Shareholder Return was 3.7% compared to 4.1% achieved by the MSCI ACWI over the same period.

TOTAL DIVIDEND (PENCE)² YEAR TO 31 DECEMBER



Source: WTW.

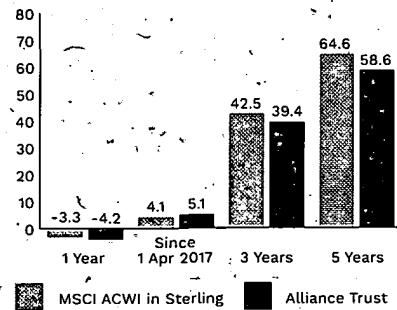
Why we measure this: A steadily rising dividend is one of the objectives of the Board.

How have we performed:

We have increased our dividend for 52 consecutive years, one of only three investment trusts to have achieved this.

More information on Dividends can be found on page 30.

EQUITY PORTFOLIO TOTAL RETURN (%)¹



Source: Morningstar and MSCI Inc.

Why we measure this:

This demonstrates the return on our equity portfolio before managers' fees and including the effect of managers' cash holdings. It does not take into account the impact of the performance of our non-core investments nor of our subsidiaries.

How have we performed: Performance is below the MSCI ACWI over one, three and five years. Over the period 1 April 2017 to 31 December 2018 our Equity Portfolio Total Return was 5.1% compared to 4.1% achieved by the MSCI ACWI over the same period.

1. Alternative Performance Measure (refer to Glossary on page 97).

2. UK GAAP Measure.

CHAIRMAN'S STATEMENT

Progress and ongoing simplification of the Trust

January
Sold Liontrust Asset Management shares received as part of the consideration for Alliance Trust Investments

March
Paid final interim dividend for the 2017 financial year achieving 51 consecutive years of dividend increases

April
Redeemed last of our holdings in Liontrust Investments' funds

May
Won the Association of Investment Companies shareholder communications awards for Best Factsheet and Website – individual investment company



2018 was a challenging year for global equities, with most markets falling and many active investment managers struggling to outperform. Like others, we trailed our benchmark, partly due to market returns during much of the year having been driven by a narrow group of very large companies. Although a number of our eight managers owned some of these companies and benefited from their share prices appreciating, others avoided them because they thought they were overvalued.

Our strategy of appointing a number of managers with different styles and approaches to select their best stocks means we will never have a very concentrated exposure to one segment of the market. By investing more broadly across companies, countries and sectors, we should avoid the short-term performance highs and lows driven by particular market factors. In the long run, though, we expect our portfolio to outperform the market. Since we adopted our investment approach in April 2017, the equity portfolio has beaten its benchmark. During the year, we made further progress in the disposal of our remaining non-core investments. This will enable us to focus on our equity portfolio which we are confident is well positioned for future gains.

DEVELOPMENTS IN 2018

Alliance Trust Savings

Alliance Trust Savings (ATS) was established in 1986 to provide a vehicle for the Trust's shareholders to hold their shares in a convenient way and to take advantage of tax-protected structures like ISAs. Over the course of the next three decades the Trust invested to allow ATS to grow.

ATS is reporting an operating profit of £1.1m for 2018 (2017: operating loss of £19.3m). Although the business is now one of the major UK share-trading platforms, the market in which ATS operates is very competitive and high technology costs

make it difficult to achieve profitability without significant scale. There has been considerable consolidation within this market in recent years and the Board received a number of expressions of interest in the business. The Board, after long and careful consideration, decided that it would be an appropriate time for this business to be transferred to new owners. We chose Interactive Investor Limited as the two businesses are highly complementary and ATS' customers, many of whom are Trust shareholders, will benefit from Interactive Investor's similar flat-fee structure, as well as its increased scale. The Board saw this as another positive step in the Trust's strategy to focus on its equity portfolio. An important consideration for the Board was a commitment by Interactive Investor to maintain a presence in Scotland and to invest in ATS' operations in Dundee.

The total price payable under the sale agreement for both ATS and the Trust's office building in Dundee, where ATS occupies most of the space, is £40.0m. The sale requires regulatory approval and the price is subject to some post-completion adjustments. Although the price is less than the combined value we placed on the business and our office building last year, we regard it as a fair offer. The net proceeds of the sale will be invested in global equities. The Trust, which has been headquartered in Dundee since 1888, will continue to be based in the city.

Non-Core Investments

In October we announced that we had agreed a conditional sale of certain private equity assets to global asset manager PineBridge Investments. The sale of these private equity holdings was aligned with the Trust's previously announced strategy to realise value from its non-core assets in order to focus on its equity portfolio. The sale was completed in December. The Trust remains invested in only a small number of private equity holdings, valued at £14.8m at the year end, which we anticipate being realised by the end of 2019.

The Trust holds mineral rights in North America which have generated revenue for the Trust for many years. The marketing of these rights commenced in the second half of the year and as at the year end an agreement had been entered into to sell more than half of the holdings with further sales anticipated in 2019.

We provide more detail on page 27.

Long-term Debt

In November we announced that we had issued £60m of fixed rate unsecured privately placed notes with maturities of 15, 25 and 35 years and coupons for each respective £20m tranche of 2.657%, 2.936% and 2.897%. This was used to repay some of the Trust's floating rate bank debt. Total borrowing facilities at the year end were £360m. Our fixed long-term borrowing costs have been reduced from 4.3% to 3.7%.

June	Agreed to change Depository and Custodian entities	August	Record share price of 788.0p reached	September	Sale process of US mineral rights started	October	Conditional sale of Alliance Trust Savings announced	November	£60m of long term unsecured debt issued, reducing average cost of long-term debt from 4.3% to 3.7%	December	Sale of almost all of the Trust's Private Equity investments completed
	Completion of winding up of Final Salary Pension Scheme.										

Shareholders

In 2019 we will be considering how we can stimulate additional demand for our shares and thereby reduce the level of our discount. We were very pleased to win the Association of Investment Companies' awards for Best Factsheet and Best Website for an individual investment company this year. We will be looking at how we can further improve on the way we communicate with our shareholders including how we report on our performance. We already hold regular meetings with our shareholders and provide information about the Trust and its performance through these meetings as well as our website, factsheets and newsletters. If you do not already do so, I would encourage you to subscribe to our monthly factsheet and quarterly newsletter.

Expenses

We finished 2018 with an Ongoing Charges Ratio (OCR) of 0.65%. Many of our expenses are fixed in nature and when our net assets fall our OCR rises. Had our average net assets remained unchanged from 31 December 2017, when we set our target of 0.65%, our OCR for 2018 would have been 0.56%.

Our Total Expenses Ratio increased during the year from 0.58% in 2017 to 0.68% in 2018. The increase was attributable to the fall in the value of our net assets, a full year of WTW's fees and a few non-recurring costs.

We provide more detail on page 29.

Share Buybacks

During 2018, the Trust bought back a total of 14.0m shares at a weighted average discount of 5.5%, adding £5.5m to the Net Asset Value for remaining shareholders. The average discount for the year was 6.0%.

While we are encouraged by an increase in demand for our shares, the Board remains committed to the use of its share buyback programme to support the management of the discount.

ANNUAL GENERAL MEETING

As I mentioned in last year's Annual Report, we will be proposing changes to the wording of our Investment Objective and Policy to reflect the Trust's current investment approach. Although we are making no changes to the way in which we currently manage the portfolio, we are required to put the amended Investment Objective and Policy to shareholders and we will do so at our Annual General Meeting (AGM) in April. We explain the nature of the proposed changes on page 6.

Our Directors' Remuneration Policy is also to be considered at the AGM and we are proposing only minor changes to this Policy. The Remuneration Committee has decided to reduce the fees paid to the Chairman, Deputy Chairman, Senior Independent Director and Chairman of the Remuneration Committee and will keep the level of fees under review.

After the meeting shareholders will have the opportunity to receive presentations from two of our stock pickers, Andrew Wellington of Lyrical Asset Management and Rob Rohn of Sustainable Growth Advisers.

DIVIDEND

We are very proud of our dividend track record and the Board is delighted to continue the Trust's progressive dividend policy. We have now increased our dividend for 52 consecutive years. This year we have used £4.2m from our £107.7m of revenue reserves and we retain 25 years dividend cover assuming our current dividend level and an unchanged level of income from our equity portfolio.

THE BOARD

When I joined the Board in 2016, the Directors were all male. One of the first things I did after my appointment was to look at the skills and experience around the Board table and decided that we needed one additional Director. We then appointed Clare Dobie. The last two years have been very busy and what I did not want to do was distract the Board from its objective of simplifying the Trust. I believe that while the current Board has the necessary skills and time to devote to the needs of the Trust, we need to improve our diversity, not as a target for its own sake but to expand the range of views and opinions that feed into our decision making processes. We will be asking shareholders to approve a resolution at the AGM to increase the maximum level of ordinary remuneration that may be paid to our Directors from £224,000 per annum to £300,000 per annum. This change is proposed to give us the flexibility to recruit additional Board members if we wish to do so, rather than to increase the level of fees currently paid to our Directors.

OUTLOOK

I cannot end my statement without reference to Brexit. We have considered the implications for the Trust and we have in place a contingency plan to change our Irish Alternative Investment Fund Manager, if required. We do not consider that Brexit, regardless of how it finally materialises, will have a significant impact on the operation of the Trust.

Despite the political uncertainties, we are clear on the direction of the Trust and that it will continue to prove a wise choice as a core investment for the long term.

Lord Smith of Kelvin
Chairman

WHAT WE DO

OUR INVESTMENT OBJECTIVE

As announced last year, we have reviewed our Investment Objective and Policy and are proposing some changes to the wording to reflect our current investment approach. There will be no change in the way the Trust's portfolio is actually managed. The full text of the proposed new investment objective will be set out in the Notice of our Annual General Meeting that will be issued to shareholders. However, we summarise here the proposed changes.

PROPOSED INVESTMENT OBJECTIVE

The changes in wording that are being proposed are:

- To explain that the Trust will continue to primarily invest in global equities and to have as its objective that it shall be a core investment delivering a real return over the long term through capital growth and a rising dividend.
- To explain that through our investment manager we appoint a number of stock pickers with different styles and approaches who each select and invest in equities across a wide range of different sectors and industries for our portfolio.
- To make clear that we will continue to achieve an appropriate spread of risk by holding a diversified portfolio with no single investment exceeding 10% (at the time of investment) of the Trust's total assets.
- To confirm no change to our use of gearing which will continue to be a maximum of 30% of the Trust's net assets and that derivatives can be used to hedge, enhance and protect positions.

CURRENT INVESTMENT OBJECTIVE

Alliance Trust is an investment company with investment trust status. The Trust's objective is to be a core investment for investors seeking increasing value over the long term. The Trust has no fixed asset allocation benchmark and it invests in a wide range of asset classes throughout the world to achieve its objective. The Trust's focus is to generate a real return for shareholders over the medium to long term by a combination of capital growth and a rising dividend.

The Trust pursues its objective by investing in both quoted and unquoted equities across the globe in different sectors and industries; investing internationally in fixed income securities; investing in other asset classes and financial instruments, either directly or through investment vehicles and investing in subsidiaries and associated businesses which allow us to expand into other related activities.

The Trust is prepared to invest any proportion of the total corporate capital in any of the above asset classes, subject only to the restrictions imposed on the Trust by the regulatory or fiscal regime within which we operate. However, the Trust would expect equities to comprise at least 50% of its portfolio. Changes to the asset allocation will be dependent upon attractive investment opportunities being available.

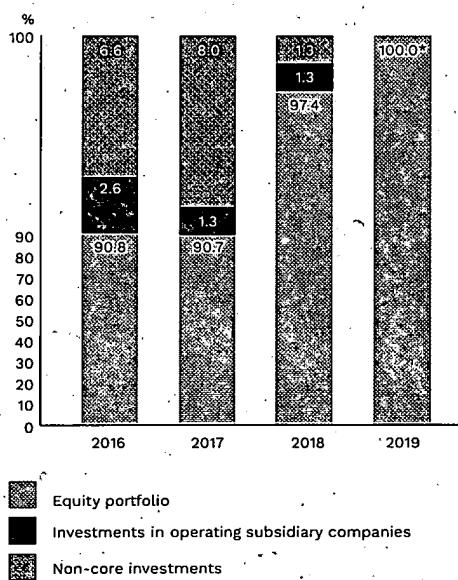
Where market conditions permit, the Trust will use gearing of not more than 30% of its net assets at any given time. The Trust can use derivative instruments to hedge, enhance and protect positions, including currency exposures.

WHAT WE ARE NOT CHANGING

Our strategy has not changed and we remain committed to investing in global equities. As part of our agreed strategy we are progressing the sale of our non-core assets. In addition, the sale of Alliance Trust Savings will, once completed, see the value of investments in operating subsidiaries reduce to nil.

Our maximum level of gearing remains unchanged and we envisage that for the foreseeable future it will remain around the current 10%.

INVESTMENTS (AS AT 31 DECEMBER)



Source: WTW.

*The expected 2019 position shown assumes completion of disposal of non-core assets and the sale of Alliance Trust Savings.

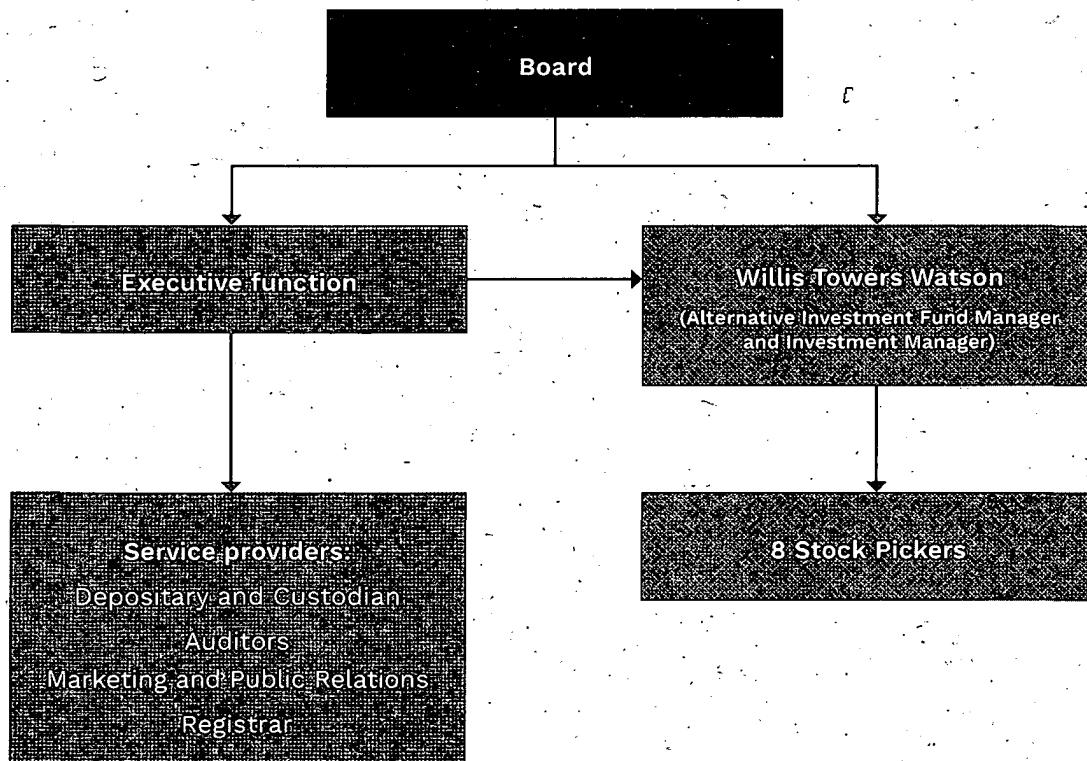
HOW WE OPERATE

The Board operates with only Non-Executive Directors and is supported by a small Executive function led by our Company Secretary, Lisa Brown. The Executive function comprises six employees of whom two are part time. The way in which the Board operates is dealt with in more detail on pages 42 to 44.

The Board outsources all of its investment management and most of its administration.

The Executive team, based in Dundee, works closely with the Directors to support their administrative and company secretarial needs but also to implement the various initiatives approved by the Board. While much of the administrative aspect of the Trust is outsourced, the Executive function deals with the day-to-day oversight of the outsourced providers' output as well as progressing projects such as the sale of Alliance Trust Savings and the Trust's private equity and mineral rights investments, creating a new website, arranging banking and loan facilities, as well as ongoing marketing and shareholder relations activity.

The Board has appointed Gregor Stewart as the Director responsible for engagement with the small number of employees. He regularly meets with them in our Dundee office. The Board promotes an open culture and all members of the Board regularly interact with all members of the Executive function. The Executive function operates in an open and supportive manner not only in terms of how they work together but also in their physical office where they all share an open plan workspace. The Executive function is also encouraged to explore different methods of work including the use of technology to reduce the need to travel and to improve worklife balance.



HOW OUR APPROACH BENEFITS INVESTORS

ALLIANCE TRUST: DIVERSIFIED, HIGH CONVICTION

Research[†] shows that active equity managers add most value through a small number of their highest conviction positions. The performance of these concentrated stock selections can, however, also be highly volatile. The Trust's portfolio mitigates this risk by blending together the best ideas of eight best-in-class* stock pickers, each with different yet complementary styles with the aim of increasing the chance of outperformance.

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

*As rated by WTW.

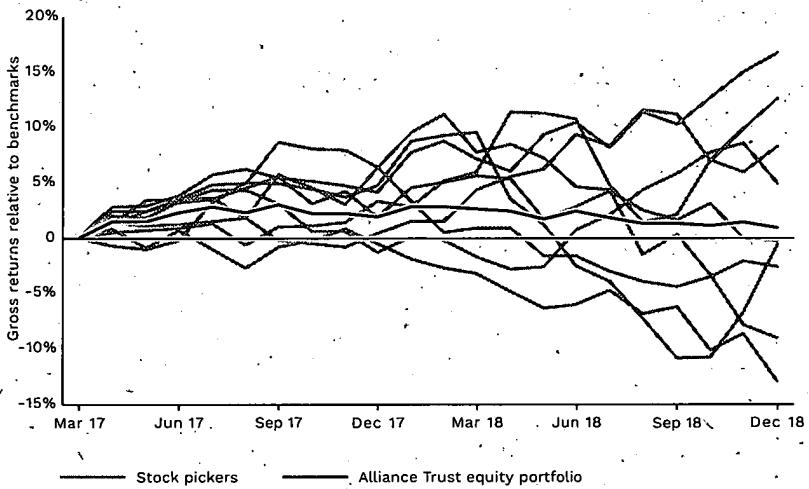
LOWER INVESTMENT VOLATILITY

We believe our diversified, high-conviction approach to investing in global equities should deliver more consistent returns and lower volatility than a concentrated strategy run by a single manager.

Returns from concentrated, single-manager strategies are often prone to sharp up and down moves; our portfolio aims to provide investors with a smoother ride.

The chart below shows the performance of the equity portfolio since 1 April 2017 as a whole (— line) and the more volatile performance of each stock picker; by combining them, the Trust experiences smoother performance than we may otherwise experience with a single manager.

CUMULATIVE RETURNS



Source: Investment Performance data is provided by BNY Mellon Performance & Risk Analytics Europe Limited, Morningstar and MSCI Inc. Individual manager returns, before fees, are benchmarked against MSCI All Country World Index NDR (Net Dividends Reinvested) in sterling and the MSCI Emerging Markets Index (Net Dividends Reinvested), while Alliance Trust returns are benchmarked against MSCI All Country World Index GDR (Gross Dividends Reinvested) in sterling. Source: WTW.

THE INVESTMENT MANAGER

HOW WE MANAGE THE PORTFOLIO

We have appointed Willis Towers Watson¹ (WTW) (NASDAQ: WLTW), a leading investment group with roots dating back to 1828, as our investment manager, and it in turn has appointed a number of managers to pick and invest in stocks for the Trust's portfolio. The managers' mandate is to pick and invest in stocks while WTW manages the overall portfolio, and is responsible for balancing risk at the stock, sector and geographical level.

With \$116bn² of assets under management and \$2.5trn³ under advice, WTW's size and global presence brings investors in the Trust advantages that many other investment managers cannot offer.

With a research and portfolio management team numbering 130 (42 in equities alone), WTW's primary goal is to identify managers who will deliver long-term value for their clients net of fees. WTW leveraged its scale and industry leading position to design a portfolio that met the specific needs of the Trust while at the same time negotiating highly competitive fees.

Although WTW has been successfully running similar strategies for institutional investors for some time, the portfolio built for the Trust is unique for an investment trust. While it is not uncommon to bring existing funds together in a multi-manager structure, the Trust's portfolio is different, in that it comprises the highest conviction stocks of eight best-in-class⁴ managers in a single, bespoke portfolio. Most of the eight are not otherwise accessible by UK retail investors. Between them, the managers cover a range of stock-picking styles which reduces the risk that is often faced by investors selecting a single, star manager or one particular style that can move in and out of favour. We believe this approach of using several complementary stock pickers investing with high-conviction increases the chances of outperformance.

HOW THE STOCK PICKERS ARE SELECTED

WTW has drawn on its in-depth knowledge of over 1,500 equity managers and 16,850 equity investment products to select the most appropriate stock pickers. WTW's quantitative analysis and assessment of qualitative factors are fundamental to its selection process, and includes consideration of i) investment professionals, ii) approach/insight generation, iii) portfolio management, iv) firm and team stability, v) opportunity set, vi) alignment and vii) environmental, social and governance beliefs. We discuss our approach to stewardship and responsible ownership on page 36.

WTW's considerable global buying power enabled it to negotiate highly competitive fee levels with the eight managers. As a result, the Trust's investors can now gain exposure to a combination of some of the world's best-in-class⁴ managers for less than what many 'off-the-shelf' funds charge.

HOW THE STOCK PICKERS ARE MANAGED

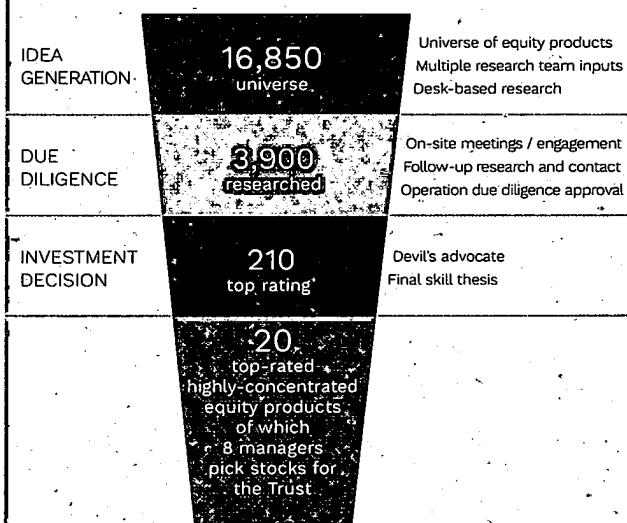
Performance of the Trust's overall portfolio is managed by WTW's investment committee. The committee is responsible for driving outperformance of the portfolio, monitoring and overseeing stock picker performance, reviewing portfolio blending and risk balancing, implementing any hedging and gearing - as well as tight cost management. This process is supported by stock level data feeds and monitoring, a breadth of analytics tools, and regular meetings with the stock pickers.

The team is led by Craig Baker, Global Chief Investment Officer at WTW, with 24 years investment experience. He is supported by three senior industry professionals with complementary skills and together they have over 75 years of combined investment experience:

- David Shapiro, Co-portfolio manager, with 31 years of investment experience; 17 of which as UK Equity Fund Manager.
- Mark Davis, Co-portfolio manager, with 20 years of investment experience, Head of Portfolio Management for EMEA at WTW.
- Stuart Gray, Senior Equity Manager Researcher, with 15 years of investment experience.

WTW'S EQUITY RESEARCH PROCESS

WTW focuses on qualitative factors supported by data analytics.



Process recognised by asset managers with WTW voted by asset managers as having the highest Quality of Research**

Notes: Figures included above are approximated and rounded. Sourced from WTW as at December 2018.

*As rated by WTW. **Portfolio Institutional Consultants Survey 2016.

¹ The Alliance Trust Board has appointed Towers Watson Investment Management (Ireland) Limited (TWIMI) as the Trust's Alternative Investment Fund Manager (AIFM). The AIFM has delegated the management of the Trust's portfolio to Towers Watson Investment Management Limited (TWIM). Both TWIMI and TWIM are members of the Willis Towers Watson group of companies. ² As at 30 June 2018. ³ As at 30 June 2017. ⁴ As rated by WTW.

INVESTMENT MANAGER'S REPORT

INVESTMENT PERFORMANCE

The Trust's equity portfolio returned -4.2% in 2018 before managers' fees and including the effect of managers' cash holdings, compared to the benchmark MSCI All Country World Index (ACWI), which returned -3.3% over the same period. The Trust's Net Asset Value (NAV) Total Return was slightly lower at -5.4%. The NAV Total Return reflects the impact on performance of Alliance Trust Savings, small holdings in some other investments such as private equity and mineral rights that are in the process of being sold, the negative impact of the Trust's gearing, fees and costs. It also reflects the positive impact of buybacks. The Total Shareholder Return, which also takes into account the movement in the discount to NAV over the year, was -6.1%.

While disappointing, the equity portfolio's underperformance versus the benchmark for the 12-month period needs to be put in the context of challenging conditions for equity markets, particularly the highly volatile last quarter of the year, and what was a difficult period for many active managers. It is important to note that despite 2018 the equity portfolio has still outperformed the benchmark since the current investment approach was put in place in April 2017.

Equity Portfolio

The key driver of negative equity returns in 2018 was monetary tightening by various central banks around the world, designed to prevent strong economic growth leading to above-target inflation. The Federal Reserve raised interest rates four times, the Bank of England increased them for the second time since the Global Financial Crisis and the European Central Bank announced that it would stop expanding market liquidity. Additionally, equity prices were plagued by the threat of trade wars between the two largest economies in the world, the US and China. This contributed to a more volatile market towards the end of 2018, with global equity indices finishing the year in the red.

2018 was a challenging year for truly active managers, with a relatively small number of very large-cap companies delivering significantly positive returns. In most years, close to 50% of stocks that make up the index outperform and close to 50% underperform, suggesting that active managers have a roughly even number of winners and losers to pick from. However, in 2018, significantly more stocks underperformed than outperformed because it was generally the mega cap growth companies that did particularly well. Truly active managers who take little notice of the benchmark in the short term tend to be structurally underweight the mega caps, and the Trust's stock pickers were no different. This was a slight headwind in 2018 (unlike 2017). However, stock selection has continued to be the main driver of returns. While that led to significant outperformance in 2017, it led to moderate underperformance in 2018, but outperformance over the period since 1 April 2017.

Managers who did not have exposure to this narrow group of high performing growth stocks, in particular, value managers, who pick stocks they believe are undervalued by the market,

suffered significant underperformance. It is unusual for the market to be so dominated by a relatively small number of very large-cap growth stocks, and we believe this is not a situation that will likely persist over the longer-term.

Looking further back, value managers have suffered persistent headwinds for many years now. Traditional value stocks have now experienced the longest period of underperformance relative to growth stocks in recent years. Of course, history can provide no guarantee of future market movements, but this unprecedented run of growth stocks over the past decade is a dynamic that we do not expect to continue in perpetuity.

As the observation often attributed to Mark Twain says, "history does not repeat itself, but it often rhymes". We have heard several of our managers describe the similarities that they observe between the market in 2018 and past stock market shocks in early 2000 and in 2008. In particular, they have highlighted the concentration of capital in technology stocks with lofty growth expectations. We do not think trying to time markets is sensible but we are conscious of warning signs, not just from pockets of lofty valuations but also central bank behaviour, threats of trade wars and political uncertainty. We are minded that this has been a long cycle of growth and that cycles inevitably turn.

Of the Trust's eight global stock pickers those that outperformed the benchmark (four of them) represented a mix of investing styles but were mainly growth-focused. The underperformers (four of them) represented predominantly value styles. The Trust's emerging markets stocks delivered strong returns relative to the MSCI Emerging Markets Index. The three managers that struggled the most all favour the value style of investing, but their stock selections in particular now look especially attractive on a relative valuation basis, and appear well placed to deliver future outperformance.

Equity portfolio turnover in 2018 was approximately 60%. There was an increase in portfolio trading activity during the fourth quarter as increased market volatility enabled the Trust's managers to exploit falling valuations and find new, exciting opportunities. During 2018, significant additions to the Trust's equity portfolio included multinational consumer goods conglomerates Unilever and Reckitt Benckiser, both purchased in March. Other sizeable positions established during the year included US health insurer Cigna, US data centre and internet connection services provider Equinix; and research and development focused global drug manufacturer AstraZeneca.

Our target manager allocations remained constant throughout most of the year. In September, a small adjustment was made to the portfolio's target manager weights to reduce the portfolio's exposure to growth stocks in response to growth stocks having significantly outperformed the index since the start of the year. We rebalanced the weightings to reduce any biases across styles, factors and geographies. Our high level of conviction in all of the Trust's managers remains unchanged, and we believe the portfolio is well positioned to capitalise on future opportunities to deliver outperformance.

Performance Attribution

Despite experiencing active management headwinds in 2018, the Trust's managers have managed to find a number of big winners over the course of the year. Amongst the most significant contributors to the Trust's return were San Francisco cloud-based software company Salesforce.com, an operator of healthcare facilities, HCA Healthcare, and a health insurance company, Anthem Inc. These names were all present in the Trust's top 10 holdings at some point during the year. As with previously mentioned HCA Healthcare, UnitedHealth, a US-based company that offers healthcare products and insurance services, was also a significant contributor to returns. Although the portfolio was not overweight mega-cap growth stocks, we did have some exposure to large technology companies such as Amazon, Salesforce.com and Microsoft, which boosted returns. However, the tide turned in the fourth quarter and some of the previous leaders (e.g. Apple, in which our managers have long been underweight) fell significantly. Fortunately, our managers have been rotating their portfolios throughout the year, moving the Trust's overall portfolio positioning from a modest overweight technology stocks at the start of the year, to a modest underweight technology and overweight healthcare.

In terms of detractors, we note that stocks which are statistically cheap in earnings or asset terms became even cheaper during the year. Examples of detractors included CommScope, a multinational communications network provider, Flex, an electronics manufacturer, and Hain Celestial, a global leader and first mover in organic and natural products, all based in the US, were significant detractors over the year. We are in continuous conversation with each of our managers to ensure that their thesis on such stocks remains intact and conviction remains high. Whilst there have been some disappointing performers over this particular 12 month period (and we do not expect our managers to be right all the time), our confidence in the managers who hold value-oriented stocks is as strong as ever and we feel that the market painted them in a particularly poor light during 2018. We believe it would be wrong to make a knee-jerk reaction under such conditions.

Largest 5 Contributors to Equity Portfolio Total Return		1 year		
Security Name	Average Equity Portfolio weight (%)	Average MSCI ACWI weighting (%)	Contribution to Return (%)	
Amazon.com Inc	1.2	1.5	0.5	
Salesforce.com Inc	1.1	0.2	0.4	
Microsoft Corp	1.7	1.5	0.4	
HCA Healthcare Inc	1.1	0.1	-0.4	
UnitedHealth Group Inc	1.5	0.6	0.3	

Largest 5 Detractors to Equity Portfolio Total Return		1 year		
Security Name	Average Equity Portfolio weight (%)	Average MSCI ACWI weighting (%)	Contribution to Return (%)	
CommScope Holding Co. Inc	0.6	0.0	-0.4	
Hain Celestial Group Inc	0.5	0.0	-0.4	
Flex Ltd	0.6	0.0	-0.4	
Western Digital Corp	0.7	0.0	-0.3	
Amerprise Financial Inc	0.8	0.0	-0.3	

Source: The Bank of New York Mellon Performance & Risk Analytics Europe Limited.
Note: Contributions to total return are for the equity portfolio only, which may differ from the Net Asset Value (NAV) Total Return and Total Shareholder Return.

INVESTMENT MANAGER'S REPORT CONTINUED

PORFOLIO RISK

The Trust's equity portfolio is managed in order to maintain a neutral balance across investing styles, geographies and sectors relative to the benchmark, achieved by careful selection and weighting of managers with complementary investment styles and regional/sector exposures. As a result of this approach, as at 31 December 2018, regional and sector exposures of the equity portfolio were broadly similar to the position at 31 December 2017. The equity portfolio is currently positioned with a small underweight to the US against the MSCI ACWI; but this is a result of bottom-up stock-picking, rather than top-down asset allocation. With US stocks looking expensive relative to their European and Asian counterparts throughout much of the year, managers have been able to find more attractive opportunities outside of the US.

In much the same vein as the preceding year, 2018 saw numerous external risk factors reappear, as political uncertainty and controversy in all corners of the world continued to dominate headlines. For a Sterling investor, Brexit-associated risks continued to be a major concern throughout 2018, and despite a number of significant developments in the negotiation process, at the time of writing, many of the realities of post-Brexit Britain remain unclear.

Since the current investment approach was adopted on 1 April 2017, it is pleasing to see the majority of the Trust's outperformance has been due to managers' stock selection abilities, and the Trust has followed a significantly less volatile path than that of the benchmark, the MSCI ACWI.

Risk summary			
Active risk	2.5%	Portfolio volatility	11.9%
Active share	80%	Benchmark volatility	12.5%
Beta	0.94		

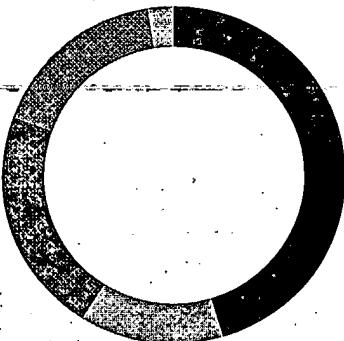
Number of stocks*		
Portfolio		197
Benchmark		2,727

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

*The figures shown for Portfolio and Benchmark above are those used for the calculation of the corresponding risk analysis and will differ from the number of stocks held and the number of stocks in the benchmark. This is due to the classification of stocks for risk purposes and limited data coverage for certain stocks.

While the stock pickers are not restrained by geography, sector or style, we set out below an analysis of how the Trust's portfolio was structured at the year end.

REGION



North America 45.5%

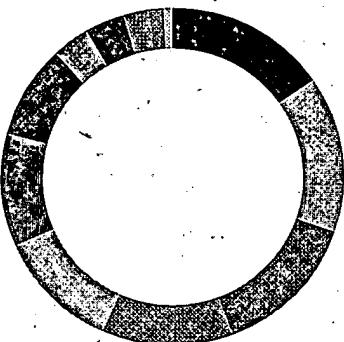
UK 13.4%

Europe 21.9%

Asia 16.8%

Cash 2.4%

SECTOR



Information Technology 15.4%

Financials 14.9%

Health Care 13.9%

Consumer Discretionary 12.5%

Industrials 11.7%

Consumer Staples 10.8%

Telecommunications 8.9%

Materials 3.8%

Energy 3.5%

Cash 2.4%

Utilities 1.4%

Real Estate 0.8%

GEARING

We manage the gearing level for the Trust in accordance with the gearing policy set by the Board. We have maintained a gross level of gearing of around 8.0% throughout much of 2018. This is towards the lower end of the range set by the Board and reflects our central view that whilst markets are still projecting expectations for relatively strong growth, we expect that global growth will soon begin to slow.

Gross gearing levels have fluctuated between approximately 7.5% and 9.5% over the course of the year reflecting market movement. As at the end of December after the market fall, the Trust's gross level of gearing was around the higher end of this range. This level of gearing will allow the Trust to benefit from leveraged returns in the event of a market rebound.

In November, the Trust took advantage of a historically low-yield environment to issue fixed-rate long-dated financing of £60m through three equally-sized unsecured privately placed notes with maturities of 15, 25 and 35 years respectively. During the process the Trust received several offers from which the Board was able to select the most attractive pricing. The proceeds were used to repay short-term borrowing on existing floating rate facilities and the Trust's total gearing level remained unchanged as a result of this transaction.

One of the ways in which the Trust is expected to add value for its shareholders is by securing long-term, cheap borrowings that would not otherwise be available to an individual investor, and invest these borrowings to generate higher returns for its shareholders. We are pleased that the Trust's debt offering received such strong interest, which is a reflection of the confidence the market has in the future success of the Trust.

VOTING

WTW has given discretionary voting powers to each of the stock pickers in respect of the equities they have selected for the Trust. Between 1 January 2018 and 31 December 2018, they voted on 2,915 resolutions at company meetings. They voted against or abstained from voting on 10% of these resolutions. Of the resolutions where the management recommendation was 'For', the managers voted against or abstained on 9% of these resolutions and of the 73 proposals where the management recommendation was 'Against', the managers voted with management on 42% of them.

These votes related to many issues, including: board composition (including director remuneration, incentive compensation and appointment), auditor tenure, the reduction of company capital and the setting of company dividends.

ECONOMIC AND MARKET OUTLOOK FOR 2019

Our outlook for 2019 is set against a backdrop of increasingly difficult global economic conditions and political uncertainty. This uncertainty has brought about significant, and broad based volatility and price weakness in the equity market. We expect active management, especially the concentrated, best ideas approach we employ for the Trust, can take advantage of this volatility by identifying companies that have been sold without regard for their true intrinsic value. Combining the 20 best such companies from each of our eight high conviction stock pickers, as well as a less concentrated selection of emerging markets stocks, we believe we have created a diversified portfolio that will be able to provide investors with a less volatile and hopefully more rewarding investment experience.

Because economic policy and political uncertainty are elevated globally, it is increasingly difficult to predict economic outcomes, with an increasing range of potentially negative ones. We expect growth in the major economies to steadily slow. While there are many drivers for this, rising interest rates and the unwinding of quantitative easing by central banks will make developed equity markets overall more challenging. We expect liquidity to fall and volatility to rise.

Market expectations for US earnings growth for 2019 are optimistic – leaving scope for earnings disappointment. As such, under current valuations, we view more risks to the downside in US equities. On the other hand, emerging market equities have been declining over 2018 and are cheap on a relative basis, with greater potential for growth.

The Trust's portfolio is managed in such a way as to ensure that stock selection drives returns, and it is stock selection that gives us slight underweight position to the US and slight overweight position to emerging markets.

The Trust's concentrated, best ideas approach should be well positioned to take advantage of volatile markets, as investors often overreact when facing escalated volatility/market weakness, creating pockets of opportunities for active management. Having worked at a range of large investment management firms before starting or joining their current businesses, the Trust's stock pickers all have extensive experience of a wide variety of market environments over many years, including both bull and bear markets. They are, therefore, highly skilled at identifying companies with attractive earnings prospects relative to their perceived market value. We have a high degree of confidence in their abilities to identify the winners and we have already heard from several of our managers that increased volatility is presenting them with opportunities to invest in what they regard as undervalued stocks.

THE STOCK PICKERS



BLACK CREEK INVESTMENT MANAGEMENT INC.

Black Creek is based in Toronto and was founded in 2004 by Bill Kanko. Assets under management as at 31 December 2018 were \$8.0bn.

At 31 December 2018 12% of the equity portfolio had been selected and invested by Black Creek.



Bill Kanko, Founder and President. Bill was the Lead Manager for the successful Trimark Fund and Trimark Select Growth Fund, with combined assets of more than \$13bn.

LARGEST 3 INVESTMENTS

GSK do more feel better live longer	
Sector	Health Care
Value at 31.12.18 (£m)	21.1
First invested by stock picker	19 Jan 18
% Sterling gain in 2018	17.7
% Sterling gain since date of first purchase	17.7

Schneider Electric	
Sector	Health Care
Value at 31.12.18 (£m)	18.1
First invested by stock picker	11 Apr 17
% Sterling gain in 2018	-12.2
% Sterling gain since date of first purchase	-3.1

Booz Allen Hamilton	
Sector	Information Technology
Value at 31.12.18 (£m)	17.8
First invested by stock picker	05 Sep 17
% Sterling gain in 2018	27.1
% Sterling gain since date of first purchase	28.0

MANAGER STYLE

Looking five to ten years ahead, using a valuation-orientated approach, they seek stocks in leading businesses around the world. The approach is long-term, contrarian and across the cap spectrum.

STOCK SPOTLIGHT: BOOZ ALLEN HAMILTON

Sector	Value at 31.12.18 (£m)	First invested by stock picker	% Sterling gain in 2018	% Sterling gain since date of first purchase
Information Technology	17.8	05 Sep 17	27.1	28.0

Founded in 1914, Booz Allen Hamilton (BAH) is a management consulting firm headquartered in the United States with over 400 locations in more than 20 countries. Its business lines include consulting, analytics, digital solutions, engineering, and cyber solutions.

From an investment perspective, we held the view that BAH was a key partner to the government for many aspects of integral data management and analytics, some of which is highly classified, which is an enormous barrier to entry. BAH also has a senior management team and board that promotes a partnership culture and collaboration. It is currently benefiting from increased global defence spending and the need for greater cybersecurity solutions for both governments and corporations. As of September 2018, total project backlog was a robust \$21.4 billion, an increase of over 28% year over year.

Over 90% of the company's revenue is derived from engagements on which it acted as the prime contractor which allows BAH to build unique insights and a strong understanding of the needs of its clients. The company is making strategic investments in innovative technologies, such as Machine Intelligence and Directed Energy, to help meet its clients' needs over the long term.



First Pacific Advisers (FPA) is a Los Angeles-based institutional money management firm. As of 31 December 2018, FPA manages approximately \$26bn. Independently owned, FPA has 85 employees, with 32 investment professionals.

At 31 December 2018 12% of the equity portfolio had been selected and invested by FPA.



Pierre Py and Greg Herr have an average of over 20 years' investing experience.

LARGEST 3 INVESTMENTS

RYANAIR	
Sector	Industrials
Value at 31.12.18 (£m)	24.8
First invested by stock picker	12 Apr 17
% Sterling gain in 2018	-27.0
% Sterling gain since date of first purchase	-16.6

PageGroup	
Sector	Industrials
Value at 31.12.18 (£m)	21.9
First invested by stock picker	12 Apr 17
% Sterling gain in 2018	1.0
% Sterling gain since date of first purchase	8.5

LUXOTTICA	
Sector	Consumer Discretionary
Value at 31.12.18 (£m)	20.1
First invested by stock picker	22 Dec 17
% Sterling gain in 2018	4.0
% Sterling gain since date of first purchase	3.1

MANAGER STYLE

Long-term approach seeking companies that have high-quality business models, exhibit financial strength, and strong management with a track record of shareholder alignment and allocating capital in a value-accretive manner. The team operates a strict value discipline.

STOCK SPOTLIGHT: PAGEGROUP

Sector	Value at 31.12.18 (£m)	First invested by stock picker	% Sterling gain in 2018	% Sterling gain since date of first purchase
Industrials	21.9	12 Apr 17	1.0	8.5

PageGroup, based in the UK, is one of the leading global employment staffing companies. Its business model has produced industry-leading profitability, has limited tangible asset or working capital needs and, as a result, has generated strong returns on capital employed.

Over the last several years, the company implemented an investment program to upgrade IT systems and open offices in new countries. This has significantly diversified the group across geographies and sectors. While the spending on immature locations weighed on profitability in the short-term, now that scale has been reached in these markets we believe margins should benefit. Over the longer term, the entry into France, China and the US appears to put the company on a long runway for organic growth.

The group is led by an experienced management team that fostered a strong culture of performance. We believe that the team has executed well over time, including the recent expansion program. The balance sheet has no debt and carries an ample level of cash. The group also returns excess cash flow to shareholders through dividends and share buybacks.

Finally, we believe PageGroup's valuation continues to offer an attractive discount to our estimate of the company's intrinsic value.

THE STOCK PICKERS CONTINUED

GOG PARTNERS

GQG Partners is a boutique investment management firm focused on global and emerging markets equities. Headquartered in Fort Lauderdale, Florida USA, it manages assets of around \$17.6bn as at 31 December 2018.

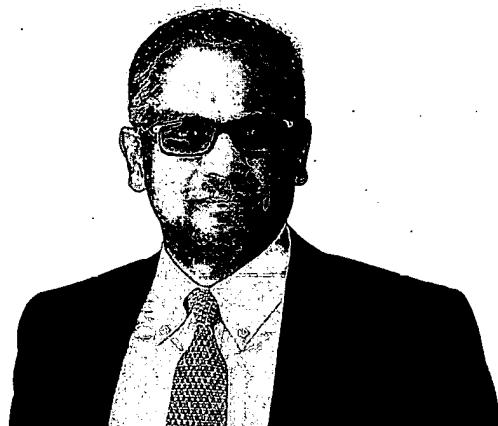
At 31 December 2018 15% of the equity portfolio had been selected by GQG Partners. GQG have responsibility for picking and investing up to 20 stocks across the global equity market and up to a further 50 stocks from the emerging markets.

LARGEST 3 GLOBAL INVESTMENTS

UnitedHealthcare	
Sector	Health Care
Value at 31.12.18 (£m)	201
First invested by stock picker	07 Apr 17
% Sterling gain in 2018	21.1
% Sterling gain since date of first purchase	24.9

HDFC BANK	
Sector	Financials
Value at 31.12.18 (£m)	19.7
First invested by stock picker	19 Sep 18
% Sterling gain in 2018	12.7
% Sterling gain since date of first purchase	12.7

P&G	
Sector	Consumer Staples
Value at 31.12.18 (£m)	16.7
First invested by stock picker	15 Oct 18
% Sterling gain in 2018	16.9
% Sterling gain since date of first purchase	16.9



Rajiv Jain founded GQG Partners in June 2016, having previously worked at Vontobel Asset Management for 22 years where he was responsible for over £30bn of assets.

MANAGER STYLE

Rajiv looks for high-quality and sustainable businesses, whose underlying strength should outweigh their macro environment and where each company's strength can only truly be understood through bottom-up analysis.

GLOBAL STOCK SPOTLIGHT: UNILEVER

Sector	Value at 31.12.18 (£m)	First invested by stock picker	% Sterling gain in 2018	% Sterling gain since date of first purchase
Consumer Staples	10.9	07 Dec 18	4.4	-4.4

Despite all the macro noise in 2018, we continue to find good opportunities to upgrade the portfolio and express our focus on stability of earnings over absolute growth. One such name is Unilever NV-CVA (Unilever).

Unilever is one of the world's largest consumer goods companies, with products across the Beauty and Personal Care, Home Care, as well as the Food and Refreshment segments. The company owns approximately 400 brands, used by nearly 2.5 billion customers, across 190 countries, on a daily basis. Several of the company's name brands include Lipton, Dove and Hellmann's. Additionally, the company owns many iconic local brands such as Bang in Indonesia, Pureit in India and Suave in the US, which together contribute approximately 30% of revenue. Given the high profile brands in its portfolio, the company holds leading positions in several sales categories across their footprint.

Even though the company has spent more than €24 billion on acquisitions over the last 5 years, return on invested capital remains at an industry leading 19%. The company has a long history of dividend payments, with a dividend yield as of December 2018 of 3.5%, and remains focused on returning more cash to shareholders.

LARGEST 3 EMERGING MARKET INVESTMENTS



Sector	Financials
Value at 31.12.18 (£m)	8.4
First invested by stock picker	07 Apr 17
% Sterling gain in 2018	14.2
% Sterling gain since date of first purchase	12.5



Sector	Financials
Value at 31.12.18 (£m)	5.6
First invested by stock picker	07 Apr 17
% Sterling gain in 2018	8.4
% Sterling gain since date of first purchase	15.8



Sector	Financials
Value at 31.12.18 (£m)	5.4
First invested by stock picker	07 Apr 17
% Sterling gain in 2018	20.5
% Sterling gain since date of first purchase	21.6

*Housing Development Finance Corporation (HDFC) is a financial conglomerate and HDFC Bank is a subsidiary/associate company of HDFC. HDFC holds approximately 30.5% of the shares of HDFC Bank. The marks above are owned by HDFC corporation and HDFC Bank.

EMERGING MARKETS STOCK SPOTLIGHT: LINK REIT

Sector	Value at 31.12.18 (£m)	First invested by stock picker	% Sterling gain in 2018	% Sterling gain since date of first purchase
Real Estate	3.7	07 Sep 18	7.9	7.9

LINK REIT (LINK) was the first Real Estate Investment Trust (REIT) to be listed in Hong Kong and manages a non-discretionary focused, retail property portfolio of around 9m square feet in Hong Kong and around 3m square feet in China. LINK is not only the largest owner of private retail space in Hong Kong but its 69,000 car park spaces, make it the largest holder in that category as well.

Beyond its key holdings, LINK also has the distinction of being the only major non-family owned property manager in Hong Kong, so it's much more concerned with generating returns on capital rather than holding heirloom/cherished assets. Management accomplishes this by divesting assets, typically at a premium of 30-50%, to recycle capital into new properties, keeping the portfolio fresh.

Many of LINK's customers are in the mass market category, such as food-retail, making the earnings extremely resilient to economic cycles.

For this resilient business, characteristics remain attractive, with a 2020 financial year price to earnings ratio of 24, a price to book value of less than 1 and a yield of 4%.

THE STOCK PICKERS CONTINUED

JUPITER*

Jupiter was established in London in 1985 as a specialist investment boutique. Since then it has expanded beyond the UK and manage around £42.7bn as at 31 December 2018.

At 31 December 2018 11% of the equity portfolio had been selected and invested by Jupiter.



Ben Whitmore has over 20 years of experience and joined Jupiter in 2006. He worked at Schroders, managing both retail and institutional portfolios and around £2bn of assets. Ben is supported by Dermot Murphy, Co-Portfolio Manager.

LARGEST 3 INVESTMENTS

WPP	
Sector	Communication Services
Value at 31.12.18 (£m)	17.8
First invested by stock picker	22 Dec 17
% Sterling gain in 2018	-0.7
% Sterling gain since date of first purchase	-0.7

WesternUnion WU	
Sector	Information Technology
Value at 31.12.18 (£m)	17.4
First invested by stock picker	08 Apr 17
% Sterling gain in 2018	-1.6
% Sterling gain since date of first purchase	-4.4

Standard Chartered	
Sector	Financials
Value at 31.12.18 (£m)	17.3
First invested by stock picker	11 Jul 18
% Sterling gain in 2018	-10.8
% Sterling gain since date of first purchase	-10.8

MANAGER STYLE

Ben is well known in the market as a long-standing practitioner of contrarian value investing. He seeks businesses that are out of favour and under-valued, but have prominent franchises and sound balance sheets.

STOCK SPOTLIGHT: WESTERN UNION

Sector	Value at 31.12.18 (£m)	First invested by stock picker	% Sterling gain in 2018	% Sterling gain since date of first purchase
Information Technology	17.4	08 Apr 17	-1.6	-4.4

Western Union is a global money transfer agency and provides electronic money transfer and bill paying services. It operates in 200 countries and has a global network of over 550,000 agent locations. Payments companies, including Western Union, have faced challenges through global focus on anti-money laundering (AML) measures. This has forced Western Union to invest a significant amount on AML and Compliance (currently 4% of revenues), and the business has not grown profits over the last few years as it has had to reinvest in its business. Consequently, it is now very lowly valued, trading on a sub 10x Graham & Dodd Profit to Earnings ratio. It is cash generative and has high returns.

What appeals is that there is lower competition than assumed by the stock market with other banks and fintech companies. The business model focuses on cash payments from developed to undeveloped markets where the majority of recipients are unbanked. In addition, the density and diversity of the agent network is very difficult to replicate and provides global revenue exposure.

*JUPITER® and JUPITER are the trademarks of Jupiter Investment Management Group Ltd.

Lyrical

ASSET MANAGEMENT, LP

Lyrical Asset Management is a large advisory firm based in New York, with 994 clients and discretionary assets under management (AUM) of over \$7.2bn as at 31 December 2018.

At 31 December 2018 15% of the equity portfolio had been selected and invested by Lyrical.



Lyrical Asset Management's investment management team is led by Co-Founder and Chief Investment Officer, Andrew Wellington.

LARGEST 3 INVESTMENTS

HCA

Sector	Health Care
Value at 31.12.18 (£m)	34.6
First invested by stock picker	12-Oct-17
% Sterling gain in 2018	51.8
% Sterling gain since date of first purchase	59.3

Anthem

Sector	Health Care
Value at 31.12.18 (£m)	32.4
First invested by stock picker	08-Apr-17
% Sterling gain in 2018	25.4
% Sterling gain since date of first purchase	25.4

Aflac.

Sector	Financials
Value at 31.12.18 (£m)	26.6
First invested by stock picker	08-Apr-17
% Sterling gain in 2018	11.8
% Sterling gain since date of first purchase	13.2

MANAGER STYLE

Value matters most to Lyrical and the team also maintains a strict discipline around investing in quality companies, seeking businesses that it believes will generate attractive returns on their invested capital, are resilient with reasonable debt levels, positive growth, attractive margins, competent management, and the flexibility to react to all phases of the business cycle.

STOCK SPOTLIGHT: AERCAP

Sector	Value at 31.12.18 (£m)	First invested by stock picker	% Sterling gain in 2018	% Sterling gain since date of first purchase
Industrials	18.6	08 Apr 17	-20.1	7.9

Aercap operates a simple business model. It owns about 1,000 aeroplanes and leases them to airlines all over the world, typically with long-term contracts. One might think that leasing aeroplanes is a terrible proposition as airlines notoriously have poor credit and often go bankrupt. But, one of the nice things about aeroplanes is that they are easy to move. If demand for aeroplanes shrinks in one country or with one customer, you can simply fly that aeroplane to a new location or owner.

Investors may be concerned that the future value of Aercap's aeroplanes is at risk. However, the company has had its aeroplanes appraised at a premium of 5-10% above their reported value. Investors may also be worried about Aercap's economic sensitivity, but Aercap's longer-term track record shows little justification for that concern. The company has grown its book value per share each year for the past 12 years, including a 32% increase through the financial crisis of 2007-2009.

Part of the formula for these impressive results is Aercap's discipline to sell aeroplanes and buy back its own shares when it believes that decision offers a better risk/reward. Despite its past success, Aercap trades at a very low valuation, which makes this attractive company an even more attractive stock.

THE STOCK PICKERS CONTINUED

RIVER AND MERCANTILE ASSET MANAGEMENT

River and Mercantile Group was formed in 2014 and is based in London.

Its advisory and investment solutions serve a large client base predominantly in the UK. As at 31 December 2018 they managed £4.6bn.

At 31 December 2018 9% of the equity portfolio had been selected and invested by River and Mercantile.



Hugh Sergeant is the CIO of Equities having previously been in a similar role at Societe Generale Asset Management (SGAM) and prior to that at UBS/Phillips & Drew and Gartmore.

LARGEST 3 INVESTMENTS

Baidu 百度

Sector	Communication Services
Value at 31.12.18 (£m)	19.4
First invested by stock picker	22 Jun 17
% Sterling gain in 2018	-24.4
% Sterling gain since date of first purchase	-6.2

PRADA

Sector	Consumer Discretionary
Value at 31.12.18 (£m)	17.6
First invested by stock picker	11 Apr 17
% Sterling gain in 2018	-1.6
% Sterling gain since date of first purchase	-18.3



Sector	Financials
Value at 31.12.18 (£m)	17.1
First invested by stock picker	11 Apr 17
% Sterling gain in 2018	-20.2
% Sterling gain since date of first purchase	-4.5

MANAGER STYLE

Hugh has put in place a process that helps him identify value at different stages of a company's lifecycle and to give signals as to when that value might be unlocked. He has shown particular strength in smaller companies and in classic 'Recovery' situations.

STOCK SPOTLIGHT: ANIMA

Sector	Value at 31.12.18 (£m)	First invested by stock picker	% Sterling gain in 2018	% Sterling gain since date of first purchase
Financials	12.9	17 Oct 17	-40.0	-32.0

Anima is Italy's number one independent asset manager, with €103 billion in assets under management.

Italy is an under-penetrated and fragmented market, providing opportunities for Anima to grow. Central to Anima's business model are its strategic distribution arrangements with banks, where Anima has helped transform mutual funds from a troublesome area to a profitable opportunity for both parties.

This company is a strong cash generator, which provides the opportunity for mergers and acquisitions (M&A) to drive growth and provide economies of scale. In September 2017 Anima announced the acquisition of Aletti Gestieffe from Banco BPM and an agreement with Poste Italiane regarding the transfer of Banco Posta Fondi to Anima; both these transactions strengthened Anima's market position.

Anima's share price has suffered disproportionately recently from its linkage to Italy/Italian banks. The company earns very good profit margins and a high return on capital, despite low management fee margins (0.30%), which should increase as they deliver cost synergies from recent M&A. Our confidence on delivery of these is supported by management's strong record of cost discipline. At the current trough valuation, it offers clear strategic value as an entry into the Italian market.



Founded in 2003 by George Fraise, Gordon Marchand and Robert Rohn, SGA are based in Stamford, USA and manage US, Global, Emerging Markets, & International Large Cap Growth Portfolios. They had client assets of over \$10.6bn as at 31 December 2018.

At 31 December 2018 13% of the equity portfolio had been selected and invested by SGA.



Sustainable Growth Advisers (SGA) was founded in 2003 by **George Fraise, Gordon Marchand and Rob Rohn** who jointly manage SGA's stock picks for the Trust. They average over 30 years of investment experience.

LARGEST 3 INVESTMENTS

HDFC BANK	
Sector	
Value at 31.12.18 (£m)	25.0
First invested by stock picker	08 Apr 17
% Sterling gain in 2018	8.5
% Sterling gain since date of first purchase	16.4

novo nordisk	
Sector	
Value at 31.12.18 (£m)	22.5
First invested by stock picker	08 Apr 17
% Sterling gain in 2018	-8.3
% Sterling gain since date of first purchase	19.4

AIA	
Sector	
Value at 31.12.18 (£m)	22.2
First invested by stock picker	08 Apr 17
% Sterling gain in 2018	4.8
% Sterling gain since date of first purchase	18.0

MANAGER STYLE

SGA seeks to identify only those very few truly differentiated global businesses that possess strong pricing power, offer recurring revenue generation and benefit from attractive, long runways of growth.

STOCK SPOTLIGHT: AIA GROUP

Sector	Value at 31.12.18 (£m)	First invested by stock picker	% Sterling gain in 2018	% Sterling gain since date of first purchase
Financials	22.2	08 Apr 17	4.8	18.0

AIA Group is a Hong Kong based life-insurer with operations across 18 markets in the Asia-Pacific region.

We expect the Asia-Pacific region to enjoy the most attractive rates of growth within the life insurance sector over our 3-5 year time horizon, driven by continuing economic development, rising wealth and the relative under-penetration of insurance.

The need for long-term savings and protection products in the Asia-Pacific region should continue to grow. The company's extensive network of highly productive direct agents are a competitive advantage, allowing the company to enjoy high profitability and highly persistent, recurring premium revenues.

With a diverse footprint across both mature and developing markets, AIA benefits from a high policy persistency ratio of 95%+ and an existing book of business that provides steady cash flows and high repeat revenues. The company's capital position is very strong. With a compelling long-term growth opportunity, an attractive cash flow based valuation, strong pricing power and repeatable revenue growth, we find AIA Group to be a highly attractive investment today, particularly given the recent weakness experienced by Chinese and Asian stocks.

THE STOCK-PICKERS
CONTINUED

Veritas — Asset Management

Established in 2003, Veritas is run with a partnership structure and culture. They have offices in London and Hong Kong. As at 31 December 2018 they managed £15.7bn.

At 31 December 2018 13% of the equity portfolio had been selected and invested by Veritas.



Andy Headley is Head of Global Strategies at Veritas Asset Management. Andy has over 20 years' investment experience and is supported by Charles Richardson, Co-Portfolio Manager, who has over 30 years' experience.

LARGEST 3 INVESTMENTS

Cigna	
Sector	Health Care
Value at 31.12.18 (£m)	29.3
First invested by stock picker	21-Dec-18
% Sterling gain in 2018	~22.6
% Sterling gain since date of first purchase	22.6

Charter COMMUNICATIONS	
Sector	Communication Services
Value at 31.12.18 (£m)	27.2
First invested by stock picker	07-Apr-17
% Sterling gain in 2018	-101
% Sterling gain since date of first purchase	-8.8

Unilever	
Sector	Consumer Staples
Value at 31.12.18 (£m)	25.3
First invested by stock picker	23-Mar-18
% Sterling gain in 2018	13.5
% Sterling gain since date of first purchase	13.5

MANAGER STYLE

The investment process utilises a proprietary Real Return Approach, employed with an absolute return mindset, dispensing with any reference to indices. Veritas uses a number of methods including themes to help identify industries and companies that are well positioned to benefit medium-term growth, regardless of where they are located.

STOCK SPOTLIGHT: CVS HEALTH

Sector	Value at 31.12.18 (£m)	First invested by stock picker	% Sterling gain in 2018	% Sterling gain since date of first purchase
Health Care	23.5	07 Apr 17	-1.9	-7.7

CVS Health (CVS) is extremely well placed in the US Healthcare market, with more retail pharmacies than any other company and one of the top two purchasing benefits managers (PBM) in the United States. The company's share price had come under pressure during early 2018 as investors became convinced CVS would be challenged by Amazon in drug distribution and by the rhetoric around drug pricing and the role PBMs play. (PBMs sit between the payer and the drug companies and help lower prices when producing their list of approved drugs)

Whilst CVS looked cheap on valuation grounds, the company is made even more compelling with its agreed bid for Aetna, the US insurer. The merger will form a large vertically integrated Healthcare company, not too dissimilar to the very successful United Health (also held). Not only will the company gain the clients of Aetna, it will be able to produce the 'last mile of care' – further monetising its 10,000 plus pharmacies by offering some health care services as well simply a venue for picking up prescriptions.

Over the past five years, the company had grown adjusted earnings per share by 11% annually and free cash flow in 2017 was \$6.4bn. Growth over the next 5 years is aided by CVS's merger with Aetna.

CVS recently announced that they are expanding into chronic kidney disease detection, treatment and dialysis, which is a major cost for health insurers.

INVESTMENT PORTFOLIO

EQUITY HOLDINGS AS AT 31 DECEMBER 2018

Investment	Region	% of Investment Portfolio	Value £m
Equities	Global	97.4	2,514.5
			Total value 2,514.5

INVESTMENT IN OPERATING SUBSIDIARY COMPANY AS AT 31 DECEMBER 2018

Investment	Region	% of Investment Portfolio	Value £m
Alliance Trust Savings	United Kingdom	1.3	32.7
			Total value 32.7

NON-CORE INVESTMENTS AS AT 31 DECEMBER 2018*

Investment	Region	% of Investment Portfolio	Value £m
Private Equity	United Kingdom/Europe	0.6	14.8
Mineral Rights	North America	0.5	12.9
Liontrust Asset Management PLC	United Kingdom	0.2	5.9
			Total value 33.6

*As at 13 February 2019 the value of the remaining private equity investments was £9.3m with a further £3.4m held in cash and the mineral rights £11.6m. The shares in Liontrust Asset Management PLC cannot be sold prior to 6 April 2019.

TOTAL INVESTMENTS AS AT 31 DECEMBER 2018

Investment	% of Investment Portfolio	Value £m
Equities	97.4	2,514.5
Investment in Operating Subsidiary Company	1.3	32.7
Non-core Investments	1.3	33.6
		Total value 2,580.8

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

CONTRIBUTION ANALYSIS – 2018

Contribution Analysis (%)	Contribution to Total Return	
Equity Portfolio	-4.2	This is the Equity Portfolio Total Return and is before managers' fees and includes the effect of managers' cash holdings
Effect of Weighting and Cost of Gearing	-0.1	This is the impact of having more than 100% of the assets in the equity portfolio on average over the year and the cost of gearing
Non-core Investments	-0.1	Includes private equity and mineral rights and shows that they had a negative impact on the Trust's return in the year
Subsidiaries	-0.2	Despite delivering a profit for the year, Alliance Trust Savings' fair value fell during 2018, therefore providing a negative contribution to the Trust's Total Shareholder Return
Cash and Accruals	-0.4	This entry includes cash as well as accruals for Trust expenses, but does not include cash held by the stock pickers which has not been invested – this is captured in the Equity Portfolio Total Return
Share Buybacks	0.3	The impact of share buybacks was positive boosting the Total Shareholder Return
Total Expenses	-0.7	Costs (detailed on page 29) including manager fees (detailed on page 57) reduced performance
NAV Total Return	-5.4	This is the total return of the Trust based on its NAV
Effect of Discount	-0.7	This is the negative impact on the Total Shareholder Return due to the discount increasing during the year
Total Shareholder Return	-6.1	This is the total return that our shareholders received through share price movement and dividend reinvestment
MSCI ACWI Total Return	-3.3	This is the return that the benchmark index achieved through share price movement and dividend reinvestment

Source: WTW, The Bank of New York Mellon (International) Ltd, Morningstar, BNY Mellon Fund Performance & Risk Analytics Europe Limited and MSCI Inc.

LARGEST 20 INVESTMENTS

LARGEST 20 INVESTMENTS AS AT 31 DECEMBER 2018

The following are the largest 20 global stocks selected by our stock pickers. A number of these stocks have been invested in by more than one of our stock pickers. A full list of all of our holdings can be found on pages 93 to 96 and on our website at www.alliancetrust.co.uk



HDFC Bank Ltd. (HDFC) is an Indian bank. It offers a wide range of services including both corporate banking and custodial services. It is also active in the treasury and capital markets and provides project advisory services and capital market products such as Global Deposit Receipts, Euro currency loans, and Euro currency bonds.

Country of Listing	India
Sector	Financials
Selected by stock pickers	2
% of quoted equities	2.1
% of MSCI ACWI	0.0
Value of Holding (£m)	53.1



Microsoft Corporation develops, manufactures, licenses, sells, and supports software products including Microsoft Office. The company offers a range of other software products including operating systems, server applications, business and consumer applications. It also offers software development tools and software for the Internet and intranets. In addition, it develops video game consoles and digital music entertainment devices.

Country of Listing	United States
Sector	Information Technology
Selected by stock pickers	3
% of quoted equities	1.8
% of MSCI ACWI	1.8
Value of Holding (£m)	45.7



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

Country of Listing	United States
Sector	Communication Services
Selected by stock pickers	3
% of quoted equities	1.7
% of MSCI ACWI	1.3
Value of Holding (£m)	43.7



Unilever

Unilever manufactures branded and packaged consumer goods, including food, detergents, fragrances, home, and personal care products.

Country of Listing	United Kingdom
Sector	Consumer Staples
Selected by stock pickers	2
% of quoted equities	1.5
% of MSCI ACWI	0.2
Value of Holding (£m)	38.5



The Western Union Company offers global money transfer services. It offers consumer to consumer money transfer and bill paying services, and sells money orders.

Country of Listing	United States
Sector	Information Technology
Selected by stock pickers	2
% of quoted equities	1.4
% of MSCI ACWI	0.0
Value of Holding (£m)	35.9



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

Country of Listing	United States
Sector	Health Care
Selected by stock pickers	2
% of quoted equities	1.4
% of MSCI ACWI	0.6
Value of Holding (£m)	35.7

LARGEST 20 INVESTMENTS AS AT 31 DECEMBER 2018



HCA Healthcare, Inc. offers health care services. This includes diagnosis, treatments, consultancy, nursing, surgeries as well as medical education, physician resource centres, and training programs. HCA Healthcare serves patients in the United States.

Country of Listing	United States
Sector	Health Care
Selected by stock pickers	1
% of quoted equities	1.4
% of MSCI ACWI	0.1
Value of Holding (£m)	34.6



Oracle Corporation supplies software for enterprise information management. It offers databases and relational servers, application development and decision support tools, and enterprise business applications. Oracle's software runs on a variety of hardware options including network computers, personal digital assistants, set-top devices, PCs, mainframes and massively parallel computers.

Country of Listing	United States
Sector	Information Technology
Selected by stock pickers	2
% of quoted equities	1.3
% of MSCI ACWI	0.3
Value of Holding (£m)	32.9



Anthem Inc. operates as a health benefits company. It provides health, dental, vision, and pharmacy benefits, as well as life and disability insurance. It also offers a broad spectrum of network-based managed care plans to large and small employers, individuals and to the Medicaid, and Medicare markets.

Country of Listing	United States
Sector	Health Care
Selected by stock pickers	1
% of quoted equities	1.3
% of MSCI ACWI	0.2
Value of Holding (£m)	32.4



Cigna Corporation operates as an insurance company. It offers life, accident, disability, supplemental, medicare, and dental insurance products and services, as well as retirement, health insurance, and annuity products. Cigna serves individuals, families, and businesses worldwide.

Country of Listing	United States
Sector	Health Care
Selected by stock pickers	1
% of quoted equities	1.2
% of MSCI ACWI	0.2
Value of Holding (£m)	29.3



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

Country of Listing	United States
Sector	Communication Services
Selected by stock pickers	1
% of quoted equities	1.1
% of MSCI ACWI	0.1
Value of Holding (£m)	27.2



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

Country of Listing	Hong Kong
Sector	Financials
Selected by stock pickers	2
% of quoted equities	1.1
% of MSCI ACWI	0.2
Value of Holding (£m)	26.6



Aflac, Inc. is a holding company. Its subsidiaries provide insurance to individuals in the United States and Japan. These include accident and disability, cancer expense, short-term disability, sickness and hospital indemnity, hospital intensive care, and fixed-benefit dental plans.

Country of Listing	United States
Sector	Financials
Selected by stock pickers	1
% of quoted equities	1.1
% of MSCI ACWI	0.1
Value of Holding (£m)	26.6

LARGEST 20 INVESTMENTS CONTINUED

LARGEST 20 INVESTMENTS AS AT 31 DECEMBER 2018

	Philip Morris International Inc. operates as a holding company. The company, through its subsidiaries, licensees, produces, sells, distributes, and markets a wide range of branded cigarettes and tobacco products. They also develop smoke-free products that deliver nicotine without the harmful smoke of cigarettes. Philip Morris International serves customers worldwide.	<table border="1"> <tr><td>Country of Listing</td><td>United States</td></tr> <tr><td>Sector</td><td>Consumer Staples</td></tr> <tr><td>Selected by stock pickers</td><td>2</td></tr> <tr><td>% of quoted equities</td><td>1.0</td></tr> <tr><td>% of MSCI ACWI</td><td>0.3</td></tr> <tr><td>Value of Holding (£m)</td><td>25.1</td></tr> </table>	Country of Listing	United States	Sector	Consumer Staples	Selected by stock pickers	2	% of quoted equities	1.0	% of MSCI ACWI	0.3	Value of Holding (£m)	25.1
Country of Listing	United States													
Sector	Consumer Staples													
Selected by stock pickers	2													
% of quoted equities	1.0													
% of MSCI ACWI	0.3													
Value of Holding (£m)	25.1													
	Reckitt Benckiser Group PLC manufactures and distributes a wide range of household, toiletry, health, and food products on a global basis. Its products include fabric treatments, disinfectant spray and cleaners, dishwashing detergent, personal care, food, and over the counter drugs.	<table border="1"> <tr><td>Country of Listing</td><td>United Kingdom</td></tr> <tr><td>Sector</td><td>Consumer Staples</td></tr> <tr><td>Selected by stock pickers</td><td>1</td></tr> <tr><td>% of quoted equities</td><td>1.0</td></tr> <tr><td>% of MSCI ACWI</td><td>0.1</td></tr> <tr><td>Value of Holding (£m)</td><td>24.9</td></tr> </table>	Country of Listing	United Kingdom	Sector	Consumer Staples	Selected by stock pickers	1	% of quoted equities	1.0	% of MSCI ACWI	0.1	Value of Holding (£m)	24.9
Country of Listing	United Kingdom													
Sector	Consumer Staples													
Selected by stock pickers	1													
% of quoted equities	1.0													
% of MSCI ACWI	0.1													
Value of Holding (£m)	24.9													
	Ryanair Holdings plc provides low fare passenger airline services to destinations in Europe.	<table border="1"> <tr><td>Country of Listing</td><td>Ireland</td></tr> <tr><td>Sector</td><td>Industrials</td></tr> <tr><td>Selected by stock pickers</td><td>1</td></tr> <tr><td>% of quoted equities</td><td>1.0</td></tr> <tr><td>% of MSCI ACWI</td><td>0.0</td></tr> <tr><td>Value of Holding (£m)</td><td>24.8</td></tr> </table>	Country of Listing	Ireland	Sector	Industrials	Selected by stock pickers	1	% of quoted equities	1.0	% of MSCI ACWI	0.0	Value of Holding (£m)	24.8
Country of Listing	Ireland													
Sector	Industrials													
Selected by stock pickers	1													
% of quoted equities	1.0													
% of MSCI ACWI	0.0													
Value of Holding (£m)	24.8													
	Broadcom Inc. designs, develops, and markets digital and analog semiconductors. It offers a range of wireless components, storage adapters, controllers, and other electronic products. Broadcom markets its products worldwide.	<table border="1"> <tr><td>Country of Listing</td><td>United States</td></tr> <tr><td>Sector</td><td>Information Technology</td></tr> <tr><td>Selected by stock pickers</td><td>1</td></tr> <tr><td>% of quoted equities</td><td>1.0</td></tr> <tr><td>% of MSCI ACWI</td><td>0.3</td></tr> <tr><td>Value of Holding (£m)</td><td>24.7</td></tr> </table>	Country of Listing	United States	Sector	Information Technology	Selected by stock pickers	1	% of quoted equities	1.0	% of MSCI ACWI	0.3	Value of Holding (£m)	24.7
Country of Listing	United States													
Sector	Information Technology													
Selected by stock pickers	1													
% of quoted equities	1.0													
% of MSCI ACWI	0.3													
Value of Holding (£m)	24.7													
	TP ICAP PLC provide brokering services to counterparties operating in major wholesale over-the-counter and exchange traded financial and commodity markets. It also offers brokering services in fixed income securities and their derivatives, interest rate derivatives, treasury products, equities, and energy.	<table border="1"> <tr><td>Country of Listing</td><td>United Kingdom</td></tr> <tr><td>Sector</td><td>Financials</td></tr> <tr><td>Selected by stock pickers</td><td>2</td></tr> <tr><td>% of quoted equities</td><td>1.0</td></tr> <tr><td>% of MSCI ACWI</td><td>0.0</td></tr> <tr><td>Value of Holding (£m)</td><td>24.1</td></tr> </table>	Country of Listing	United Kingdom	Sector	Financials	Selected by stock pickers	2	% of quoted equities	1.0	% of MSCI ACWI	0.0	Value of Holding (£m)	24.1
Country of Listing	United Kingdom													
Sector	Financials													
Selected by stock pickers	2													
% of quoted equities	1.0													
% of MSCI ACWI	0.0													
Value of Holding (£m)	24.1													
	CVS Health Corporation is an integrated pharmacy health care provider. Its offerings include pharmacy benefit management services, mail order, retail and specialty pharmacy, disease management programs, and retail clinics. It operates drugstores throughout the US and Puerto Rico.	<table border="1"> <tr><td>Country of Listing</td><td>United States</td></tr> <tr><td>Sector</td><td>Health Care</td></tr> <tr><td>Selected by stock pickers</td><td>1</td></tr> <tr><td>% of quoted equities</td><td>0.9</td></tr> <tr><td>% of MSCI ACWI</td><td>0.2</td></tr> <tr><td>Value of Holding (£m)</td><td>23.5</td></tr> </table>	Country of Listing	United States	Sector	Health Care	Selected by stock pickers	1	% of quoted equities	0.9	% of MSCI ACWI	0.2	Value of Holding (£m)	23.5
Country of Listing	United States													
Sector	Health Care													
Selected by stock pickers	1													
% of quoted equities	0.9													
% of MSCI ACWI	0.2													
Value of Holding (£m)	23.5													
	Novo Nordisk A/S develops, produces, and markets pharmaceutical products. It focuses on diabetes care and offers insulin delivery systems and other diabetes products. It also works in areas such as haemostasis management, growth disorders, and hormone replacement therapy. It markets worldwide.	<table border="1"> <tr><td>Country of Listing</td><td>Denmark</td></tr> <tr><td>Sector</td><td>Health Care</td></tr> <tr><td>Selected by stock pickers</td><td>1</td></tr> <tr><td>% of quoted equities</td><td>0.9</td></tr> <tr><td>% of MSCI ACWI</td><td>0.2</td></tr> <tr><td>Value of Holding (£m)</td><td>22.5</td></tr> </table>	Country of Listing	Denmark	Sector	Health Care	Selected by stock pickers	1	% of quoted equities	0.9	% of MSCI ACWI	0.2	Value of Holding (£m)	22.5
Country of Listing	Denmark													
Sector	Health Care													
Selected by stock pickers	1													
% of quoted equities	0.9													
% of MSCI ACWI	0.2													
Value of Holding (£m)	22.5													

NON-CORE INVESTMENTS (1.3% OF INVESTMENT PORTFOLIO)

During 2018, the Trust has sold a significant part of its legacy non-core assets portfolio with the remaining non-core assets expected to be sold or to be wound-down in 2019 as part of the Trust's strategy to simplify and focus on global equities. As a result of the sale activity the value of the non-core assets has reduced in the year from £225.8m to £33.6m as at 31 December 2018. Of that £33.6m at the year-end, £8.7m was cash held in the Trust's private equity limited partnership structures.

In January 2018, the Trust sold the Liontrust Asset Management shares received as part of the sale consideration for Alliance Trust Investments, raising net proceeds of £21.0m, a return of over 55% on the price at which the shares were issued. As at 31 December 2018, the Trust continues to hold the Liontrust first anniversary shares, valued at £5.9m. In April, the Trust sold its legacy holdings in three Liontrust Investments' sustainable funds, the proceeds of £103.0m being invested into the equity portfolio.

In the second half of the year the Trust successfully sold the investments in both private equity fund of funds vehicles, ATEP 2008 LP and ATEP 2009 LP, in addition to a select number of private equity holdings which had been held directly by the Trust.

The sale has significantly reduced the value of the Trust's private equity holdings, with only a small residual number

of private equity holdings remaining. As at 31 December 2018, the value of our non-core private equity investments was, £14.8m representing a material reduction from £81.3m as at 31 December 2017. The total price paid under the sale agreement for the assets is at a small discount to their combined net asset values at the end of December 2017.

The remaining private equity holdings, representing direct private equity and real estate investments, are all expected to be wound-down in 2019, and therefore, were not included in the sale process conducted in 2018.

In 2018, the private equity investments distributed £73.7m to the Trust through investment realisations and sales proceeds. The unfunded commitment, which includes recallable distributions, now stands at £0.3m.

The Trust continues to hold its North American mineral rights assets, valued at £12.9m as at 31 December 2018. The mineral rights assets have generated sustainable levels of income for many years. The Directors began marketing the sale of these assets during the second half of the year and as at the year-end an agreement had been entered into to sell more than half of the holdings with further sales anticipated after the year end.

Note 22.9 of the Financial Statements (page 89) provides details of the valuation methodologies applied to non-core investments and a contribution analysis is shown on page 23.

INVESTMENT IN OPERATING SUBSIDIARY COMPANY (1.3% OF INVESTMENT PORTFOLIO)

ALLIANCE TRUST SAVINGS

Alliance Trust Savings provides a range of investment and savings products to retail investors. It was set up by the Trust in 1986 to provide the Trust's shareholders with a cost effective way to hold and purchase the Trust's shares. Over the years the Trust has made considerable investment into Alliance Trust Savings allowing it to expand and invest in new technology platforms, all with a view to generating future returns to the Trust.

The Board decided in October 2018 that, due to the level of interest being expressed in acquiring the business and the Board's stated aim of simplifying the Trust, it was an appropriate time to sell this investment. The business will be sold, subject to regulatory approval, along with the office building it occupies in Dundee, to Interactive Investor Limited at a total gross consideration of £40m subject to post completion adjustments. The sale is expected to complete during 2019.

During the year, Alliance Trust Savings has delivered significant improvement in its customer service and has achieved profitability. Although customer account numbers and trades fell during the year the business generated increased revenue and, together with the benefits of the investments made last year and a tight control of costs, the business delivered an operating profit before tax of £1.1m (2017: operating loss of £19.3m).

The fair value of Alliance Trust Savings at the year end was £32.7m reflecting the agreed sale price for this business after deduction of the anticipated expenses of the sale. The sale price is subject to post completion adjustments.

	2018 (£m)	2017 (£m)
Income	29.7	27.0
Administrative Expenses	(28.6)	(33.1)
Operating Profit/(Loss) before exceptional items	1.1	(6.1)
Exceptional Administrative Expenses*	0.0	(13.2)
Operating Profit/(Loss) before tax	1.1	(19.3)

*Exceptional administrative expenses relate to write down of intangible assets related to Stocktrade.

KEY PERFORMANCE INDICATORS FOR THE YEAR TO 31 DECEMBER

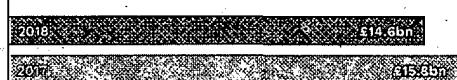
FAIR VALUE

£32.7m  -13.9%



ASSETS UNDER ADMINISTRATION

£14.6bn  -7.6%



CUSTOMER ACCOUNTS

107,428  -5.2%



NUMBER OF TRADES

741,400  -1.9%



INCOME

£29.7m  +10.0%



COST AND PERFORMANCE MEASURES – 2018

The Trust's Ongoing Charges Ratio (OCR) for 2018 was a competitive 0.65%. This has been achieved despite many of the Trust's expenses being fixed and experiencing a fall in its NAV of 7.0% during the year; had the Trust's NAV remained unchanged from 2017 the Trust would have been reporting an OCR for 2018 of 0.56% against last year's 0.54%.

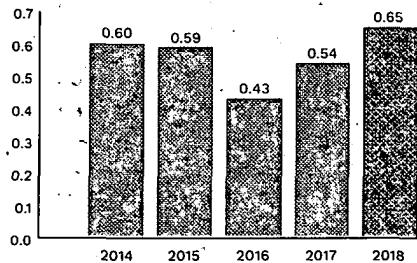
The total administrative expenses for 2018 have remained in line with 2017. Within ongoing costs, investment management fees represent £10.9m (2017: £10.1m) and ongoing administrative expenses £5.8m (2017: £6.0m). The increase in investment management costs reflects WTW being in place for the full year compared to only nine months in 2017 and the fixed element of its fee increasing in line with the UK Consumer Prices Index from 1 April 2018. The cost of property is partially offset by income from a tenant occupying sub-let space and the other non-recurring expenses relate mainly to the disposal of Alliance Trust Investments and one-off fund accounting costs.

From 1 January 2018 the Board adopted a one quarter revenue and three quarters capital allocation for management fees, financing costs and other indirect expenses where consistent with the AIC Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts guidelines. The Board believed this was a more appropriate cost allocation under the current Trust structure and better reflects long-term returns from the portfolio.

ONGOING CHARGES RATIO (OCR) SUMMARY 2018

£'000	2018			2017		
	Revenue	Capital	Total	Revenue	Capital	Total
Average Net Assets			2,555,411			2,991,850
Total expenses	8,179	9,215	17,394	8,803	8,629	17,432
Investment management fees	2,713	8,139	10,852	3,307	6,786	10,093
Administrative expenses	4,780	979	5,759	4,201	1,823	6,024
Ongoing expenses	7,493	9,118	16,611	7,508	8,609	16,117
Strategic review	0	0	0	732	0	732
Indirect disposal costs of ATI	30	90	120	(195)	0	(195)
Property	376	0	376	613	0	613
Reorganisation & Other	280	7	287	146	20	166
Non-recurring costs	686	97	783	1,295	20	1,315
Total administrative expenses	5,466	1,076	6,542	5,496	1,843	7,339
OCR ongoing costs			0.65%			0.54%
Total Expenses Ratio (TER)			0.68%			0.58%

ONGOING CHARGES RATIO (%)

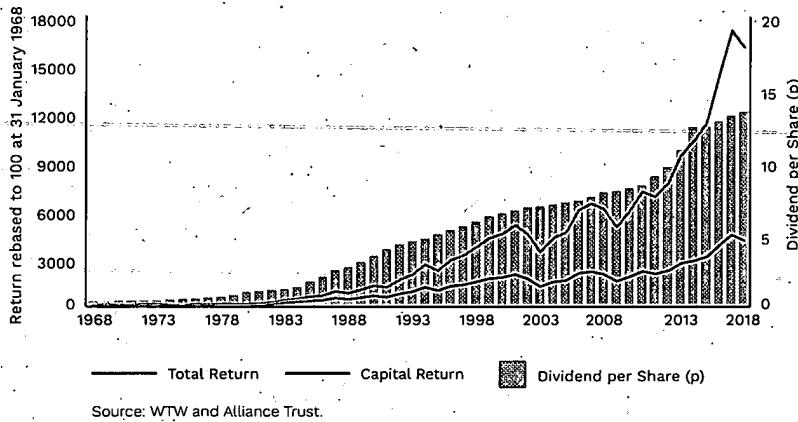


Source: WTW.

DIVIDENDS

Alliance Trust has increased its ordinary dividend for 52 years and is one of only a few companies in the FTSE All-Share Index with such a track record.

52 YEAR SHAREHOLDER RETURNS



DIVIDEND POLICY

The Board will look to increase the level of ordinary dividend paid each year by way of a smooth annual increase. Should there be a year when income is unexpectedly high some of that income may be retained in the revenue reserves or a special dividend may be declared. The Board will look to use the income from investments to satisfy the progressive dividend, but may also, when this income is insufficient, use part of the Trust's revenue reserves.

The Board will continue to pay four quarterly interim dividends and will not have a final dividend declaration for the year. This allows shareholders certainty of the dates on which they will receive their income.

REVENUE RESERVES

The total cost of the four interim dividends paid in the year ending 31 December 2018 was £45.6m compared to income generated during the year of £41.4m. This means that £4.2m was paid from the Trust's revenue reserves to support the 2018 dividend payment.

After allowing for the cost of the dividends for the 2018 financial year the Trust's revenue reserves stand at £107.7m indicating that we retain 25 years dividend cover assuming an unchanged level of income from our portfolio.

DIVIDEND DECLARATION

The ordinary dividend for 2018 will rise by 3% to 13.55p. A fourth interim dividend of 3.389p will be paid on 1 April 2019 to shareholders who are on the Trust's share register on 15 March 2019.

DIVIDEND CALENDAR

Barring unforeseen circumstances there will be four dividends paid for our 2019 financial year as follows:

1st Interim

Dividend will be paid on 1 July 2019 to shareholders who are on the Trust's share register on 7 June 2019.

2nd Interim

Dividend will be paid on 30 September 2019 to shareholders who are on the Trust's share register on 6 September 2019.

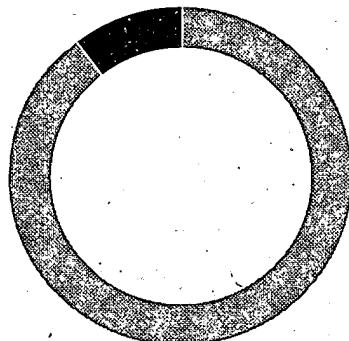
3rd Interim

Dividend will be paid on 31 December 2019 to shareholders who are on the Trust's share register on 6 December 2019.

4th Interim

Dividend will be paid on 31 March 2020.

DIVIDEND SPLIT - 2018



Income £41.3m
Revenue Reserves £4.2m

Source: WTW.

SHARE BUYBACKS AND DISCOUNT

The discount continued to be relatively stable through the year, trading in a range of 3% to 8%. The discount was 4.0% at the start of the period and 4.9% at the end of the year, despite a notable reduction in the number of shares bought back, and against the background of an increasingly volatile market. The average discount was 6.0% compared to the Investment Trust Global Sector average of 2.0%.

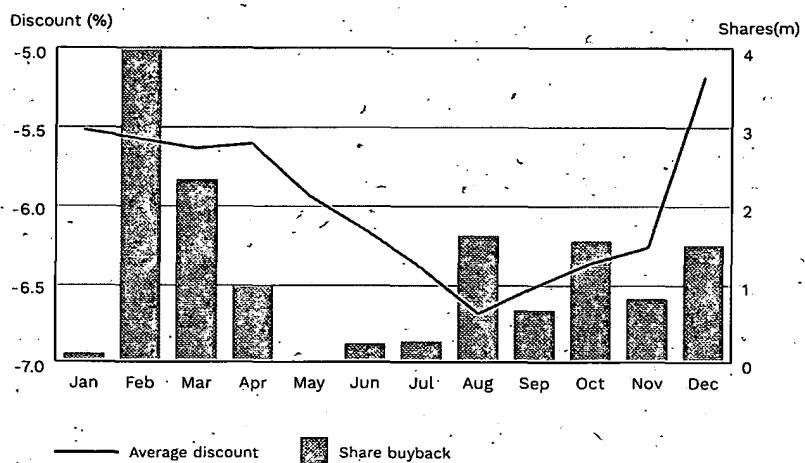
Buyback volumes for February and March were dominated by two large institutional sell orders. Following a three-month period to the end of July 2018, which saw very little buyback activity, the second half of the year, and the fourth quarter in particular, was characterised by heightened market volatility. The Board bought back 1.9% of shares during the second half of 2018, supporting the discount in a narrow range against this backdrop.

Since mid-December, a more stable supply/demand pattern developed and buybacks were undertaken only occasionally. Shareholders may have noticed a sharp narrowing then widening of discounts across the investment trust sector in late December, which saw the Trust's discount almost touch 3%. This was caused by short but significant falls then rallies in the markets, which were not immediately mirrored by movements in the Trust's share price.

While the relative stability of our discount over much of the year is encouraging, the Board continues to monitor the situation and will take advantage of any significant widening of the discount to buy back shares and produce Net Asset Value accretion for shareholders. The weighted average discount of the shares bought back during 2018 was 5.5%.

All of the 14.0m shares bought back have been cancelled. The number of shares bought back in 2018 was the lowest since 2014. The chart below shows our discount during 2018 and the level of our buyback activity over the year.

SHARE BUYBACKS AND DISCOUNT



Source: WTW and Morningstar.

RISK MANAGEMENT

INTRODUCTION

The Audit and Risk Committee comprises all of the Non-Executive Directors other than the Chairman, with delegated responsibility from the Board to provide oversight and challenge to the appropriateness of the actions being taken to mitigate the risks impacting on the Trust. Alliance Trust Savings operates its own risk framework independently of the Trust but does report to the Trust's Audit and Risk Committee and Board in respect of risks within that business which may impact on the Trust.

The Committee receives and considers regular reports from its Executive function, WTW and representatives from Alliance Trust Savings.

The strategic objectives of the Trust are to have a clear investment mandate to improve investment performance, continuation of its policy of paying a progressive dividend, managing the discount, providing good value and continuing to simplify the Trust's structure.

The Board agrees a series of Risk Appetite statements which set out the level of risk that the Board is prepared to accept to achieve its strategy and monitors against a suite of measures whether these are achieved and, where it considers it appropriate to do so, takes action to bring the risk back to a tolerable limit.

Each one of our suite of measures has both a limit and an early warning indicator (EWI). The limit is aligned to our risk appetite and should not be breached. The EWI that is set for each measure is designed to alert the Committee should there be an increased risk of breaching a limit. At the end of the year we had one measure which had breached its EWI but no limit breaches.

PRINCIPAL RISKS

We set out below the principal risks impacting on the Trust and its ability to meet its strategic objectives, as well as mitigating actions, and show any change in the year. The principal risks remained unchanged at the year end from those reported in last year's Annual Report.

Risks	Description	Mitigating actions
Market and Prudential - Static		
Investment Risk ► Unchanged in the year under review	Investment performance fails to deliver sufficient capital growth.	The Investment strategy and the performance of the underlying managers are regularly reviewed. The process to sell most of the private equity investment has been completed and the sale of the mineral rights is being progressed, with the completion of the sale of Alliance Trust Savings additional funds will be released for equity investment.
Credit and Counterparty Risk ► Unchanged in the year under review	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 Trust/ Group.	The Trust 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.
Financial and Prudential Reporting ► Unchanged in the year under review	Level of capital held to cover the Group risks is not sufficient. The Trust is a bank holding company (Alliance Trust Savings has a banking licence and is regulated by the Prudential Regulation Authority (PRA)) and therefore requires to hold a minimum amount of regulatory capital.	The Board regularly reviews its capital structure and gearing may not exceed 30% of the net assets of the Trust. Stress and scenario testing is carried out on the portfolio and reported to the Committee by WTW. A risk assessment is undertaken as part of the consolidated Group Internal Capital Adequacy Assessment Process (ICAAP) that is carried out at least annually.

Risks	Description	Mitigating actions
Market and Prudential – Static (continued)		
Liquidity Risk ▼ Reduced in the year under review	The Trust does not have sufficient liquid resources to ensure that it can meet its liabilities as they fall due and the movement in the fair value of the assets of the Trust is amplified by any gearing that the Trust may have.	The level of equity investment has increased to 97.4% at 31 December 2018 from 90.7% at the end of 2017 partly due to the sale of private equity and other non-core investments. Agreement has been reached to sell Alliance Trust Savings subject to regulatory approval. Equities are more liquid than the non-core investments. A liquidity assessment is undertaken as part of the consolidated Group individual Liquidity Adequacy Assessment Process (ILAAP) that is carried out at least annually.
Operational – Decreasing		
Cyber-attack ► Unchanged in the year under review	Failure to ensure that business is adequately protected against the threat of cyber-attack, which may lead to significant business disruption or external fraud.	The Trust benefits from the level of IT security put in place by its IT service provider, Alliance Trust Savings. 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. A replacement IT service provider has been identified to service the needs of the Trust once the sale of Alliance Trust Savings has been completed.
Outsourcing ▼ Reduced in the year under review	Loss arising from inadequate or failed processes, people and/or systems of outsourced functions.	WTW monitors and reports on the performance of outsourced providers to the Board which also receives control reports from certain service providers. WTW itself is monitored by the Board and the Executive function, and NatWest who also monitors the custodian. The outsourced providers, having been in place for over a year, have greater experience and understanding of the Trust.
Corporate Governance – Static		
Corporate Governance ► Unchanged in the year under review	The risk of not meeting and being in compliance with legal and regulatory responsibilities.	The Board conducts an annual internal review on it and its Committees' effectiveness. An external review is carried out at least every three years and the last such review was in December 2018.

RISK MANAGEMENT CONTINUED

Risks	Description	Mitigating actions
Investment Trust status - Static		
Investment Trust status ► Unchanged in the year under review	The risk of not complying with Sections 1158-59 of the Corporation Tax Act and losing Investment Trust status.	WTW reviews and monitors the Trust's Investment Trust status and reports on this regularly to the Board.
Strategy - Static		
Performance impacted by external factors ► Unchanged in the year under review	Stock market action involving the Trust results in uncertainty around the business model and impacts on performance (current and future).	The Trust now has a stable shareholder base and continues to take action through its share buyback programme to support the management of the discount at which the Trust's shares trade. A Communications and Marketing Manager has been appointed which has increased the level of engagement with shareholders.
Reputational - Static		
Reputational ► Unchanged in the year under review	Damage to the Trust's reputation that could lead to negative publicity and adverse impact on financial performance.	Due diligence process is in place for selecting third party providers. These providers are regularly monitored by the Audit and Risk Committee or Board.
Environmental, social and governance (ESG) factors and technological change - New		
Environmental, social and governance (ESG) factors and technological change.	Failure to consider the impact of ESG and technological factors adversely affecting the Trust's reputation and financial performance.	WTW's approach to ESG and technological change is fully embedded within WTW's overall assessment of managers. It considers each manager's stewardship credentials, and integration of ESG and technological factors into the portfolio management process.
Regulatory non-compliance - Decreasing		
Regulatory non-compliance ▼ Reduced in the year under review	Failure to ensure that systems and controls are adequate to allow compliance with all relevant regulatory requirements.	The Board receives updates from WTW and the Executive function on regulatory developments and changes. The outsourced arrangements have been in place since April 2017 and the providers have a better understanding of the activities of the Trust and its regulatory obligations.

CORPORATE RESPONSIBILITY

As an investment trust the Board believes that it should maintain an open dialogue with shareholders. During the year Directors met with the Trust's significant shareholders as well as individual shareholders and their representatives to hear their views and to update them on the progress of the Trust. This helps the Board to consider the interests of all of its shareholders regardless of the size of their holdings.

Having previously taken a decision to discontinue the Trust's support of the Alliance Trust Cateran Yomp, the Alliance Trust Foundation charity has now resolved to dissolve and any future support for charities will be considered by the Board. The Alliance Trust Foundation was formed in 2014 and since then it supported the communities in which our offices are (or were) located. In total, just under £0.3m has been distributed to over 100 charities. The Trust also supports the V&A Museum of Design, Dundee which opened in September 2018.

The Board believes that a diverse workforce will create the environment to allow our business to thrive and grow. We look for an inclusive environment where people can develop and contribute fully. The Trust's employment and recruitment policies are at all times compliant with relevant EU and UK legislation.

Recruitment, development and promotion are based solely on the candidate's suitability for the job to be done and there should be no discrimination either before or during employment on the basis of gender, sexual orientation, age, race, nationality, disability, political or religious belief. Should any employee become disabled they should not suffer any discrimination and reasonable adjustments will be made to allow them to continue to have the same opportunities as any other member of the workforce.

The table below provides the gender split of the Board of the Trust as at 31 December 2018. The Trust has six employees of whom two are part time.

As at 31 December 2018	Male	Female
Board	5	1
Senior Managers	2	1
Other Staff	0	3
Total Workforce (including Directors)	7	5

The Board also recognises its responsibilities to its former employees and this year completed the winding up of the Trust's final salary pension scheme, which closed to new members in 2005. All of the members' benefits are now fully secured by annuities in their own name.

RESPONSIBLE INVESTMENT

The Trust is a supporter of the UK's Stewardship Code and considers this an integral part of the investment activity carried out by its investment manager, WTW. The Board has delegated stewardship activities to WTW. Further details can be found on page 36.

MODERN SLAVERY

The Trust 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. In any event, the Trust considers its supply chains to be of low risk as its suppliers are typically professional advisers. A statement from WTW, the Trust'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

ENVIRONMENTAL IMPACT

As an investment trust with a small number of employees, the Trust's environmental impact is limited. With the simplification of the Trust's business, the Board intend to consider how the Trust's environmental impact can be reduced including looking at more efficient ways of working. On page 58, we report on our carbon footprint.

ANTI-BRIBERY AND CORRUPTION

The Trust takes anti-bribery measures very seriously and conducts its business honestly, fairly and with transparency. The Trust 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 Trust's behalf.

FINANCIAL CRIME

The possibility of financial crime is taken seriously by the Board and it has a zero tolerance for any such activity including tax evasion and the facilitation of tax evasion.

PAYMENT PRACTICES REPORTING

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

INVESTMENT ASSOCIATION PUBLIC REGISTER

The Investment Association maintains a public register of companies who have received significant shareholder opposition to proposed resolutions. There were no votes cast at our AGM on 26 April 2018 that received significant opposition.

CORPORATE RESPONSIBILITY CONTINUED

STEWARDSHIP CODE

The Financial Reporting Council (FRC) first published "the UK Stewardship Code" for Institutional shareholders on 2 July 2010 and updated it in 2012. The purpose of the UK Stewardship Code is to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.

The Trust is a supporter of the UK Stewardship Code, and considers this an integral part of the investment activity which is carried out for us by our investment manager, WTW. WTW also recognises and supports the FRC's UK Stewardship Code as best practice. The FRC has awarded WTW with Tier 1 status on the quality and transparency of the WTW stewardship approach. A copy of WTW's UK Stewardship Code statement can be found on its website www.willistowerswatson.com.

WTW recognises that it has significant interaction across the industry with investment managers and asset owners with attendant ability and responsibility to encourage and improve processes in respect of stewardship. WTW has delegated voting powers to the Trust's stock pickers in respect of the stocks in the Trust's portfolio that they manage, but remains responsible for the oversight of the way each stock picker votes and their engagement activity.

Each stock picker is expected to assess investee companies on issues including: a company's corporate strategy, financial performance, capital structure, leadership, corporate governance and risk management, including risk arising from environmental and social matters. Where engagement does

not form part of a particular stock picker's process, WTW looks for a clear explanation and alternative mechanisms to manage the risk to investors.

Furthermore, the stock pickers are expected to promote generally accepted standards of good governance by exercising their investor rights and by engaging with companies where appropriate (and in accordance with their own investment philosophies), on issues of governance and shareholder value and in the long-term interest of the Trust's shareholders. WTW monitors the policies of the stock pickers in respect of their compliance with the UK Stewardship Code.

In our Investment Manager's Report (on page 13) WTW discloses how the stock pickers have, overall, voted in respect of the stocks they have invested in for the Trust.

RESPONSIBLE OWNERSHIP

When our stock pickers make investments for our portfolio, the primary objective is to achieve the best investment return while allowing for an acceptable degree of risk. In pursuing this objective, various factors that may impact on the performance are considered by our stock pickers.

WTW, as our investment manager, believes that environmental, social and governance (ESG) factors can have a material influence on investment risk and returns. Where ESG factors may influence investment risk and return, WTW expects each manager it has appointed to have a demonstrable process in place that identifies and assesses material ESG factors in so far as these relate to its investment strategy. WTW is a signatory to the United Nations Principles for Responsible Investment as are more than half of the stock pickers.

The Strategic Report (including the inside cover and pages 1 to 36 of this document and the viability statement on page 51) has been approved by the Board and signed on its behalf by



Lord Smith of Kelvin
Chairman

DIRECTORS' REPORT



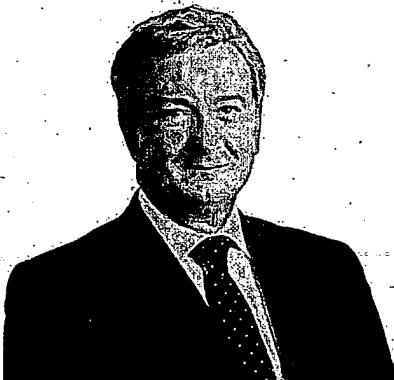
Darling Harbour, Sydney, Australia

BOARD OF DIRECTORS



Lord Smith
Chairman

Lord Smith joined the Board in 2016. He was Chief Executive Officer of Deutsche Asset Management, Chairman of The Weir Group, SSE PLC and the UK Green Investment Bank and Non-Executive Director of Standard Bank Group Limited. Lord Smith was formerly President of the Institute of Chartered Accountants of Scotland. He has also been a Governor of the BBC, and a member of the Financial Services Authority and the Financial Reporting Council.



Gregor Stewart
Deputy Chairman and Non-Executive Director
Chair of Audit and Risk Committee and
member of Remuneration Committee

Gregor is the Trust's designated financial expert on the Audit and Risk Committee and is the Director responsible for engagement with the Trust's employees. Gregor joined the Board in 2014 and chairs Alliance Trust's Audit and Risk Committee. He is also a Non-Executive Director of Alliance Trust Savings Limited. Gregor was Finance Director for the insurance division of Lloyds Banking Group, including Scottish Widows, and a member of the Group's Finance Board. He brings over 20 years' experience at Ernst & Young, with ten years as a partner in the firm's Financial Services practice.



Karl Sternberg
Senior Independent Director
Member of Audit and Risk Committee
and of Remuneration Committee
Karl has been a member of the Board since 2015.

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

Current Appointments

IMI PLC ■
Chairman

British Business Bank plc ■
Chairman

Forth Ports Limited ■
Chairman

Current Appointments

Direct Line Insurance Group plc ■
Non-Executive Director

Intrinsic Financial Services ■
Chairman

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

Current Appointments

Jupiter Fund Management PLC ■
Non-Executive Director

JPMorgan Elect PLC ■
Non-Executive Director

Monks Investment Trust PLC ■
Non-Executive Director

Lowland Investment Company PLC ■
Non-Executive Director

Herald Investment Trust PLC ■
Non-Executive Director

Clipstone Logistics REIT PLC ■
Non-Executive Director

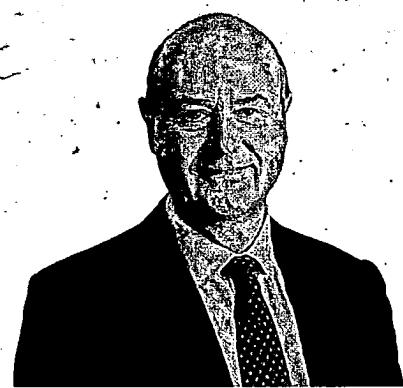
Railpen Investments ■
Non-Executive Director



Anthony Brooke
Non-Executive Director
Chair of Remuneration Committee and member of Audit and Risk Committee
Anthony joined the Board in 2015 and chairs Alliance Trust's Remuneration Committee.
Anthony was a Vice Chairman of S.G. Warburg & Co. Ltd and until 2010 was a Non-Executive Director of the PR consultancy, Huntsworth PLC.



Clare Dobie
Non-Executive Director
Member of Audit and Risk Committee and of Remuneration Committee
Clare joined the Board in 2016.
Clare ran a marketing consultancy from 2005-2015. Before that she was Group Head of Marketing at GAM (formerly Global Asset Management) and served on its Executive Business Committee. Prior to that, Clare held a number of roles at Barclays Global Investors, including Head of Marketing.



Chris Samuel
Non-Executive Director
Member of Audit and Risk Committee and of Remuneration Committee
Chris joined the Board in 2015.
Chris was Chief Executive of Ignis Asset Management from 2009-2014 and was previously a Director and Chief Operating Officer of Gartmore and Hill Samuel Asset Management and a partner at Cambridge Place Investment Management. He is a Chartered Accountant.

Current Appointments

Quintessentially UK ■
Non-Executive Director
Investment Committee of the National Portrait Gallery ■
Member
Investment Committee of Christ's College, Cambridge ■
Member
Various Endowments ■
Adviser

Current Appointments

Aberdeen New Thai Investment Trust PLC ■
Senior Independent Non-Executive Director
BMO Capital and Income Investment Trust PLC ■
Non-Executive Director
Schroder UK Mid Cap Fund PLC ■
Non-Executive Director

Current Appointments

Defaqto ■
Chairman
Sarasin and Partners LLP ■
Non-Executive Director
BlackRock Throgmorton Trust PLC ■
Chairman
JPMorgan Japanese Investment Trust PLC ■
Chairman
UIL Limited ■
Non-Executive Director

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

BOARD OF DIRECTORS CONTINUED

BOARD AND COMMITTEE ATTENDANCES

The Board scheduled four Board, three Audit and Risk Committee and two Remuneration Committee meetings in 2018. These were supplemented with ad hoc meetings to discuss matters arising between these meetings. Other than the Chairman, who is not a member of the Audit and Risk and Remuneration Committees, all Directors are members of all Board Committees.

Scheduled Meeting Attendances	Board		Audit and Risk		Remuneration	
Director	Actual	Possible	Actual	Possible	Actual	Possible
Lord Smith	4	4	3	3	2	2
Anthony Brooke	4	4	3	3	2	2
Clare Dobie	4	4	3	3	2	2
Chris Samuel	4	4	3	3	2	2
Karl Sternberg	4	4	3	3	2	2
Gregor Stewart	4	4	3	3	2	2

In addition to the above scheduled meetings, the Board met on four other occasions either in person or by telephone during the year and there was one additional Audit and Risk Committee meeting held. A number of ad hoc committees were established to deal with specific activities during the year which involved some or all of the Directors.

POLICY ON BOARD DIVERSITY

Alliance Trust 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 include different skills, regional and industry experience, background, race and gender. These differences will be considered in determining the composition of the Board and when possible should be balanced appropriately.

All Board appointments must be made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. In reviewing Board composition the benefits of all aspects of diversity will be considered including, but not limited to, those described above, in order to enable it to discharge its duties and responsibilities.

In identifying suitable candidates for appointment to the Board, the Board will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board. As part of the selection process, where search agents are used, they are currently required in preparing their long list to include female candidates of at least 33% of the number submitted for consideration. Over time the Board intends to achieve at least 33% female representation on the Board.

As part of its Board and Committee evaluation (reported on in more detail on page 41) the Board and Board Committees diversity was considered. The Board concluded that the current Directors had the appropriate and necessary level of skills and experience to manage the Trust in its current structure, and that it would not be appropriate to remove and replace any of the current Board members nor to incur increased expense to appoint additional directors purely to meet its gender diversity target. The longest serving Director was appointed in December 2014 with the remainder being appointed between June 2015 and May 2016.

DIRECTORS' SKILLS

We set out in the table below the mix of 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	Financial Services	Business Leadership	Asset Management	Investment Trusts	Marketing and Distribution
Lord Smith	✓	✓	✓		
Anthony Brooke	✓		✓		✓
Clare Dobie	✓		✓	✓	✓
Chris Samuel	✓	✓	✓	✓	✓
Karl Sternberg	✓	✓	✓	✓	✓
Gregor Stewart	✓	✓		✓	✓

BOARD EVALUATION

2017 EVALUATION

The 2017 Board and Committee evaluation was externally facilitated. The evaluation was carried out by the corporate advisory firm, Lintstock Limited, and the outputs from the evaluation were considered by the Board in February 2018. A number of areas were identified for potential improvement during 2018. These were:

- addressing Alliance Trust Savings' performance
- focusing on marketing and investment performance
- developing the relationship with WTW
- discount management

The evaluation also identified the sale of the Trust's private equity investments as a priority.

2018 EVALUATION

Lintstock has again carried out the Board and Committee evaluation but this year the evaluation was completed by way of both questionnaires and interviews with Directors.

The Board was seen to have performed very well during a demanding period of transformation. The Board noted the work that had been carried out in addressing the points raised at the last evaluation including the improvement in Alliance Trust Savings' performance, the recruitment of a marketing and communications manager, ongoing communications with WTW, management of the discount and the sale of most of the Trust's private equity investments.

A key focus identified for 2019 is the adjustment of the Trust's activities to reflect the simplification of its business. A number of additional priorities were also identified for 2019.

These were:

- Reviewing the operating model for non-investment services
- Improving marketing arrangements
- Maintaining a strong understanding of shareholder needs

In light of the simplification of the Company's investment portfolio and operational experience since WTW was appointed, the Board is reviewing the way the non-investment services it receives are undertaken and how the delivery of these services needs to develop to reflect the simpler Trust. A third-party adviser has been engaged to assist with this review. The conclusion of this work will impact the way that the Trust and the Board will evolve. In terms of marketing arrangements, the Board has initiated a qualitative research project on the way the Trust communicates its investment approach. The output of this work will be reflected in the Trust's distribution plan for 2019.

Manager Review

The Board regularly reviews the performance of WTW. However, this year we decided to also include WTW in our formal external year end evaluation process.

In terms of the top priorities for WTW for 2019, the following matters were identified: reviewing the Trust's operating model and ways to develop the non-investment services WTW provides; focusing on delivering strong investment performance in order to meet the outperformance target and deliver the Trust's progressive dividend; communicating the differentiating factors in the Trust's approach; and, ensuring the investment management team are proactive in engaging with investors.

CORPORATE GOVERNANCE

We report here on how the Board runs your Trust.

In addition to the investment management and operational arrangements of the Trust, the Board and the Audit and Risk Committee also have oversight of the performance of the operating subsidiary Alliance Trust Savings.

The terms of reference of the two standing Committees (Remuneration and Audit and Risk) can be found on our website www.alliancetrust.co.uk

The Trust has complied with the recommendations of the AIC Code of Corporate Governance issued in July 2016 except that due to the outsourced investment and administration model and appropriate reporting from WTW's Risk and Compliance functions the Board feels that there is no requirement for an internal audit function. We report on pages 45 to 49 the checks and controls that we have in place and on pages 56 to 58 the disclosures required under Rule 7.2.6 of the Disclosure and Transparency Rules. This report will describe how the Board applies the 21 principles of the AIC Code in practice.

Lord Smith of Kelvin

Chairman

Principle	
1. The chairman should be independent.	Lord Smith was appointed in February 2016. He had no previous involvement with the Trust and the Board considers that Lord Smith is, and has been since his appointment, an independent Non-Executive Director.
2. A majority of the Board should be independent of the manager.	As at 31 December 2018 the Board comprised six independent Non-Executive Directors. All of the Board are independent of executive management and are wholly independent of the Trust's investment manager and of the underlying stock pickers. WTW has appointed Jupiter Asset Management as one of the underlying stock pickers. Karl Sternberg is a director of Jupiter Fund Management PLC. However, the engagement and removal of the stock pickers is discretionary on the part of WTW and the Board considers that this does not impact on Karl Sternberg's independence.
3. Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but be based on disclosed procedures and continued satisfactory performance.	Each Director is subject to annual re-election by shareholders at the Trust's AGM. Directors are submitted for re-election only if the Board considers that they continue to be independent, contribute effectively to the work of the Board and have confirmed that they have sufficient time to devote to the work of the Board. When coming to this conclusion, the Board considered the nature and scope of the Directors' appointments e.g. the complexity of the business concerns and the appointment.
4. The Board should have a policy on tenure, which is disclosed in the annual report.	New Directors are appointed with an expectation that the Director's term of appointment shall normally be for the period commencing with his or her appointment to the Board and ending on the seventh AGM of the Trust following appointment. Following that term the Director may be appointed for a further term of between one and three years. Each Director is however required to stand for re-election each year and their appointment will terminate should they not be re-elected by the shareholders.
5. There should be full disclosure of information about the Board.	Details of the Directors are set out on pages 38 and 39. The Directors have a broad range of investment, professional and commercial expertise and experience, gained overseas as well as in the United Kingdom.

Principle	
6. The Board should aim to have a balance of skills, experience, length of service and knowledge of the Company.	The Board considers that it has achieved this aim. Brief biographical details of each Director are set out on pages 38 and 39 and the Board's policy on diversity can be found on page 40. The longest serving Director was appointed in December 2014 with the other Directors having been appointed between June 2015 and May 2016. The Board will take this into consideration in its succession planning and when taking steps to address the gender balance on the Board.
7. The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.	The external review of the Board and its Committees' effectiveness is reported on in more detail on page 41.
8. Director remuneration should reflect their duties, responsibilities and the value of their time spent.	The Directors' Remuneration Report on pages 52 to 55 details the process for determining the Directors' remuneration and sets out the amounts payable. After the year end the Remuneration Committee agreed to reduce the fees paid to the Chairman, Deputy Chairman, Senior Independent Director and Chairman of the Remuneration Committee reflecting the ongoing simplification of the Trust.
9. The independent directors should take the lead in the appointment of new directors and the process should be disclosed in the annual report.	The Board, which is wholly independent, oversees any recruitment process and this will normally include the use of a firm of recruitment consultants. All of the Directors will have the opportunity to input into the process. The Senior Independent Director will lead the process of selecting a new Chairman.
10. Directors should be offered relevant training and induction.	Directors newly appointed to the Board are provided with an introductory programme covering the Trust's strategy, policies and operations, including those outsourced to third parties. Thereafter, Directors are given, on an ongoing basis, key information on the Trust's investment portfolio, financial position, internal controls and details of the Trust's regulatory and statutory obligations (and changes thereto).
11. The Chairman (and the Board) should be brought into the process of structuring a new launch at an early stage.	This principle does not apply to the Trust, being a long-established investment trust.
12. Boards and managers should operate in a supportive, co-operative and open environment.	The Board is scheduled to meet on four occasions during the year with representatives from WTW present for each meeting. All the Directors have made themselves available throughout the year for additional meetings both as a Board or Committee but also with members of the Executive function, WTW, the managers and other service providers. Gregor Stewart has been appointed the Director responsible for engaging with the Executive function on behalf of the Board.
13. The primary focus at regular Board meetings should be a review of investment performance and associated matters such as gearing, asset allocation, marketing/investor relations, peer group information and industry issues.	WTW monitors investment performance and all associated matters on an ongoing basis and presents regular reports to the Board both at formal meetings and during the interval between meetings. At each meeting presentations are given and reports made covering investment performance, asset allocation and gearing. The Executive function supports the Board in relation to marketing and investor relations which are also considered at Board meetings.
14. Boards should give sufficient attention to overall strategy.	The Board undertook a significant review of the Trust's operations and strategy in 2016 and implemented major changes in 2017 and 2018. The Board agreed the sale, subject to regulatory approval, of Alliance Trust Savings and sold a number of its remaining non-core investments in 2018. The Board continues to keep its strategy under review and, where appropriate, will make changes where this serves to simplify the operation of the Trust or reduce cost without impacting on investment performance or the focus on global equities.

CORPORATE GOVERNANCE CONTINUED

Principle	
15. The Board should regularly review both the performance of, and contractual arrangements with, the manager (or executives of a self-managed company).	The Board reviews the performance of the investment manager in terms of both investment performance and cost on a regular basis against agreed service levels. In 2018, the externally facilitated Board evaluation process also included a review of WTW. The Remuneration Committee reviews the performance and the contractual arrangements of the Executive function.
16. The Board should agree policies with the manager covering key operational issues.	The Board has set out in its agreement with WTW certain key operational controls through a Service Level Agreement and Key Performance Indicators. WTW in turn sets out how the managers may make their investments as set out on page 9.
17. Boards should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it.	The Board uses its corporate broker to monitor the share price and the discount to Net Asset Value (NAV) on a daily basis. The Board makes use where appropriate of its share buyback authority to purchase shares (at a discount) in order to add to the NAV per share and to support management of the discount to NAV.
18. The Board should monitor and evaluate other service providers.	The Executive function supports the Board in their monitoring and evaluation of the performance of the Trust's various service providers. The Board receives reports on the performance of significant service providers from the Executive function and WTW together with internal control assurance reports from material suppliers including WTW. Regular review meetings are held with significant suppliers.
19. The Board should regularly monitor the shareholder profile of the Company and put in place a system for canvassing shareholder views and for communicating the Board's views to shareholders.	The Chairman is responsible for ensuring that there is effective communication with the Trust's shareholders. The shareholder register is monitored and analysed and there is a programme for meeting or speaking to significant investors and private client stockbrokers, wealth managers and advisers. The Chairman of the Remuneration Committee is available to discuss remuneration matters. The Trust encourages attendance at its AGM as a forum for communication with individual shareholders and this year also held investor forums to supplement the information and videos available on the Trust's website www.alliancetrust.co.uk The Directors may be contacted through the Company Secretary at the address shown on page 99.
20. The Board should normally take responsibility for, and have a direct involvement in, the content of communications regarding major corporate issues even if the manager is asked to act as spokesman.	The Board has a process under which all material corporate communications and significant changes to the Trust's website are approved by at least one Director and a member of the Executive function. Such communications would normally be made by the Trust and not the investment manager.
21. The Board should ensure that shareholders are provided with sufficient information for them to understand the risk: reward balance to which they are exposed by holding the shares.	The Board seeks to communicate effectively with its shareholders. The Annual Report and Accounts, Interim Report, quarterly newsletters and monthly factsheets are issued to all shareholders who request a copy. The Investor Disclosure Document is also available on our website www.alliancetrust.co.uk . Through its subsidiary Alliance Trust Savings, the Board affords each of Alliance Trust Savings' customers who holds shares in the Trust the opportunity to attend and vote at the AGM and to be treated, so far as possible, as shareholders in their own name. It has been agreed that Interactive Investor will continue to facilitate the attendance and voting of Trust's shareholders after the completion of the sale of Alliance Trust Savings. All this information is readily accessible on the Trust's website.

AUDIT AND RISK COMMITTEE



In this section we provide information on the main areas focused on by the Audit and Risk Committee over the year. The Committee plays a significant role in ensuring that the Trust's financial statements are properly prepared and that the systems of internal controls in place are effective and appropriate. The Committee monitors how effectively risk is managed and reviews and challenges the appropriateness of the Trust's Risk Appetite, its application and the investment manager's assessment of the risk outlook for the portfolio. We provide more detail on these matters on the next pages. The key areas of focus and the decisions taken during the year are summarised in the table below.

Gregor Stewart
Chairman, Audit and Risk Committee

Areas of focus in 2018

Risk Appetite	The Committee considered and updated its risk appetite and this is reported on in more detail on pages 32 to 34.
Investment Risk	The Committee reviewed the level of risk being run by the investment manager including breakdowns by region, industry and style. It also considered the level of active risk being adopted across the portfolio and the source of that risk. The impact on the risk performance of the individual stock-pickers was considered as well as the risk performance of the portfolio as a whole.
Regulatory Compliance	The Committee reviewed a number of items required to ensure the Trust's regulatory compliance. These included the consolidated Group Internal Capital Adequacy Assessment Process (ICAAP) and the consolidated Group Individual Liquidity Adequacy Assessment Process (ILAAP) which involved analysing the risks to the business and the level of capital required to reflect those risks and the way in which any liquidity concerns would be addressed. The Committee also reviewed the steps taken to ensure compliance with the General Data Protection Regulation and the impact of MiFID II on the Trust, WTW and its managers.
Internal and External Auditors	The Committee considered both its internal and external audit requirements. Due to the Trust's outsourcing its investment and administrative arrangements, the Committee concluded that there was no need for an internal audit function. The Committee evaluated, and was satisfied with, the performance of the external auditor.
Audit Tender	As reported in last year's Annual Report, a decision had been taken to conduct a tender for the role of External Auditor with a view to a recommendation being made to the AGM to be held in April 2019. Due to the scope of future audit work being uncertain, due to the sale of Alliance Trust Savings, it was agreed that the audit tender would be deferred and that any recommendation to shareholders for appointment would be made to the AGM in 2020 in respect of the financial year ending 31 December 2020. The current external auditors, Deloitte, would be invited to participate and it is intended that the tender process will include firms outwith the 'Big 4' accountancy practices.
Valuation of Unlisted Investments	The valuation methodology used to value the investments in the subsidiaries, mineral rights and private equity investments can be found in Note 22.9 on pages 89 to 91. Alliance Trust Savings and the Trust's office building at 8 West Marketgait, Dundee were valued by the Directors at the prices which had been agreed with Interactive Investor adjusted for transaction costs and an assessment of indemnity provisions.
Review of Annual and Interim Accounts	The Committee considered the content of the Interim Accounts and the Annual Report and Accounts of the Trust before recommending approval to the Board. The Committee concluded that the Trust's accounts were fair, balanced and understandable.
Alliance Trust Savings	The Committee received quarterly reports from the Chief Risk Officer of Alliance Trust Savings on its risk and compliance environment and, in particular, on regulatory compliance and customer service issues.

AUDIT AND RISK COMMITTEE CONTINUED

Areas of focus in 2018 (continued)

Outsourcing	The Committee considered at each meeting papers setting out how financial controls and risk were managed by WTW and the other outsourced providers.
Brexit	The Committee considered reports from WTW on the impact of the UK leaving the EU on the Trust, WTW and the managers. This included considering a contingency plan in the event that the Trust is not able to retain the services of its Irish Alternative Investment Fund Manager (AIFM) following Brexit. Towers Watson Investment Management (Ireland) Limited (TWIM) has approval from the Financial Conduct Authority (FCA) to continue to act as the AIFM for the Trust under FCA's Temporary Permissions Regime (TPR). We are also in discussion with Towers Watson Investment Management Limited (TWIM), the Trust's Investment Manager with a view to TWIM becoming the AIFM for the Trust before the TPR comes to an end. TWIM has confirmed that it has submitted an application to the FCA to vary its permissions to enable it to act as AIFM. TWIM is expecting a decision from the FCA in March.

INTERNAL CONTROLS

The Board has an ongoing process for the identification, evaluation and management of the significant risks faced by the Group. It helps the Board to carry out a robust assessment of the principal risks to the Trust, and assist its review of the internal controls that are in place to ensure they are designed effectively to facilitate operations as well as ensure:

- The assets of the Group are safeguarded;
- Proper financial and accounting records are maintained; and
- The financial information used for reporting to stakeholders is reliable.

The Committee receives regular reports from the Chief Risk Officer of Alliance Trust Savings, so that the impact of risks affecting that business can be taken into consideration when managing the risks affecting the Trust. The Board separately receives regular reports from the Chief Executive Officer of Alliance Trust Savings. The performance of the Committee was considered as part of the Board evaluation which is reported on page 41.

During 2018, the Audit and Risk Committee challenged the risk appetite postures and internal controls put in place by the Trust and its various service providers. This included consideration of whether any risk appetite levels approved by the Board had been breached.

After the year end the Committee received WTW's report on the effectiveness of the risk management and internal control systems; including an Independent Service Auditors' Assurance Report (ISAE 3402 Type 2) on Internal Controls prepared by KPMG LLP. The Committee also received reports from WTW in relation to administration services provided by WTW and by its delegate, the Administrator.

BOARD

- Responsible for determining the risk appetite level the Group is willing to take to meet its strategic objectives.
- Oversight of the Group's risk management framework and internal control systems.

AUDIT AND RISK COMMITTEE

- Regular review of all material financial, operational and compliance controls, including their effectiveness.

INTERNAL CONTROLS GOVERNANCE

The Chairman of the Committee is the Trust's designated financial expert on the Committee.

The Trust appointed WTW on 1 April 2017 and since that date has relied on the internal controls systems put in place by WTW.

The Audit and Risk Committee reviews reports on a regular basis from WTW's risk management and compliance functions which set out its risk management responsibilities under the 'Three Lines of Defence' model, as follows:

1. Line management and staff in business units – maintain effective controls on a day-to-day process;
2. Risk team in the risk management function – facilitates and monitors the implementation of risk management policies and processes and monitors adherence to regulation; and
3. Other independent assurance functions – Depositary functions which provide external and/or independent challenge.

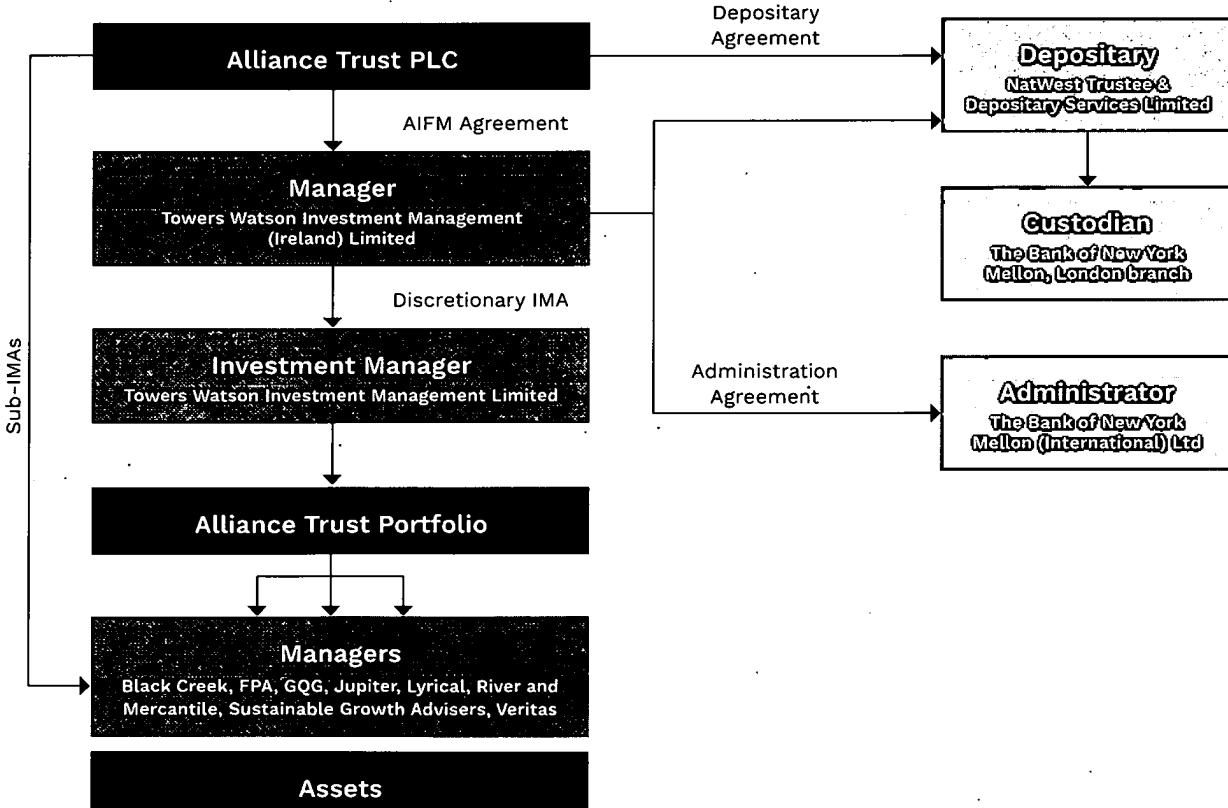
WTW performs operational due diligence on the managers and reports to the Audit and Risk Committee on a quarterly basis on a 'Risk Profile Snapshot' of the portfolio supported

by stress-testing analysis on the Trust's risk parameters and portfolio reporting.

WTW's Compliance team also reports on a quarterly basis to the Audit and Risk Committee on compliance issues affecting WTW and the Trust.

In addition to the reports from WTW, the Audit and Risk Committee receives and considers a quarterly Risk and Compliance report from the Trust's Executive function which highlights any breaches of the Trust's risk appetite measures.

Alliance Trust Savings continues to operate a three lines of defence model. The Internal Audit function, which is outsourced, provides independent assurance arrangements, including execution of responsibilities to ensure an effective risk and control environment. This is executed through the Internal Audit programme which adopts a risk-based audit approach to provide a regular review of key processes and activities. The Alliance Trust Savings Chief Risk Officer reports to the Audit and Risk Committee on a quarterly basis. The Chief Executive Officer of Alliance Trust Savings also reports to the Board on a quarterly basis.



AUDIT AND RISK COMMITTEE CONTINUED

DEPOSITORY

Until 29 October 2018, the Trust had appointed National Westminster Bank plc as its Depositary. With effect from 29 October 2018, NatWest Trustee & Depositary Services Limited replaced the National Westminster Bank plc as the Trust's Depositary. The Depositary is responsible for:

- The safekeeping of all custodial assets of the Trust;
- Ensuring its cash flows are properly monitored;
- Verifying and maintaining a record of all other assets of the Trust; and
- The collection of income that arises from the Trust's assets.

It is the duty of the Depositary to take reasonable care to ensure that the Trust is managed in accordance with the FCA FUND Sourcebook, the Trust's Articles of Association and the AIFM Directive.

The change in Depositary made during the year resulted from changes being made within the Royal Bank of Scotland plc group as a result of 'ring-fencing' legislation, which required UK banks to separate banking services from investment banking from 1 January 2019. The Custodian appointed by the Depositary also changed with effect from 29 October 2018 from The Bank of New York Mellon, SA/NV, London branch to The Bank of New York Mellon, London branch. This change was made as a result of a global re-organisation within the Custodian's group.

ANNUAL REVIEW OF INTERNAL CONTROLS AND FINDINGS

Any system of risk management and internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against regulatory breaches, material misstatement or loss.

The Audit and Risk Committee conducts an annual review on the effectiveness of the risk management framework and internal control systems in place to mitigate any significant risks. The findings of this review are communicated to the Board and actions proposed for the future are approved.

The Board recognises that the environment in which the Trust operates is complex and constantly evolving. The Board supports the ongoing development of the risk management tools which are in place to enhance the control environment of the business and to ensure the business continues to be well positioned to comply with operational and regulatory changes. The Board of Alliance Trust Savings carries out the same function in relation to Alliance Trust Savings.

The 2018 assessment and internal controls assurance reports did not highlight any significant weaknesses or failings in the risk management framework and internal control systems.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

One of the risks to the Group is Financial and Prudential Reporting – the risk of misstatement of the accounts or the accounting policies and ineffective controls over financial and regulatory reporting.

As part of the outsourcing arrangements with WTW, the financial reporting process is managed by WTW, which has delegated certain accounting responsibilities to The Bank of New York Mellon. WTW performs full oversight over the activities of The Bank of New York Mellon and reports to the Trust on a quarterly basis.

This risk and the mitigating controls are assessed regularly by the Executive function. Controls over the preparation of the financial statements include, but are not limited to:

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

The Audit and Risk Committee also considered whether the Annual Report, taken as a whole, was fair, balanced and understandable, and provides the information necessary for shareholders to assess the Trust's performance, business model and strategy. In arriving at its conclusion that the Annual Report satisfied this standard the Committee took into account the process adopted in the preparation of the document which included:

- The establishment of a working group of the Board and members of the Executive function and WTW to review drafts prior to consideration by the Committee;
- Verification of all factual statements contained within the narrative section of the Annual Report, with evidence required from the author;
- Statements which cannot be verified – typically opinions or forward-looking statements – specifically brought to the Committee's attention; and
- Independent external comment.

The Committee considered the steps outlined above and the content of the document. The Committee was satisfied, taking care to ensure that the narrative parts of the Annual Report were consistent with the numerical disclosures in the audited accounts, that the Annual Report satisfied the required standard, and recommended approval to the Board.

INDEPENDENCE OF AUDITOR

The Committee's policy is to allow the audit firm to be instructed to undertake non-audit work only where there is no threat to independence. Any assignment must be approved on behalf of the Committee by its Chairman. In 2018 the only non-audit work carried out by the Auditor was in relation to the Interim Report for which a fee of £5,445 was paid.

Each year the Committee considers the independence of the Auditor. It has done so this year and confirms the Auditor's independence.

During the year the Committee had a private meeting with the Auditor.

EFFECTIVENESS OF AUDIT PROCESS

During the course of the year the audit engagement partner and other members of the engagement team met the Committee Chairman and members of the Executive function. These meetings provide an opportunity for matters relating to the conduct of the audit, including the performance of the External Auditor, to be raised and addressed at the time.

Following completion of the external audit of the financial statements for the period ended 31 December 2017, an evaluation of the External Auditor's effectiveness was undertaken. The Committee concluded that it was generally satisfied with the performance of the External Auditor.

APPOINTMENT OF AUDITOR

Following a tender, Deloitte LLP was appointed after approval of the members at the 2011 AGM. Deloitte LLP has been reappointed at subsequent AGMs and is proposed for reappointment at our AGM in April 2019. The recommendation to reappoint Deloitte LLP is not automatic and this year is as a result of the deferral of the audit tender approach.

In our Annual Report last year we indicated that we would be undertaking an audit tender with approval for the appointment of the preferred firm being sought from shareholders at the AGM to be held in 2019. As the Board took a decision to sell Alliance Trust Savings part of the way through the year the Board agreed to halt the process and defer consideration for a further 12 months. In taking this decision the Board considered that the role of External Auditor would change significantly not just through the sale of Alliance Trust Savings, although that was the main factor, but through the other actions being taken to further simplify the Trust and dispose of its non-core unlisted assets. The intention is that a recommendation will be made to the shareholders at the AGM to be convened in 2020 for the audit of the financial year ending 31 December 2020. It is intended that audit firms outside the 'Big 4' audit firms will be invited to participate in the process.

In the course of the year the Chairman of the Committee has met the Auditor outside the formal structure of Committee meetings. The Committee has considered the performance of the Auditor and is satisfied with the rigour that it applies to the audit process and has recommended the reappointment of Deloitte LLP for a further year. The current audit partner is Andrew Partridge who has been our audit partner since April 2016.

The Trust 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 2018.

DISCLOSURE OF INFORMATION TO AUDITOR

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

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial period. By law, the Directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements under IFRSs as adopted by the EU.

The financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the Trust and the performance for that period; the Companies Act 2006 provides, in relation to such financial statements, that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Trust's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report and a Strategic Report that complies with that law and those regulations.

GOING CONCERN STATEMENT

The Trust's business activities are set out on page 1 and pages 6 to 8 with the principal risks which could impact, on performance set out on pages 32 to 34. The financial statements are set out on pages 65 to 92 along with an analysis of its borrowings in Note 14 on page 82. In their assessment of Going Concern the Directors consider both liquidity and solvency risks and whether the Trust has adequate financial resources to continue in operational existence for at least the next 12 months.

Liquidity is concerned with the Trust's ability to liquidate assets or access new sources of short-term funds in the time needed to meet its liabilities as they fall due. The majority of the Trust's assets are in listed securities on recognised stock exchanges which are readily realisable even in volatile markets.

In addition as at 31 December 2018 the Trust also had £133m of unused committed funding lines. The Trust's total borrowing facility at the year end was £360m, of which £227m was drawn down; comprising £67m variable short term loan, £100m of long-term loan notes issued in July 2014 and £60m of long-term loan notes issued in November 2018.

Solvency is concerned with the Trust's ability to meet its liabilities in full. This involves managing the Trust's capital by

maintaining a business model which is capable of delivering over time a continuing economic return to shareholders whilst absorbing the impact of any risks which crystallise. As at 31 December 2018 the Trust's total net assets were £2.4bn with net gearing of 6.9% and gross gearing of 10.2%. The level of borrowing is comfortably below the investment policy gearing restriction of 30% of net assets at any given time.

Most of the likely liquidity requirements such as loan payments and dividends are timetabled and therefore readily foreseeable, while others such as share buybacks are subject to the Board's discretion. The Directors are satisfied that unexpected liquidity and solvency needs are not significant relative to the size of the Trust's portfolio and that they could be readily met without compromising normal portfolio management practice.

Sensitivities to market, credit, liquidity and gearing risk are set out in Note 22 on pages 85 to 89.

The Directors consider that the Trust has adequate financial resources to enable it to continue in operational existence for at least 12 months from the date of these Accounts. Accordingly the Directors believe that it is appropriate to continue to adopt the Going Concern basis for preparing the financial statements.

VIABILITY STATEMENT

The Board has assessed the prospects and viability of the Trust over a longer period than the 12 months required by the foregoing Going Concern statement. This assessment has taken into account the current position of the Trust and its prospects, strategy and planning process as well as its principal risks, both current and medium and long term, as set out on pages 32 to 34.

The Board's strategy provides long-term direction and is reviewed on, at least, an annual basis, including five-year forecasts showing expected financial performance. The resilience of the agreed strategy is further tested in a series of severe but plausible downside financial scenarios as part of the annual review of the prudential consolidated Group Internal Capital Adequacy Assessment Process (ICAAP). Even the most severe of these scenarios does not result in a breach of the Trust's banking covenants which are borrowings not to exceed 30% of net tangible assets and tangible net asset value of not less than £1.5bn.

The ICAAP, covering a five-year period, is prepared to identify and quantify the Group's risks and level of capital which should be held to cover those risks. The ICAAP provides a risk assessment to identify the principal risks that may adversely impact the Group. These include inappropriate business strategy in relation to investor needs, unfavourable markets or inappropriate asset allocation, failure of the Trust's main service providers and regulatory and conduct risks.

As part of the assessment the Board also considers the sustainability of the Trust's dividend and it believes that our progressive dividend policy is also sustainable over the same time frame.

The risk management framework and controls have various early warning indicator and risk outlook signposts (trends) and triggers (events) to alert the Board to the potential advent of a scenario. This approach ensures a link to our business model and strategy and allows a robust identification and assessment of the principal risks, and mitigating actions, for the Trust and prudential consolidated Group.

The Trust's business model, strategy and the embedded characteristics of an investment company have helped define and maintain the stability of the Trust over many decades. The nature and activities of the Trust as a closed end investment trust lead to a reasonable expectation the Trust will be able to continue in operation and meet its liabilities as they fall due in the future. Contributory factors in this assessment include:

- The Trust has a long-term investment strategy under which it invests mainly in readily realisable, publicly listed securities.
- As an investment trust, investing in a global equity portfolio, the Trust is unlikely to be adversely impacted as a direct result of Brexit regardless of the final direction that it takes.
- The Trust is structured for long-term outperformance, rather than short-term opportunities, and although its investment target is based on a rolling three year period the Board also regard five years as a sensible timeframe for measuring and assessing long-term investment performance.
- The Trust is able to take advantage of its closed-end investment trust structure.
- The Trust has put in place unsecured long-term borrowing arrangements going out to 2053.
- The Trust maintains large revenue and capital reserves.
- The Trust retains title to all assets held by the Custodian which are subject to further safeguards imposed on the Depositary.

Based on its assessment and evaluation of the Trust's current financial position, its future prospects, and long term investment horizon and financing, the Board therefore concludes there is a reasonable expectation that the Trust will be able to continue in operation and meet its liabilities as they fall due over the coming five years and beyond; the Board expects this position to continue over many more years to come.

REMUNERATION COMMITTEE



Set out here is the Directors' Remuneration Report for the year ended 31 December 2018. No changes were made to Directors' fees in 2018. After the year-end, we approved a number of reductions in fees for the roles of Chairman, Deputy Chairman, Senior Independent Director and Chairman of the Remuneration Committee. We will keep the level of fees under review. The Report also sets out the minor changes we propose to make to our current Remuneration Policy and explains how the Policy has been implemented during the year.

Anthony Brooke
Chairman, Remuneration Committee

REMUNERATION POLICY

In May 2016 the Board approved the following Remuneration Policy:

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

The Committee also reserves the right to make payments outside the Policy in exceptional circumstances. The Committee would only use this right where it believes that this is in the best interests of the Company, and when it would be disproportionate to seek specific approval from a General Meeting. Any such payments would be fully disclosed on a timely basis.

The Board is required to submit its Remuneration Policy to shareholders for approval every three years and a slightly modified Policy will be proposed to the AGM in April 2019. The full text of the amended policy can be found in the Notice of Meeting document. The changes which are proposed will be:

- To include the word 'designed' in the first sentence so it will read:
'The Board's Remuneration Policy is designed to ensure that the remuneration of Directors is set at a reasonable level.'
- Changing the word 'Company' to 'Trust'

The purpose of these changes is to improve the clarity of the intent of the Policy and to be consistent in the way the Trust is described.

A resolution will be put to our AGM to increase the maximum level of ordinary remuneration that may be paid to our Directors from £224,000 per annum to £300,000 per annum. This change is proposed to give us the flexibility to recruit additional Board members if we wish to do so, rather than to increase the level of fees currently paid to our Directors.

CONSIDERATION OF SHAREHOLDER VIEWS

The Directors regularly engage with our shareholders on all aspects of performance and governance. In the past year the views of our principal shareholders specifically on remuneration issues have not been sought. However, any comments received from shareholders are always carefully considered. This Report and the amended Remuneration Policy will be subject to approval at the AGM and Directors welcome the opportunity to discuss matters of remuneration with shareholders at that meeting.

NON-EXECUTIVE DIRECTORS' CONTRACTS

Each Non-Executive Director's appointment is governed by written terms which are available for inspection at the Trust's registered office. They are also available at the AGM. Non-Executive Directors are appointed subject to annual re-election at the Trust's AGM and their appointment may be terminated at any time by notice given by three quarters of the other Directors. The expectation is that any Director appointed will serve until the AGM seven years after the date of their initial appointment and thereafter for a further term of between one and three years. The date of appointment of each Director can be found on page 56.

EXECUTIVE FUNCTION REMUNERATION

The Trust has no Executive Directors, but has a small Executive function comprising six members of staff, two of whom work part time. The Remuneration Committee takes all decisions in respect of salary and bonuses for these members of staff on the recommendation of the Company Secretary (other than in respect of her own remuneration).

These employees are not members of any share-based incentive arrangements nor of any long-term share award schemes, although two employees are beneficiaries of the Trust's All Employee Share Ownership Plan (AESOP) which ceased to be available for investment by employees on 1 April 2017. No awards have been made under the AESOP in 2018 and no future awards will be made under this Scheme which the Trust intends to terminate effective from the date of the sale of Alliance Trust Savings. The Committee has agreed that shares held by the Trustee of the Employee Benefit Trust under the Company's Long Term Incentive Plan ('LTIP') may be sold to provide cash bonuses to members of the Executive function. These shares are not required to satisfy existing commitments.

NON-EXECUTIVE DIRECTORS' FEES

Annual Fees	2018	From 1 July 2019
Chairman*	£120,000	£80,000
Deputy Chairman	£80,000	£60,000
Basic Non-Executive Director Fee payable to each Director (other than Chairman and Deputy Chairman)	£35,000	£35,000
Committee Membership**	£6,000	£6,000
Chairman of Audit and Risk Committee***	£8,000	£8,000
Chairman of Remuneration Committee***	£4,500	nil
Senior Independent Director	£5,000	£3,000
Subsidiary Board Director's Fee†	£35,000	nil

*Inclusive of membership of all Board Committees.

**All Directors, other than the Chairman, are members of all Board Committees and this is a composite fee for all Board Committees.

***This fee is additional to the Committee membership fee.

†Payable to Gregor Stewart in respect of his appointment to the board of Alliance Trust Savings but will continue should the sale of Alliance Trust Savings not be completed by 1 July 2019.

The Remuneration Committee reviewed the fees paid to Directors in October 2018 and agreed that they should remain unchanged but kept under review. These fees were reviewed again in early 2019. The Committee determined that the fees for the roles of Chairman, Deputy Chairman, Senior Independent Director and Chair of the Remuneration Committee should be reduced with effect from 1 July 2019 or, if earlier, the completion of the sale of Alliance Trust Savings. The changes are being made as a result of the significant simplification of the Trust's business which is expected to continue during 2019. The Committee agreed that the level of Directors' fees should continue to be kept under review.

Where a Non-Executive Director also sits on the Board of a subsidiary company, the Director is paid a fee for that role in addition to the fees received from the Trust. The level of fee is set by the subsidiary company.

The approach of paying a single composite fee for membership of Board Committees and the level of this fee remained unchanged in 2018.

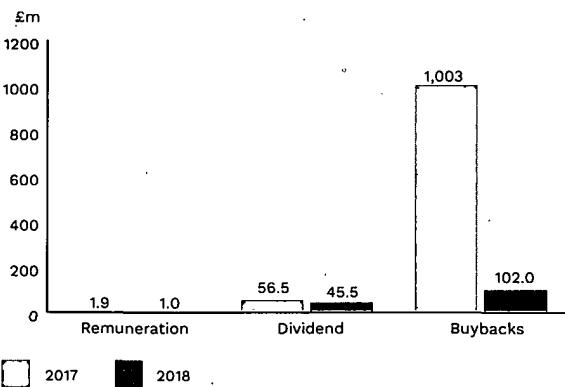
IMPLEMENTATION REPORT – REMUNERATION

RELATIVE IMPORTANCE OF SPEND ON PAY

The chart below shows the actual expenditure of the Trust on remuneration and distributions to shareholders by way of dividend and share buybacks in 2017 and 2018.

In 2017 the Executive function received £0.2m of remuneration for the period 1 April to 31 December 2017. The Non-Executive Directors received remuneration of £0.5m and the former Chief Executive Officer received £0.1m. LTIP awards of £1.1m vested in 2017 and these are included the figure for remuneration in 2017.

During 2018 the Executive function was increased by the appointment of a Marketing and Communications Manager. Other staff members were employed for the full 12 months. The Executive function received £0.6m in remuneration for the year to 31 December 2018 and the Non-Executive Directors received £0.4m.



Source: WTW.

SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

Non-Executive Director	2018			2017		
	Company Fees	Fees for Subsidiary Company Appointment	Total	Company Fees	Fees for Subsidiary Company Appointment	Total
Lord Smith	120	-	120	120	-	120
Anthony Brooke	46	-	46	46	-	46
Clare Dobie	41	-	41	71	-	71
Chris Samuel	41	-	41	41	9	50
Karl Sternberg	46	-	46	46	-	46
Gregor Stewart	94	35	129	94	35	129
Total	388	35	423	418	44	462

DIRECTORS' SHAREHOLDINGS (AUDITED)

All Directors are required to hold 3,000 shares in the Trust. 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 2018 the Trust issued no options to subscribe for shares.

Directors' shareholdings	As at 1 Jan 2018	As at 31 Dec 2018	Acquired between 31 Dec 2018 and 28 Feb 2019
Lord Smith	18,000	30,700	-
Anthony Brooke	13,000	13,000	-
Clare Dobie	3,030	3,160	-
Chris Samuel	20,190	40,374	108
Karl Sternberg	13,806	13,997	54
Gregor Stewart	25,011	25,120	31

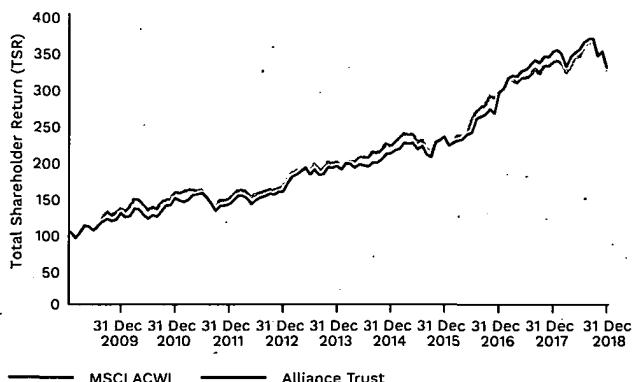
ADVISERS

The Remuneration Committee received no independent advice in respect of remuneration during the year.

PERFORMANCE GRAPH

The graph below 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 2009. The Trust 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 used to measure the performance of the equity portfolio.

The Trust's equity portfolio is global in nature and at the year end comprised 97.4% of the total investment portfolio.



Source: Morningstar and MSCI Inc.

VOTING AT ANNUAL GENERAL MEETING

At the AGM held on 28 April 2018, votes cast by proxy and at the meeting in respect of the Directors' Remuneration Report were as follows:

Resolution	Votes for	%	Votes against	%	Total votes cast	Votes withheld (abstentions)
Directors' remuneration report (excluding remuneration policy)	84,318,041	97.16	2,464,482	2.84%	86,782,523	1,590,561

At the AGM held on 6 May 2016, votes cast by proxy and at the meeting in respect of the Directors' Remuneration Policy were as follows:

Resolution	Votes for	%	Votes against	%	Total votes cast	Votes withheld (abstentions)
Approval of Remuneration Policy	182,111,330	98.29	3,164,092	1.71	185,275,422	2,039,521

APPROVAL

The Remuneration Report comprising pages 52 to 55 and the Implementation Report comprising pages 54 to 55 have been approved by the Board and signed on its behalf by

Anthony Brooke
Chairman, Remuneration Committee
28 February 2019

FORMER CHIEF EXECUTIVE'S REMUNERATION

In our Annual Report for the year to 31 December 2017 we disclosed the remuneration received by the Trust's former Chief Executive, who left the Board on 3 February 2016. This included annual bonuses payable and long term incentive payments which vested in each year since the financial year ended 31 January 2010 to 31 December 2017. No further payments, other than those already disclosed, have or will be made to the former Chief Executive or to any other former Executive Directors. As a result, a table giving details of these payments has not been included here. A comparison of the Chief Executive's remuneration with those of other employees in the Group is not given as this has not been relevant since 2016.

PAYMENTS TO FORMER DIRECTORS

All payments, including any payments due under share plans, made to former Executive Directors have been disclosed in previous Annual Reports. These can be found on the Trust's website www.alliancetrust.co.uk

OTHER GOVERNANCE

RE-ELECTION OF DIRECTORS

Details of the current Directors can be found on pages 38 and 39. Although the Articles of the Trust provide for re-election every three years the Board has decided that all the Directors will be subject to re-election every year.

The individual performance of each Director and their ongoing suitability for election or re-election was considered and endorsed by the Chairman and the Board. All are recommended for re-election at the forthcoming AGM. Each of the Trust's Directors has confirmed that they remain committed to their role and have sufficient time available to meet what is expected of them.

DIRECTORS IN 2018

Name	Designation	Appointed
Lord Smith	Chairman	3/2/2016
Anthony Brooke	Non-Executive Director	24/6/2015
Clare Dobie	Non-Executive Director	26/5/2016
Chris Samuel	Non-Executive Director	23/9/2015
Karl Sternberg	Non-Executive Director	23/9/2015
Gregor Stewart	Non-Executive Director	1/12/2014

All the Directors served the full financial year and remained in office at the date of signing these Accounts.

MAJOR SHAREHOLDERS

As at 28 February 2019 the Trust had received the following notification from shareholders holding an interest in more than 3% of the voting rights of the ordinary shares in issue of the Trust:

Shareholder	Nature of interest	Number of shares
DC Thomson & Company Limited	Shares	10,180,000 (3.1%)

The largest shareholder in the Trust is the nominee company for Alliance Trust Savings which holds its shares on behalf of around 18,500 customers.

Shareholder	Nature of interest	Number of shares
Alliance Trust Savings Nominees Limited	Shares	113,982,435 (34.2%)

DIVIDENDS

The dividend payable to shareholders on 1 April 2019 is disclosed on page 30.

USE OF FINANCIAL INSTRUMENTS

Information on the use of financial instruments can be found in Note 22 on pages 85 to 91 of the Accounts.

DIRECTORS' AND OFFICERS' INDEMNIFICATION

The Trust provides insurance for legal action brought against 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 do not extend to cover claims brought by the Trust itself which are upheld by the Courts, nor to criminal fines or penalties.

CHARITABLE DONATIONS

The Trust paid £50,000 to support the V&A Design Museum in Dundee. A further £200 was provided to fund prizes for students at Dundee university.

ACCESS TO ADVICE

All Directors have access to independent professional advice if necessary.

RELATIONSHIP WITH SHAREHOLDERS

All Directors normally attend the AGM where they have the opportunity to meet shareholders. Meetings also take place throughout the year with major and institutional shareholders and investment forums may be held where other shareholders may attend.

INVESTMENT TRUST AND COMPANY STATUS

Alliance Trust PLC is a public limited company limited by shares. HM Revenue & Customs has confirmed that Alliance Trust PLC has investment trust status for all financial periods from 1 January 2012.

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ('THE DIRECTIVE')

On 1 April 2017 the Trust appointed Towers Watson Investment Management (Ireland) Limited as its alternative investment fund manager (AIFM) and Towers Watson Investment Fund Management Limited as its investment manager.

The Trust has appointed NatWest Trustee & 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 Trust's Investor Disclosure Document, are provided on the Trust'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

Under the terms of the Management Agreement with Towers Watson Investment Management (Ireland) Limited ('the AIFM'), the AIFM will be entitled to a management fee together with reimbursement of reasonable expenses incurred.

The management fee of £10.9m (2017 £10.1m) equates to the sum of:

- (i) £1.5m per annum (increasing in line with UK Consumer Prices Index (CPI) each year) plus 0.055% per annum of the market capitalisation of the Trust after deduction of (a) the value of non-core assets, (b) the value of the Trust's subsidiaries; and
- (ii) Such fees as are agreed from time to time by the Trust in respect of third-party managers. Each of the third-party managers is 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 in line with the CPI). In 2018 this fee was £0.93m; and
- (ii) Fees paid to the managers/administrators of non-core assets of £0.4m (2017: £0.4m) (these have been paid directly by the Trust to the third parties).

The Management Agreement may be terminated by either party on not less than six months' notice or, if terminated by the Trust 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.

DIRECTOR DEVELOPMENT

Every Director on appointment receives an individually tailored induction. The Board as a whole received updates on relevant topics.

SHARE CAPITAL AND WAIVER OF DIVIDENDS

The Trust's issued share capital as at 31 December 2018 comprised 333,626,020 Ordinary 2.5p shares of which 407,316 have been acquired by the Trustee of an Employee Benefit Trust ('the Trustee') with funds provided by the Trust in connection with former employee share plans. The Trustee has elected to waive all dividends payable in respect of those shares. The Trustee holds a further 98,002 shares deposited by recipients of awards under the LTIP. Each Ordinary share of the Trust is entitled to one vote but the Trustee does not vote in respect of the shares held by it on behalf of the Trust. In the course of the year the Trust acquired and cancelled 13,966,136 shares at a cost of £101.8m.

There are no preference shares or shares held in Treasury.

AGREEMENT IN RESPECT OF VOTING RIGHTS

There are no agreements in respect of voting rights.

SHARE BUYBACK AUTHORITY

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 fall to be renewed at the next AGM.

The Trust made use of this provision during the course of the year as detailed above. The Trust will seek the renewal of these authorities at the AGM.

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 2019. Procedures are in place to allow Directors to request authority should it be required outwith the normal Board meeting schedule.

ANNUAL GENERAL MEETING

In addition to formal business, there will be the opportunity for questions to be put to the Directors. This year, in addition to the normal business there will be proposals to:

- Approval of amended Directors' Remuneration policy (details on page 52);
- Approval of Investment Objective and Policy (details on page 6);
- Renew the share buyback authority and requesting the power to hold shares purchased under that authority to be held in Treasury or cancelled with power to reintroduce any shares held in Treasury to the market but not at a discount to Net Asset Value; and
- Confirm the notice period for convening general meetings other than Annual General Meetings.

After the formal meeting we expect to have presentations from two of our stock pickers, Andrew Wellington of Lyrical Asset Management and Rob Rohn of Sustainable Growth Advisers.

OTHER GOVERNANCE CONTINUED

TOTAL GREENHOUSE GAS EMISSIONS DATA

The Trust's operational environmental impact relates to offices occupied by the Trust and Alliance Trust Savings and to travel undertaken by employees. Although Alliance Trust Savings does not fall to be consolidated in the financial statements it is wholly owned by the Trust and is therefore regarded as under the Trust's control for the purposes of

reporting emissions. The Trust's carbon footprint has been calculated based on the GHG Protocol Corporate Accounting and Reporting Standard. An operational control approach has been adopted. The emissions reported below have been verified by Carbon Footprint Limited. Details of our verification statements are available on the Trust's website.

Tonnes CO2e		Year to 31 Dec 2015	Year to 31 Dec 2016	Year to 31 Dec 2017	Year to 31 Dec 2018	% Change year-on-year
Scope 1	Natural gas Refrigerant loss Company cars	163	131	136	126	-7
Scope 2 Location based	Purchased electricity	422	379	326	257	-21
Scope 2 Market based		54	37	207	144	-31
Scope 3	Downstream leased assets Business travel	247	205	171	112	-35
Total all Scopes		832	715	633	495	-22
Total Scope 1 + 2 location based		585	510	462	381	-18
Total Scope 1 + 2 per full employee equivalent (FTE)		2.4	2.0	1.4	1.2	-14

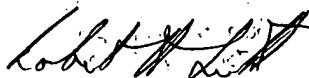
All figures in the above table have been restated to reflect the sale of Alliance Trust Investments in 2017.

REPORT OF DIRECTORS AND RESPONSIBILITY STATEMENT

The Report of the Directors, including the Directors' responsibility statement on pages 40 to 49, the going concern statement on page 50, the indications of future developments contained on pages 6 to 8 of the Strategic Report and pages 56 to 58 of the Annual Report and Accounts, has been approved by the Board.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.



Lord Smith of Kelvin
Chairman
28 February 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLIANCE TRUST PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion the financial statements of Alliance Trust PLC (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

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 are 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 Financial Reporting Council's (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. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

SUMMARY OF OUR AUDIT APPROACH

Key audit matters	<p>The key audit matter that we identified in the current year was Valuation and ownership of listed equity investments and other equity and fund investments.</p> <p>In the audit for the year ended 31 December 2017 valuation of unlisted investments, including subsidiaries, was considered a key audit matter given the degree of judgement over the valuations and the size of the balance. The company has agreed to sell its material subsidiary, Alliance Trust Savings, therefore the level of judgement involved is significantly reduced and this has not been considered as a key audit matter for this year's audit.</p>
Materiality	<p>The materiality that we used in the current year was £24.1m which was determined on the basis of 1% of net asset value.</p>
Scoping	<p>Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement.</p> <p>The financial reporting process is outsourced to Willis Towers Watson 'the Manager', who have delegated certain accounting responsibilities to The Bank of New York Mellon.</p> <p>As part of our audit we assessed the key controls in place at the Manager and The Bank of New York Mellon.</p>
Significant changes in our approach	<p>In prior years we have challenged the Director's judgements underpinning the valuation of Alliance Trust Savings. Following the agreement to sell Alliance Trust Savings as described above, this is no longer considered a key audit matter. Our audit work this year involves a review of the Sale and Purchase Agreement, including the treatment of post completion adjustments.</p>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLIANCE TRUST PLC CONTINUED

CONCLUSIONS RELATING TO GOING CONCERN, PRINCIPAL RISKS AND VIABILITY STATEMENT

<p>Going concern</p> <p>We have reviewed the directors' statement in note 2 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.</p> <p>We considered as part of our risk assessment the nature of the company, its business model and related risks including where relevant the impact of Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the company's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.</p> <p>We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.</p>	<p>We confirm that we have nothing material to report, add or draw attention to in respect of these matters.</p>
<p>Principal risks and viability statement</p> <p>Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:</p> <ul style="list-style-type: none"> • the disclosures on pages 32 to 34 that describe the principal risks and explain how they are being managed or mitigated; • the directors' confirmation on page 58 that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity; or • the directors' explanation on page 51 as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions. <p>We are also required to report whether the directors' statement relating to the prospects of the company required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.</p>	<p>We confirm that we have nothing material to report, add or draw attention to in respect of these matters.</p>

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. These matters included 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 – valuation and ownership of listed equity investments and other equity and fund investments	
<p>Key audit matter description</p>	<p>Listed equity investments £2,515m (2017: £2,573m) and other equity and fund investments £5.9m (2017: £129m) represent the most significant number on the balance sheet and are the main driver of the company's performance. The combined total of £2,520m (2017: £2,702m) represented 94.1% of total assets of the company at 31 December 2018 (2017: 90.7%) (see notes 2 and 9).</p> <p>There is a risk that the prices recorded in respect of the listed investments held by the company may not be reflective of fair value. This has been deemed a fraud risk given the possibility of manipulation of the net asset value of the company through investment valuations.</p> <p>There is also a risk over the recording and custody of listed investments and whether listed investments recorded are indeed the property of the company.</p>

(Key audit matter – valuation and ownership of listed equity investments and other equity and fund investments (continued))

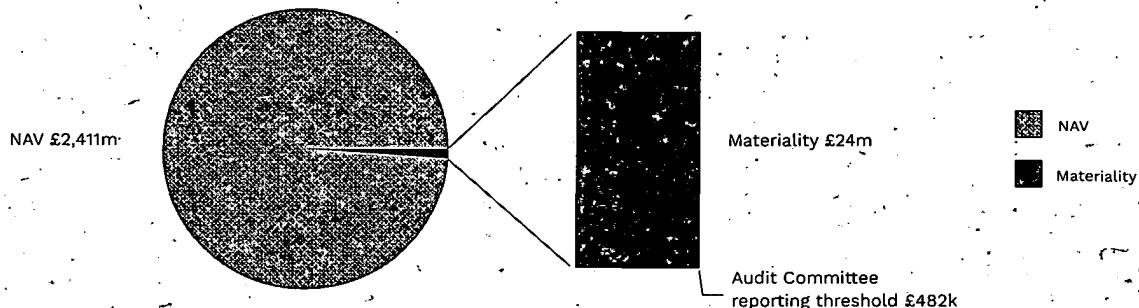
How the scope of our audit responded to the key audit matter	<p>We have:</p> <ul style="list-style-type: none"> assessed the design and implementation controls over valuation and existence of listed investments; reviewed Controls Reports relating to Custody and Investment Accounting provided by Bank of New York Mellon as Custodian and Fund Accountant; agreed 100% of the company's quoted investment portfolio at the year end to confirmations received directly from the custodian (Bank of New York Mellon) and depositary (NatWest); agreed 100% of the bid prices of quoted investments on the investment ledger at year end to closing bid prices published by an independent pricing source; and tested the recording of a sample of purchases and sales of quoted investments by agreeing the transactions to supporting documentation and tracing the cash movements to bank statements.
Key observations	<p>No misstatements were identified which required reporting to those charged with governance in regards to the valuation of the listed investments.</p> <p>We did not identify any differences when agreeing the company's investment portfolio to the confirmation received directly from the depositary.</p>

OUR APPLICATION OF MATERIALITY

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

Materiality	£24.1m (2017: £26.9m)
Basis for determining materiality	We determined materiality as 1% (2017: 1%) of net asset value.
Rationale for the benchmark applied	Net assets has been chosen as a benchmark as it is considered the most relevant benchmark for investors and is a key driver of shareholder value.



We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £482,000 (2017: £539,900), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. As part of our audit we assessed the controls in place at the Manager who prepares the financial statements of the company and also the key controls in place at The Bank of New York Mellon (Fund Accounting) who maintain the underlying accounting records for investment transactions and related balances.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLIANCE TRUST PLC CONTINUED

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- Fair, balanced and understandable – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit and Risk Committee reporting – the section describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee; or
- Directors' statement of compliance with the UK Corporate Governance Code – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud are set out below.

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

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management and the Audit and Risk Committee, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team and involving relevant internal specialists, including valuations specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the valuation of investments due to the potential for the manipulation of the net asset value through manipulation of the investment balance; and
- obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the company. The key laws and regulations we considered in this context included International Financial Reporting Standards ('IFRSs'), UK Companies Act, Listing Rules and tax legislation.

Audit response to risks identified

As a result of performing the above, we identified the valuation and ownership of listed equity investments and other equity and fund investments as a key audit matter. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit and Risk Committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing correspondence with HMRC and the FCA; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Our work over the identified fraud risk, valuation of investments, has been documented in the key audit matters section of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLIANCE TRUST PLC CONTINUED

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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 any material misstatements in the strategic report or the directors' report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of explanations received and accounting records Under the Companies Act 2006 we are required to report to you if, in our opinion: <ul style="list-style-type: none">• we have not received all the information and explanations we require for our audit; or• 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 are not in agreement with the accounting records and returns.	We have nothing to report in respect of these matters.
Directors' remuneration Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.	We have nothing to report in respect of these matters.

OTHER MATTERS

Auditor tenure

Following the recommendation of the Audit Committee (now Audit and Risk Committee), we were appointed by the Board of Directors on 20 May 2011 to audit the financial statements for the year ending 31 December 2011 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 8 years, covering the years ending 31 December 2011 to 31 December 2018.

Consistency of the audit report with the additional report to the Audit and Risk Committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

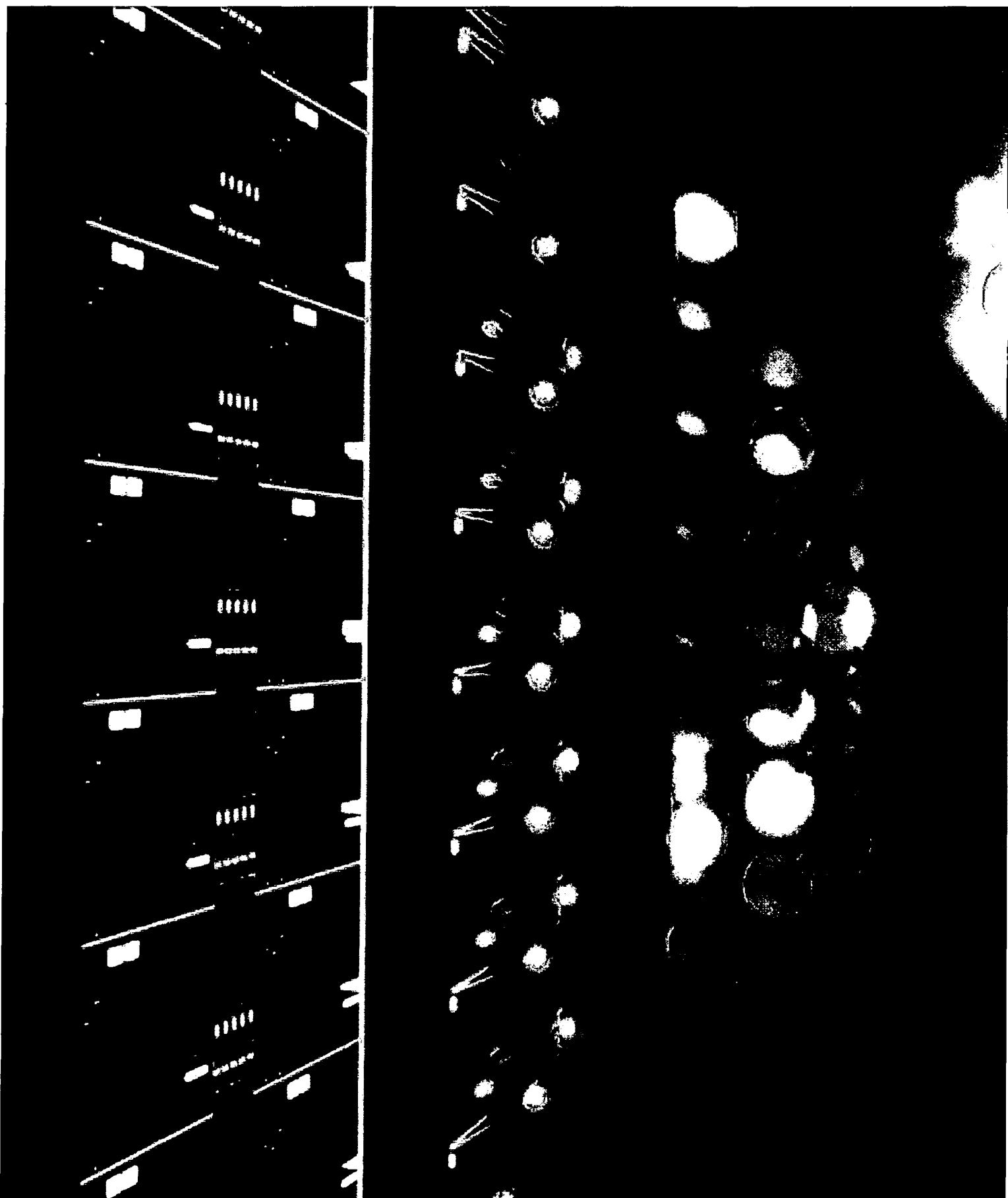
USE OF OUR REPORT

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.



Andrew Partridge (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom
28 February 2019

FINANCIAL STATEMENTS



Financial Statements

Income statement for year ended 31 December 2018

Statement of comprehensive income

Statement of changes in equity for year ended 31 December 2018

Balance sheet as at 31 December 2018

Cash flow statement for year ended 31 December 2018

Notes

Income statement for the year ended 31 December 2018

£000	Note	Year to December 2018			Year to December 2017		
		Revenue	Capital	Total	Revenue	Capital	Total
Income	3	55,145	-	55,145	60,525	-	60,525
(Loss)/Profit on fair value designated investments	9	-	(162,664)	(162,664)	-	432,187	432,187
Loss on fair value of debt		-	(361)	(361)	-	(2,160)	(2,160)
Total revenue		55,145	(163,025)	(107,880)	60,525	430,027	490,552
Investment management fees	4	(2,713)	(8,139)	(10,852)	(3,307)	(6,786)	(10,093)
Administrative expenses	4	(5,466)	(1,076)	(6,542)	(5,496)	(1,843)	(7,339)
Finance costs	5	(1,618)	(4,817)	(6,435)	(2,094)	(4,096)	(6,190)
(Loss)/Gain on other assets held at fair value		-	(2,180)	(2,180)	-	1,450	1,450
Foreign exchange (losses)/gains		-	(2,722)	(2,722)	-	4,556	4,556
(Loss)/Profit before tax		45,348	(181,959)	(136,611)	49,628	423,308	472,936
Tax	6	(3,986)	-	(3,986)	(1,170)	41	(1,129)
(Loss)/Profit for the year		41,362	(181,959)	(140,597)	48,458	423,349	471,807

All (loss)/profit for the year is attributable to equity holders.

Earnings per share attributable to equity holders

Basic (p per share)	8	12.18	(53.60)	(41.42)	12.86	112.35	125.21
Diluted (p per share)		12.17	(53.53)	(41.36)	12.84	112.14	124.98

Statement of comprehensive income

£000	Year to December 2018			Year to December 2017		
	Revenue	Capital	Total	Revenue	Capital	Total
(Loss)/Profit for the year	41,362	(181,959)	(140,597)	48,458	423,349	471,807

Items that will not be reclassified subsequently to profit or loss:

Defined benefit plan net actuarial (loss)/gain(note 24)	-	(38)	(38)	-	313	313
Retirement benefit obligations deferred tax	-	6	6	-	(53)	(53)
Other comprehensive (loss)/income	-	(32)	(32)	-	260	260
Total comprehensive (loss)/income for the year	41,362	(181,991)	(140,629)	48,458	423,609	472,067

All total comprehensive (loss)/income for the year is attributable to equity holders.

Statement of changes in equity for the year ended 31 December 2018

£000	Dec 18	Dec 17
Called-up share capital		
At 1 January	8,691	12,319
Own shares purchased and cancelled in the year	(349)	(3,628)
At 31 December	<u>8,342</u>	<u>8,691</u>
Capital reserve		
At 1 January	1,923,439	2,508,359
(Loss)/Profit for the year	(181,959)	423,349
Defined benefit plan actuarial net (loss)/gain	(32)	260
Own shares purchased and cancelled in the year	(102,276)	(1,008,529)
At 31 December	<u>1,639,172</u>	<u>1,923,439</u>
Merger reserve		
At 1 January and at 31 December	<u>645,335</u>	<u>645,335</u>
Capital redemption reserve		
At 1 January	10,307	6,679
Own shares purchased and cancelled in the year	349	3,628
At 31 December	<u>10,656</u>	<u>10,307</u>
Revenue reserve		
At 1 January	111,861	111,450
Profit for the year	41,362	48,458
Dividends paid	(45,545)	(48,113)
Undeclared dividends returned	6	CG
At 31 December	<u>107,684</u>	<u>111,861</u>
Total Equity at 1 January	2,699,633	3,284,142
Total Equity at 31 December	2,411,189	2,699,633

Balance sheet as at 31 December 2018

£000	Note	Dec 18	Dec 17
Non-current assets			
Investments held at fair value	9	2,580,765	2,836,875
Office premises freehold / Heritable property	9	-	4,935
Pension scheme surplus	24	-	38
Deferred tax asset	11	-	6
		2,580,765	2,841,854
Current assets			
Outstanding settlements and other receivables	12	13,574	31,607
Cash and cash equivalents	20	81,168	105,808
Assets classified as held for sale	9	2,755	-
		97,497	137,415
Total assets		2,678,262	2,979,269
Current liabilities			
Outstanding settlements and other payables	13	(14,761)	(21,679)
Tax payable	11	(3,991)	(3,991)
Bank loans	14	(67,000)	(133,000)
		(85,752)	(158,670)
Total assets less current liabilities		2,592,510	2,820,599
Non-current liabilities			
Unsecured fixed rate loan notes held at fair value	14	(181,321)	(120,960)
Deferred tax liability	11	-	(6)
		(181,321)	(120,966)
Net assets		2,411,189	2,699,633
Equity			
Share Capital	15	8,342	8,691
Capital reserve	16	1,639,172	1,923,439
Merger reserve	16	645,335	645,335
Capital redemption reserve	16	10,656	10,307
Revenue reserve	16	107,684	111,861
Total Equity		2,411,189	2,699,633

All net assets are attributable to equity holders.

Net Asset Value per ordinary share attributable to equity holders

Basic (£)	17	£7.24	£7.78
Diluted (£)	17	£7.23	£7.77

The financial statements of Alliance Trust PLC (SC1731) were approved by the Board of Directors and authorised for issue on 28 February 2019.
They were signed on its behalf by:



Lord Smith of Kelvin
Chairman

Cash flow statement for the year ended 31 December 2018

£000	Dec 18	Dec 17
Cash flows from operating activities		
(Loss)/Profit before tax	(136,611)	472,936
Adjustments for:		
Losses/(Gains) on investments	162,664	(432,187)
Losses on fair value of debt	361	2,160
Foreign exchange losses/(gains)	2,722	(4,556)
Depreciation	-	4
Loss/(Gains) on revaluation of office premises	2,180	(1,450)
Finance costs	6,435	6,190
Movement in pension scheme loss	6	305
Operating cash flows before movements in working capital	37,757	43,402
(Increase)/Decrease in receivables	(2,288)	3,273
Increase/(Decrease) in payables	5,848	(6,318)
Net cash flow from operating activities before income taxes	41,917	40,357
Taxes paid	(5,220)	(1,433)
Net cash inflow from operating activities	36,097	38,924
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposal at fair value of investments through profit and loss	1,849,279	4,384,770
Purchases of fair value through profit and loss investments	(1,747,167)	(3,322,009)
Disposal of property	-	21
Net cash inflow from investing activities	102,112	1,062,782
Cash flows from financing activities		
Dividends paid - Equity	(45,545)	(48,113)
Unclaimed dividends returned	6	66
Purchase of own shares	(102,276)	(1,008,529)
Bank loans and unsecured fixed rate loan notes raised	60,000	13,000
Repayment of bank debt	(66,000)	-
Finance costs paid	(6,312)	(6,308)
Net cash outflow from financing activities	(160,127)	(1,049,884)
Net cash (decrease)/increase in cash and cash equivalents	(21,918)	51,822
Cash and cash equivalents at beginning of year	105,000	49,400
Effect of foreign exchange rate changes	(2,722)	4,556
Cash and cash equivalents at end of year	81,168	105,808

Notes

1 General Information

Alliance Trust PLC was incorporated in the United Kingdom under the Companies Acts 1862-1886. The address of the registered office is given on page 99. 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 2018 and the comparatives which are in brackets for the year ended 31 December 2017.

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

Critical accounting estimates and judgements

The preparation of the financial statements necessarily requires the exercise of judgement both in application of accounting policies, which are set out below, and in the selection of assumptions used in the calculation of estimates. These estimates and judgements are reviewed on an ongoing basis and are continually evaluated based on historical experience and other factors. However, actual results may differ from these estimates. There are no critical judgements. Following the announcement of the sale of its subsidiary company Alliance Trust Savings (ATS) there are no remaining key sources of estimation uncertainty in the Company's financial statements.

2 Summary of Significant Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union (Adopted IFRS's).

The financial statements have been prepared on the historical cost basis, except that investments and financial instruments are stated at fair value and office premises are revalued on a periodic basis. The principal accounting policies adopted are set out below. Where presentational guidance set out in the Statement of Recommended Practice (SORP) "Financial Statements of Investment Trust Companies" issued by the Association of Investment Companies (AIC) in November 2014 and updated in February 2018, is consistent with the requirements of IFRS, then the Directors have sought to prepare the financial statements on a basis consistent with the recommendations of the SORP.

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, other than those stated below.

IFRS 15 Revenue from Contracts with Customers

In the current financial year the Company has adopted IFRS 15. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Given the nature of the income streams of the Company, there is no material impact to the current measurement and disclosure of revenue.

IFRS 9 Financial Instruments

In the current financial year the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment for financial assets and general hedge accounting. The Company measures all balance sheet items at fair value, there are no impaired assets and, does not enter into general hedge accounting. There is no material impact on the Company in relation to the adoption of this standard.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the financial statements. The Company's business activities, together with the factors likely to affect its future development and performance, are set out in the Strategic Report on pages 1 to 36. The financial position of the Company as at 31 December 2018 is shown on the balance sheet on page 69.

Basis of consolidation

The Company qualifies as an investment entity under IFRS 10 meeting all the key characteristics:

- It obtains funds from investors and provides those investors with investment management services;
- It commits to its investors that its business purpose is to invest solely for returns from capital appreciation and investment income; and
- It measures and evaluates performance of substantially all its investments on a fair value basis.

As such the Company does not consolidate its subsidiaries.

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

Name	Shares held	Country of incorporation	Principal Activity
Alliance Trust Savings Limited (ATS)	Ordinary	Scotland*	Provision and administration of investment and pension products
Alliance Trust Savings (England) Limited	Ordinary	England**	Inactive
AT2006 Limited	Ordinary	Scotland*	Intermediate holding company
Second Alliance Trust Limited	Ordinary	Scotland*	Inactive

2 Summary of Significant Accounting Policies

Name	Shares held	Country of incorporation	Principal Activity
Alliance Trust Equity Partners Limited	Ordinary	Scotland*	Investment management
ATEP 2008 GP Limited	Ordinary	Scotland*	Private equity general partner
ATEP 2009 GP Limited	Ordinary	Scotland*	Private equity general partner
Allsec Nominees Limited	Ordinary	Scotland*	Nominee
Alliance Trust Savings Nominees Limited	Ordinary	Scotland*	Nominee
Alliance Trust Services Limited	Ordinary	Scotland*	Service company

* Registered at 8 West Marketgait, Dundee, DD1 1QN.

** Registered at Broadgate Tower Level 13, Primrose Street, London, EC2A 2EW, this company was dissolved on 15 January 2019.

Alliance Trust Real Estate Partners LP was dissolved on 7 November 2018, Liquidators were appointed on 29 November 2018 to Alliance Trust Real Estate Partners GP and Albany Ventures Managers GP Limited as part of a members' voluntary liquidation of these companies.

Adopted IFRSs

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRS 2 Share based payments

IFRSs not yet applied

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and had not yet been adopted by the EU as at 31 December 2018:

IFRS 16 Leases

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

Presentation of income statement

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

Revenue recognition

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

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

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

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

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

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

Foreign currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange applicable to the dates of the transactions. At each balance sheet date, monetary items and non-monetary assets and liabilities that are fair valued and are denominated in foreign currencies are restated at the rates prevailing on the balance sheet date. Gains and losses arising on restatement are included as capital net profit or loss for the period where investments are classified as fair value through profit or loss.

Expenses

All expenses and interest payable are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the income statement, where there is a connection with the maintenance or enhancement of the value of the investments and where consistent with the AIC SORP the Company is attributing indirect expenditure including management fees and finance costs one quarter to revenue and three quarters to capital profits, specific exceptions are:

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

The Directors have adopted a one quarter revenue and three quarters capital allocation for management fees, financing costs and other indirect expenses where consistent with the AIC SORP guidelines.

2 Summary of Significant Accounting Policies

Operating leases

Charges for operating leases are debited to the income statement on an accruals basis. Note 25 "Operating lease commitments" discloses the commitments to pay charges for leases expiring within one year, between two to five years and over five years.

Share-based payment

Historically the Company has operated three share-based payment schemes: the All Employee Share Ownership Plan (AESOP), the Long Term Incentive Plans (LTIP) and the Deferred Bonus scheme. No awards have been made in any of these schemes during the year. Any cost relating to the AESOP was recognised as a revenue cost in the year. The fair value of options granted to employees under the LTIP was recognised as staff costs, with a corresponding increase in equity, over the year in which the employees become unconditionally entitled to the options. The amount recognised as an expense may be adjusted to reflect the actual number of share options that vest. For share-based compensation schemes settled by the Company that relate to employees of the subsidiary companies a recharge equal to the cost during the year is made to subsidiary companies.

Pension costs

Employer contributions to pension arrangements for staff have been charged one quarter to revenue and three quarters to capital.

Contributions in respect of the defined benefit pension scheme are calculated by reference to actuarial valuations carried out for the Trustees at intervals of not more than three years, and represent a charge to cover the accrued liabilities on a continuing basis. The Company completed a buy-out of the pension scheme liabilities in 2018, having carried out a buy-in of pension liabilities in 2016 and accordingly, no further contribution to fund pension liabilities will be required.

Actuarial gains and losses are recognised in full in the statement of comprehensive income in the year in which they occur.

Taxation

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

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

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the income statement is the 'marginal basis'. Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the income statement, then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also recorded within equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and where they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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

Financial instruments

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

Derivative financial instruments

The Company's activities expose it primarily to the financial risks of changes in market prices, foreign currency exchange rates and interest rates. Derivative transactions which the Company may enter include futures, forwards and swaps.

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

2 Summary of Significant Accounting Policies

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 timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Investments, which include collective investment schemes, are principally designated as fair value through profit and loss upon initial recognition (not including transaction costs). Listed investments are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

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

Investments in subsidiary companies are valued in the Company's accounts at the Directors' estimate of their fair value, using the guidelines and methodologies on valuation published by the International Private Equity and Venture Capital Association issued in December 2018, or sale price, and where relevant the use of external valuers. For investments in private equity, the Directors make use of unaudited valuations of the underlying investments as supplied by the managers of those private equity funds. The Directors regularly review the principles applied by those managers to ensure they are in compliance with the Company's policies.

Valuation of mineral rights, included in unlisted investments, is based upon the net income received from the asset in the previous 12 months multiplied by appropriate factors for gas and oil or the agreed sale price for any assets sold. Mineral rights are included in unlisted investments.

Foreign exchange gains and losses for fair value designated investments are included within the changes in their fair value.

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.

Other receivables

Other receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Office premises

During 2017 office premises were valued annually by chartered surveyors on the basis of market value in accordance with the RICS Appraisal and Valuation Standards.

As at 31 December 2018 the office premises have been classified as held for sale. They are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use and where such a sale is considered highly probable. These have been subsequently measured at the lower of their carrying amount and their fair value less the costs to sell.

No depreciation has been charged on these assets as, in the opinion of the Board, any provision for depreciation would be immaterial.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into by the Company. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Bank borrowings and unsecured fixed rate loan notes

Interest-bearing bank loans and overdrafts are initially recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for through the income statement on an accruals basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

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

Other payables

Other payables are not interest-bearing and are stated at their nominal value.

Buybacks and cancellation of shares

The costs of acquiring own shares for cancellation, together with any associated trading costs, are written back to distributable reserves. Share capital is reduced by the nominal value of the shares bought back with an equivalent entry made to the capital redemption reserve.

Realised and unrealised reserves

A description of each of the reserves follows:

Capital reserve

The following are accounted through this reserve:

- Gains and losses on realisation of Investments
- Changes in the value of assets held at fair value
- Realised exchange differences of a capital nature
- Purchases of shares by the Trustee of the Employee Benefit Trust
- Payment of capital dividends

2 Summary of Significant Accounting Policies

- Amounts recognised in relation to share based payments which are capital in nature
- Amounts by which other assets and liabilities valued at fair value differ from their book value
- Buyback and cancellation of own shares
- Amounts recognised in relation to the defined benefit pensions scheme
- Where consistent with the AIC SORP, attributing three quarters of indirect expenditure including management fees, finance costs and relevant administrative expenses are charged to capital profits.

Revaluation reserve

This reserve is used to record changes in the valuation of the office premises. A downward revaluation in office premises is charged to the income statement to the extent that there is no earlier upward revaluation in this reserve for those premises.

Merger reserve

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

Capital redemption reserve

This reserve was created on the cancellation and repayment of the Company's preference share capital. Further movements in this reserve reflect the nominal value of the buyback and cancellation of a portion of the share capital of the Company.

Revenue reserve

Net revenue profits and losses of the Company and the fair value costs of share-based payments which are revenue in nature are recorded within this reserve, together with the dividend payments made by the Company.

3 Revenue

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

£000	Dec 18	Dec 17
Income from investments		
Listed dividends - UK	11,071	10,948
Distributions from Collective Investment Schemes	235	1,500
Listed dividends - Overseas	40,497	44,536
	51,803	56,984
Other income		
Property rental income	785	570
Mineral rights income	2,144	2,803
Other interest	344	20
Other income	69	148
	3,342	3,541
Total income	55,145	60,525

The mineral rights income disclosed above represents gross income received. Against this the Company pays associated expenses of £0.34m (£0.36m), with US tax of 20% payable on the net income.

4 Profit before tax is stated after charging the following expenses:

Investment manager fee

£000	Dec 18 Revenue	Dec 18 Capital	Dec 18 Total	Dec 17 Revenue	Dec 17 Capital	Dec 17 Total
Investment management fees	2,713	8,139	10,852	3,307	6,786	10,093

For the first three months of 2017 the Company's then subsidiary, Alliance Trust Investments Limited (ATI) was the appointed Alternative Investment Fund Manager (AIFM) and investment manager to the Company. The basis of the ATI investment management fee was 0.35% of NAV after deducting the fair value of subsidiary companies.

On 1 April 2017 the Company appointed Towers Watson Investment Management (Ireland) Limited (TWIMI) as the AIFM. The AIFM delegated the management of the Company's investment portfolio to Towers Watson Investment Management Limited (TWIM). TWIM appointed a range of specialist managers to invest the equity portfolio. TWIMI is entitled to a fixed fee and a base variable fee based on the market capitalisation of the Company after deduction of the value of non-core assets and the value of Company's subsidiaries. TWIMI is also entitled to an administration fee for the provision of certain administrative services outsourced by the Company. Each of the managers is entitled to a base management fee rate, generally based on a percentage of the value of assets under management. No performance fees are payable.

£000	Dec 18 Revenue	Dec 18 Capital	Dec 18 Total	Dec 17 Revenue	Dec 17 Capital	Dec 17 Total
Staff costs	270	810	1,080	287	622	909
Social security costs	65	196	260	60	137	206
Pension costs - defined benefit scheme	-	-	-	119	239	358
Pension costs - defined contribution scheme	23	70	93	9	18	27
	358	1,075	1,433	484	1,016	1,500

£000	Dec 18 Revenue	Dec 18 Capital	Dec 18 Total	Dec 17 Revenue	Dec 17 Capital	Dec 17 Total
Auditor's remuneration						

Fee payable to the auditor for the audit of the Group's annual accounts	54	-	54	61	-	61
All other services	5	-	5	31	-	31
Total non-audit fees	5	-	5	31	-	31
Fees payable to the Company's auditor in respect of associated pension schemes audit						
	-	-	-	5	-	5

4 Profit before tax is stated after charging the following expenses:

£000	Dec 18	Dec 18	Dec 18	Dec 17	Dec 17	Dec 17
	Revenue	Capital	Total	Revenue	Capital	Total
-	-	-	-	5	-	5
Total remuneration	59	-	59	97	-	97
Other administrative costs	5,049	1	5,050	4,915	827	5,742
Total administrative costs	5,466	1,076	6,542	5,496	1,843	7,339

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 £106,350 (£120,000), with audit-related services for these entities amounting to £74,100 (£71,000). Total audit fees of £160,350 (£181,150), non-audit fees of £79,050 (£101,850) and fees payable in respect of associated pension schemes of £nil (£5,000) were paid to Deloitte LLP. Total remuneration paid to Deloitte LLP amounted to £239,400 (£288,000).

Total Directors' remuneration recorded for the year was £0.4m (£0.5m). The balance of the remuneration expense £1.0m (£1.0m) relates to the executive function, and in 2017 to previous employees. Further details are given in the Remuneration Report on pages 52 to 55. The Company has six employees, two on a part time basis excluding Directors. The average full time equivalents in the year was five.

Total Company administration expenses of £17.4m. (£17.4m) consist of investment management fees of £10.9m (£10.1m) and other administrative expenses of £6.5m (£7.3m). These further include non-recurring administrative expenses of £0.8m (£1.3m) as disclosed on page 29. The ongoing charges ratio (OCR) of the Company amounted to 0.65% (0.54%) of the average net assets. The 2018 OCR of 0.65% is based on total ongoing expenses consistent with prior year.

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

5 Finance costs

£000	Dec 18	Dec 18	Dec 18	Dec 17	Dec 17	Dec 17
	Revenue	Capital	Total	Revenue	Capital	Total
Bank loans and unsecured fixed rate loan notes	1,618	4,817	6,435	2,094	4,096	6,190

Finance costs include interest of £4.3m (£4.3m) on the £100m 4.28% unsecured fixed rate loan notes issued in July 2014 for 15 years and interest of £0.2m (£0.0m) on the three tranches of £20m unsecured loan notes issued in November 2018 for 15, 25 and 35 years. The basis of apportionment of finance costs between revenue and capital profits is disclosed in note 2.

6 Taxation

£000	Dec 18	Dec 18	Dec 18	Dec 17	Dec 17	Dec 17
	Revenue	Capital	Total	Revenue	Capital	Total
UK corporation tax at 19.00% (19.25%)	-	-	-	-	-	-
Revision of prior year estimate	1,830	-	1,830	(3,347)	-	(3,347)
Overseas taxation	2,199	-	2,199	4,593	-	4,593
Recoverable income tax	(49)	-	(49)	(64)	-	(64)
	3,980	-	3,980	1,182	-	1,182
Deferred taxation originations and reversal of temporary differences	6	-	6	(12)	(41)	(53)
Tax expense for the year	3,986	-	3,986	1,170	(41)	1,129

The 2018 revision of prior year estimate noted above relates to Group relief. The 2017 prior year adjustment related to refunds on US taxes.

The standard rate of corporation tax in the UK reduced from 20% to 19% with effect from 1 April 2017. Accordingly, the profit/ (loss) of the Company for the year ended 31 December 2018 is taxed at an average rate of 19% (19.25%). Taxation for overseas jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The tax charge assessed for the years ended 2017 and 2018 can be reconciled to the profit per the income statement as follows:

6 Taxation

£000	Dec 18 Revenue	Dec 18 Capital	Dec 18 Total	Dec 17 Revenue	Dec 17 Capital	Dec 17 Total
(Loss)/Profit before tax	45,348	(181,959)	(136,611)	49,628	423,308	472,936
Tax at the average UK corporation tax rate of 19.00% (19.25%)	8,616	(34,572)	(25,956)	9,553	81,487	91,040
Non-taxable income	(9,658)	-	(9,658)	(10,119)	-	(10,119)
Losses/(gains)on investments not taxable	-	30,906	30,906	-	(83,196)	(83,196)
Revision of prior year estimate	1,830	-	1,830	(3,347)	-	(3,347)
Foreign exchange adjustments	-	517	517	-	(877)	(877)
Effect of changes in tax rates	(1)	-	(1)	2	5	7
Effect of overseas tax	2,199	-	2,199	4,594	-	4,594
Deferred tax assets not recognised	1,289	3,484	4,773	824	3,482	4,306
Fair value movement in office premises	-	414	414	-	(279)	(279)
Adjustments arising on the difference between taxation and accounting treatment of income and expenses	(269)	(749)	(1,018)	(219)	(759)	(978)
Expenses not deductible for tax purposes	47	-	47	(1)	96	95
Expense relief for overseas tax	(18)	-	(18)	(53)	-	(53)
Recoverable income tax	(49)	-	(49)	(84)	-	(64)
Tax expense for the year	3,986	-	3,986	1,170	(41)	1,129

/ Dividends

Dividends Paid £000	Dec 18	Dec 17
Fourth interim dividend for the year ended 31 December 2016 of 3.2740p per share	-	13,505
First interim dividend for the year ended 31 December 2017 of 3.2900p per share	-	11,671
Second interim dividend for the year ended 31 December 2017 of 3.2900p per share	-	11,507
Third interim dividend for the year ended 31 December 2017 of 3.2900p per share	-	11,430
Fourth interim dividend for the year ended 31 December 2017 of 3.2900p per share	11,245*	-
First interim dividend for the year ended 31 December 2018 of 3.3890p per share	11,516	-
Second interim dividend for the year ended 31 December 2018 of 3.3890p per share	11,441	-
Third interim dividend for the year ended 31 December 2018 of 3.3890p per share	11,343	-
	45,545	48,113

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	Dec 18	Dec 17
First interim dividend for the year ended 31 December 2017 of 3.2900p per share	-	11,671
Second interim dividend for the year ended 31 December 2017 of 3.2900p per share	-	11,507
Third interim dividend for the year ended 31 December 2017 of 3.2900p per share	-	11,430
Fourth interim dividend for the year ended 31 December 2017 of 3.2900p per share	-	11,421*
First interim dividend for the year ended 31 December 2018 of 3.3890p per share	11,516	-
Second interim dividend for the year ended 31 December 2018 of 3.3890p per share	11,441	-
Third interim dividend for the year ended 31 December 2018 of 3.3890p per share	11,343	-
Fourth interim dividend for the year ended 31 December 2018 of 3.3890p per share	11,293	-
	45,593	46,029

* 31 December 2017 figures have been adjusted to reflect share buybacks in the period between the year end date and the dividend record date.

8 Earnings per share

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

	Dec 18 Revenue £000	Dec 18 Capital	Dec 18 Total	Dec 17 Revenue	Dec 17 Capital	Dec 17 Total
Ordinary shares						
Earnings for the purposes of basic earnings per share being net (loss)/profit attributable to equity holders	41,362	(181,959)	(140,597)	48,458	423,349	471,807
Number of shares						
Weighted average number of ordinary shares for the purpose of basic earnings per share			339,480,982			3,680,2754
Weighted average number of ordinary shares for the purpose of diluted earnings per share			339,904,794			377,500,816

To arrive at the basic figure, the number of shares was reduced by 407,316 (456,886) ordinary shares held by the Trustee of the Employee Benefit Trust (EBT). During the period the Trustee did not increase its holding. 49,570 (Nil) shares were transferred from the Employee Benefit Trust to satisfy share awards made by the Company or its subsidiaries to participants in the Long Term Incentive Plans.

IAS 33.41 requires that shares should be treated as dilutive only if they decrease earnings per share or increase the loss per share.

For 2018, bonuses for the Executive team will be paid using shares held by the EBT.

9 Non-current assets

£000	Dec 18	Dec 17
Investments designated at fair value through profit and loss:		
Investments listed on a recognised investment exchange	2,514,544	2,573,079
Other equities and funds	5,888	129,200
Forward currency exchange contracts held at fair value through profit and loss	-	(2)
Unlisted investments	22,273	46,578
Investments in related and subsidiary companies	38,060	88,020
	2,580,765	2,836,875

As disclosed on page 23 investments listed on a recognised investment exchange relate to equity holdings considered to be core investments. Other equities and funds relate to holdings in Liontrust managed funds and Liontrust Asset Management PLC shares, disclosed as part of non-core investments. Investments in related and subsidiary companies include Alliance Trust Savings, other subsidiary companies and the ATEP fund of fund private equity investments. Unlisted investments relate to directly held private equity investments and the mineral rights. In January, the Trust sold the Liontrust Asset Management PLC shares received as part of the sale consideration for Alliance Trust Investments, raising net proceeds of £21m, a return of over 55% on the price at which the shares were issued. As at 31 December 2018, the Trust continues to hold the Liontrust first anniversary shares shown as a purchase in the year, valued at £5.9m.

In April 2018 the Trust sold its legacy holdings in three Liontrust Investments sustainable funds which had been previously managed by Alliance Trust Investments, the proceeds of £103.0m being invested into the equity portfolio. At the year ended 31 December 2017 holdings in the Sustainable Future Cautious Managed Fund were valued at £13.2m representing 35% of the fund, in the Sustainable Future Defensive Managed Fund were valued at £12.9m representing 33% of the fund and in the Luxembourg-domiciled Société d'Investissement à Capital Variable (SICAV), Luxcellence - Sustainable Future Pan-European Equity Fund were valued at £83.2m representing 37% of the fund.

£000	Listed equity investments	Other equity and funds	Related and subsidiary companies	Unlisted investments	Total
Opening book cost at 1 January 2017	2,326,777	76,851	198,175	46,974	2,648,777
Opening unrealised appreciation/(depreciation)	837,118	16,176	(28,344)	470	825,420
Opening valuation as at 1 January 2017	3,163,895	93,027	169,831	47,444	3,474,197
Movements in the year					
Purchases at cost**	3,315,283	16,809	468	3,445	3,336,005
Sales - proceeds**	(4,336,755)	-	(64,066)	(4,693)	(4,405,514)
- realised gains/(losses) on sales	1,065,841	-	(8)	(1,155)	1,064,678
(Decrease)/Increase in appreciation on assets held	(635,187)	19,364	(18,205)	1,537	(632,491)

9 Non-current assets

£000	Listed equity investments	Other equity and funds	Related and subsidiary companies	Unlisted investments	Total
Closing valuation as at 31 December 2017	2,573,077	129,200	88,020	46,578	2,836,875
Closing book cost	2,371,146	93,660	134,569	44,571	2,643,946
<u>Closing appreciation/(depreciation) on assets held</u>	<u>201,931</u>	<u>35,540</u>	<u>(46,549)</u>	<u>2,007</u>	<u>192,929</u>
Closing valuation as at 31 December 2017	2,573,077	129,200	88,020	46,578	2,836,875
Opening book cost at 1 January 2018	2,371,146	93,660	134,569	44,571	2,643,946
Opening unrealised appreciation/(depreciation)	201,931	35,540	(46,549)	2,007	192,929
Opening valuation at 1 January 2018	2,573,077	129,200	88,020	46,578	2,836,875
Movements in the year					
Purchases at cost**	1,727,085	3,957	-	3,236	1,734,278
Sales - proceeds**	(1,629,453)	(124,830)	(55,020)	(18,421)	(1,827,724)
- realised gains/(losses) on sales	154,697	31,169	30,286	(20,245)	195,907
<u>(Decrease)/Increase in appreciation on assets held</u>	<u>(310,862)</u>	<u>(33,608)</u>	<u>(25,226)</u>	<u>11,125</u>	<u>(358,571)</u>
Closing valuation at 31 December 2018	2,514,544	5,888	38,060	22,273	2,580,765
Closing book cost	2,623,475	3,956	109,835	9,141	2,746,407
<u>Closing (depreciation)/appreciation on assets held</u>	<u>(108,931)</u>	<u>1,932</u>	<u>(71,775)</u>	<u>13,132</u>	<u>(165,642)</u>
Closing valuation as at 31 December 2018	2,514,544	5,888	38,060	22,273	2,580,765

**Expenses incidental to the purchase or sale of investments are included within the purchase cost or deducted from the sale proceeds. These expenses amounted to £2.4m (£4.4m) for purchases and £5.2m (£2.3m) for sales.

£000	Office premises freehold / Heritable property
Valuation at 31 December 2016	4,500
Revaluation	435
Valuation at 31 December 2017	4,935
Fair value adjustment on announcement of sale	(1,485)
Adjusted fair value as at 22 October 2018	3,450
Transaction costs related to sale	(195)
Indemnity provision related to sale	(600)
Valuation as at 31 December 2018	2,755
Transfer to current assets held for sale	(2,755)
Valuation at 31 December 2018	

At 31 December 2017 Cushman & Wakefield, an independent Chartered Surveyor, valued the office premises at 8 West Marketgait, Dundee at £4.94m on the basis of market value. The valuation was in accordance with RICS Appraisal and Valuation Standards.

On 22 October 2018 following the announcement of the conditional sale of Alliance Trust Savings and the office premises noted above, the office premises has been revalued at sale value adjusted for disposal costs and sale indemnity provisions, at £2.76m; and reclassified as a current asset held for sale as shown on the statement of financial performance. A loss of £2.2m has been recognised in the income statement in the caption line Gains/(Loss) on other assets held at fair value.

The historic cost of the building as at 31 December 2018 was £12.7m (£12.7m).

10 Subsidiaries and Related Companies

At 31 December 2018 the Company owned 100% of the companies listed in the in the basis of accounting note on pages 71 and 72. AT2006 owned 100% of The Second Alliance Trust.

10 Subsidiaries and Related Companies

£000	Dec 18	Dec 17
Alliance Trust Savings	38,000	38,000
Fair value adjustment on announcement of sale	(1,450)	-
Adjusted fair value as at 22 October 2018	36,550	-
Reduction in fair value for transaction costs	(3,900)	-
Valuation as at 31 December 2018	32,650	-
Other subsidiaries	5,410	50,020
	38,060	88,020

During 2017 the valuation of Alliance Trust Savings and the valuation of Investments in other subsidiary companies were valued at the Directors' estimate of their fair value, using the guidelines and methodologies on valuation published by the International Private Equity and Venture Capital Association issued in December 2018 and in the case of Alliance Trust Savings an external valuation. Other than Alliance Trust Savings all other subsidiaries continue to be valued on this basis. The key financial results for ATS are noted below.

Alliance Trust Savings Limited	Year ended 31 December 2018	Year ended 31 December 2017
£000		
Income	20,673	27,040
Administrative expenses	(28,597)	(33,125)
Operating profit/(loss) before exceptional items	1,076	(6,076)
Exceptional administrative expense	-	(13,240)
Operating profit/(loss) before tax	1,076	(19,316)
Fair valuation	32,650	38,000

On 22 October 2018 Alliance Trust announced the conditional sale of Alliance Trust Savings to Interactive Investor Limited. The total sale price payable is £40m subject to post completion adjustments and includes the Alliance Trust office premises in Dundee. As at the balance sheet date the Directors fair value estimation of these assets reflects transaction costs and an assessment of indemnity provisions. Completion of the transaction is subject to regulatory approval from the Prudential Regulation Authority and Financial Conduct Authority. The reported value of Alliance Trust Savings as at 31 December 2018 reflects the sale consideration less costs to sale.

11 Deferred tax and tax payable

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period:

£000	Retirement benefit obligations	Losses	Other	Total
At 1 January 2017 - (liability)/asset	(14)	72	(58)	-
Income statement - deferred tax credit/(charge)	61	(66)	58	53
Equity - deferred tax charge	(53)	-	-	(53)
At 31 December 2017 - (liability)/asset	(6)	6	-	-
Income statement - deferred tax credit/(charge)	-	(6)	-	(6)
Equity - deferred tax credit	6	-	-	6
At 31 December 2018 - (liability)/asset	-	-	-	-

At the balance sheet date, the Company had unused tax losses of £122.1m (£97.9m) available for offset against future profits.

There are unrecognised deferred tax assets of £20.8m (£16.6m) in relation to unused tax losses and £2.1m (£2.9m) in relation to fixed assets and other timing differences. The Directors have not recognised a deferred tax asset due to uncertainty over the timing of future profits.

Tax payable of £3.99m (£3.99m) relates to the taxation of overseas dividends received before July 2009. The amount of the final liability taxable to be paid is dependent on the outcome of an ongoing class action in which the Company is participating.

12 Outstanding settlements and other receivables

£000	Dec 18	Dec 17
Sales of investments awaiting settlement	203	21,758
Dividends receivable	2,820	3,473
Amounts due from subsidiary companies	2	184
Other debtors	6,014	2,891
Recoverable overseas tax	4,535	3,301
	13,574	31,607

The Directors consider that the carrying amount of other receivables approximates to their fair value.

13 Outstanding settlements and other payables

£000	Dec 18	Dec 17
Purchases of investments awaiting settlement	2,014	14,903
Amounts due to subsidiary companies	4,130	37
Other creditors	9,626	4,871
Interest payable	1,991	1,868
	14,761	21,679

The Directors consider that the carrying amount of other payables approximates to their fair value.

14 Bank loans and unsecured fixed rate loan notes

Bank loans

£000	Dec 18	Dec 17
Bank loans repayable within one year	67,000	133,000

Analysis of borrowings by currency:

Bank loans - sterling	67,000	133,000
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The weighted average % interest rates payable:

Bank loans	1.44%	1.20%
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The Directors estimate the fair value of the borrowings to be:

Bank loans	67,000	133,000
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During the year £66m of bank debt was repaid by the Trust.

Unsecured fixed rate loan notes

£000	Dec 18	Dec 17
4.28 per cent. Unsecured fixed rate loan notes due 2029	119,390	120,900
2.657 per cent. Unsecured fixed rate loan notes due 2033	20,439	-
2.936 per cent. Unsecured fixed rate loan notes due 2043	20,607	-
2.897 per cent. Unsecured fixed rate loan notes due 2053	20,885	-
	181,321	120,960

£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 tranches 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.

Long-term fixed rate notes

	Dec 18	Dec 17
The total weighted average % interest rate	3.06%	2.53%

15 Share capital

£'000	Dec 18	Dec 17
Allotted, called up and fully paid:		
- 333,626,020 ordinary shares of 2.5p each	8,342	8,691

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

The Employee Benefit Trust holds 407,316 (456,886) ordinary shares, acquired by its Trustee with funds provided by the Company. During the year the Trustee did not increase its holding. 49,570 (Nil) shares were transferred from the Employee Benefit Trust to satisfy share awards made by the Company or its subsidiaries to participants in the Long Term Incentive Plans in satisfaction of awards.

During the year the Company bought back 13,966,136 (145,111,776) ordinary shares at a total cost of £102,275,560 (£1,008,529,184), all of which were cancelled. The full cost of all shares bought back is dealt with in Capital Reserves own shares purchased.

For 2018, bonuses for the Executive team will be paid using shares held by the EBT.

£'000	Dec 18	Dec 17
Ordinary shares of 2.5p each		
Opening share capital	8,691	12,319
Share buybacks	(349)	(3,628)
Closing share capital	8,342	8,691

Capital management policies and procedures

The capital of the Company is managed in accordance with its investment policy in pursuit of its investment objective, both of which are detailed on page 6. From 1 April 2017 this function has been undertaken by TWIMI in its capacity as AIFM within parameters set by the Board. At the prudential regulatory consolidated position the Company and the remaining regulated financial services subsidiary investments comply with the capital requirements of their relevant regulators, including the EU Capital Requirements Regulations (CRR) and the Alternative Investment Fund Managers Directive (AIFMD).

16 Reserves

£'000	Share capital	Capital reserve	Merger reserve	Capital redemption reserve	Revenue reserve	Total
Net assets at 31 December 2016	12,319	2,508,359	645,335	6,679	111,450	3,284,142
Dividends	-	-	-	-	(48,113)	(48,113)
Unclaimed dividends returned	-	-	-	-	66	66
Profit for the year	-	423,349	-	-	48,458	471,807
Own shares purchased	(3,628)	(1,008,529)	-	3,628	-	(1,008,529)
Defined benefit plan net actuarial gain	-	260	-	-	-	260
Net assets at 31 December 2017	8,691	1,923,439	645,335	10,307	111,861	2,699,633
Dividends	-	-	-	-	(45,545)	(45,545)
Unclaimed dividends redistributed	-	-	-	-	6	6
(Loss)/profit for the year	-	(181,959)	-	-	41,362	(140,597)
Own shares purchased	(349)	(102,276)	-	349	-	(102,276)
Defined benefit plan net actuarial loss	-	(32)	-	-	-	(32)
Net assets at 31 December 2018	8,342	1,639,172	645,335	10,656	107,684	2,411,189

The Company revenue reserves distributable by way of a dividend are £107.7m (£111.9m). Realised capital reserves of £1,826m (£1,752m) can be distributed. Unrealised capital reserves of £(187)m (£171m) relate to decreases/increases in unrealised appreciation on investments. Total distributable capital reserves are £1,639m (£1,923m). Share buybacks are funded through realised capital reserves.

17 Net Asset Value per Ordinary Share

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

£'000	Dec 18	Dec 17
Equity shareholder funds	2,411,189	2,699,633
Number of shares at year end - basic	333,218,704	347,135,270
Number of shares at year end - diluted	333,626,020	347,592,156

17 Net Asset Value per Ordinary Share

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

To arrive at the basic figure, the number of shares has been reduced by 407,316 (456,886) shares held by the Trustee of the Employee Benefit Trust. During the year the Trustee did not increase its holding. 49,570 (Nil) shares were transferred from the Employee Benefit Trust to satisfy share awards made by the Company or its subsidiaries to participants in the Long Term Incentive Plans in satisfaction of awards.

For 2018, bonuses for the Executive team will be paid using shares held by the EBT.

18 Segmental Reporting

The Company has identified a single operating segment, the investment trust, whose objective is to be a core investment for investors seeking increasing capital growth and income over the long term. The accounting policies of the operating segment, which operates in the UK, are the same as those described in the summary of significant accounting policies. The Company evaluates performance based on the total profit before tax which is shown in the Company Income Statement on page 67.

19 Related Party transactions

Subsidiaries held may purchase goods or services for other entities within the Group and recharge these costs directly to the appropriate entity to which the costs relate. There are no terms and conditions attached to these transactions.

During 2017 the Company repurchased 95,478,576 shares from Elliott International L.P., The Liverpool Limited Partnership and Elliott Associates L.P., at a discount of 4.75% to NAV at a total cost of £633m. These entities were classified as a related party due to the size of their shareholding in the Company.

During 2017 expenses of £810,650 were recharged from ATI to the Company; there were no balances remaining at the year end.

Expenses of £414,775 (£121,074) were recharged from the Company to Alliance Trust Savings and £350,051 (£117,794) from Alliance Trust Savings to Alliance Trust PLC; there were balances of £986,867 owed to, (£184,120) due from Alliance Trust Savings at year end.

There are no other further related parties other than those stated below.

£000	Year ended	
	31 December 2018	31 December 2017
Paid by Alliance Trust PLC (the Company)	5	4,990
Paid to Alliance Trust PLC (the Company)	(3)	(163)
Due from/(to)Alliance Trust Services Ltd	(1)	(2)
Paid by Alliance Trust Savings Limited	-	8,773
Paid to Alliance Trust Savings Limited	-	(3,303)
Due from/(to)Alliance Trust Services Ltd	-	-
Paid by Alliance Trust Investments Limited	-	3,419
Paid to Alliance Trust Investments Limited	-	(1,577)
Due from/(to)Alliance Trust Services Ltd	-	-
Paid by Alliance Trust Equity Partners Limited	2	16
Paid to Alliance Trust Equity Partners Limited	-	-
Due from/(to)Alliance Trust Services Ltd	-	(2)
Paid by Alliance Trust Real Estate Partners LP	-	8
Due from/(to)Alliance Trust Services Ltd	-	-

Transactions with key management personnel

Details of the Non Executive Directors are disclosed on pages 38 to 30.

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 52 to 55.

£000	Dec 18	Dec 17
Total emoluments	388	418
Payments to former key management personnel	-	95
	388	513

20 Analysis of change in net cash/(debt)

£'000	Dec 16	Cash flow	Other gains / (losses)	Dec 17	Cash flow	Other gains / (losses)	Dec 18
Cash and cash equivalents	49,430	51,822	4,556	105,808	(21,918)	(2,722)	81,168
Bank loans and unsecured fixed rate loan notes	(238,800)	(13,000)	(2,160)	(253,900)	0,000	(361)	(248,321)
Net (debt)/cash	(189,370)	38,822	2,396	(148,152)	(15,918)	(3,083)	(167,153)

Other gains/(losses) includes movement on foreign exchange and movements in the fair value of the fixed rate loan notes.

21 Financial commitments

Financial commitments as at 31 December 2018, which have not been accrued, for the Company totalled £1.7m (£22.8m). These were in respect of uncalled subscriptions in investments in our private equity portfolio structured as limited partnerships (LP).

A maturity analysis of the expiry dates of these LP commitments is presented below:

£'000	Dec 18	Dec 17
< 1 year	1,737	2,360
1-5 years	-	20,400
	1,737	22,750

The recallable distribution relating to FF&P Investors of £1.4m should cease once the partnership is wound up, this will happen after 5 April 2019.

The Company provided a letter of support to AT2006 Limited, one of its subsidiaries in connection with banking facilities made available and confirming ongoing support for at least 12 months from the date the annual financial statements were signed, to make sufficient funds available if needed to enable this company to continue trading, meet commitments and not to seek repayment of any amount outstanding.

The Company provides ongoing regulatory support for ATS in the context of its role as a consolidated bank holding company when required.

22 Financial instruments and Risk

The Strategic Report details the Company's approach to investment risk management on pages 32 to 34 and the accounting policies on pages 71 to 75 explain the basis on which currencies and investments are valued for accounting purposes.

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

Capital risk management

The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the use of debt and equity balances. The Company's overall strategy remains unchanged from the year ended 31 December 2017.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 14, cash and cash equivalents and equity attributable to equity holders of the Company comprising issued ordinary share capital, reserves and retained earnings as disclosed in Note 16 to the financial statements.

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

£'000	Dec 18	Dec 17
Debt*	(248,321)	(253,960)
Cash and cash equivalents	81,168	105,808
Net (debt)	(167,153)	(148,152)
Net (debt) as % of net assets	(6.9)%	(5.5)%

*If debt had been valued at par, net debt as a percentage of net assets would be 6.0% (4.7%).

22 Financial instruments and Risk

22.1 Risk management policies and procedures

As an investment trust the Company invests in equities, private equity, financial instruments and its subsidiary businesses for the long term in order to achieve the investment objectives set out on page 6. In pursuing these objectives the Company is exposed to a variety of risks that could result in a reduction in the Company's net assets or a reduction in the profits available for payment as dividends.

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

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

The Company has a risk management framework in place which is described in detail on pages 32 to 34. The objectives, policies and processes for managing the risks, and the methods used to measure the risks, have not changed from the previous accounting period.

22.2 Market Risk

Market risk embodies the potential for both losses and gains and includes currency risk (see note 22.3), interest rate risk (see note 22.4) and other price risk (see note 22.5). Market risk is managed on a regular basis by TWIMI in its role as AIFM. TWIMI 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 page 6.

Details of the equity investment portfolio at the balance sheet date are disclosed on pages 93 to 96.

22.3 Currency Risk

Some 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.

The Company's currency holdings and gains/losses thereon are reviewed regularly by the Directors, and the currency risk is managed on a regular basis by TWIMI within parameters set by the Directors on investment and asset allocation strategies and risk. The Company may enter into forward exchange contracts to cover specific foreign currency exposure.

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

Currency exposure

£000	Overseas investments	Net monetary assets	Total currency exposure	Overseas investments	Net monetary assets	Total currency exposure
	Dec 18	Dec 18	Dec 18	Dec 17	Dec 17	Dec 17
US dollar	1,406,409	-	1,406,409	1,527,085	-	1,527,085
Euro	428,694	-	428,694	450,442	-	450,442
Yen	80,336	-	80,336	72,116	-	72,116
Other non-sterling	360,791	-	360,791	395,933	-	395,933
	2,276,230	-	2,276,230	2,445,576	-	2,445,576

Sensitivity analysis

If pounds sterling had strengthened by 10% (10%) relative to all currencies, with all other variables held constant, the income statement and the net assets attributable to equity holders of the parent would have decreased by the amounts shown below. The analysis is performed on the same basis as for the year ended 31 December 2017. The revenue return impact is an estimated figure for 12 months based on the cash balances at the reporting date.

£000	Dec 18	Dec 17
Income statement		
Revenue return	(4,050)	(4,454)
Capital return	(258,077)	(244,558)
Net assets	(262,127)	(249,012)

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.

22 Financial instruments and Risk

22.4 Interest Rate Risk

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

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

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

£000	Dec 18	Dec 17
Exposure to floating interest rates		
Cash at bank	81,168	105,808
Bank loans repayable within 1 year	(67,000)	(133,000)
	14,168	(27,192)

Sensitivity analysis

If interest rates had decreased by 0.25% (0.25%), with all other variables held constant, the income statement result and the net assets attributable to equity holders would have increased 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	Dec 18	Dec 17
Income statement		
Revenue return	(124)	(155)
Capital return	35	223
Net assets	(89)	68

If interest rates had increased by 0.25% (0.25%) with all other variables held constant, the income statement result and net assets attributable to equity holders would have decreased by the amounts shown below.

£000	Dec 18	Dec 17
Income statement		
Revenue return	124	155
Capital return	(35)	(223)
Net assets	89	(68)

22.5 Other Price Risk

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

As the majority of the Company's financial assets are carried at fair value with fair value changes recognised in the income statement, 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 IWIMI within parameters set by the Directors on investment and asset allocation strategies and risk. The Directors monitor the managers' compliance with their mandates and also whether each mandate and asset allocation is compatible with the Company's objective.

Concentration of exposure to other price risks

A listing of the Company's equity investment portfolio is shown on pages 93 to 96. The largest amount of equity investments by value is in North America, with significant amounts also in Europe, Asia and the UK. It also shows the concentration of investments in various sectors.

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

22 Financial instruments and Risk

22.5 Other Price Risk

£000	Dec 18	Dec 17
Investments at fair value through Profit & Loss		
Investments listed on a recognised investment exchange	2,514,544	2,573,077
Forward currency exchange contracts held at fair value through profit and loss	-	(2)
Unlisted investments	22,273	46,578
Other equity and funds	5,000	129,200
Investments in related and subsidiary companies	38,060	88,020
	2,580,765	2,836,873

Sensitivity analysis

97.7% (95.3%) 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 income statement result and the net assets attributable to equity holders of the parent would have decreased by the amounts shown below. The analysis for last year assumed a share price decrease of 10%.

£000	Dec 18	Dec 17
Income statement		
Capital return	(252,043)	(270,228)
Net assets	(252,043)	(270,228)

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.

22.6 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:

- Investment transactions are carried out with a number of well-established, approved brokers.
- Investment transactions are carried out on a cash against receipt or cash against delivery basis.

The Company minimises credit risk through banking policies which restrict banking deposits to high-rated financial institutions. The policies also set maximum exposure to individual banks.

The Company has adopted a policy of dealing only with creditworthy counterparties and obtaining sufficient collateral where appropriate (cash and gilts) as a means of mitigating the risk of financial loss from defaults.

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

£000	Dec 18	Dec 17
Credit rating		
Aa1	80,827	104,399
A3	341	1,409
	81,168	105,808
Average maturity	1 day	1 day

The Company's UK listed equities and its overseas listed equities are held by Bank of New York Mellon 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.

22.7 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 the majority of its assets are investments in quoted equities that are readily realisable. It also has the ability to borrow, which gives it access to additional funding when required. At the balance sheet date it had the following facilities.

22 Financial instruments and Risk

22.7 Liquidity Risk

£000	Dec 18	Expires	2017	Expires
Committed multi-currency facility - RBS	100,000	31/12/2019	100,000	31/12/2018
Amount drawn	67,000	-	100,000	-
Committed multi-currency facility - Scotiabank	-	-	100,000	27/03/2018
Amount drawn	-	-	33,000	-
Committed multi-currency facility - Scotiabank	100,000	22/12/2020	100,000	22/12/2020
Amount drawn	-	-	-	-
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	-	-
Amount drawn	20,000	-	-	-
25 year 2.936% unsecured fixed rate loan notes *	20,000	27/11/2043	-	-
Amount drawn	20,000	-	-	-
35 year 2.897% unsecured fixed rate loan notes *	20,000	27/11/2053	-	-
Amount drawn	20,000	-	-	-
Total facilities	360,000	-	400,000	-
Total drawn	227,000	-	233,000	-

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

* The fair value of fixed rate loan notes is shown in note 14.

22.8 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	Dec 18	Dec 17
Investments after gearing	2,580,765	2,836,875
Gearing*	(248,321)	(253,960)
Investments before gearing	2,332,444	2,582,915

* Gearing is expressed as debt at fair value

Sensitivity analysis

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

£000	Dec 18	Dec 17
Income statement		
Capital return	(24,832)	(25,396)
Net assets	(24,832)	(25,396)

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

22.9 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.

22 Financial instruments and Risk

22.9 Hierarchical Valuation of Financial Instruments

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 and mineral rights.

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 2018. All fair value measurements disclosed are recurring fair value measurements.

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

£'000	As at 31 December 2018			As at 31 December 2017			Total	
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	
Listed investments	2,520,432	-	-	2,520,432	2,676,179	26,100	-	2,702,279
Foreign exchange contracts	-	-	-	-	-	(2)	-	(2)
Unlisted Investments								
Private equity	-	-	14,595	14,595	-	-	81,185	81,185
Alliance Trust Savings	-	-	32,650	32,650	-	-	38,000	38,000
Mineral rights	-	-	12,881	12,881	-	-	15,297	15,297
Other	-	-	207	207	-	-	116	116
	2,520,432	-	60,333	2,580,765	2,676,179	26,098	134,598	2,836,875

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

Fair Value Assets in Level 1

The quoted market price used for financial investments held by the Company is the current bid price. These investments are included within Level 1 and comprise equities, bonds and exchange-traded derivatives.

This includes assets noted as part of the equity portfolio and the listed investment of Liontrust Asset Management PLC shares and, during the year ended 2017, Luxcellence Liontrust Sustainable Future Pan European Equity Fund which was sold in April 2018. All as shown as part of the portfolio on pages 23.

Fair Value Assets in Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and with minimal reliance on entity specific estimates.

During the year ended 2017 this included the investments of Liontrust Sustainable Future Cautious Managed Fund and Liontrust Sustainable Future Defensive Managed Fund. These investments were sold in April 2018 and there were no assets in this category as at 31 December 2018.

Fair Value Assets in Level 3

This includes subsidiary companies, private equity investments and North American mineral rights held by the Company noted on page 23.

From 1 April 2017 Level 3 assets, excluding the valuation of Alliance Trust Savings, are reviewed at least annually by the Valuation Committee of Towers Watson Investment Management (TWIM) who are assigned responsibility for valuation by the Board of the Company. Prior to this date, valuation responsibility was assigned to the Valuation Committee of the Company. The Directors' valuation of Alliance Trust Savings has been agreed as the consideration agreed to be paid for it by Interactive Investor Limited as announced in October 2018, adjusted for transaction costs. The TWIM Valuation Committee considers the appropriateness of the valuation models, inputs, using the various valuation methods in accordance with the Company's valuation policy, and will determine the appropriateness of any valuation of the underlying assets.

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	Dec 18	Dec 17
Balance at 1 January	134,598	217,275
(Loss)/net gain from financial instruments at fair value through profit or loss	(14,101)	(16,668)
Purchases at cost	3,236	3,913
Sales proceeds	(13,441)	(68,759)
Realised (loss)/gain on sale	10,041	(1,163)

Deferred Bonus Award

These costs are only adjusted if certain vesting conditions are not met, for example if a participant leaves before the end of the three-year vesting period.

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

The LTIP is a discretionary plan for Executive Directors and senior managers, no awards have been made since May 2015 and no new awards will be made. It comprises two elements: first it provided for the grant of matching awards based on the proportion of annual bonus paid by participants in the purchase of shares in the Company and held by the Employee Benefit Trust; and second it provided for the grant of performance awards. Both awards, granted over three years in the Company, vest either in full or in part at the end of the three-year grant of performance awards.

Long Term Incentive Plan ("LTIP")

Employees could receive up to £3,600 of shares annually under the terms of the ASESOP. This amount was pro-rated for part-time employees and individuals received these shares free of all restrictions after a period of five years. No awards were made in 2018 (Employees of Alliance Trust Investments Limited received awards of £1,500 in 2017). No new annual or matching awards will be made under the ASESOP. The total costs for the ASESOP for all staff are borne by the employing company.

All Employee Share Ownership Plan (AESOP)

The Company operated the share-based payment schemes.

The complementary themes and modules in addition to the main themes were developed, while the complementary beliefs in addition to the main beliefs could result in different approaches of fair value at the balance sheet date.

Unsecured fixed rate loan notes are recognised at fair value.

- Multiple asset classes
 - Net assets
 - Industry valuation benchmarks

Private equity investments, both fund-to-fund and direct, included under Level 3, are valued in accordance with the International Private Capital Valuation Guidelines issued in December 2018. Unlisted investments in private equity are stated at the valuation as determined by the TWIM Valuation Committee based on information provided by the General Partner. The General Partner's policy is valuing unlisted investments is to carry them at fair value. The General Partner will generally rely on the funds' management fees for a fair value. In those circumstances the General Partner believes the most appropriate methodologies to use to value the underlying investments in the portfolio are:

Mineral rights are carried at fair value and are valued in the Company's accounts at £12.9m (£15.3m) being the Directors' estimate of their fair value, using agreed sale values and the guidelines and methodologies on valuation published by the Oklahoma Tax Commission and for non-producing properties, the Liebre US Price Report.

2000	Dec 17	Dec 18	Dec 19	Balance at 31 December
Investments in subsidiary companies (Level 3) are valued in the Company according to the fair value of £38.0m.	60,333	134,598	60,333	Balance at 31 December

22.9 Hierarchical Valuation of Financial Instruments

22 Financial Instruments and Risk

23 Share-Based Payments

Movements in options

Movements in options granted under the LTIP are as follows:

	December 2018	December 2017		
£000	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at 1 January	890,552	£0.00	1,725,833	£0.00
Granted during year	-	£0.00	50,300	£0.00
Exercised during year	(58,339)	£0.00	(260,065)	£0.00
Forfeited during year	-	£0.00	(56,213)	£0.00
Expired during year	-	£0.00	(569,303)	£0.00
Outstanding at 31 December	832,213	£0.00	890,552	£0.00
Exercisable at 31 December	-	£0.00	-	£0.00

The weighted average remaining contractual life of the options outstanding at 31 December 2018 was 555 days (877 days).

The weighted average exercise price of the options is Nil (Nil) as any options which vest at the end of the performance period are satisfied by shares held on behalf of the Company by the Trustee of the Employee Benefit Trust.

24 Pension Scheme

In the period the Company sponsored three pension arrangements. The Alliance Trust Companies' Pension Fund (the Scheme) was a funded defined benefit pension scheme. On 25 June 2018, following completion of a buyout and the issuance by Legal & General and other insurers of individual annuities to all members in respect of their entitlement to benefits from the Scheme, the Trustees of the Scheme terminated the Scheme and it is now wound up.

The other pension arrangements offered by the Trust are (i) membership of a pension plan through the National Employment Savings Trust, this was set up for the purposes of auto-enrolment and has no members and (ii) contributions by the Trust to personal SIPPs operated by individual members and administered by Alliance Trust Savings.

25 Operating lease commitments

As at 31 December 2018 the Company had total future minimum outgoing lease payments under non-cancellable operating leases as follows:

	31 December 2018	31 December 2017		
£000	Land and buildings	Other	Land and buildings	Other
Lease commitments payable				
Within 1 year	250	3	250	16
Between 2-5 years	1,000	-	1,000	2
After 5 years	113	-	363	-

In 2018 the Company had lease commitments payable on one property which is sublet.

As at 31 December 2018 total future minimum lease amounts receivable under non-cancellable operating leases, including the sub-lease, were as follows:

	31 December 2018	31 December 2017		
£000	Land and buildings	Other	Land and buildings	Other
Lease commitments receivable				
Within 1 year	569	-	532	-
Between 2-5 years	2,275	-	3,467	-
After 5 years	1,109	-	288	-

26 Contingent assets

The sale of Alliance Trust Investments to Liontrust Asset Management Plc (Liontrust) included £3m in cash as contingent consideration, dependent on the future level of assets under management payable two years after completion. The inflow of these funds to the Company is considered probable but not virtually certain and as such is being disclosed as a contingent asset.

EQUITY PORTFOLIO LISTING

EQUITY HOLDINGS AS AT 31 DECEMBER 2018

Stock	Sector	Country of listing	% of quoted equities	Value £m
HDFC Bank	Financials	India	2.1	53.1
Microsoft	Information Technology	United States	1.8	45.7
Alphabet	Communication Services	United States	1.7	43.7
Unilever	Consumer Staples	United Kingdom	1.5	38.5
Western Union	Information Technology	United States	1.4	35.9
UnitedHealth Group	Health Care	United States	1.4	35.7
HCA Healthcare	Health Care	United States	1.4	34.6
Oracle	Information Technology	United States	1.3	32.9
Anthem	Health Care	United States	1.3	32.4
Cigna Corporation	Health Care	United States	1.2	29.3
Charter Communications	Communication Services	United States	1.1	27.2
AIA	Financials	Hong Kong	1.1	26.6
Aflac	Financials	United States	1.1	26.6
Philip Morris International	Consumer Staples	United States	1.0	25.1
Reckitt Benckiser	Consumer Staples	United Kingdom	1.0	24.9
Ryanair	Industrials	Ireland	1.0	24.8
Broadcom	Information Technology	United States	1.0	24.7
TP ICAP	Financials	United Kingdom	1.0	24.1
CVS Health	Health Care	United States	0.9	23.5
Novo-Nordisk	Health Care	Denmark	0.9	22.5
Yum	Consumer Discretionary	United States	0.9	22.0
Page Group	Industrials	United Kingdom	0.9	21.9
Microchip Technology	Information Technology	United States	0.9	21.8
GlaxoSmithKline ADR	Health Care	United Kingdom	0.8	21.1
Celanese	Materials	United States	0.8	20.8
Comcast	Communication Services	United States	0.8	20.7
Regeneron Pharmaceuticals	Health Care	United States	0.8	20.6
Luxottica Group	Consumer Discretionary	Italy	0.8	20.1
Danone	Consumer Staples	France	0.8	19.7
Visa	Information Technology	United States	0.8	19.5
Quara Retail	Consumer Discretionary	United States	0.8	19.5
Baidu - ADR	Communication Services	China	0.8	19.4
Suncor Energy	Energy	Canada	0.8	19.3
IHS Markit	Industrials	United Kingdom	0.8	19.3
EOG Resources	Energy	United States	0.8	19.3
salesforce.com	Information Technology	United States	0.8	19.1
Aercap	Industrials	Ireland	0.7	18.6
Fleetcor Technology	Information Technology	United States	0.7	18.4
Autodesk Inc	Information Technology	United States	0.7	18.2
Rolls Royce	Industrials	United Kingdom	0.7	18.2
Ambev	Consumer Staples	Brazil	0.7	18.1
Schneider Electric	Industrials	France	0.7	18.1
Equinix	Real Estate	United States	0.7	18.0
Alibaba	Consumer Discretionary	China	0.7	17.9
Sap Se - ADR	Information Technology	Germany	0.7	17.9
Booz Allen Hamilton	Information Technology	United States	0.7	17.8
WPP	Communication Services	United Kingdom	0.7	17.8
Formentor Econ Mexicano	Consumer Staples	Mexico	0.7	17.7
Prada	Consumer Discretionary	Italy	0.7	17.6
Santen Pharmaceutical	Health Care	Japan	0.7	17.4
Heidelbergcement	Materials	Germany	0.7	17.3
Edenred	Industrials	France	0.7	17.3
Standard Chartered	Financials	United Kingdom	0.7	17.3
Inditex	Consumer Discretionary	Spain	0.7	17.3
Lloyds Banking	Financials	United Kingdom	0.7	17.1
Amazon	Consumer Discretionary	United States	0.7	17.1
Ameriprise Financial	Financials	United States	0.7	17.1
Tencent	Communication Services	China	0.7	17.0
Proctor & Gamble	Consumer Staples	United States	0.7	16.7

EQUITY PORTFOLIO LISTING CONTINUED

EQUITY HOLDINGS AS AT 31 DECEMBER 2018

Stock	Sector	Country of listing	% of quoted equities	Value £m
Diageo	Consumer Staples	United Kingdom	0.7	16.6
Lincoln National	Financials	United States	0.7	16.5
Glanbia	Consumer Staples	Ireland	0.7	16.4
Sulzer	Industrials	Switzerland	0.7	16.4
AIB Group	Financials	Ireland	0.6	16.3
Mastercard	Information Technology	United States	0.6	16.3
Allergan	Health Care	United States	0.6	16.2
New Oriental Education ADR	Consumer Discretionary	China	0.6	16.2
Barrick Gold	Materials	Canada	0.6	16.2
Grandvision	Consumer Discretionary	Netherlands	0.6	16.0
DKSH Holding AG	Industrials	Switzerland	0.6	16.0
Intercontinental Exchange	Financials	United States	0.6	16.0
Carnival Corporation	Consumer Discretionary	United States	0.6	16.0
Cie De St-Gobin	Industrials	France	0.6	16.0
Oc Oerlikon	Industrials	Switzerland	0.6	15.9
Naspers	Communication Services	South Africa	0.6	15.7
Citigroup	Financials	United States	0.6	15.7
Johnson	Industrials	United States	0.6	15.7
Sumitomo Mitsui Financial	Financials	Japan	0.6	15.6
DSM	Materials	Netherlands	0.6	15.5
Nestle	Consumer Staples	Switzerland	0.6	15.4
Capgemini	Information Technology	France	0.6	15.4
BorgWarner	Consumer Discretionary	United States	0.6	15.3
H&R Block	Consumer Discretionary	United States	0.6	15.1
Pearson	Communication Services	United Kingdom	0.6	15.0
IMCD Group	Industrials	Netherlands	0.6	14.9
BP	Energy	United Kingdom	0.6	14.9
Safran	Industrials	France	0.6	14.7
Air Liquide	Materials	France	0.6	14.7
Abbot Laboratories	Health Care	United States	0.6	14.6
Roche	Health Care	Switzerland	0.6	14.5
Volkswagen	Consumer Discretionary	Germany	0.6	14.3
Daikin Industries	Industrials	Japan	0.6	14.2
L'Oreal	Consumer Staples	France	0.6	14.1
Nielsen	Industrials	United States	0.6	14.0
Harley Davidson	Consumer Discretionary	United States	0.6	13.9
Whirlpool	Consumer Discretionary	United States	0.6	13.9
Ralph Lauren	Consumer Discretionary	United States	0.5	13.8
Nextera Energy Inc	Utilities	United States	0.5	13.7
Applus Services	Industrials	Spain	0.5	13.3
American Express	Financials	United States	0.5	13.3
Imperial Brands	Consumer Staples	United Kingdom	0.5	13.1
Qualcomm	Information Technology	United States	0.5	13.0
Anima Holding	Financials	Italy	0.5	12.9
Inovalon	Health Care	United States	0.5	12.9
Goodyear Tire & Rubber	Consumer Discretionary	United States	0.5	12.8
Ericsson	Information Technology	Sweden	0.5	12.4
Tesco	Consumer Staples	United Kingdom	0.5	12.4
Anglo American	Materials	United Kingdom	0.5	12.0
Banco Santander-MX	Financials	Mexico	0.5	12.0
Facebook	Communication Services	United States	0.5	11.4
Nintendo	Communication Services	Japan	0.4	11.3
Commscope Hldg	Information Technology	United States	0.4	11.1
Dollar General	Consumer Discretionary	United States	0.4	10.9
Astrazeneca	Health Care	United Kingdom	0.4	10.9
TS Tech	Consumer Discretionary	Japan	0.4	10.8
Western Digital	Information Technology	United States	0.4	10.7
Barclays	Financials	United Kingdom	0.4	10.5
Adobe Systems	Information Technology	United States	0.4	10.5

EQUITY HOLDINGS AS AT 31 DECEMBER 2018

Stock	Sector	Country of listing	% of quoted equities	Value (\$m)
Flex	Information Technology	United States	0.4	10.2
Sonic Healthcare	Health Care	Australia	0.4	10.0
Marks & Spenser	Consumer Discretionary	United Kingdom	0.4	9.9
Airbus	Industrials	France	0.4	9.8
Deutsche Boerse	Financials	Germany	0.4	9.8
Bayer AG	Health Care	Germany	0.4	9.7
Ping An Insurance	Financials	China	0.4	9.7
Henry Schein	Health Care	United States	0.4	9.7
ICICI Bank	Financials	India	0.4	9.6
Centrica	Utilities	United Kingdom	0.4	9.4
Sapiem	Energy	Italy	0.4	9.3
S&P Global	Financials	United States	0.4	9.1
Hain Celestial	Consumer Staples	United States	0.4	9.0
McKesson	Health Care	United States	0.4	8.9
Tingyi Holding	Consumer Staples	China	0.3	8.8
Housing Development Finance Corporation	Financials	India	0.3	8.4
Auto Data Process	Information Technology	United States	0.3	8.2
Exxon Mobil	Energy	United States	0.3	8.1
Stryker Corp	Health Care	United States	0.3	7.9
CGG	Energy	France	0.3	6.9
Nippon Television	Communication Services	Japan	0.2	5.8
Adient Plc	Consumer Discretionary	Ireland	0.2	5.5
Bank Central Asia	Financials	Indonesia	0.2	5.4
Sankyo	Consumer Discretionary	Japan	0.2	5.4
Macquarie	Financials	Australia	0.2	5.3
Solocal	Communication Services	France	0.2	5.3
Eni	Energy	Italy	0.2	5.2
Heineken	Consumer Staples	Netherlands	0.2	5.0
Grupo Televisa Sab	Communication Services	Mexico	0.2	4.8
Veeco	Information Technology	United States	0.2	4.5
Reliance Industries	Energy	India	0.2	4.3
China Mobile	Communication Services	Hong Kong	0.1	3.8
Link Reit	Real Estate	Hong Kong	0.1	3.7
Cooper Cos Inc	Health Care	United States	0.1	3.6
Infosys - ADR	Information Technology	India	0.1	3.5
CK Infrastructure	Utilities	Hong Kong	0.1	3.2
HANG SENG BANK LTD HKD5	Financials	Hong Kong	0.1	3.1
China Tower	Communication Services	Hong Kong	0.1	3.0
Tata Consultancy	Information Technology	India	0.1	2.9
MTR Corp	Industrials	Hong Kong	0.1	2.7
Coca-Cola HBC	Consumer Staples	Switzerland	0.1	2.7
Samsung Fire & Mar	Financials	South Korea	0.1	2.6
Samsung Electronics	Information Technology	South Korea	0.1	2.5
Kotak Mahindra Bank	Financials	India	0.1	2.4
Taiwan Semiconductor Manufacturing	Information Technology	Taiwan	0.1	2.3
Infosys	Information Technology	India	0.1	2.1
SK Telecom	Communication Services	South Korea	0.1	2.0
Bangkok Dusit Medi	Health Care	Thailand	0.1	2.0
Guangdong Investment	Utilities	Hong Kong	0.1	2.0
KT Corp	Communication Services	South Korea	0.1	2.0
CLP Holdings	Utilities	Hong Kong	0.1	1.8
Bank Rakyat	Financials	Indonesia	0.1	1.7
CP All	Consumer Staples	Thailand	0.1	1.5
ITAUSA Investimen	Financials	Brazil	0.1	1.4
America Movil	Communication Services	Mexico	0.1	1.4
Sarana Menara	Communication Services	Indonesia	0.1	1.4
Kasikornbank	Financials	Thailand	0.1	1.4
Electricity Gen Public	Utilities	Thailand	0.1	1.4
Vale	Materials	Brazil	0.1	1.3

EQUITY PORTFOLIO LISTING CONTINUED

EQUITY HOLDINGS AS AT 31 DECEMBER 2018

Stock	Sector	Country of listing	% of quoted equities	Value £m
China Petroleum	Energy	China	0.1	1.3
Petrochina Co Ltd	Energy	China	0.0	1.1
Boc Hong Kong	Financials	China	0.0	1.1
Equatorial Energia	Utilities	Brazil	0.0	1.0
CIA De Transmissa	Utilities	Brazil	0.0	1.0
Macquarie Korea	Financials	South Korea	0.0	0.9
United Breweries Ltd	Consumer Staples	India	0.0	0.9
ITAU Unibanco	Financials	Brazil	0.0	0.8
TAESA	Utilities	Brazil	0.0	0.8
Bajaj Finance	Financials	India	0.0	0.8
Beijing Enterprise	Utilities	Hong Kong	0.0	0.7
IHH Healthcare	Health Care	Malaysia	0.0	0.7
NTPC Ltd	Utilities	India	0.0	0.7
Wal-Mart de Mexico	Consumer Staples	Mexico	0.0	0.6
Korea Gas Corpora	Utilities	South Korea	0.0	0.6
Chailease Holding	Financials	Taiwan	0.0	0.2

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

A full portfolio listing, similar to that displayed above, is available on a monthly basis on our website at www.alliancetrust.co.uk, where the percentage of the portfolio is shown as 0.0% this is due to the small size of the holding and rounding the percentage downwards. Holdings may be selected by more than one stock picker.

GLOSSARY: PERFORMANCE MEASURES AND OTHER TERMS

Throughout this document a number of terms are used to describe performance. Where not described in detail elsewhere set out here is 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, in the case of the Trust the MSCI ACWI. For the equity portfolio as at 31 December 2018 this was calculated as 2.5% 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 equity portfolio as at 31 December 2018 this was calculated as 80% in relation to the MSCI ACWI benchmark.

Benchmark Volatility is a measure of the variability of the benchmark returns, MSCI ACWI. It is calculated as the standard deviation of the benchmark returns over a one year period. The benchmark volatility as at 31 December 2018 was calculated to be 12.5%.

Beta is a measure of the risk, defined as the volatility of a stock or the portfolio compared to the benchmark. 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 decrease in value, half as much as the benchmark increases or decreases. The equity portfolio has a Beta of 0.94 as at 31 December 2018 so it should increase or decrease in value by less than the movement of the benchmark.

Equity Portfolio Total Return is a measure of the performance of the Trust's equity portfolio over a specified period. It combines any appreciation in the value of the equity portfolio and dividends paid. The comparator used for Equity Portfolio Total Return is the MSCI ACWI total return. The Equity Portfolio Total Return was -4.2% over the year to end 31 December 2018 before managers' fees and including the effect of managers' cash holdings. On page 23 an analysis of the investment portfolio and equity portfolio return is provided.

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

Gearing (Gross) = Total Gearing is a measure of the Trust's financial leverage. It is calculated by dividing the Trust's total borrowings by its Net Asset Value. The Gross Gearing calculation includes any cash or non-equity holdings.

Gearing (Net) is a measure of the Trust's financial leverage and calculated by dividing the Trust's net borrowings (i.e. total borrowings minus cash) by its Net Asset Value.

Leverage For the purposes of the Alternative Investment Fund Managers (AIFM) Directive, 'leverage' 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, 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%.

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 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. The index used measures performance in sterling and that as much as possible of a company's dividend distributions are reinvested back into the index. The reinvested amount is equal to the total dividend amount distributed to persons residing in the country of the dividend paying company, excluding any tax credits. MSCI's disclaimer regarding the information provided by it can be found on our website.

NAV Total Return is a measure of the performance of the Trust's Net Asset Value (NAV) over a specified time period. It combines any appreciation in the NAV and dividends paid. The comparator used for NAV Total Return is the MSCI ACWI total return.

After fees NAV Total Return including income with debt at Fair Value was -5.4% at 31 December 2018.

Net Asset Value (NAV) is the value of total assets less liabilities (including borrowings). The NAV per share is calculated by dividing this amount by the number of ordinary shares in issue and is stated on a cum-income basis. The Trust's balance sheet net asset value as at 31 December 2018 is £2.4bn divided by 333,626,020 ordinary shares in issue on that date, giving a NAV per share of 723.6p. This includes income and with debt at fair value.

Non-core Assets or Non-core Investments are the assets the Trust holds aside from the global equity portfolio. These include mineral rights, shares in Liontrust Asset Management PLC and a number of private equity holdings. During 2018, the Trust has successfully sold a significant part of the legacy non-core assets portfolio with the remaining non-core assets expected to be sold or be wound down in 2019 as part of the Trust's strategy to simplify and focus on the global equity portfolio.

GLOSSARY: PERFORMANCE MEASURES AND OTHER TERMS CONTINUED

Ongoing Charges represent the total ongoing costs and are calculated in accordance with the guidelines issued by the Association of Investment Companies (AIC). More detailed information can be found on page 29.

Ongoing Charge Ratio (OCR) The total expenses (excluding borrowing costs) incurred by the Trust as a percentage of the average NAV (with debt at fair value). A fuller explanation and the method of calculation can be found on page 29.

Portfolio Volatility is a measure of the dispersion or variability of the equity portfolio returns. It is calculated as the standard deviation of the portfolio returns over a one year period. It is calculated as the standard deviation of the benchmark returns over a one year period. The benchmark volatility as at 31 December 2018 is calculated to be 11.9%.

Total Assets represents total net assets less current liabilities, before deduction of all borrowings.

Total Expense Ratio (TER) is a measure of the total costs associated with managing and operating of the Trust. These costs consist primarily of management fees and additional expenses, such as trading fees, legal fees, auditor fees and other operational expenses. The total cost of the Trust is divided by the Trust's total assets to arrive at a percentage amount, which represents the TER. The TER over the year to end 31 December 2018 was 0.68%.

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 TSR is the MSCI ACWI total return. This measure shows the actual return received by a shareholder from their investment. The TSR as at 31 December 2018 was -6.1%.

INFORMATION FOR SHAREHOLDERS CONTINUED

SHARE INVESTMENT

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

The Trust currently conducts its affairs so that its shares can be recommended by IFAs to ordinary retail investors in accordance with the FCA's 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 Trust 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.

RISKS

If you wish to acquire shares in the Trust, 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 Trust. The price generally stands below the net asset value of the Trust ('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 Trust's own assets.

The assets owned by the Trust 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.

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.

BOGUS COMMUNICATIONS

The Trust is aware of contact being 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. They may offer to buy your shares at a price significantly above the current market price. If you have any concerns about the genuineness of any such communication you may call us on 01382 321010.

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

ANNUAL GENERAL MEETING

The 131st Annual General Meeting of the Trust will be held at 11.00 am on Thursday 25 April 2019 at the Apex City Quay Hotel, 1 West Victoria Dock Road, Dundee, DD1 3JP.

The Notice of Meeting, detailing the business of the meeting, is sent to all shareholders. The Meeting will be followed in the afternoon by a presentation from two of the Trust's stock pickers, Andrew Wellington of Lyrical Asset Management and Rob Rohn of Sustainable Growth Advisers.

FINANCIAL CALENDAR

Proposed dividend payment dates for the financial year to 31 December 2019 are on or around:

- 1 July 2019
- 30 September 2019
- 31 December 2019
- 31 March 2020

COMMON REPORTING STANDARDS

You may have received requests from the Trust's Registrar for personal information to comply with legal obligations introduced to reduce tax evasion. While it is not compulsory that you complete and return these requests, the Trust 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 INFORMATION DOCUMENT

Investment trust companies (and other providers of investment products) are required to publish a Key Information Document (KID). This required 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.

TEN-YEAR RECORD

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

Assets £m as at	31 Jan 2010	31 Jan 2011	31 Dec 2011	31 Dec 2012	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018
Total assets	2,704	3,268	2,676	2,702	3,478	3,415	3,351	3,541	2,979	2,678
Loans	(160)	(339)	(249)	(200)	(380)	(380)	(390)	(220)	(233)	(227)
Net assets	2,513	2,895	2,400	2,491	2,886	3,019	2,948	3,284	2,700	2,411
Net asset value (p)										
NAV per share	377.7	439.0	405.8	444.9	516.5	544.8*	559.0*	667.5*	777.7*	723.6*
NAV total return on 100p – 10 years*						210.7	178.6	198.3	217.8	265.8
Share price (p)										
Closing price per share	313.0	364.0	342.8	375.3	450.1	478.9	517.0	638.0	746.5	688.0
Share price High	337.0	377.9	392.7	383.5	464.2	481.1	528.5	641.5	747.5	785.0
Share price Low	233.0	293.5	310.2	337.0	375.3	426.0	440.1	447.3	638.0	672.0
Total shareholder return on 100p – 10 years*						226.0	197.0	225.5	266.4	306.7
Gearing/Net cash (%)										
Gearing	5	11	7	7	12	11	13	6	5	7
Net cash	–	–	–	–	–	–	–	–	–	–

Revenue	Year ended 31 January	2010	2011	11 mths to 31 Dec 2011	11 mths to 2012	2013	Year ended 31 December				
							2014	2015	2016	2017	2018
Profit after tax	£61.1m	£63.8m	£61.9m	£55.6m	£60.6m	£68.8m	£60.2m	£65.9m	£48.5m	£41.4m	
Earnings per share	9.14p	9.67p	9.87p	9.74p	10.83p	12.38p	12.43p†	12.77p	12.86p	12.18p	
Dividends per share	8.15p	8.395p	9.00p	9.27p	9.55p	9.83p	10.97p	12.77p	13.16p	13.55p	
Special dividend	–	–	–	0.36p	1.28p	2.546p	1.46p ^a	–	–	–	

Performance % (rebased at 31 Jan 2009) as at	31 Jan 2010	31 Jan 2011	31 Dec 2011	31 Dec 2012	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018
NAV per share	90	104	96	106	123	130	133	158	185	228
Closing price per share	86	100	94	103	123	131	141	174	204	257
Earnings per share	106	112	117	112	125	143	143	147	148	117
Dividends per share (excluding special)	108	111	119	122	126	130	145	169	174	169

Cost of running the Trust	Year ended 31 January	2010	2011	11 mths to 31 Dec 2011	11 mths to 2012	2013	Year ended 31 December				
							2014	2015	2016	2017	2018
Total expenses	£16.0m	£17.0m	£16.0m	£18.7m	£21.5m	£20.8m	£23.9m	£16.8m	£17.4m	£17.4m	
Ongoing charges ratio (excluding capital incentives***)	0.64%	0.53%	0.56%**	0.67%	0.75%	0.60%	0.59%	0.43%	0.54%	0.65%	
Total expense ratio	0.69%	0.60%	0.60%**	0.71%	0.80%	0.64%	0.63%	0.54%	0.58%	0.68%	

*With debt at fair value.

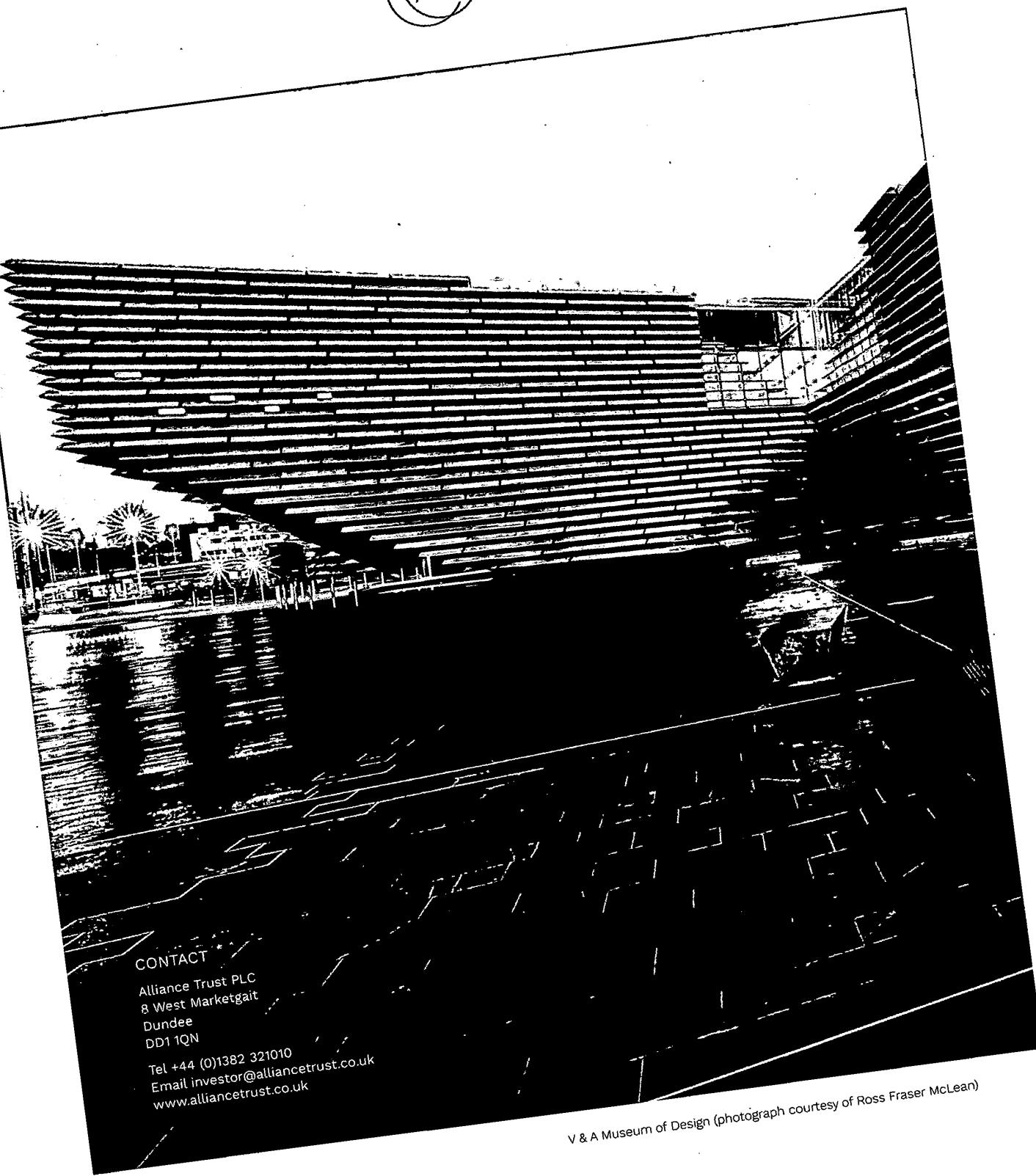
*Source: Morningstar UK Ltd.

†Includes capital dividend paid December 2015.

^aCapital dividend paid December 2015.

**Administrative expenses used in calculating these ratios have been annualised given the financial reporting period was for 11 months, except for incentives which were on an actual basis.

***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.



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V & A Museum of Design (photograph courtesy of Ross Fraser McLean)