The North American Income Trust plc

Leading US companies picked for their higher income potential

Annual Report
31 January 2021

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Visit our Website

To find out more about The North American Income Trust plc, please visit **www.northamericanincome.co.uk**

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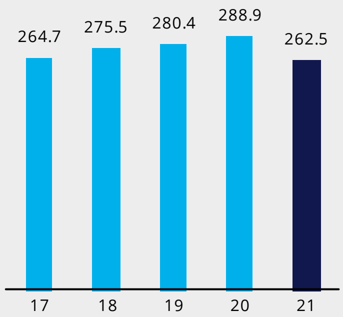
Headlines and Financial Calendar

Net asset value total return[AB]	Share price total return[AB]	Revenue return per share
–5.7%	–16.5%	11.79p
2020 +5.5%	2020 +11.5%	2020 11.42p

Dividends per share	Dividend yield[AC]	Ongoing charges[A]
10.00p	4.3%	1.01%
2020 9.50p	2020 3.3%	2020 0.97%

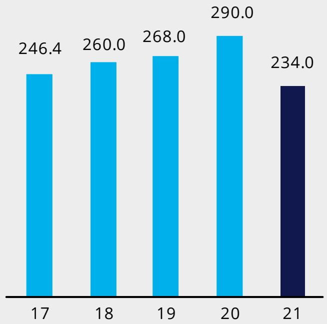
[A] Considered to be an Alternative Performance Measure. See pages 75 and 76 for more information. .
[B] Includes dividends reinvested.
[C] Calculated as the dividend for the year divided by the year end share price.

Net Assets



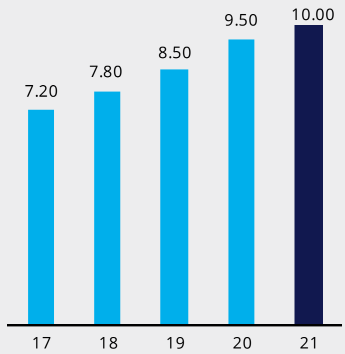
At 31 January – pence

Share price



At 31 January – pence

Dividends per share



Year ended 31 January – pence

Comparative figures for 2017 to 2019 have been restated due to the sub-division of each existing Ordinary share of 25p into five Ordinary shares of 5p each on 10 June 2019.

Dividends

	Rate	xd date	Record date	Payment date
1st Interim dividend 2021	1.80p	16 July 2020	17 July 2020	7 August 2020
2nd Interim dividend 2021	1.80p	1 October 2020	2 October 2020	30 October 2020
3rd Interim dividend 2021	1.90p	4 February 2021	5 February 2021	26 February 2021
Proposed final dividend 2021	4.50p	6 May 2021	7 May 2021	4 June 2021
Total dividends 2021	**10.00p**			
1st Interim dividend 2020	1.70p	18 July 2019	19 July 2019	2 August 2019
2nd Interim dividend 2020	1.70p	3 October 2019	4 October 2019	25 October 2019
3rd Interim dividend 2020	1.80p	30 January 2020	31 January 2020	21 February 2020
4th interim dividend 2020	4.30p	7 May 2020	11 May 2020	5 June 2020
Total dividends 2020	**9.50p**			

Financial Calendar

Financial year end	31 January 2021
Annual General Meeting (Edinburgh)	1 June 2021
Payment dates of quarterly dividends	June 2021 August 2021 October 2021 February 2022

Highlights

	31 January 2021	31 January 2020	% change
Total assets (as defined on page 85)	£411,752,000	£432,913,000	–4.9
Equity shareholders' funds	£375,416,000	£413,948,000	–9.3
Share price (mid market)	234.00p	290.00p	–19.3
Net asset value per Ordinary share	262.48p	288.91p	–9.1
(Discount)/premium (difference between share price and net asset value)[AB]	(10.9%)	0.4%	
Net (gearing)/cash[A]	(7.4%)	0.9%	
Dividends and earnings			
Revenue return per share	11.79p	11.42p	+3.2
Dividends per share	10.00p	9.50p	+5.3
Dividend yield (based on year end share price)[A]	4.3%	3.3%	
Dividend cover[A]	1.18	1.20	
Revenue reserves per share			
Prior to payment of third and fourth interim dividends	16.49p	14.38p	
After payment of third and fourth interim dividends	10.09p	8.28p	
Operating costs			
Ongoing charges[A]	1.01%	0.97%	

[A] Considered to be an Alternative Performance Measure. See pages 75 and 76 for further information.
[B] Including undistributed revenue.

Strategic Report

The North American Income Trust plc was launched in 1902.

The objective of the Company is to provide investors with above average dividend income and long term capital growth through active management of a portfolio consisting predominately of S&P 500 US equities.

Chairman's Statement

In 2012, the Edinburgh US Tracker Trust became The North American Income Trust. Its objective was to produce dividend growth without depleting capital. This has been achieved with the establishment of a satisfactory dividend record: 1.88p per share in 2012 has increased to 10.0p which is recommended for the year to 31 January 2021. The capital has been preserved in real terms over that period. The Managers' approach has proved to be successful and is now well established.

Performance

The US financial markets showed remarkable resilience during 2020 despite the ravages of Covid-19, thanks to the size and strength of the US economy and historic levels of government stimulus. By the Company's year end, the US equity markets had broadly recovered from the severe declines seen at the start of the pandemic.

NAIT does not have a benchmark; the Russell 1000 Value Index is used as the Trust's primary reference index to provide context, while the S&P 500 Index is also monitored by the Board as most of the portfolios' holdings are drawn from its constituents. The total return performance per share compared to this has been variable: underperforming in the last two years but outperforming over the three years prior to that. Over the 12-month period to 31 January 2021, the Company's net asset value (NAV) total return per share was -5.7% in sterling terms. This underperformed the -0.1% return in sterling terms from the Russell 1000 Value Index and the 12.6% return from the more growth-orientated S&P 500 index.

While the capital return has underperformed the primary reference index, for the year ended 31 January 2021, the revenue return per Ordinary share rose by 3.2% from 11.42p to 11.79p, which compares to the 11.2% decline in the earnings of the Russell 1000 Value Index. The Board is recommending a final dividend per share of 4.5p, which will take the total for dividends for the year to 10.0p, an increase of 5.3% from the previous year. The proposed final dividend is payable on 4 June 2021, to shareholders on the register on 7 May 2021. The quarterly dividends are paid in August, November, February and June each year.

The total dividend represented a yield of 4.3%, using the share price of 234.0p at the end of the review period on 31 January 2021, compared to the 2.4% yield from the Russell 1000 Value Index at that date.

After payment of the final dividend, the undistributed balance of the revenue account will be added to the Company's revenue reserves, which will represent approximately 10.1p per share. This will provide flexibility for future years.

Portfolio

As of 31 January 2021, the portfolio consisted of 39 equity holdings and 7 corporate bonds, with equities representing 96.5% of total assets.

Total revenue from equity holdings in the portfolio for the financial year was £15.6 million (2020 - £16.3 million). Most of the Company's equity holdings continued their established record of dividend growth. 73% of the equity holdings raised their dividends over the past year, with a weighted average increase of 7.4%. Only two companies within the portfolio made dividend cuts during the year.

During the 12-month period ended 31 January 2021, the Company received premiums totalling £5.4 million (2020 - £4.0 million) in exchange for entering into stock option transactions. This option income, the generation of which remains consistent with the Manager's company-focused investment process, represented 25.0% of total income (2020 – 19.1%). As the Company's exposure to corporate bonds has decreased over recent years, interest income from investments was lower and represented 2.5% of total income (2020 – 2.7%). Bond income and option premiums will remain secondary sources of income in the belief that dividends must remain the overwhelming source of income available for distribution. Further details of the portfolio are shown on pages 25 to 28.

Market & Economic Review

North American equity indices saw mixed performance in sterling terms during the 12-month period ended 31 January 2021. Large-cap value stocks recorded negative returns, significantly lagging their large-cap growth counterparts, which posted notable gains. In February and March 2020, investors' fears surrounding the impact of the worldwide spread of the Covid-19 pandemic on the global economy sent a shockwave through the US and global financial markets. Following the market sell-off during this period, the US Federal Reserve (Fed) reduced its benchmark interest rate by 1.00 % to a range of 0.0% to 0.25% in March 2020. The central bank also maintained the pace and composition of bond purchases. US stocks rallied sharply over much of the second half of the year reporting period as investors gained more comfort in an improving macroeconomic backdrop. The market shift to "risk-on" mode was also due to the initial rollout of Covid-19 vaccines. Additionally, US corporate earnings continued to show signs of improvement, with results for 2020 coming in much better than expected, leading to rising estimates for 2021.

Chairman's Statement Continued

US GDP grew at an annualised rate of 4.0% in the fourth quarter of 2020, following a rebound of 33.4% in the previous three-month period. The coronavirus was the major influence on US GDP in the first half of 2020, as the economy contracted by margins of 5.0% and 31.4% in the first and second quarters, respectively. US payrolls declined by an aggregate of 9.6 million over the 12-month period ended 31 January 2021, and the unemployment rate reached a peak of 14.8% in April 2020, before falling to 6.3% at the end of the period.

Management of Premium and Discount

During the year the discount has shown greater volatility than we have seen for at least the last 5 years. Much of this volatility occurred in late February/March 2020 as the awareness of the impact on financial markets of the Covid pandemic began to spread. The share price moved from trading at a premium of around 3% to a discount of over 11% within four weeks. From mid-March there was brief respite in the discount, through to June 2020 from which point the discount started to drift out as there was more semblance of normality in markets. In the US, this manifested itself in the continued rise of growth stocks. Against such a backdrop, the portfolio lagged and the share price reflected this. When vaccines started to be rolled out, we have seen a rotation towards value and the discount narrowed from over 15% in late October to 7% at the end of 2020.

The Company's share price fell by 19.3% to 234.0p and ended the year at a 10.9% discount to the net asset value, compared with a 0.4% premium at the end of the 2020 financial year. During the year to 31 January 2021, 248,374 Ordinary shares were purchased for cancellation. Since 31 January 2021, the Company has purchased a further 594,508 Ordinary shares. At 8 April 2021, the NAV was 297.15p and the share price was 264p, equivalent to a discount of 11.2% per Ordinary share.

Gearing

The Board believes that sensible use of gearing should enhance returns to our shareholders over the longer term and that the normal position for NAIT is to be geared. In December 2020, the Company entered into a long-term financing agreement for US$50 million with MetLife comprising two loans of US$25 million with terms of 10 and 15 years at an all in cost of 2.70% and 2.96% respectively, giving a blended rate for the next 10 years of 2.83%. The Board believes this represents very attractive terms and will benefit the Company's shareholders over the coming years. As a result, net gearing at 31 January 2021 stood at 7.4% (31 January 2020: net cash of 0.9%).

The Board

The Board reviews its composition and considers its succession policy regularly. I intend to retire at the end of 2021. In determining my successor, the Directors have independently considered the skills and qualities required of the Chairman. In light of this, I am delighted to report that Susan Rice has indicated her willingness to succeed the role upon my retirement.

Management fees

I am pleased to report that we have negotiated a change in the basis on which the management fee is calculated. From 1 May 2021 the value of the assets that will be subject to highest tier of fees, of 0.75%, will be reduced from £350m to £250m. Assuming that net assets remain greater than £350m, this will save the Company £150,000 per year and will mean that the Company's fees are among the most competitive in the peer group.

Outlook

The Democratic Party now holds the presidency and slim majorities in both the House of Representatives and the Senate. In the short term, we believe that this electoral outcome opens the door to further fiscal policy support and a more coordinated US government approach aimed at combating the Covid-19 crisis. Looking out further, we think that the Democrats now have the ability to pass a broader legislative agenda, with higher spending on a range of entitlements, partly financed by higher personal and corporate taxes as well as infrastructure investments including "green infrastructure. The Chairman of the Fed commented that his top concern – even greater than inflation – is the economy falling short of a full recovery even with increased prospects for fiscal support from the new administration. Given that the Fed is still a long way from meeting its stated employment and inflation objectives, we see his stance as pointing to a continuation of present monetary policy. We expect some reversion to normality in the wake of the pandemic , while fiscal policy should provide a robust consumer backstop as well as supplying generous local aid to states. Inflation remains a risk, but given the slack in the economy, it appears contained at this point. Given the shortage of income-producing securities, we believe that our portfolio of progressive dividend-paying equities of high-quality companies is an efficient way to outpace inflation over the long run.

Annual General Meeting ("AGM")

The Company's AGM will be held on 1 June 2021, at the Manager's office at St Andrew Square, Edinburgh. As you will be aware, attendance at last year's AGM was restricted to the minimum requirements in order to adhere to Government guidelines in place at that time.

As at the date of this report, restrictions on gatherings and social distancing measures remain in place and, given the ongoing uncertainty and visibility on the level of Government guidelines in early June, the Board has again decided to proceed with this year's AGM by limiting attendance again to the minimum quorum requirements. In the unlikely event of the situation changing, the Company will update shareholders through an announcement to the London Stock Exchange and on the Company's website and we therefore encourage shareholders to check for such updates.

The Board strongly advises that no shareholders should expect to attend the AGM in person and instead exercise their votes in respect of the meeting in advance, by completing and returning their proxy forms. This will ensure that their votes are registered. Shareholders are also invited to address any questions to the company secretary via email to north.american@aberdeenstandard.com. The Board is aware that many shareholders welcome the views of the Manager and perhaps particularly this year, given the uncertainties that lie ahead. A presentation from the Manager will be uploaded to the Company's website on the day of the AGM for shareholders to view.

Shareholders will note that one of the resolutions being proposed at this AGM is an amendment to the Company's articles of association to allow for, amongst other matters, virtual shareholder meetings to be held and conducted in a manner that allows those not present to attend, speak and vote at meetings by electronic means.

While the Board does not have any present intention to hold meetings in this way, it will allow the Company to utilise this option where a physical meeting would not be in the best interests of shareholder safety. It will also facilitate shareholder attendance in situations where shareholders are prevented, through laws or regulations, from attending at a physical location. It is important to note that the amendments do not prevent the Company from holding physical meetings and the Board's intention is always to hold a physical AGM provided it is both safe and practical to do so.

Continuation Vote

NAIT is obliged to have a continuation vote every three years and the next one is at this AGM. The Directors will be voting in favour of continuation and would encourage shareholders to do likewise in the belief that the Company has a successful long-term investment formula.

James Ferguson
Chairman
12 April 2021

Overview of Strategy

Introduction

The Company is an investment trust and its Ordinary shares are listed on the premium segment of the London Stock Exchange. The Company aims to attract long term private and institutional investors wanting to benefit from the income and growth prospects of North American companies. The Directors do not envisage any change in the Company's activity in the foreseeable future.

Investment Objective and Purpose

To provide investors with above average dividend income and long term capital growth through active management of a portfolio consisting predominately of S&P 500 US equities.

Reference Index

The Board reviews performance against relevant factors, including the Russell Value Index 1000 (in sterling terms) and the S&P 500 Index (in sterling terms) as well as peer group comparisons. The aim is to provide investors with above average dividend income from predominantly US equities which means that investment performance can diverge, possibly quite materially in either direction, from these indices.

Investment Policy

The Company invests in a portfolio predominantly comprised of S&P 500 constituents. The Company may also invest in Canadian stocks and US mid and small capitalisation companies to provide for diversified sources of income. The Company may invest up to 20% of its gross assets in fixed income investments, which may include non-investment grade debt. The Company's investment policy is flexible, enabling it to invest in all types of securities, including (but not limited to) equities, preference shares, debt, convertible securities, warrants, depositary receipts and other equity-related securities.

The maximum single investment will not exceed 10% of gross assets at the time of investment and it is expected that the portfolio will contain around 50 holdings (including fixed income investments), with an absolute minimum of 35 holdings. The composition of the Company's portfolio is not restricted by minimum or maximum market capitalisation, sector or country weightings.

The Company may borrow up to an amount equal to 20% of its net assets.

Subject to the prior approval of the Board, the Company may also use derivative instruments for efficient portfolio management, hedging and investment purposes. The Company's aggregate exposure to such instruments for investment purposes (excluding collateral held in respect of any such derivatives) will not exceed 20% of the Company's net assets at the time of the relevant acquisition, trade or borrowing.

The Company does not generally intend to hedge its exposure to foreign currency. The Company will not acquire securities that are unlisted or unquoted at the time of investment (with the exception of securities which are about to be listed or traded on a stock exchange). However, the Company may continue to hold securities that cease to be listed or quoted, if appropriate.

The Company may participate in the underwriting or sub-underwriting of investments where appropriate to do so.

The Company may invest in open-ended collective investment schemes and closed-ended funds that invest in the North American region. However, the Company will not invest more than 10%, in aggregate, of the value of its gross assets in other listed investment companies (including listed investment trusts), provided that this restriction does not apply to investments in any such investment companies which themselves have stated investment policies to invest no more than 15% of their gross assets in other listed investment companies.

The Company will normally be substantially fully invested in accordance with its investment objective but, during periods in which changes in economic conditions or other factors so warrant, the Company may reduce its exposure to securities and increase its position in cash and money market instruments.

Management

The Board has appointed Aberdeen Standard Fund Managers Limited ("ASFML" or "Manager") to act as the alternative investment fund manager ("AIFM" or "Manager").

The Directors are responsible for determining the investment policy and the investment objective of the Company. The Company's portfolio is managed on a day-to-day basis by Aberdeen Asset Management Inc. ("AAMI" or "Investment Manager") by way of a delegation agreement in place between ASFML and AAMI.

The Investment Manager invests in a range of North American companies, following a bottom-up investment process based on a disciplined evaluation of companies through direct visits by its fund managers. Stock selection is the major source of added value, concentrating on quality first, then price. Top-down investment factors are secondary in the Investment Manager's portfolio construction, with diversification rather than formal controls guiding stock and sector weights.

Key Performance Indicators ("KPIs")

The Board uses a number of financial performance measures to assess the Company's success in achieving its objective and determining the progress of the Company in pursuing its investment policy. The main KPIs identified by the Board in relation to the Company which are considered at each Board meeting are as follows:

KPI	Description
Net asset value and share price performance against the reference indices	The Board reviews the Company's NAV and share price total return performance against the reference indices, the Russell 1000 Value and the S&P 500 (both in sterling terms). Performance graphs and tables are provided on pages 15 to 17. The Board also reviews the performance of the Company against its peer group of investment trusts with similar investment objectives.
Revenue return and dividend yield	The Board monitors the Company's net revenue return and dividend yield through the receipt of detailed income forecasts. A graph showing the dividends and yields over 5 years is provided on page 15.
Discount/premium to net asset value	The discount/premium relative to the net asset value per share is closely monitored by the Board. A graph showing the share price discount/premium relative to the net asset value is shown on page 17.
Ongoing charges	The Company's ongoing charges ratio (OCR) is provided on page 3. The Board reviews the OCR against its peer group of investment trusts with similar investment objectives.

Principal Risks and Uncertainties

There are a number of risks which, if realised, could have a material adverse effect on the Company and its business model, financial position, performance and prospects. The Board has in place a robust process to identify, assess and monitor the principal risks and uncertainties facing the Company and to identify and evaluate newly emerging risks. This process is supported by the adoption of a risk matrix which identifies the key risks for the Company, including emerging risks, and covers strategy, investment management, operations, shareholders, regulatory and financial obligations and third party service providers. This risk matrix is reviewed on a regular basis. A summary of the principal risks and uncertainties facing the Company, which have been identified by the Board, is set out in the table below, together with a description of the mitigating actions it has taken.

The principal risks associated with an investment in the Company's shares are published monthly in the Company's factsheet or they can be found in the pre-investment disclosure document ("PIDD") published by the Manager, both of which are on the Company's website.

Description	Mitigating Action
Market Risk The risks facing the Company relate to the Company's investment activities and include market risk (comprising interest rate risk and other price risk), liquidity risk and credit risk. The Company is exposed to the effect of variations in share prices and movements in the US$/£ exchange rate due to the nature of its business. A fall in the market value of its portfolio would have an adverse effect on	The day-to-day management of the Company's assets has been delegated to the Manager under investment guidelines determined by the Board. The Board monitors these guidelines and receives regular reports from the Manager which include performance reporting. The Board regularly reviews these guidelines to ensure they remain appropriate.

Overview of Strategy Continued

Description	Mitigating Action
shareholders' funds. Any debt securities that may be held by the Company will be affected by general changes in interest rates that will in turn result in increases or decreases in the market value of those instruments.	Details on financial risks, including market price, liquidity and foreign currency risks and the controls in place to manage these risks are provided in note 18 to the financial statements.
Pandemic or Systemic shock The Company is exposed to stockmarket volatility or illiquidity as a result of major market shock due to a national or global crisis such as a pandemic, war, natural disaster or similar. The resulting impact of disruption on the operations of the Company and its service providers, temporarily or for prolonged duration.	The Board is cognisant of the risks arising from the outbreak and spread of the Covid-19 around the world, including stockmarket instability and longer term economic effects, and the impact on the operations of the third-party suppliers, including the Manager. The Manager assesses and reviews the investment risks arising from Covid-19 on the companies in the portfolio, including but not limited to: employee absence, reduced demand, supply chain breakdown, balance sheet strength, ability to pay dividends, and takes the necessary investment decisions. The Manager has regular communications with the underlying investee companies in order to navigate and guide the Company through the current challenges. The Manager has business continuity procedures in place to ensure that they are able to continue to service their clients, including investment trusts. The services from third parties, including the Manager, have continued to be supplied effectively during the Covid-19 crisis and the Board will continue to monitor services through regular updates from the Manager.
Income and Dividend Risk The ability of the Company to pay dividends and any future dividend growth will depend primarily on the level of income received from its investments (which may be affected by currency movements, exchange controls or withholding taxes imposed by jurisdictions in which the Company invests) and the timing of receipt of such income by the Company. Accordingly, there is no guarantee that the Company's dividend income objective will continue to be met and the amount of the dividends paid to Ordinary shareholders may fluctuate and may go down as well as up.	The Board monitors this risk through the regular review of detailed revenue forecasts and considers the level of income at each meeting. The Company has built up its revenue reserves over recent years which provides flexibility in future years, should the dividend environment become challenging.
Operational The Company is reliant on services provided by third parties (in particular those of the Manager). Failure by any service provider to carry out its contractual obligations could expose the Company to loss or damage and have a detrimental impact on the Company operations.	Written agreements are in place defining the roles and responsibilities of all third party service providers. The Board reviews reports on the operation and efficacy of the Manager's risk management and control systems, including those relating to cyber crime, and its internal audit and compliance functions. The Manager monitors the control environment and quality of services provided by other third party service providers through due diligence reviews, service level agreements, regular meetings and key performance indicators. The Board review reports on the Manager's monitoring of third party service providers on a periodic basis.

Description	Mitigating Action
Regulatory Risk Changes to, or failure to comply with, relevant regulations (including the Companies Act, The Financial Services and Markets Act, The Alternative Investment Fund Managers Directive, accounting standards, investment trust regulations, the Listing Rules, Disclosure Guidance and Transparency Rules and Prospectus Rules) could result in fines, loss of reputation, reduced demand for the Company's shares and potentially loss of an advantageous tax regime.	The Directors have an awareness of the more important regulations and are provided with information on changes by the Association of Investment Companies, as well as the Manager. The Manager provides six-monthly reports to the Audit Committee on its internal control systems, which monitors compliance with relevant regulations. In addition, the Board, when necessary will use the services of its professional advisers to monitor compliance with regulatory requirements. The Manager and depositary provide reports to the Audit Committee on their operations to ensure that the regulations under the AIFM are complied with. The Manager has implemented procedures to ensure that the provisions of the Corporation Tax Act 2010 are not breached and the results are reported to the Board.
Gearing Risk Gearing is used to leverage the Company's portfolio in order to enhance returns where and to the extent this is considered appropriate to do so. Gearing has the effect of accentuating market falls and market gains. The ability of the Company to meet its financial obligations, or an increase in the level of gearing, could result in the Company becoming over-geared or unable to take advantage of potential opportunities and result in a loss of value to the Company's shares.	In order to manage the level of gearing, the Board has set a maximum gearing ratio of 20% of net assets. The Board receives regular updates from the Manager on the Company's net gearing levels and its compliance with loan covenants. As at 31 January 2021 the Company had £36.3 million of borrowings and net gearing was 7.4% at the year end.
Discount volatility Investment company shares can trade at discounts to their underlying net asset values, although they can also trade at premia.	In order to seek to minimise the impact of share price volatility, where the shares are trading at a significant discount, the Company has operated a share buyback programme for a number of years. The Board monitors the discount level of the Company's shares and will exercise discretion to undertake shares buybacks.
Derivatives The Company uses derivatives primarily to enhance the income generation of the Company.	The risks associated with derivatives contracts are managed within guidelines set by the Board.
Potential Impact of ESG Investment Principles Applying ESG and sustainability criteria in the investment process may result in the exclusion of assets in which the Company might otherwise invest. The Manager also monitors and responds to ESG and sustainability risks at portfolio companies as they evolve over time. This may have a positive or negative impact on performance.	The Board supports and encourages the ESG analysis incorporated by the Manager as part of its investment decision making process and understands that over the short-term companies with weak ESG compliance may appear to perform strongly. Over the longer-term, the Board believes that companies with stronger ESG focus will outperform. The Manager also actively engages with investee companies in relation to ESG and sustainability issues that it deems material.

Overview of Strategy Continued

In addition to these risks, the Company is exposed to the effects of geopolitical instability or change which could have an adverse impact on stockmarkets and the Company's portfolio. In carrying out the assessment, the Board considered the uncertainty arising from the end of the transition period on 31 December 2020 for the UK leaving the EU ("Brexit"), principally in relation to the potential impact of Brexit on currency volatility and the Manager's operations. Aberdeen Standard Investments has a significant Brexit program in place aimed at ensuring that they can continue to satisfy their clients' investment needs post Brexit. Overall, the Board does not expect the Company's business model, over the longer term, to be materially affected by Brexit.

In all other respects, the Company's principal risks and uncertainties have not changed materially since the year end.

Promoting the Success of the Company

The Board is required to report on how it has discharged its duties and responsibilities under section 172 of the Companies Act 2006 (the "s172 Statement"). Under section 172, the Directors have a duty to promote the success of the Company for the benefit of its members as a whole, taking into account the likely long term consequences of decisions, the need to foster relationships with the Company's stakeholders and the impact of the Company's operations on the environment.

The Company consists of five Directors and has no employees or customers in the traditional sense. As the Company has no employees, the culture of the Company is embodied in the Board of Directors. The Board seeks to promote a culture of strong governance and to challenge, in a constructive and respectful way, the Company's advisers and other stakeholders.

The Board's principal concern has been, and continues to be, the interests of the Company's shareholders and potential investors. The Manager undertakes an annual programme of meetings with the largest shareholders and investors and reports back to the Board on issues raised at these meetings. The Investment Manager, who is based in the Manager's Philadelphia office, will attend such meetings. The Board encourage all shareholders to attend and participate in the Company's AGM in normal circumstances and can contact the Directors via the Company Secretary. Shareholders and investors can obtain up-to-date information on the Company through its website and the Manager's information services and have direct access to the Company through the Manager's customer services team or the Company Secretary. As the normal format of the 2020 AGM was not able to take place due to the Covid-19 restrictions in place, a number of podcasts by the Manager were made available on the Company's website for shareholders to access.

As an investment trust, a number of the Company's functions are outsourced to third parties. The key outsourced function is the provision of investment management services to the Manager and other stakeholders support the Company by providing secretarial, administration, depositary, custodial, banking and audit services.

The Board undertakes a robust evaluation of the Manager, including investment performance and responsible ownership, to ensure that the Company's objective of providing sustainable income and capital growth for its investors is met. The Board typically visits the Manager's offices in the US on a bi-annual basis. This enables the Board to conduct due diligence of the fund management and research teams. The portfolio activities undertaken by the Manager on behalf of the Company can be found in the Manager's Review and details of the Board's relationship with the Manager and other third party providers, including oversight, is provided in the Statement of Corporate Governance.

Key decisions and actions during the year to 31 January 2021, which required the Directors to have greater focus on stakeholders included:

Gearing

During the course of the financial year, the Company continued to utilise its $75 million loan facility with Scotia Ireland which was in place until December 2020. Prior to the expiration of the loan facility, the Board undertook a review of the Trust's gearing strategy and options concluded that gearing was as one of the principal advantages of the Company's investment trust structure and that the ability to gear for the long term should help enhance long-term total returns for shareholders. This resulted in the decision to issue $50 million of unsecured loan notes comprising $25 million 10 year debt and $25 million 15 year debt.

Dividends paid to shareholders

Subject to shareholder approval of the proposed final dividend, the Company paid a total dividend of 10.0p for the financial year, representing an increase of 5.3% compared to the previous year. 2020 was a period of great uncertainty, when many companies, particularly within the UK, either cut or cancelled their dividends. The Board recognises the importance of dividends to shareholders and after careful review of the Company's revenue forecasts and the investment outlook with the Manager, the dividend was increased in line with the Company's objective of above average income growth as well as reflecting the Company's financial position.

Management of the portfolio
As in previous years, the Board focused on the performance of the Manager in achieving the Company's investment objective within an appropriate risk framework. Following the emergence of the Covid-19 crisis in the Spring of 2020, there was increased interaction between the Board and the Manager to consider the impact on the Company (including portfolio activity, risks and opportunities, gearing , revenue forecasts and the operations of third party providers) to ensure that the Company had sufficient resilience in its portfolio and operational structure to meet the challenged circumstances.

Directorate
The Board's succession and refreshment policies were reviewed during the year. The stability of a Board during one of the most challenging periods was considered an important factor and, as such, no changes were made to the Board composition during the financial year. The Board is, however, mindful of the importance of having a suitable succession plan. James Ferguson will retire from the Board at the end of 2021 and will be succeeded by Susan Rice, who has served on the Board since 2015.

Third party service providers
Following a review by the Management Engagement committee, the Board was satisfied with the performance of the Manager and its key service providers. Despite the many challenges arising from the Covid-19 pandemic, the Company continued to receive 'BAU' service with minimal disruption.

The Board is supportive of the Manager's philosophy that Environmental, Social and Governance (ESG) factors are fundamental components to evaluate when investing. ESG considerations are embedded in the investment process undertaken by the Manager and the Manager dedicates a significant amount of time and resource on focusing on the ESG characteristics of the companies in which they invest. Further details of the Manager's ESG engagement are provided on pages 20 to 23.

The Manager is also a tier 1 signatory of the UK Stewardship Code which aims to enhance the quality of engagement by investors with investee companies in order to improve their socially responsible performance and the long term investment return to shareholders.

The Company is a long term investor and the Board has in place the necessary procedures and processes to continue to deliver the Company's investment proposition and to promote the long term success of the Company for the benefit of its shareholders and stakeholders.

Duration
The Company does not have a fixed winding-up date, but shareholders are given the opportunity to vote on the continuation of the Company every three years at the Annual General Meeting. The next continuation vote will be at the forthcoming AGM in June 2021.

Board Diversity
The Board recognises the importance of having a range of skilled, experienced individuals with the appropriate knowledge in order to allow the Board to fulfil its obligations. At 31 January 2021 the Board consisted of two men and three women with diverse and relevant expertise and perspectives.

Environmental, Social and Human Rights Issues
The Company has no employees as the Board has delegated day to day management and administrative functions to Aberdeen Standard Fund Managers Limited. There are therefore no disclosures to be made in respect of employees. Further information on socially responsible investment can be found on pages 20-23.

Global Greenhouse Gas Emissions and Streamlined Energy and Carbon Reporting ("SECR")
All of the Company's activities are outsourced to third parties. The Company therefore has no greenhouse gas emissions to report from the operations of its business, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. For the same reasons as set out above, the Company considers itself to be a low energy user under the SECR regulations and therefore is not required to disclose energy and carbon information.

Viability Statement
The Company does not have a formal fixed period strategic plan but the Board does formally consider risks and strategy on at least an annual basis. The Board considers the Company to be a long term investment vehicle but for the purposes of this Viability Statement has decided that a period of three years is an appropriate period over which to report. The Board considers that this period reflects a balance between looking out over a long term horizon and the inherent uncertainties of looking out further than three years.

In assessing the viability of the Company over the review period the Directors have focused upon the following factors:

- The ongoing relevance of the Company's investment objective in the current environment and recent feedback from the Company's brokers and shareholders, where available;

Overview of Strategy Continued

- The continuation vote to be put to shareholders at the AGM in June 2021. The Directors recommend that shareholders vote to approve the resolution, and that the Company should continue in existence;

- The principal risks detailed in the strategic report on pages 9 to 11 and the steps taken to mitigate these risks. In particular, the Board has considered the operational ability of the Company to continue in the current environment which has been impacted by the global COVID 19 pandemic and the ability of the key third party suppliers to continue to provide essential services to the Company. Third party services have continued to be provided effectively;

- The Company is invested in readily realisable listed securities; recent stress testing has confirmed that shares can be easily liquidated, despite the more uncertain and volatile economic environment;

- The level of revenue surplus generated by the Company and its ability to achieve the dividend policy. The Company has continued to deliver dividend growth whilst building up revenue reserves (see pages 2 to 3) which can be used to top up the dividend in tougher times:

- The level of gearing is closely monitored by the Board and Manager. Covenants are actively monitored and there is adequate headroom in place; and

- The availability of long term gearing facilities. The Company's gearing comprises $25 million 10 year loan notes (until December 2030) and $25 million 15 year loan notes (until December 2035).

Accordingly, taking into account the Company's current position and the potential impact of its principal risks and uncertainties, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of three years from the date of this Report. In making this assessment, the Board has considered that matters such as significant economic or stockmarket volatility (including those as a result of a greater than anticipated economic impact of the spread of the coronavirus), a substantial reduction in the liquidity of the portfolio, or changes in investor sentiment could have an impact on its assessment of the Company's prospects and viability in the future.

James Ferguson
Chairman
12 April 2021

Results

Performance

Total return (Capital return plus dividends reinvested)	1 year return %	3 year return[A] %	5 year return[A] %
Share price[B]	–16.5	–1.0	+68.4
Net asset value per share[B]	–5.7	+4.3	+62.8
Russell 1000 Value Index (in sterling terms)	–0.1	+17.9	+71.8
S&P 500 Index (in sterling terms)	+12.6	+44.3	+118.5

[A] Cumulative return
[B] Considered to be an Alternative Performance Measure. See page 75 for more information.

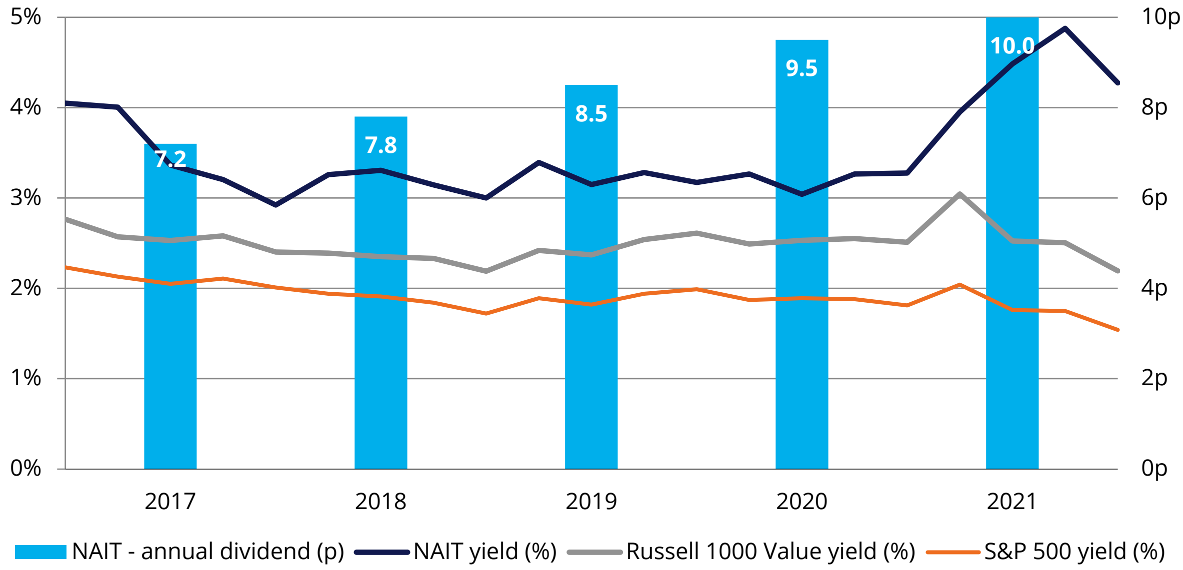
Ten Year Financial Record

Year to 31 January	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Per share (p)										
Net revenue return[A]	1.88	3.94	5.96	6.54	7.15	7.98	8.42	10.04	11.42	11.79
Dividends[A]	1.88	3.90	5.40	6.00	6.60	7.20	7.80	8.50	9.50	10.00
As at 31 January										
Net asset value per share[A] (p)	140.0	153.8	163.1	187.8	187.1	264.7	275.5	280.4	288.9	262.5
Shareholders' funds (£'000)	**220,409**	**242,069**	**271,952**	**309,273**	**280,644**	**379,101**	**391,649**	**398,657**	**413,948**	**375,416**

[A] Comparative figures have been restated due to the sub-division of each existing Ordinary share of 25p into five Ordinary shares of 5p each on 10 June 2019.

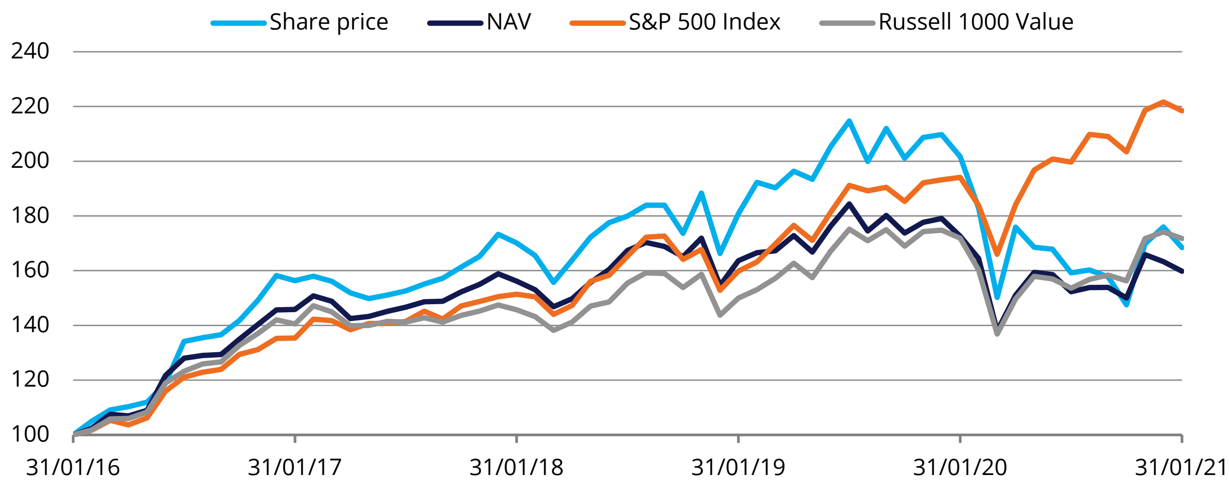
Performance

Dividend (p) and Company and Reference Index Yields (%)



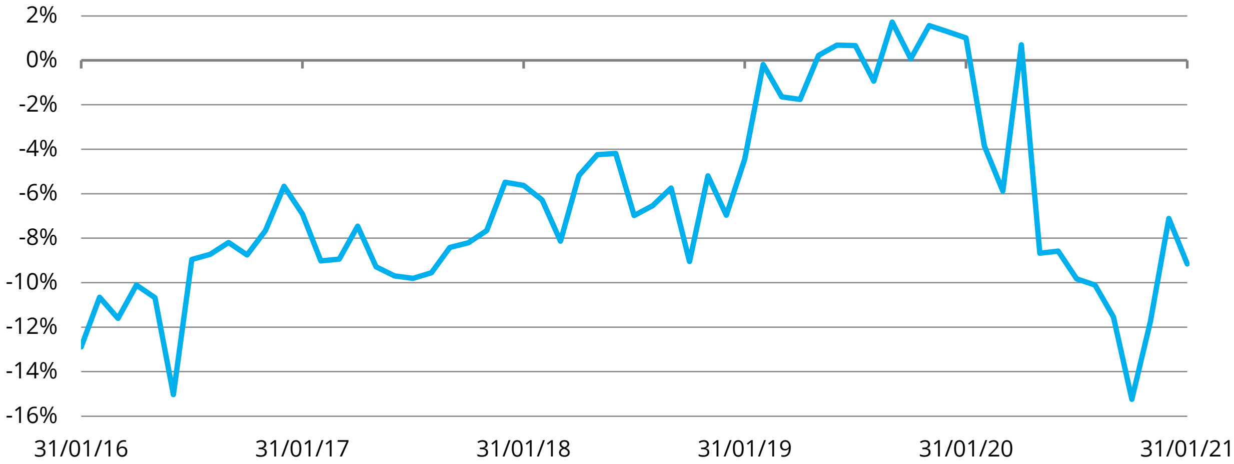
Total Return of NAV and Share Price vs Russell 1000 Value Index and the S&P 500 Index (reference indices in sterling terms)

Five years to 31 January 2021 (rebased to 100 at 31 January 2016)



Source: Aberdeen Standard Investments, Morningstar & Lipper

Share Price Premium/(Discount) to NAV
Five years to 31 January 2021



Source: Morningstar

Investment Manager's Review

Fran Radano,
Aberdeen Asset
Management Inc.

Market review

Major North American equity indices saw mixed performance in sterling terms during the 12-month period ended 31 January 2021. Large-cap value stocks recorded negative returns, significantly lagging their large-cap growth counterparts, which posted notable gains. In February and March 2020, investors' fears surrounding the impact of the worldwide spread of the Covid-19 pandemic on the global economy sent a shockwave through the US and global financial markets. Following the market sell-off during this period, US stocks rallied sharply over much of the second half of the reporting period as investors gained more comfort in an improving macroeconomic backdrop given more widespread "reopenings." The market shift to "risk-on" mode was also due to the initial rollout of Covid-19 vaccines and the increasing likelihood that 2021 will bring a sense of economic normalcy. Additionally, US corporate earnings continued to show signs of improvement, with results for the 2020 reporting season coming in much better than expected, leading to rising estimates for 2021.

The Russell 1000 Value Index, the Company's primary reference index, returned -0.1% in sterling terms for the fiscal year as the energy, real estate and utilities sectors posted double-digit losses and were the primary market laggards. Conversely, the materials healthcare and consumer discretionary sectors garnered double-digit gains and were the strongest performers within the index.

In response to the market carnage, the US Federal Reserve (Fed) reduced its benchmark interest rate by 100 basis points to a range of 0.0% to 0.25% in March 2020, and has continued to maintain this zero-bound rate through the end of the year. The central bank also maintained its current pace and composition of bond purchases. In a statement issued following its January 2021 meeting, several Fed members expressed optimism regarding US economic growth given increased fiscal stimulus and the Covid-19 vaccine rollout.

In economic news, US GDP grew at an annualised rate of 4.0% in the fourth quarter of 2020, following a rebound of 33.4% in the previous three-month period. The coronavirus had wreaked havoc on US GDP in the first half of 2020, as the economy contracted by margins of 5.0% and 31.4% in the first and second quarters, respectively. US payrolls declined by an aggregate of 9.6 million over the 12-month period ended 31 January 2021, and the unemployment rate reached a peak of 14.8% in April 2020, before falling to 6.3% at the end of the period.

Performance

The Trust underperformed the Russell 1000 Value Index over the 12-month period ended 31 January 2021. The portfolio returned -4.1% in sterling terms on a gross basis before expenses versus the -0.1% return of the reference index. The Company's NAV total return for the financial year was -5.7%. The total revenue generated in the year increased by 1.8% on 2020 and remains in good shape, building upon the record established in prior years.

The Trust's underperformance relative to the reference index for the review period was attributable mainly to an underweight allocation to the communication services sector, as well as stock selection in utilities and consumer staples. The primary detractors from performance included financial services company Citigroup; oilfield services provider Schlumberger Ltd.; and Ohio-based regional utility FirstEnergy Corp. Citigroup entered a consent order with US regulators in which the company agreed to pay a fine and fix the deficiencies in its risk management systems. CEO Michael Corbat retired from the Board and was succeeded by Jane Fraser – the first female CEO to lead a major U.S. bank – in March 2021. Shares of Schlumberger declined along with the oil price over the review period. We exited the Trust's position in the company in May 2020. Shares of FirstEnergy Corp. sold off after the US government alleged that the company had contributed to a non-profit political action committee in exchange for government subsidies for nuclear power plants owned by its former subsidiary, FirstEnergy Solutions. We subsequently sold the Trust's shares in the company in October 2020.

An underweight position in the utilities sector and stock selection in the technology sector aided the Company's performance for the review period. The largest individual stock contributors were pharmaceutical firm Abbvie; transportation and logistics company United Parcel Service; and financial services company JPMorgan Chase & Co. Abbvie posted strong results in 2020 bolstered by strength in its Immunology Portfolio and Hematologic Oncology segments. UPS saw healthy year-over-year revenue and earnings growth for the second quarter of its 2020 fiscal year as improving pricing power helped drive revenues and reinforce their supply chain strength. However, following a period of strong share-price performance we subsequently exited the Trust's position in UPS in December 2020.

Portfolio activity

The Trust's investments remained consistent with our high-quality, cash-generative stock selection process although market volatility allowed for the opportunity to even further upgrade portfolio quality. We initiated equity positions in Home Depot, the largest home improvement retailer in the US; financial services company PNC Financial Services (which we later exited in September 2020 following a divestiture of its 22% stake of investment manager BlackRock); regional utility FirstEnergy Corp.; diversified energy company Phillips 66; technology-focused REIT Digital Realty Trust; consumer products maker Procter & Gamble; industrial conglomerate Honeywell International; corporate and "net-centric" customers internet services provider Cogent Communications; financial services company JPMorgan; oil and gas company ConocoPhillips; aerospace and defence contractor L3Harris Technologies; diversified media company Comcast Corp.; industrial gas supplier Air Products & Chemicals; regional utility CMS Energy; and chemical manufacturing company FMC Corp.

Conversely, in addition to Schlumberger, UPS, FirstEnergy Corp. and PNC Financial Services as previously noted, we exited positions in brewer Molson Coors; regional bank Umpqua Holdings; paper manufacturer International Paper; specialty carbon products maker Orion Engineered Carbons; financial services company Truist Financial; diversified media company Meredith Corp.; oil and gas company Chevron Corp.; luxury goods retailer Tiffany & Co.; specialty chemicals producer Dow Inc.; and steel producer Nucor Corp. A sector analysis chart of the portfolio can be found on page 28.

Within the Trust's corporate bond portfolio over the review period, we initiated positions in in CSC Holdings; Valeant Pharmaceuticals; Marriott International; Six Flags Theme Parks; and Rattler Midstream. We exited the Trust's positions in Bausch Health Americas; Parsley Energy Finance; and Cheniere Corp. We continue to work closely with Aberdeen Standard Investments' fixed income specialists to monitor credits and market conditions.

Dividend growth

The Trust's holdings continue to build upon an established track record of dividend growth. Four companies announced double-digit increases over the review period, including semiconductor manufacturer Texas Instruments and derivatives exchange operator CME Group, each of which raised its quarterly payout by 13%; industrial gas supplier Air Products and Chemicals boosted its dividend by 12%; and pharmaceutical firm Abbvie announced a 10% increase in its dividend.

In April 2020, gaming-focused REIT Gaming & Leisure Properties (GLPI) was forced to temporarily close all of the casino buildings that it owns in compliance with state government directives in response to the COVID-19 pandemic. Consequently, the company cut its dividend by 14%. GLPI subsequently reopened all but one of its casino properties by the autumn of 2020, and by the end of the year received all rent paid in full.

Outlook

As Covid-19 vaccine rollouts gain momentum and Congress approved another round of stimulus, we feel that the US economy now appears set to deliver meaningful acceleration in growth moving through 2021. The combination of the re-opening of the economy and generous fiscal policy has prompted concerns in the market about the economy overheating and a pickup in inflation, reflected in a sharp rise in longer-term US Treasury yields. We believe these concerns are overstated given the slack that remains in the economy, which in practice will take time to tighten sufficiently to generate the above-inflation targets that the US Federal Reserve (Fed) seeks to act more quickly on interest rates. The Fed has already commented that it is happy to look through several near term "snap-back" items which might drive higher inflation data, and for now we believe that the Fed likely will push back on creeping expectations of a more accelerated rate-hike timeline. The surfacing of inflation fears drove a continued substantial rotation within equities; structurally growing companies which had benefited from market confidence that they could withstand the pandemic saw their valuation multiples contract, while the market significantly bid up the stock prices of companies with apparent exposure to "normalisation."

Looking forward, we see several distinct drivers which we believe will influence stocks. First, we expect large-scale stimulus from the administration of US President Joe Biden to serve as a broad-based demand accelerator. Secondly, as evidenced by recent retail sales data, consumers remain in relatively good standing, buoyed by ongoing fiscal support, a condition that we anticipate will persist absent a new surge in Covid-19 cases. We are keeping a close eye on household balance sheets and the implications of high cash balances for both potential consumption and deleverage. Finally, what gives us more comfort is that corporate fundamentals remain relatively robust and companies across sectors have indicated a willingness to continue to invest aggressively in their businesses given strengthening demand.

Aberdeen Asset Management Inc.**
12 April 2021

** on behalf of Aberdeen Standard Fund Managers Limited. Both companies are subsidiaries of Standard Life Aberdeen plc.

ESG Engagement by the Manager

Introduction
Whilst Environmental, Social and Governance (ESG) factors alone are not the over-riding criteria in relation to the investment decisions taken by the Manager for the Company, ESG is fully integrated across the Manager's investment process. The following pages highlight the way that ESG factors are considered by the Manager. These processes are reviewed regularly and liable to change and the latest information will be available on the Company's website.

Responsible investing – integration of ESG into the Manager's investment process
"By embedding ESG factors into our active equity investment process we aim to reduce risk, enhance potential value for our investors and foster companies that can contribute positively to the world." **Aberdeen Standard Investments ("ASI")**

Core beliefs: Assessing risk, enhancing value
Whilst the management of the Company's investments is not undertaken with any specific instructions to exclude certain asset types or classes, the consideration of material ESG factors is a fundamental part of the Manager's investment process and has been for over 30 years. It is one of the key dimensions on which the Manager assesses the investment case for any company in which it invests for three key reasons:

Financial returns	ESG factors can be financially material – the level of consideration they are given in a company will ultimately have an impact on corporate performance, either positively or negatively. Those companies that take their ESG responsibilities seriously tend to outperform those that do not
Fuller insight	Systematically assessing a company's material ESG risks and opportunities alongside other financial metrics allows the Manager to make better informed investment decisions.
Corporate advancement	Informed and constructive engagement helps foster better companies, protecting and enhancing the value of the Company's investments

"We believe that the market systematically undervalues the importance of ESG factors. We believe that in-depth ESG analysis is part of both fundamental company research and portfolio construction and will lead to better client outcomes" **Aberdeen Standard Investments**

Researching companies: Deeper company insights for better investor outcomes
The Manager conducts extensive and high-quality fundamental and first-hand research to fully understand the investment case for every company in its global universe. A key part of the Manager's research involves focusing its extensive resources on analysis of key ESG issues. The Manager's investment managers, on-desk ESG Equity Analysts and central ESG Investment Team collaborate to generate a deep understanding of the ESG risks and opportunities associated with each company. Stewardship and active engagement with every company are also fundamental to the investment process helping to produce positive outcomes that lead to better risk-adjusted returns.

ASI's Global ESG Infrastructure
ASI has around 150 equity professionals globally. Each systematically analyses ESG risks and opportunities as part of the Manager's research output for each company. Its central ESG team and on-desk ESG equity analysts support the investment managers' first-hand company analysis, producing research into specific themes (e.g. labour relations or cli6mate change), sectors (e.g. forestry) and ESG topics to understand and highlight best practice. Examples of thematic and sector research can be found on aberdeenstandard.com/en/uk/investor/responsible-investing.

Investment Managers	All ASI equity investment managers seek to engage actively with companies to gain insight into their specific risks and opportunities and provide a positive ongoing influence on their corporate strategy for governance and environmental and social impact.
ESG Equity Analysts	ASI has dedicated and highly experienced ESG equity analysts located across the UK, US, Asia and Australia. Working as part of individual regional investment desks – rather than as a separate department – these specialists work side by side with investment managers and are integral to pre-investment due diligence and post-investment ongoing company engagement. They are also responsible for taking thematic research produced by the central ESG Investment Team (see below), interpreting and translating it into actionable insights and engagement programmes for our regional investment strategies.
ESG Investment Team	This central team of more than 20 experienced specialists based in Edinburgh and London provides ESG consultancy and insight for all asset classes. Taking a global approach both identifies regions, industries and sectors that are most vulnerable to ESG risks and identifies those that can take advantage of the opportunities presented. Working with investment managers, the team is key to the Manager's active stewardship approach of using shareholder voting and corporate engagement to drive positive change.

From laggards to best in class: rating company ESG credentials

A systematic and globally-applied approach to evaluating stocks allows the Manager to compare companies consistently on their ESG credentials – both regionally and against their peer group. The Manager captures the findings from its research and company engagement meetings in formal research notes. Some of the key questions include:

- Which ESG issues are relevant for this company, how material are they, and how are they being addressed?
- What is ASI's assessment of the quality of this company's governance, ownership structure and management?
- Are incentives and key performance indicators aligned with the company's strategy and the interests of shareholders?

Having considered the regional universe and peer group in which the company operates, the Manager's equity team then allocates it an ESG Quality score (ESG Q Score) between one and five (see below) which will be applied across every stock that the Manager covers globally.

1. Best in class	2. Leader	3. Average	4. Below average	5. Laggard
ESG considerations are material part of the company's core business strategy Excellent disclosure Makes opportunities from strong ESG risk management	ESG considerations not marketing leading Disclosure is good, but not best in class Governance is generally very good	ESG risks are considered as a part of principal business Disclosure in line with regulatory requirements Governance is generally good but some minor concerns	Evidence of some financially material controversies Poor governance or limited oversight of key ESG issues Some issues in treating minority shareholders poorly	Many financially material controversies Severe governance concerns Poor treatment of minority shareholders

The Manager also uses a combination of external and proprietary in-house quantitative scoring techniques to complement and cross-check analyst-driven ESG assessments. ESG analysis is peer-reviewed within the equities team, and ESG factors impacting both sectors and stocks are discussed as part of the formal sector reviews. To be considered 'best in class', the management of ESG factors must be a material part of the company's core business strategy. It must provide excellent disclosure of data on key risks. It must also have clear policies and strong governance structures, among other criteria.

ESG Engagement by the Manager Continued

Working with companies: Staying engaged, driving change

Once ASI invests in a company, it is committed to helping that company maintain or raise their ESG standards further, using the Manager's position as a shareholder to press for action as needed. ASI actively engages with the companies in which it invests to help them improve and become even better businesses.

The Manager sees this programme of regular engagement as a necessary fulfilment of its duty as a responsible steward of clients' assets. It is also an opportunity to share examples of best practice seen in other companies and to use the Manager's influence to effect positive change. The Manager's engagement is not limited to the company's management team. It can include many other stakeholders such as non-government agencies, industry and regulatory bodies, as well as activists and the company's clients. What gets measured gets managed – so the Manager strongly encourages companies to set clear targets or key performance indicators on all material ESG risks where appropriate.

The investment process consists of four interconnected and equally important stages.

Monitor

Ongoing due diligence

- Business performance
- Company financials
- Corporate governance
- Company's key risks and opportunities

Contact

Frequent dialogue

- Senior executives
- Board members
- Heads of departments and specialists
- Site visits

Engage

Exercise rights

- Attend AGMs/EGMs
- Always vote
- Explain voting decisions
- Maximise influence to drive positive outcomes

Act

Consider all options

- Increase or decrease our shareholding
- Collaborate with other investors
- Take legal action if necessary

Climate Change

Managers have a duty to consider all factors that may have a financially material impact on returns. Climate change is such a key factor. The related physical and transition risks are vast and are becoming increasingly financially material for many investments. Not only in the obvious high-emitting sectors, such as energy, utilities and transportation, but also along the supply chain, providers of finance and in those reliant on agricultural outputs and water.

In ASI's view, companies that successfully manage climate-change risks will perform better in the long term. It is important that the financial implications of material climate-change risks are assessed across all asset classes, including real assets, and make portfolios more resilient to climate risk.

Adaptation measures are essential to help limit damages from the physical impacts of climate change. This is a particularly important consideration for the real assets in which ASI invest, such as real estate and infrastructure.

Comparable climate-related data is necessary to enable effective decision making, and is something ASI actively source and incorporate into its process. ASI are supportive of the Task Force on Climate-related Financial Disclosures (TCFD) framework to strengthen climate reporting globally.

Regular engagement with high-emitting investee companies allows ASI to better understand their exposure and management of climate change risks and opportunities. In the actively managed investments, ownership provides ASI with a strong ability to challenge companies where appropriate. ASI can also influence corporate behaviour positively in relation to climate-risk management.

ASI believe that this is more powerful for an effective energy transition than a generic fossil fuel divestment approach. Through active engagement ASI can steer investee companies towards ambitious targets and more sustainable low-carbon solutions. If ASI find that that there is limited progress in response to engagement, and we believe that the climate-related risks of a company are not being adequately addressed,the ultimate option of selling our holdings will be considered.

ASI strongly encourage companies to consider the social dimension of the energy transition to ensure it is inclusive and 'just'. This means worker and community needs are considered on the path to a low-carbon economy so they are not left stranded. Other social aspects, such as affordability and reliability of energy supply are also important. Influencing through engagement has worked particularly well in collaboration with other asset managers and asset owners as part of ASI's involvement in Climate Action 100+. This is a five-year initiative to engage and influence high-emitting companies collaboratively.

To achieve desired outcomes for clients, consideration of climate-change risks and opportunities is an integral part of ASI's investment process.

Corporate engagement is essential to ensure investee companies manage climate-related risks and support a 'just' energy transition. This is an important part of ASI's role as active investors.

ASI provide climate change insights through research and data to investment decision makers. This helps assess the financial materiality of climate change risks and opportunities.

ASI influence management of climate-related risks through engagement and voting. ASI is part of Climate Action 100+ and have signed the 2018 Just Transition statement.

Portfolio

The Company's portfolio is consistent with the Manager's focus on high quality cash generative companies with good financial return profiles and well-regarded, experienced management. At the year end, the Company's portfolio consisted of 39 equity and 7 bond holdings.

Ten Largest Investments

As at 31 January 2021

Abbvie
AbbVie Inc. researches and develops pharmaceutical products. The company produces pharmaceutical drugs for speciality therapeutic areas such as immunology, chronic kidney disease, hepatitis C, woman's health, oncology and neuroscience.

Bristol-Myers Squib
Bristol-Myers Squibb Company is a global biopharmaceutical company. The Company develops, licenses, manufactures, markets, and sells pharmaceutical and nutritional products.

Philip Morris
Philip Morris International Inc., through its subsidiaries, manufactures and sells cigarettes and other tobacco products.

Citigroup
Citigroup Inc. is a diversified financial services holding company that provides a broad range of financial services to consumer and corporate customers.

CMS Energy
CMS Energy Corporation is an energy company. The Company, through its subsidiaries, provides electricity and natural gas to its customers. CMS Energy also invests in and operates non-utility power generation plants in the United States and abroad.

Verizon Communication
Verizon Communications Inc., through its subsidiaries, provides communications information, and entertainment products and services to consumers, businesses, and governmental agencies worldwide.

JPMorgan Chase & Co.
JPMorgan Chase & Co. provides global financial services and retail banking. The Company provides services such as investment banking, treasury and securities services, asset management, private banking, card member services, commercial banking, and home finance.

Medtronic
Medtronic, PLC develops therapeutic and diagnostic medical products for a wide range of conditions, diseases and disorders.

TC Energy
TC Energy Corp is the parent company of TransCanada PipeLines Limited. The Company is focused on natural gas transmission and power services.

Gilead Sciences
Gilead Sciences, Inc. is a research-based biopharmaceutical company that discovers, develops, and commercializes therapeutics to advance the care of patients suffering from life-threatening diseases.

List of Investments

As at 31 January 2021

Company	Industry classification	Valuation 2021 £'000	Total assets %	Valuation 2020 £'000
Abbvie	Biotechnology	22,389	5.5	12,293
Bristol-Myers Squib	Pharmaceuticals	17,894	4.4	19,102
Philip Morris	Tobacco	17,401	4.2	18,821
Citigroup	Banks	16,892	4.1	22,579
CMS Energy	Multi-Utilities	16,569	4.0	–
Verizon Communication	Diversified Telecommunication Services	15,948	3.9	15,331
JPMorgan Chase & Co.	Banks	14,992	3.6	–
Medtronic	Health Care Equipment & Supplies	14,593	3.5	8,757
TC Energy	Oil, Gas & Consumable Fuels	14,060	3.4	12,488
Gilead Sciences	Biotechnology	13,376	3.3	11,986
Ten largest investments		**164,114**	**39.9**	
Omega Healthcare Investors	Equity Real Estate Investment Trusts (REITs)	13,188	3.2	9,547
Cisco Systems	Communications Equipment	12,986	3.2	12,206
Honeywell	Industrial Conglomerates	12,093	2.9	–
Digital Realty	Equity Real Estate Investment Trusts (REITs)	10,483	2.5	–
Comcast	Media	10,107	2.5	–
Home Depot	Specialty Retail	9,861	2.4	–
Hanesbrands	Textiles, Apparel & Luxury Goods	8,908	2.2	10,438
Phillips 66	Oil, Gas & Consumable Fuels	8,887	2.1	–
ConocoPhillips	Oil, Gas & Consumable Fuels	8,745	2.1	–
Blackstone	Capital Markets	8,563	2.1	4,633
Twenty largest investments		**267,935**	**65.1**	
Restaurant Brands International	Hotels, Restaurants & Leisure	8,404	2.0	10,414
Cogent Communications	Diversified Telecommunication	8,295	2.0	–
American International	Insurance	8,179	2.0	8,769
L3 Harris Technologies	Aerospace & Defense	8,118	2.0	–
Gaming & Leisure Properties	Equity Real Estate Investment Trusts (REITs)	7,978	1.9	14,339
Air Products & Chemicals	Chemicals	7,770	1.9	–
CME Group	Capital Markets	7,279	1.8	13,176
Coca-Cola	Beverages	7,013	1.7	13,291
Genuine Parts	Distributors	6,837	1.7	7,098
Regions Financial	Banks	6,813	1.6	11,812
Thirty largest investments		**344,621**	**83.7**	

As at 31 January 2021

Company	Industry classification	Valuation 2021 £'000	Total assets %	Valuation 2020 £'000
Huntington Bancshares	Banks	6,742	1.6	11,324
Procter & Gamble	Household Products	6,536	1.6	–
UnitedHealth	Health Care Providers & Services	6,073	1.5	5,167
FMC	Chemicals	5,914	1.4	–
Royal Bank of Canada	Banks	5,900	1.4	8,998
Lockheed Martin	Aerospace & Defense	5,859	1.4	12,991
Union Pacific	Road and Rail	5,752	1.4	4,083
Nutrien	Chemicals	5,371	1.3	8,096
Texas Instruments	Semiconductors & Semiconductor Equipment	4,826	1.2	4,119
HCA 5.875% 15/02/26	Healthcare Services	1,530	0.4	1,602
Forty largest investments		**399,124**	**96.9**	
CCO Holdings Capital 5.5% 01/05/26	Media	1,503	0.4	1,581
Rattler Midstream 5.625% 15/07/25	Oil, Gas & Consumable Fuels	1,016	0.2	–
Qwest Cap Funding 7.75% 15/02/31	Telecommunications	905	0.2	898
Diamond 1 Fin Diamond 2 6.02% 15/06/26	Technology	672	0.2	678
Six Flags Theme Park 7% 01/07/25	Recreation Facilities and Services	665	0.2	–
NRG Energy 5.25% 15/06/29	Electric	376	0.1	384
Total investments		**404,261**	**98.2**	
Net current assets		**7,491**	**1.8**	
Total assets		**411,752**	**100.0**	

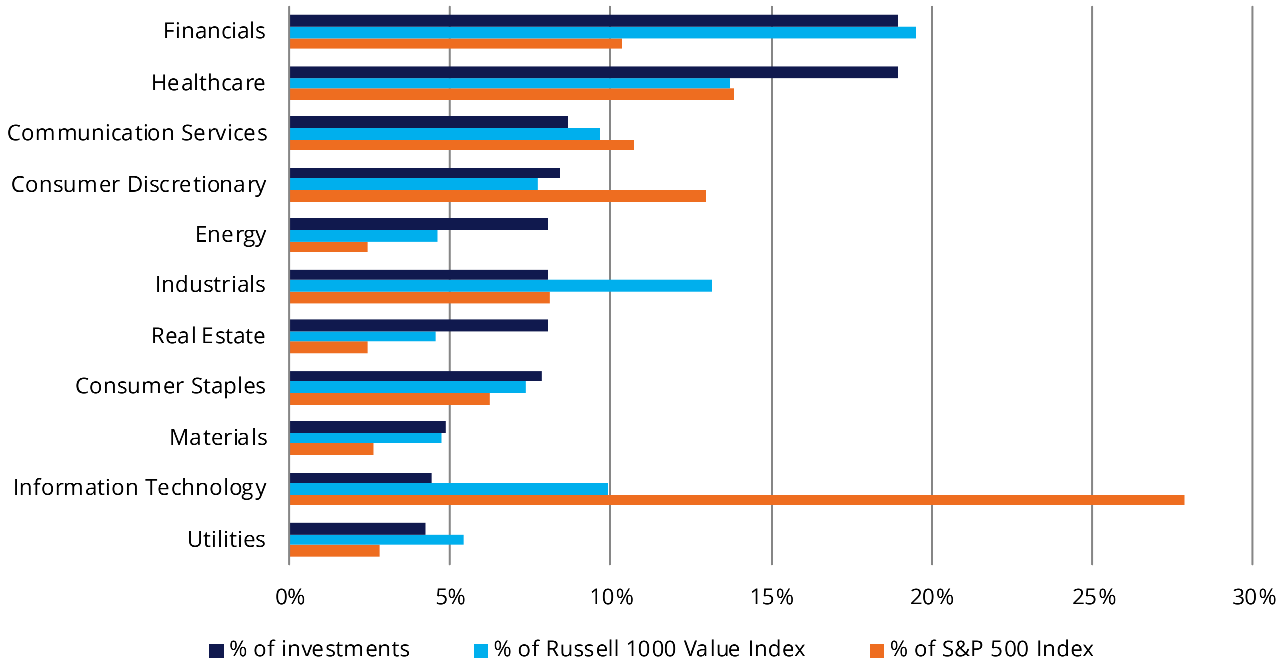
Geographical Analysis

As at 31 January 2021

Country	Equity %	Fixed interest %	Total %
Canada	8.3	–	8.3
USA	90.0	1.7	91.7
	98.3	**1.7**	**100.0**

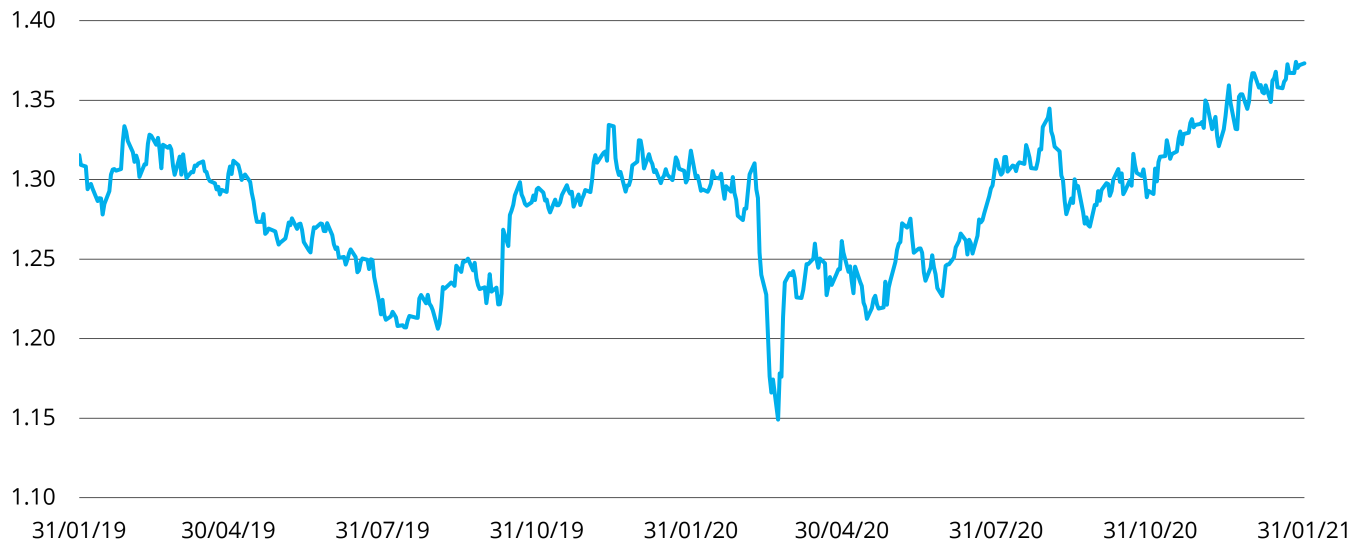
Sector Analysis for Equity Portfolio

As at 31 January 2021



Currency Graph (exchange rate US$ to £)

For the period 31 January 2019 to 31 January 2021



Investment Case Studies

CMS Energy

CMS Energy is a pure-play regulated gas and electric utility company in Michigan, a state with an attractive regulatory regime supported by above-average allowed returns and favourable cost recovery mechanisms. We have long favoured CMS for its consistent track record in above-peer earnings growth despite varying demand conditions, achieved through very effective management of its cost base and capital spending. Furthermore, it has achieved this while creating meaningful headroom in customer bills, which supports a continuation of the strong relationship with the regulator.

We have gained an increasingly favourable view of the Company since management released their 10-year capital spending plan, which seeks to transition their generation mix towards renewable energy sources and improve reliability of service. These actions should place CMS on track to meet its net zero carbon emissions goal by 2040, and net zero methane emissions by 2030, both of which compare favourably to peers in speed of transition.

AbbVie

AbbVie is a global biopharmaceutical company that was originally spun out of Abbott Labs in 2012. AbbVie's lead product is Humira, an immunology drug for rheumatoid arthritis and psoriasis, that has grown to $20bn in annual revenues and additional products have subsequently been added. AbbVie used the cash generated from Humira to acquire Allergan in 2020, which added a dominant facial aesthetics business, neuropsychiatric drugs, and ophthalmology drugs to its lead immunology and haematology oncology positions. Importantly, Allergan has no upcoming patent expiries and may be able to utilise the AbbVie global infrastructure to expand distribution internationally.

In 2023 Humira will lose patent protection, but AbbVie has launched two new drugs, Skyrizi & Rinvoq, which have both shown superiority over Humira and could fill much of the void when Humira loses exclusivity. AbbVie has shown remarkable growth in both of these drugs with very strong gains in market share and has raised its peak sales expectations to over $15bn, which is reducing concerns on replacing Humira. At this point while many pharmaceutical competitors face patent losses in the second half of the decade, AbbVie has managed its pipeline well and we expect to see it deliver sustained income growth.

Governance

The Company is committed to high standards of corporate governance and applies the principles identified in the UK Corporate Governance Code and the AIC Code of Corporate Governance.

All Directors are considered by the Board to be independent of the Company and the Manager and free of any material relationship with the Manager.

Your Board of Directors

James Ferguson

Status: Independent Non-Executive Chairman
Length of service: 19 years, appointed a Director on 12 March 2002
Experience: A former chairman and director of Stewart Ivory and a former deputy chairman of the AIC. He is chairman of Value and Indexed Property Trust plc, Northern 3 VCT plc and The Scottish Oriental Smaller Companies Investment Trust plc and a non-executive director of The Independent Investment Trust plc.
Last re-elected to the board: 2 June 2020

Susannah Nicklin

Status: Independent Non-Executive Director
Length of service: 2 years, appointed a Director on 18 September 2018
Experience: An investment and financial services professional with 25 years of experience in executive roles at Goldman Sachs and Alliance Bernstein in the US, Australia and the UK. She has also previously worked in the social impact private equity sector with Bridges Ventures, the Global Impact Investing Network and Impact Ventures UK. She is the chairman of Schroder BSC Social Impact Trust plc, senior independent director of Pantheon International plc and a non-executive director of Amati AIM VCT plc, Baronsmead Venture Trust plc and Ecofin Global Utilities and Infrastructure Trust plc. She is a CFA® charterholder.
Last re-elected to the board: 2 June 2020

Karyn Lamont

Status: Independent Non-Executive Director and Chairman of the Audit Committee
Length of service: 2 years, appointed a Director on 18 September 2018
Experience: A chartered accountant and former audit partner at PricewaterhouseCoopers until December 2016. She has over 25 years' experience and provided audit and other services to a range of clients, including a number of investment trusts, across the UK's financial services sector, including outsourcing providers. She is the audit committee chairman of The Scottish Investment Trust plc, Scottish Building Society, iomart Group plc and Scottish American Investment Company plc.
Last re-elected to the board: 2 June 2020

Charles Park

Status: Independent Non-Executive Director
Length of service: 3 years, appointed a Director on 13 June 2017
Experience: Over 25 years of investment management experience. He was a co-founder of Findlay Park Investment Management, a US boutique asset management house which was established in 1997, and deputy chief investment officer with joint responsibility for managing Findlay Park American Fund until his retirement from the firm in 2016. Prior to co-founding Findlay Park, Charles was an investment manager at Hill Samuel Asset Management and an analyst at Framlington Investment Management. He is a non-executive director of Polar Capital Technology Trust plc, Evenlode Investment Management Limited, Findlay Park Investment Management Limited and a member of Salters' Management Company Limited.
Last re-elected to the board: 2 June 2020

Dame Susan Rice

Status: Senior Independent Non-Executive Director
Length of service: 6 years, appointed a Director on 17 March 2015
Experience: A chartered banker with extensive experience as a non-executive director, as well as in financial services, retail, utilities, leadership and sustainability. Her previous roles include managing director of Lloyds Banking Group Scotland, chairman and chief executive of Lloyds TSB Scotland, President of the Scottish Council for Development and Industry and a member of the Scottish First Minister's Council of Economic Advisors. She has also held a range of non-executive directorships, including at the Bank of England and SSE. She is currently chairman of the Banking Standards Board, The Scottish Fiscal Commission, Scottish Water and Business Stream and senior independent director of J Sainsbury plc. She also chairs the advisory board of the Global Ethical Finance Initiative and sits on the Advisory Group of PCAN, an off-shoot of the UK's Climate Change Committee. Originally from the United States, her early career was at Yale and Colgate universities and then at NatWest Bancorp.
Last re-elected to the board: 2 June 2020

Directors' Report

Status
The Company, which was incorporated in 1902, is registered as a public limited company and is an investment company within the meaning of Section 833 of the Companies Act 2006. The Company's registration number is SC005218.

The Company has been accepted by HM Revenue & Customs as an investment trust subject to the Company continuing to meet the relevant eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of Part 2 Chapter 3 Statutory Instrument 2011/2999 for all financial years commencing on or after 1 February 2012. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 January 2021 so as to enable it to comply with the ongoing requirements for investment trust status.

The Company has conducted its affairs so as to satisfy the requirements as a qualifying security for Individual Savings Accounts. The Directors intend that the Company will continue to conduct its affairs in this manner.

Results and Dividends
The financial statements for the year ended 31 January 2021 are contained on pages 55 to 74. Details of dividends for the year to 31 January 2021 can be found on page 2.

Share Capital and Rights attaching to the Company's Shares
At 31 January 2021, the Company's capital structure consisted of 143,029,146 Ordinary shares of 5p each (2020 – 143,277,520 Ordinary shares of 5p each). During the year to 31 January 2021, the Company bought back 248,374 Ordinary shares for cancellation. Subsequent to the year end, a further 594,508 Ordinary shares were repurchased for cancellation.

The Ordinary shares carry a right to receive dividends which are declared from time to time by an ordinary resolution of the Company (up to the amount recommended by the Board) and to receive any interim dividends which the Company may resolve to pay. On a winding-up, after meeting the liabilities of the Company, the surplus assets will be paid to Ordinary shareholders in proportion to their shareholdings. On a show of hands, every shareholder present in person, or by proxy, has one vote and, on a poll, every Ordinary shareholder present in person has one vote for each share held and a proxy has one vote for every share represented.

There are no restrictions concerning the holding or transfer of the Company's shares and there are no special rights attached to any of the shares. The Company is not aware of any agreements between shareholders which may result in restriction on the transfer of shares or the voting rights. The rules concerning amendments to the Articles of Association and powers to issue or buy back the Company's shares are contained in the Articles of Association of the Company and the Companies Acts 2006.

Significant Agreements
The Company is not aware of any significant agreements to which it is a party that take effect, alter or terminate upon a change of control of the Company following a takeover and there are no agreements between the Company and its Directors concerning compensation for loss of office. Other than the management agreement with the Manager and the depositary agreement, further details of which are set out below, the Company is not aware of any contractual or other agreements which are essential to its business which ought to be disclosed in the Directors' Report.

Directors
Details of the Directors of the Company who were in office during the year and up to the date of this report are shown on page 32. There were no changes in the Board during the financial year.

No contract or arrangement existed during the period in which any of the Directors was materially interested. No Director has a service contract with the Company.

Directors' & Officers' Liability Insurance
The Company maintains insurance in respect of Directors' and Officers' liabilities in relation to their acts on behalf of the Company for the year to 31 January 2021 and up to the date of this report. Each Director of the Company shall be entitled to be indemnified out of the assets of the Company to the extent permitted by law against any loss or liability incurred by him in the execution of his duties in relation to the affairs of the Company. These rights are included in the Articles of Association of the Company.

Corporate Governance
The Statement of Corporate Governance, which forms part of the Directors' Report, is shown on pages 37 to 39.

Principal Agreements
Management Agreement

The Company has appointed Aberdeen Standard Fund Managers Limited ("ASFML" or "Manager"), a wholly owned subsidiary of Standard Life Aberdeen plc, as its alternative investment fund manager ("AIFM"). ASFML has been appointed to provide the Company with investment management, risk management, administration and company secretarial services as well as promotional activities. The Company's portfolio is managed by Aberdeen Asset Management Inc. ("AAMI" or "the Investment

Directors' Report Continued

Manager") by way of a group delegation agreement in place between ASFML and AAMI. In addition, ASFML has sub-delegated promotional activities to Aberdeen Asset Managers Limited and administrative and secretarial services to Aberdeen Asset Management PLC. Details of the management agreement, including notice period and fees paid during the year ended 31 January 2021 are shown in note 5 to the financial statements.

Depositary Agreement

The Company has appointed BNP Paribas Securities Services, London Branch as its depositary.

Loan Note Agreement

In December 2020, the Company entered into a long-term financing agreement for US$50 million with MetLife comprising two loans of US$25 million with terms of 10 and 15 years at an all in cost of 2.70% and 2.96% respectively, giving a blended rate for the next 10 years of 2.83%.

Substantial Interests

As at 31 January 2021 the Company had received notification or was aware of the following interests in its Ordinary shares:

Shareholder	Number of shares held	% held
Rathbone Brothers	16,939,767	11.8
Brewin Dolphin	15,679,411	11.0
ASI Retail Plans	10,488,785	7.3
Interactive Investor	6,140,090	4.3
Hargreaves Lansdown	5,897,536	4.1
Charles Stanley	5,697,475	4.0
Canaccord Genuity Wealth Management	5,107,602	3.6

As at the date of this Report, no changes to the above interests had been notified to the Company.

Accountability and Audit

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 Company's auditors are unaware; and each Director has taken all the steps that he/she could reasonably be expected to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Directors have reviewed the level of non-audit services provided by the auditors during the year, which was none, together with the auditors' procedures in connection with the provision of such services, and remain satisfied that PricewaterhouseCoopers LLP's objectivity and independence is being safeguarded.

Going Concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in the preparation of the financial statements.

The Company's assets consist substantially of securities in companies listed on recognised stock exchanges and in normal circumstances are realisable within a short timescale and which can be sold to meet funding commitments if necessary.

The Board has set gearing limits and regularly reviews actual exposures, cash flow projections and compliance with banking covenants. The Company replaced its gearing facility in December 2020 when the three year facility with Scotia Ireland expired. The Company entered into a long-term financing agreement for US$50 million with MetLife comprising two loans of US$25 million with terms of 10 and 15 years.

The Company undertakes a continuation vote every three years. The last continuation vote was passed at the AGM held in June 2018 with 99.8% of votes in favour. Based on feed-back from major shareholders, the Directors consider that it is reasonable to assume that the continuation vote will be passed at the AGM to be held in June 2021 and therefore that the Company will continue.

The Board has considered the impact of Covid-19 and believes that this will have a limited financial impact on the Company's operational resources and existence. Given that the Company's portfolio comprises primarily "Level One" assets (listed on a recognisable exchange and realisable within a short timescale), and the Company's relatively low level of gearing, the Company has the ability to raise sufficient funds so as to remain within its debt covenants and pay expenses.

Taking the above factors into consideration, the Board has a reasonable expectation that the Company has adequate financial resources to continue in operational existence for a period until 12 April 2022 and, accordingly, continues to adopt the going concern basis in preparing the financial statements.

Annual General Meeting

Among the resolutions being put at the Annual General Meeting ("AGM") of the Company to be held on 1 June 2021, the following resolutions will be proposed:

(i) Continuation of the Company

Resolution 11, which is an ordinary resolution, will, if approved, allow the Company to continue as an investment trust company.

(ii) Section 551 Authority to Allot Shares

Resolution 12, which is an ordinary resolution, seeks to renew the Directors' authority under section 551 of the Companies Act to allot shares (excluding treasury shares) up to an aggregate nominal amount of £2,373,911 or, if less, the number representing 33.33% of the issued Ordinary share capital of the Company as at the date of the passing of the resolution. This authority will expire on 31 July 2022 or, if earlier, at the conclusion of the Annual General Meeting to be held in 2022 (unless previously revoked, varied or extended). The Directors will only exercise this authority if they believe it is advantageous and in the best interests of shareholders. There are no treasury shares in issue.

(iii) Dis-application of Pre-emption Provisions

Resolution 13, which is a special resolution, seeks to renew the dis-application of statutory pre-emption rights in relation to the issue of shares (or sale of shares out of treasury) up to an aggregate nominal amount of £712,173 or, if less, the number representing 10% of the issued Ordinary share capital of the Company as at the date of the passing of the resolution. This authority will expire on 31 July 2022 or, if earlier, at the conclusion of the Annual General Meeting to be held in 2022. The Directors will only exercise this authority if they believe it is advantageous and in the best interests of shareholders.

(iv) Share Repurchases

Resolution 14, which is a special resolution, seeks to renew the Company's authority for the Company to make market purchases of its own Ordinary shares, up to a maximum of 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of the resolution. Shares so repurchased will be cancelled or held in treasury. The principal reasons for share buybacks are:

- to enhance net asset value for continuing shareholders by purchasing shares at a discount to the prevailing net asset value; and
- to address any imbalance between the supply of and demand for the Company's shares that results in a discount of the quoted market price to the published net asset value per share.

(v) Amendment to the Articles of Association

Resolution 15, which will be proposed as a special resolution, seeks shareholder approval to adopt new articles of association (the **New Articles**') in order to update the Company's current articles of association (the **'Existing Articles'**). The proposed amendments being introduced in the New Articles primarily relate to changes in law and regulation and developments in market practice since the Existing Articles were adopted, and principally include:

- provisions enabling the Company to hold shareholder meetings using electronic means (as well as physical shareholder meetings or hybrid meetings);
- changes in response to the introduction of international tax regimes requiring the exchange of information;
- amendments in response to the requirements of the Alternative Investment Fund Managers Directive (2011/61/EU) as implemented in the UK;
- including a procedure which can be followed in the event an insufficient number of Directors are re-elected at an annual general meeting; and
- updating the methods of settling cash dividends.

These changes reflect current best practice and are intended to relieve certain administrative burdens on the Company. A summary of the principal amendments being introduced in the New Articles is set out in the appendix to the AGM Notice (on page 90). Other amendments, which are of a minor, technical or clarifying nature, have not been summarised in the appendix.

While the New Articles (if adopted) would permit shareholder meetings to be conducted using wholly electronic means (i.e. with no physical 'place' of meeting), the Directors have no present intention of holding a virtual-only meeting. The amendments are intended to facilitate shareholder attendance in situations where shareholders are prevented, through laws or regulations, from attending at a physical location and/or to ensure the safety of shareholders. It is important to note that the amendments do not prevent the Company from holding physical meetings and the Board's intention is always to hold a physical AGM provided it is both safe and practical to do so.

A copy of the proposed new articles of association of the Company, together with a copy of the existing articles of association of the Company marked to show the changes being proposed, will be available for inspection on the Company's website, **www.northamericanincome.co.uk** from the date of the Notice of the Annual General Meeting until the close of the meeting. In the event that the current Coronavirus related restrictions are lifted before the Annual General Meeting, a hard

Directors' Report Continued

copy of these documents will be available for inspection at Bow Bells House, 1 Bread Street, London EC4M 9HH until the close of the meeting.

Recommendation

The Directors believe that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole, and recommend that shareholders vote in favour of the resolutions, as the Directors intend to do in respect of their own beneficial shareholdings totalling, in aggregate, 92,870 Ordinary shares, and representing 0.06% of the existing issued Ordinary share capital of the Company.

By order of the Board

Aberdeen Asset Management PLC
Secretary, Edinburgh
12 April 2021

Statement of Corporate Governance

This Statement of Corporate Governance forms part of the Directors' Report which is shown on pages 33 to 36.

Compliance

The Company is committed to high standards of corporate governance. The Board is responsible for good governance and, as required by the Listing Rules of the UK Listing Authority, this statement describes how the Company applied the principles set out in the 2018 UK Corporate Governance Code ("the UK Code"), which is available on the Financial Reporting Council's website **www.frc.org.uk**.

The Company is also a member of the Association of Investment Companies ('AIC'), which has published its own Code of Corporate Governance (the 'AIC Code'), published in 2019, that seeks to codify best practice of particular relevance to investment trusts. The AIC Code is available on the AIC's website: **www.theaic.co.uk.**

The Board confirms that, during the year to 31 January 2021, the Company complied with the recommendations of the AIC Code and the provisions of the UK Code, except as set out below:

1. the role of the chief executive (UK Code provision 14);
2. executive Directors' remuneration (UK Code provision 40);
3. the need for an internal audit function (UK Code provision 25).

For the reasons set out in the AIC Code, and as explained in the UK Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company.

The Board

The Board consists of five non-executive Directors, chaired by James Ferguson. Susan Rice is the Senior Independent Director. All Directors are considered by the Board to be independent of the Company and the Manager, and free of any material relationship with the Manager which could interfere with the exercise of their independent judgment.

The Board takes the view that independence is not necessarily compromised by length of tenure on the Board, and this is consistent with the AIC Code. The Company benefits from a balance of Board members with different tenures, different backgrounds and a wide variety of experience which the Directors believe adds significantly to the Board's strength. The Board is mindful of the importance of having a suitable Board renewal process and succession plan. The Board has a succession plan and actively evaluates Director's' performance annually to ensure up to date skills and capacity.

The Board considers that the post of chief executive officer is not relevant for an investment trust company as this role has effectively been delegated to the Manager under the terms of the Management Agreement.

Biographies of the Board members, including their relevant experience, appear on page 32, which demonstrate that each Director has the requisite high level and range of business, investment and financial experience, and enables the Board to provide clear and effective leadership and proper stewardship of the Company.

The Board has a schedule of matters reserved to it for decision, and the requirement for Board approval on these matters is communicated directly to the senior staff of the Manager. Such matters include strategy, performance, dividend policy, gearing policy, promotional, Board composition, communication with shareholders and corporate governance matters.

Meetings

The Board normally meets at least four times a year, and more frequently where business needs require. Full and timely information is provided to the Board in order to enable the Board to function effectively and to allow Directors to discharge their responsibilities. At each meeting the Board reviews the following:

- Reports from the Manager covering stockmarket environment, portfolio activities, performance and investment outlook;
- Company financial information including revenue forecasts, balance sheet and gearing position;
- Shareholder analysis and relations;
- Regulatory issues and industry matters;
- Reports from other service providers such as brokers and depositary.

The table on the following page sets out the number of routine Board and Committee meetings attended by each Director during the year compared to the total number of meetings that each Director was entitled to attend.

The Board adopts a zero tolerance approach to bribery and corruption and has implemented appropriate procedures designed to prevent bribery. It is the Company's policy to conduct all of its business in an honest and ethical manner. The Board monitors on a regular basis the direct and indirect interests of each Director and has concluded that there were no

Statement of Corporate Governance Continued

situations which gave rise to an interest of a Director which conflicted with the interests of the Company.

	Board	Audit Committee	Management Engagement Committee
James Ferguson[1]	4/4	2/2	1/1
Karyn Lamont	4/4	2/2	1/1
Susannah Nicklin	4/4	2/2	1/1
Charles Park	4/4	2/2	1/1
Susan Rice	4/4	2/2	1/1

[1] Attends Audit Committee meetings as observer

Performance Evaluation

An appraisal of each Director, including the Chairman, and of the operation of the Board and its Committees is undertaken on an annual basis. The process is based upon individual discussions between each Director and the Chairman and the Chairman's performance appraisal is led by the Senior Independent Director. Following these appraisals, the Board confirms that all Directors contribute to the effective running of the Company. The Board has also reviewed the Chairman's and Directors' other commitments and is satisfied that the Chairman and Directors are capable of devoting sufficient time to the Company. The Directors assessed the collective performance of the Board as a whole against the requirements of the Company's business and the need to have a balanced Board and concluded that their aggregate balance of abilities, perspective and experience is appropriate and secures the right measure of continuity for the Board as a whole.

The Board is mindful of the importance of having a suitable mapped board succession and renewal process and has established a succession plan. James Ferguson will retire at the end of 2021 and Susan Rice will take over the chairmanship.

The Company is not required to do an external evaluation of the effectiveness of the Board as it is not a constituent of the FTSE 350. Therefore no external evaluation was conducted during the year as the Board did not feel any additional value would be achieved at this time. This will be kept under review.

There are no separate Nominations or Remuneration Committees. Director appraisals, succession planning, new appointments, training and remuneration are considered by the whole Board.

In line with the Company's strong commitment to its corporate governance responsibilities, the Board regularly reviews its performance and structure to ensure it has the correct mix of relevant skills, diversity and experience for the effective conduct of the Company's business to complement the existing composition of the Board whilst having due regard for the benefits of diversity, including gender, on the Board.

New Board appointments are identified against the requirements of the Company's business and the need to have a balanced Board. A description of the required role for a new appointment is prepared and nominations of Directors are sought in the financial and investment sectors. External search consultants are used to ensure that a wide range of candidates can be considered. Appointments are made on merit, taking into account the benefits of diversity, including gender. However, the over-riding priority is to appoint the person with the best mix of experience and skills to complement the existing make-up of the Board.

New Directors are given an appropriate induction from the Manager covering legal responsibilities, the Manager's operations and investment trust matters. All Directors are entitled to receive appropriate training as deemed necessary. Details of remuneration are contained within the Directors' Remuneration Report.

The Board has implemented the provisions of the UK Code whereby all Directors of the Company will stand for re-election on an annual basis. The Board has reviewed the skills and experience of each Director, and supports their re-election.

There is an agreed procedure for Directors to take independent professional advice, if necessary, at the Company's expense. This is in addition to the access which every Director has to the advice and services of the company secretary, Aberdeen Asset Management PLC, which is responsible to the Board for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with.

Audit Committee

The Audit Committee Report is contained on pages 40 to 42.

Management Engagement Committee

The Board has a good and constructive working relationship with the Manager and continually reviews the policies and performance of the Manager. The Management Engagement Committee comprises all of the Directors and is chaired by James Ferguson. The Committee reviews the performance of the Manager, the investment process and risk controls and its compliance with the terms of the management and secretarial agreement. The terms of reference of the Management Engagement Committee, which are available on request and on the Company's website, are reviewed on an annual basis. The terms and conditions of the Manager's appointment, including an evaluation of performance and fees, are reviewed by the Committee on an annual basis.

The Committee considers that the Manager, whose team is well-qualified and experienced, has fully met the terms of its agreement with the Company. Following a review of management fees and ongoing charges, the Committee believes these are reasonable and competitive. Taking these factors into account, the Committee and the Board believes that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole. The Company benefits from the expertise of the Manager's team of investment professionals. The Board continues to keep this matter under review.

Relations with Shareholders

The Directors believe in good communication with shareholders. The annual and half yearly reports are widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up to date information on the Company through the Manager's freephone information service. The Board welcomes correspondence from shareholders addressed to the Company's registered office and responds to letters from shareholders on a wide range of issues. The Manager maintains contact with institutional shareholders and feeds back shareholder views to the Board. The Company's annual and half yearly reports and other publications can be downloaded from the Company's website, **www.northamericanincome.co.uk**.

The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the management group (either the Company Secretary or the Manager) in situations where direct communication is required.

The notice of the Annual General Meeting, included within the annual report and accounts, is normally sent out at least 20 working days in advance of the meeting. Investors in the Manager's savings plans are encouraged to vote by means of a Letter of Direction enclosed with the annual report. All shareholders have the opportunity to put questions at the Company's Annual General Meeting. Proxy voting figures for each resolution are announced to the meeting after voting on a show of hands.

Environmental, Social and Governance ("ESG") Investing

Details of the Manager's ESG engagement is provided on pages 20 to 23.

The UK Stewardship Code and Proxy Voting

The Company supports the UK's Stewardship Code, and seeks to play its role in supporting good stewardship of the companies in which it invests. Responsibility for actively monitoring the activities of portfolio companies has been delegated by the Board to the Manager which has sub-delegated that authority to the Investment Manager.

The full text of the Company's response to the Stewardship Code may be found on its website.

The Board has also given discretionary powers to the Manager to exercise voting rights on resolutions proposed by the investee companies within the Trust's portfolio. The Manager reports on a quarterly basis on stewardship (including voting) issues.

Report of the Audit Committee

Membership and Responsibilities

The Audit Committee is chaired by Karyn Lamont, who is a chartered accountant, and comprises all Directors, with the exception of James Ferguson who attends meetings but is a non-voting member. The Committee is satisfied that it has the necessary recent and relevant financial experience and competence relevant to the investment trust sector in order to fulfil its responsibilities.

The Audit Committee meets at least twice a year and considers reports from the auditors and the Manager's internal audit, risk and compliance functions. The terms of reference of the Audit Committee, which are available on request and on the Company's website, are reviewed on an annual basis. The main responsibilities of the Audit Committee are:

- to review the half yearly and annual financial statements of the Company, the accounting policies applied therein and to ensure compliance with financial and regulatory reporting requirements.
- to assess whether 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.
- to review and monitor the internal control systems and risk management systems on which the Company is reliant.
- to consider annually whether there is a need for the Company to have its own internal audit function.
- to develop and implement policy on the engagement of the auditors to supply non-audit services.
- to review the arrangements in place within the Manager whereby staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters ('whistleblowing').
- to make recommendations to the Board in relation to the appointment of the auditors and to approve the remuneration and terms of engagement of the auditors.
- to consider the auditors' reports, including the audit strategy and findings.
- to review annually the auditors' independence, objectivity, effectiveness, resources and qualification.

The respective responsibilities of the Directors and the auditors in connection with the financial statements appear on pages 47 and 54.

Internal Control

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this annual report and accounts, and is regularly reviewed by the Board and accords with the Financial Reporting Council's Guidance.

The Directors have delegated the investment management of the Company's assets to the Manager within overall guidelines, and this embraces implementation of the system of internal control, including financial, operational and compliance controls and risk management. Internal control systems are monitored and supported by the Manager's internal audit function which undertakes periodic examination of business processes, including compliance with the terms of the management agreement, and ensures that recommendations to improve controls are implemented.

The Board has reviewed, through management reports, the effectiveness of the Company's risk management and internal control systems. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and policies by which these risks are managed. The significant risks faced by the Company are set on pages 9 to 11.

Risks are identified and documented through a risk management framework by each function within the Manager's activities. Risk is considered in the context of the Financial Reporting Council Guidance, and includes financial, regulatory, market, operational and reputational risk. This helps the internal audit risk assessment model identify those functions for review. Any weaknesses identified are reported to the Board, and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Board.

In addition, the Board has adopted its own risk matrix which identifies the key risks for the Company and covers strategy, investment management, operations, regulatory and financial obligations and third party service providers (see pages 9 to 11). A monitoring system is undertaken whereby the controls to mitigate these risks, and the impact of the residual risks, are assessed on a regular basis. The risk matrix is formally reviewed on a six monthly basis in order to identify emerging risks which may arise.

Note 18 to the financial statements provides further information on risks. The key components designed to provide effective internal control are outlined below:

- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance; the emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception;
- the Board and Manager have agreed clearly-defined investment criteria, specified levels of authority and exposure limits. Reports on these, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Manager as appropriate;
- the Manager's internal audit, risk and compliance departments continually review the Manager's operations and reports to the Audit Committee on a six monthly basis. The Manager's internal audit team has direct access to the Audit Committee at any time;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers;
- an independent depositary, BNP Paribas Securities Services, London Branch is appointed to safeguard the Company's investments, which are registered in the name of the depositary's nominee company: and
- at its March 2021 meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 31 January 2021 by considering documentation from the Manager, including the internal audit, risk and compliance functions, and taking account of events since 31 January 2021.

The Audit Committee continues to believe that the Company does not require an internal audit function of its own as the Company delegates its day-to-day operations and risk controls to the Manager which operates an internal audit function and from whom the Company receives reports on internal controls and risk management.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and, by their nature, can only provide reasonable, and not absolute assurance, against material misstatement or loss.

Significant Accounting Issues

The Committee specifically considered a number of matters related to the Company's financial statements during the year:

- Valuation, existence and ownership of investments: The valuation of investments is undertaken in accordance with the stated accounting policies. All investments are in quoted securities in active markets, are considered to be liquid and have been largely categorised as Level 1 within FRS 102 fair value hierarchy. The portfolio holdings and their pricing is reviewed and verified by the Manager on a regular basis and management accounts, including a full portfolio listing, are prepared for each Board meeting. The Company used the services of an independent depositary (BNP Paribas Securities Services, London Branch) during the year under review to hold the assets of the Company. The investment portfolio is reconciled regularly by the Manager and the external audit includes independent confirmation of the valuation and existence of all investments.
- Recognition of Investment Income: The recognition of investment income is undertaken in accordance with accounting policy note 2(b) to the financial statements on page 59. The Directors regularly review the Company's income, including income received, revenue forecasts and dividend comparisons.
- Compliance with Sections 1158 and 1159 of the Corporation Tax Act 2010: Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1 February 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis.
- Consideration of the impact of the coronavirus pandemic on the financial statements: The Company has faced and addressed significant issues, both operationally and related to its investments, as a result of the Covid-19 pandemic and related global market volatility. These are risks not specific to the Company, its approach or sector of the economy, and have been updated to our description of principal risks and uncertainties set out on pages 9 to 11. To help mitigate these risks, the Manager and third party service providers have deployed new operational procedures to facilitate working from home. We specifically discuss the implications of the Covid-19 pandemic for our going concern assessment and viability statement in more detail on page 34 and page 13 respectively.

Report of the Audit Committee Continued

- Consideration of the Company to continue as a going concern: In addition to the usual considerations and Covid-19, the Committee also specifically considered the potential impact of the continuation vote scheduled for June 2021 on our going concern assessment. We considered relevant factors such as the Company's performance, discount history, current feedback and views from shareholders as well as historic experience of continuation vote.

Review of Auditors

The Audit Committee has reviewed the independence and the effectiveness of the auditors, PricewaterhouseCoopers LLP, as follows:

- The auditors report on an annual basis the steps it takes to ensure its independence and objectivity and confirms that it has complied with the relevant UK independence guidelines. The level of non-audit services provided by the auditors is assessed and for the year ended 31 January 2021 there were no non-audit services provided.

- The Committee considers the experience, continuity and tenure of the audit team, including the audit director. The audit team consists of suitably experienced staff with knowledge of the investment trust sector and there is a process in place for the rotation of the audit director. PricewaterhouseCoopers LLP were appointed as the Company's auditors in June 2020 and therefore the year to 31 January 2021 was the first year served by PricewaterhouseCoopers LLP's senior statutory auditor, Shujaat Khan.

- The Committee assesses the level of audit service annually. The audit plan is reviewed well in advance and subsequent audit findings are reported comprehensively in a timely manner and are resolved satisfactorily. The auditors have a constructive working relationship with both the Board and the Manager.

The Committee was satisfied with the effectiveness and independence of PricewaterhouseCoopers LLP as auditors for the year ended 31 January 2021.

Shareholders will have the opportunity to vote on the re-appointment of PricewaterhouseCoopers LLP as auditors at the forthcoming AGM on 1 June 2021.

Karyn Lamont
Audit Committee Chairman
12 April 2021

Directors' Remuneration Report

The Board has prepared this Remuneration Report in accordance with the regulations governing the disclosure and approval of Directors' remuneration. This Remuneration Report comprises three parts:

i. A Remuneration Policy, which is subject to a binding shareholder vote every three years (or sooner if varied during this interval) – most recently voted on at the Annual General Meeting on 2 June 2020;

ii. An annual Implementation Report which provides information on how the Remuneration Policy has been applied during the year and which will be subject to an advisory vote;

iii. An Annual Statement.

The law requires the Company's auditors to audit certain of the disclosures provided in the Remuneration Report. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in the report on pages 48 to 54.

The principles remain the same as for previous years. There have been no changes to the Directors' Remuneration Policy during the period of this Report nor are there any proposals for the foreseeable future, except for the level of Directors' fees, as set out in the Implementation Report below.

Remuneration Policy

This part of the Remuneration Report provides details of the Company's Remuneration Policy for Directors of the Company. This policy takes into consideration the principles of the UK Corporate Governance Code and the AIC's recommendations regarding the application of those principles to investment companies. No shareholder views were sought in setting the Remuneration Policy although any comments received from shareholders would be considered on an ongoing basis. As the Company has no employees and the Board is comprised wholly of non-executive Directors and given the size and nature of the Company, the Board has not established a separate Remuneration Committee. Directors' remuneration is determined by the Board as a whole.

Directors' Fees

The Directors' fees are set within the limits of the Company's Articles of Association which limit the aggregate fees payable to the Board of Directors per annum, currently £175,000.

Subject to this overall limit, the Board's policy is that the remuneration of non-executive Directors should reflect the nature of their duties, responsibilities and the value of their time spent and be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective.

Fee rates are established by taking advice from external sources as to current market levels.

	1 February 2021 £	1 February 2020 £
Chairman	33,000	31,000
Chairman of Audit Committee	26,500	25,000
Director	24,000	22,500

Appointment

- The Company only appoints non-executive Directors.
- All the Directors are non-executive appointed under the terms of Letters of Appointment.
- Directors must retire and be subject to election at the first AGM after their appointment, and at least every three years thereafter.
- New appointments to the Board will be placed on the fee applicable at the time of appointment .
- No incentive or introductory fees will be paid to encourage a Directorship.
- The Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.
- The Company indemnifies its Directors for all costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties, as a Director of the Company.
- The Directors are entitled to be re-imbursed for out-of-pocket expenses incurred in connection with performing their duties including travel expenses.

Performance, Service Contracts, Compensation and Loss of Office

- The Directors' remuneration is not subject to any performance related fee.
- No Director has a service contract.

Directors' Remuneration Report Continued

- No Director was interested in contracts with the Company during the period or subsequently.
- The terms of appointment provide that a Director may be removed without notice.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or any assets of the Company.
- Directors' & Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

The Directors' Remuneration Policy was last approved by shareholder on 2 June 2020.

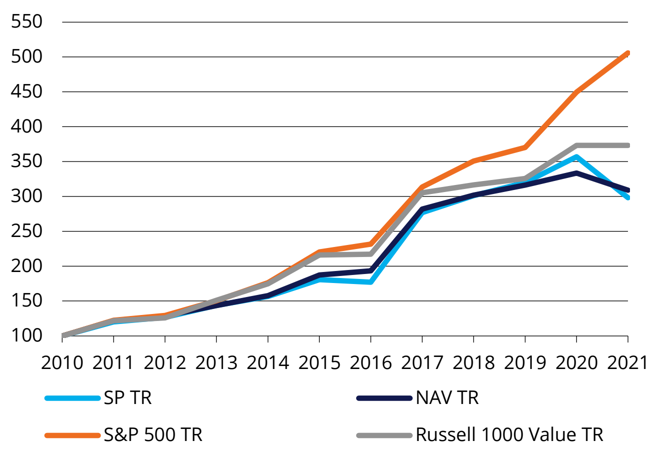
Implementation Report

Directors' Fees Increase

The Board carried out a review of the level of Directors' fees during the year and concluded that fees should increase to £33,000 for the Chairman, £26,500 for the Audit Committee Chairman and £24,000 for each Director, effective from 1 February 2021.

Company Performance

During the year the Board carried out a review of investment performance. The graph below shows the share price and NAV total return (assuming all dividends are reinvested) to Ordinary shareholders compared to the total return from the Russell Value 1000 and S&P 500 indices (in sterling terms) for ten year period to 31 January 2021 (rebased to 100 at 31 January 2011). These indices were chosen for comparison purposes, as they are the reference indices used for investment performance measurement purposes.



Statement of Voting at General Meeting

At the Company's last Annual General Meeting, held on 2 June 2020, shareholders approved the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) in respect of the year ended 31 January 2020. 99.1% of proxy votes were in favour of the resolution, 0.6% were against, and 0.3% abstained. Shareholders also approved the Directors' Remuneration Policy with 99.0% of proxy votes in favour of the resolution, 0.7% against and 0.3% abstained.

Spend on Pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to employees with distributions to shareholders. The total fees paid to Directors are shown in the table below.

Audited Information

Fees Payable

The Directors who served in the year received the following fees which exclude employers' NI and any VAT payable:

Director	2021 £	2020 £
James Ferguson	31,000	31,000
Karyn Lamont	25,000	25,000
Susannah Nicklin	22,500	22,500
Charles Park	22,500	22,500
Susan Rice	22,500	22,500
Total	**123,500**	**123,500**

Fees are pro-rated where a change takes place during a financial year. There were no payments to third parties from the fees referred to in the table above and none of the Directors received taxable benefits.

Annual Percentage Change in Directors' Remuneration

The following table sets out the annual percentage change in Directors' fees for the year to 31 January 2021.

James Ferguson	0.0%
Karyn Lamont	0.0%
Susannah Nicklin	0.0%
Charles Park	0.0%
Susan Rice	0.0%

Relative Importance of Spend on Pay

The table below shows the actual expenditure during the year in relation to Directors' remuneration and distributions to shareholders.

	2021 £	2020 £
Remuneration paid to all Directors	123,500	123,500
Distribution to shareholders - by way of dividend[1]	14,285,000	13,578,000
Share buy-backs	13,000	Nil

[1]See note 8 on page 64 for further details

A resolution to receive and adopt the Director's Remuneration Report (excluding the Directors' Remuneration Policy) in respect of the year ended 31 January 2021 will be proposed at the AGM.

Directors' Interests in the Company

The Directors are not required to have a shareholding in the Company. The Directors (including connected persons) at 31 January 2021 and 31 January 2020 had no interest in the share capital of the Company other than those interests, all of which are beneficial interests, shown in the table below.

	31 Jan 2021 Ord 5p	31 Jan 2020 Ord 5p
James Ferguson	78,850	78,850
Karyn Lamont	-	-
Susannah Nicklin	2,345	335
Charles Park	11,000	-
Susan Rice	675	675

There have been no changes to the Directors' share interests since the year end.

Annual Statement

In accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the Board confirms that the above Directors' Remuneration Report summarises, as applicable, for the year ended 31 January 2021:

- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the year; and
- the context in which the changes occurred and decisions have been taken

The Directors' Remuneration Report was approved by the Board of Directors and signed on its behalf by:

James Ferguson
Chairman
12 April 2021

Financial Statements

The Company's revenue return per share rose over the year, from 11.42p to 11.79p, a 3.2% increase. The total dividends for the year amounted to 10.0p, an increase of 5.3% from last year (2020 – 9.5p).

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We 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.

For and on behalf of The North American Income Trust plc

James Ferguson
Chairman
12 April 2021

Independent auditors' report to the Members of The North American Income Trust plc

Report on the audit of the financial statements

Opinion

In our opinion, The North American Income Trust plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2021 and of its return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report (the "Annual Report"), which comprise: Statement of Financial Position as at 31 January 2021, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

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

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company. We have provided no non-audit services to the Company in the period under audit.

Our audit approach

Context

The North American Income Trust plc is an Investment Trust Company listed on the London Stock Exchange and invests predominantly in US equities. The operations of the Company are located in the UK. We focus our audit work primarily on the valuation and existence of investments and income from investments.

Overview

Audit scope

- The Company is a standalone Investment Trust Company and engages Aberdeen Standard Fund Managers Limited (the "AIFM") to manage its assets.
- We conducted our audit of the financial statements using information from the AIFM and BNP Paribas Securities Services (the "Administrator") to whom the AIFM has engaged to provide certain administrative services.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at both the AIFM and the Administrator and adopted a fully substantive testing approach using reports obtained from the AIFM.

Key audit matters

- Valuation and existence of listed investments
- Income from investments
- Consideration of impact of COVID-19
- Ability to continue as a going concern (Continuation Vote)

Overview
Strategic Report
Portfolio
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Financial Statements
Corporate Information

Materiality
- Overall materiality: £3,750,000 based on 1% of the Net Asset Value.
- Performance materiality: £2,812,500.

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Capability of the audit in detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined in the Auditors' responsibilities for the audit of the financial statements section, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to overstate the value of investments and increase the net asset value of the Company. Audit procedures performed by the engagement team included:

- discussions with the Directors, the AIFM and Company Secretary including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and review of the reports made by management;
- reviewing relevant meeting minutes, including those of the Audit Committee;
- Assessment of the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- Identifying and testing higher risk manual journal entries posted during the preparation of the financial statements; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing of expenses.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, 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. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of listed investments *Refer to page Audit Committee Report (page 41), Accounting Policies (page 59 to 60) and Notes to the Financial Statements (pages 59 to74).* The investment portfolio at 31 January 2021 comprised of listed investments of £404 million. We focused on the valuation and existence of investments because investments represent the principal	We tested the valuation of all listed investments by agreeing the prices used in the valuation to independent third-party sources. No material misstatements were identified from this testing. We tested the existence of all investments by agreeing the holdings of all investments to an independent confirmation from the Depositary, BNP Paribas Securities Services as at 31 January 2021. No differences were identified.

Independent auditors' report to the Members of The North American Income Trust plc Continued

element of the net asset value as disclosed in the Balance Sheet in the financial statements.

Income from investments

Refer to Audit Committee's Report (page 41), Accounting Policies (pages 59 to 60) and Notes to the Financial Statements (pages 59 to 74).

ISAs (UK) presume there is a risk of fraud in income recognition because of the pressure management may feel to achieve a certain objective.

In this instance, we consider that 'income' refers to all the Company's income streams, both revenue and capital (including gains and losses on investments). As the Company has an Income objective, there might be an incentive to overstate revenue. As such, we focussed this risk on the existence/occurrence of revenue from investments, completeness of gains/losses from investments and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies' Statement of Recommended Practice (the "AIC SORP").

We assessed the accounting policy for dividend income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy.

We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy.

The gains/losses on investments held at fair value comprise realised and unrealised gains/losses. For unrealised gains and losses, we tested the valuation of the portfolio at the year-end (see above), together with testing the opening to closing reconciliation of investments. For realised gains/losses, we tested a sample of disposal proceeds by agreeing the proceeds to bank statements and we re-performed the calculation of a sample of realised gains/losses.No material misstatements were identified from this testing.

In addition, we tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data. No material misstatements were identified from this testing.

We tested occurrence by testing that all dividends recorded in the year had been declared in the market by investment holdings, and we traced a sample of dividends received to bank statements. No material misstatements were identified from this testing.

We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP by assessing the treatment applied in the context of the underlying facts and circumstance of the dividend. No material misstatements were identified from this testing.

Consideration of impact of COVID-19

Refer to the Chairman's Statement (pages 5 to 7), Principal Risks and Uncertainties (pages 9 to 11), Audit Committee Report (page 41) the Viability Statement (page 14) and the Going Concern Statement (page 34), which disclose the impact of the COVID-19 pandemic.

The COVID-19 outbreak has been declared a pandemic by the World Health Organisation. Since the first quarter of 2020, it has caused significant economic uncertainty globally and disruption to supply chains and travel, slowed global growth and caused volatility in global markets and in exchange rates.

The Directors have prepared the financial statements of the Company on a going concern basis, and believe this assumption remains appropriate. This conclusion is

We evaluated the Directors' assessment of the impact of the COVID-19 pandemic on the Company by:

- Evaluating the Company's updated risk assessment and considering whether it addresses the relevant threats presented by COVID-19.
- Evaluating management's assessment of operational impacts, considering their consistency with other available information and our understanding of the business and assessing the potential impact on the financial statements.

We assessed the disclosures presented in the Annual Report in relation to COVID-19 by reading the other information, including the Principal Risks and Viability Statement set out in the Strategic Report, and assessing its consistency with the financial statements and the evidence we obtained in our audit.

based on the assessment that, notwithstanding the significant market uncertainties, they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and that the Company and its key third party service providers have in place appropriate business continuity plans and will be able to maintain service levels throughout the COVID-19 pandemic.	Our conclusions relating to other information are set out in the 'Reporting on other information' section of our report. Further audit procedures and our conclusions relating to going concern are set out in the 'Conclusions related to going concern' section below.
Ability to continue as a going concern (Continuation Vote) *Refer to the Viability Statement (page 14), the Going Concern Statement (page 34), Audit Committee Report (page 41) and the Basis of Preparation and Going Concern in the Notes to the Financial Statements (page 59).* A continuation vote is due to take place at the 2021 AGM, which, if passed, will allow the Company to continue as an investment trust for a further three years. As such, the Directors have considered and assessed the potential impact on the ability of the Company to continue as a going concern.	Our audit procedures and findings in respect of going concern are set out in the "Conclusions relating to Going Concern" section below.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

Overall Company materiality	£3,750,000.
How we determined it	1% of the Net Asset Value
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £2,812,500 for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £187,500 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent auditors' report to the Members of The North American Income Trust plc Continued

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining evidence to support the key assumptions and forecasts driving the Directors' assessment. This included reviewing the Directors' assessment of the Company's financial position and forecasts, their assessment of liquidity and loan covenant compliance as well as their review of the operational resilience of the Company and oversight of key third party service providers.
- Reviewed the Directors' assessment of going concern in relation to the expected approval of the continuation vote. We also assessed the appropriateness of preparing the financial statements on a going concern basis taking into consideration the continuation vote. We challenged the Directors on their assessment of the expected approval of the continuation vote which included the following considerations:
  - The stability and diversity of the Company's shareholder register and the type of shareholder on the register;
  - The feedback that the Manager has received from a sample of shareholders in relation to their voting intention;
  - The performance of the Company when compared to its stated performance comparator;
  - The premium/discount the Company's share price trades at compared to its net asset value per share; and
  - The results and circumstances related to previous continuation votes.

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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 January 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration
In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in 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;
- The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' 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 its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

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

Independent auditors' report to the Members of The North American Income Trust plc Continued

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.

Auditors' 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 auditors' 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report
This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the Directors on 2 June 2020 to audit the financial statements for the year ended 31 January 2021 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

Shujaat Khan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
12 April 2021

Statement of Comprehensive Income

		Year ended 31 January 2021			Year ended 31 January 2020		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net (losses)/gains on investments	11	–	(40,080)	(40,080)	–	10,708	10,708
Net currency gains/(losses)	3	–	825	825	–	(616)	(616)
Income	4	21,469	101	21,570	20,957	225	21,182
Investment management fee	5	(804)	(1,877)	(2,681)	(918)	(2,142)	(3,060)
Administrative expenses	7	(753)	–	(753)	(757)	–	(757)
Return before finance costs and taxation		19,912	(41,031)	(21,119)	19,282	8,175	27,457
Finance costs	6	(145)	(337)	(482)	(314)	(732)	(1,046)
Return before taxation		19,767	(41,368)	(21,601)	18,968	7,443	26,411
Taxation	8	(2,882)	408	(2,474)	(2,703)	560	(2,143)
Return after taxation		**16,885**	**(40,960)**	**(24,075)**	**16,265**	**8,003**	**24,268**
Return per share (pence)	10	**11.79**	**(28.60)**	**(16.81)**	**11.42**	**5.62**	**17.04**

The total column of this statement represents the profit and loss account of the Company.

All revenue and capital items in the above statement derive from continuing operations.

The accompanying notes are an integral part of the financial statements.

Proposed final dividend. The Board is proposing a final dividend of 4.50p per share (£6,410,000), making a total dividend of 10.00p per share (£14,285,000) for the year to 31 January 2021 which, if approved, will be payable on 4 June 2021 (see note 9). For the year ended 31 January 2020, a fourth interim dividend of 4.30p per share was paid (£6,161,000) making a total dividend of 9.50p per share (£13,578,000).

Statement of Financial Position

	Note	As at 31 January 2021 £'000	As at 31 January 2020 £'000
Non-current assets			
Investments at fair value through profit or loss	11	404,261	410,800
Current assets			
Debtors and prepayments	12	2,575	1,804
Cash and short term deposits		9,239	21,898
		11,814	23,702
Creditors: amounts falling due within one year			
Other creditors	13	(4,323)	(1,589)
Bank loan	14	–	(18,965)
		(4,323)	(20,554)
Net current assets		7,491	3,148
Total assets less current liabilities		**411,752**	**413,948**
Creditors: amounts falling due after more than one year			
Senior Loan Notes	14	(36,336)	–
Net assets		**375,416**	**413,948**
Capital and reserves			
Called-up share capital	15	7,151	7,164
Share premium account		51,806	51,806
Capital redemption reserve		15,465	15,452
Capital reserve		277,403	318,923
Revenue reserve		23,591	20,603
Total shareholders' funds		**375,416**	**413,948**
Net asset value per share (pence)	16	**262.48**	**288.91**

The financial statements on pages 59 to 74 were approved and authorised for issue by the Board on 12 April 2021 and were signed on its behalf by:

James Ferguson
Director

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Equity

For the year ended 31 January 2021

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2020	7,164	51,806	15,452	318,923	20,603	413,948
Buyback of Ordinary shares	(13)	–	13	(560)	–	(560)
Return after taxation	–	–	–	(40,960)	16,885	(24,075)
Dividends paid (see note 9)	–	–	–	–	(13,897)	(13,897)
Balance at 31 January 2021	**7,151**	**51,806**	**15,465**	**277,403**	**23,591**	**375,416**

For the year ended 31 January 2020

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2019	7,108	48,467	15,452	310,920	16,710	398,657
Issue of Ordinary shares	56	3,339	–	–	–	3,395
Return after taxation	–	–	–	8,003	16,265	24,268
Dividends paid (see note 9)	–	–	–	–	(12,372)	(12,372)
Balance at 31 January 2020	**7,164**	**51,806**	**15,452**	**318,923**	**20,603**	**413,948**

The accompanying notes are an integral part of the financial statements.

Statement of Cash Flows

	Note	Year ended 31 January 2021 £'000	Year ended 31 January 2020 £'000
Operating activities			
Net return before taxation		(21,601)	26,411
Adjustments for:			
Net losses/(gains) on investments	11	40,373	(11,035)
Net (gains)/losses on foreign exchange transactions		(825)	616
Increase in dividend income receivable	12	(35)	(174)
Decrease in fixed interest income receivable	12	33	41
(Decrease)/increase in derivatives	13	(524)	550
Increase in other debtors	12	(33)	(15)
Increase in other creditors	13	810	38
Corporation tax paid		(286)	–
Tax on overseas income	8	(2,048)	(2,046)
Amortisation of senior loan note expenses	6	3	–
Amortisation of fixed income book cost	11	9	9
Stock dividends included in investment income	4	(290)	–
Net cash inflow from operating activities		15,586	14,395
Investing activities			
Purchases of investments		(243,480)	(170,263)
Sales of investments	12	211,499	187,811
Net cash (used in)/generated from investing activities		(31,981)	17,548
Financing activities			
Equity dividends paid	9	(13,897)	(12,372)
Issue of Ordinary shares		–	3,395
Buyback of Ordinary shares		(560)	–
Drawdown of loan notes		37,461	–
Drawdown of loan		23,416	–
Repayment of loan		(41,365)	(18,600)
Net cash generated/(used in) from financing activities		5,055	(27,577)
(Decrease)/increase in cash and cash equivalents		**(11,340)**	**4,366**
Analysis of changes in cash and cash equivalents during the year			
Opening balance		21,898	18,593
Effect of exchange rate fluctuation on cash held	3	(1,319)	(1,061)
(Decrease)/increase in cash as above		(11,340)	4,366
Closing balance		**9,239**	**21,898**

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

For the year ended 31 January 2021

1. **Principal activity.** The Company is a closed-end investment company, registered in Scotland No. SC005218, with its Ordinary shares being listed on the London Stock Exchange.

2. **Accounting policies.** A summary of the principal accounting policies, all of which, unless otherwise stated, have been consistently applied throughout the year and the preceding year is set out below.

(a) **Basis of preparation and going concern**. The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Companies Act 2006 and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in October 2019. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000. They have also been prepared on a going concern basis and on the assumption that approval as an investment trust will continue to be granted.

The Directors have considered a detailed assessment of the Company's ability to meet its liabilities as they fall due, including considering a significant reduction in the liquidity, and, fair value, of the portfolio of investments would have on existing loan covenants due to the current economic conditions caused by the COVID-19 pandemic. In light of this analysis, the Company's cash position, the level of revenue reserves, the liquidity of the portfolio of investments and modest gearing level, the Directors are satisfied that at the time of approving the financial statements, there is a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future (a period of at least twelve months after the date the financial statements are signed). The Company undertakes a continuation vote every three years. The last continuation vote was passed at the AGM held in June 2018 with 99.8% of votes in favour. Based on feed-back from major shareholders, the Directors consider that it is reasonable to assume that the continuation vote will be passed at the AGM to be held in June 2021 and therefore that the Company will continue. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Significant estimates and judgements. Disclosure is required of judgements and estimates made by management in applying the accounting policies that have a significant effect on the financial statements. There are no significant estimates or judgements which impact these financial statements.

(b) **Income**. Income from investments, including taxes deducted at source, is included in revenue by reference to the date on which the investment is quoted ex dividend. Special dividends are credited to capital or revenue, according to the circumstances. The fixed returns on debt instruments are recognised using the time apportioned accruals basis and the discount or premium on acquisition is amortised or accreted on a straight line basis.

Interest receivable from cash and short-term deposits is recognised the time apportioned accruals basis.

(c) **Expenses**. All expenses are accounted for on an accruals basis and are charged to the Statement of Comprehensive Income. Expenses are charged against revenue except as follows:

– transaction costs on the acquisition or disposal of investments are charged to capital in the Statement of Comprehensive Income;
– expenses are charged to capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect, the investment management fee is allocated 30% to revenue and 70% to capital to reflect the Company's investment policy and prospective income and capital growth.

(d) **Taxation**. The tax payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible (see note 8 for a more detailed explanation). The Company has no liability for current tax.

Deferred taxation is provided on all timing differences, that have originated but not reversed at the Statement of Financial Position date, where transactions or events that result in an obligation to pay more or a right to pay less tax in future have occurred at the Statement of Financial Position date, measured on an undiscounted basis and based on enacted tax rates. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods.

Notes to the Financial Statements Continued

Owing to the Company's status as an investment trust company, and the intention to continue to meet the conditions required to obtain approval for the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

(e) **Investments**. All purchases and sales of investments are recognised on the trade date, being the date the Company commits to purchase or sell the investment. Investments are initially recognised and subsequently re-measured at fair value in the Statement of Comprehensive Income.

(f) **Borrowings**. Monies borrowed to finance the investment objectives of the Company are stated at the amount of the net proceeds immediately after issue plus cumulative finance costs less cumulative payments made in respect of the debt. The finance costs of such borrowings are accounted for on an accruals basis using the effective interest rate method and are charged 30% to revenue and 70% to capital to reflect the Company's investment policy and prospective income and capital growth.

(g) **Dividends payable**. Interim and final dividends are recognised in the period in which they are paid.

(h) **Nature and purpose of reserves**

Share premium account. The balance classified as share premium includes the premium above nominal value from the proceeds on issue of any equity capital comprising Ordinary shares of 5p. This reserve is not distributable.

Capital redemption reserve. The capital redemption reserve is used to record the amount equivalent to the nominal value of any of the Company's own shares purchased and cancelled in order to maintain the Company's capital. This reserve is not distributable.

Capital reserve. This reserve reflects any gains or losses on realisation of investments in the period along with any changes in fair values of investments held that have been recognised in the Statement of Comprehensive Income. The costs of share buybacks are also deducted from this reserve. This reserve is distributable although the amount that is distributable is complex to determine and is not necessarily the full amount of the reserve as disclosed within these financial statements.

Revenue reserve. This reserve reflects all income and costs which are recognised in the revenue column of the Statement of Comprehensive Income. The revenue reserve represents the amount of the Company's reserves distributable by way of dividend. The amount of the revenue reserve as at 31 January 2021 may not be available at the time of any future distribution due to movements between 31 January 2021 and the date of distribution.

(i) **Foreign currency**. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling on the Statement of Financial Position date. Transactions involving foreign currencies are converted at the rate ruling on the date of the transaction. Gains and losses on the realisation of foreign currencies are recognised in the Statement of Comprehensive Income and are then transferred to the capital reserve.

(j) **Traded options**. The Company may enter into certain derivative contracts (e.g. writing traded options). Option contracts are accounted for as separate derivative contracts and are therefore shown in other assets or other liabilities at their fair value. The initial fair value is based on the initial premium which is received/paid on inception. The premium is recognised in the revenue column over the life of the contract period. Losses on any movement in the fair value of open contracts at the year end realised and on the exercise of the contracts are recorded in the capital column of the Statement of Comprehensive Income.

In addition, the Company may enter into derivative contracts to manage market risk and gains or losses arising on such contracts are recorded in the capital column of the Statement of Comprehensive Income.

(k) **Cash and cash equivalents.** Cash and cash equivalents comprise cash at bank.

3. Net currency gains/(losses)

	2021 £'000	2020 £'000
Gains/(losses) on cash held	(1,319)	(1,061)
(Losses)/gains on bank loans	1,016	445
Gains on senior loan notes	1,128	–
	825	**(616)**

4. Income

	2021 £'000	2020 £'000
Income from overseas listed investments		
Dividend income	14,168	14,974
REIT income	1,199	1,286
Interest income from investments	533	566
Stock dividends	290	–
	16,190	16,826
Other income from investment activity		
Traded option premiums	5,355	4,054
Deposit interest	25	302
	5,380	4,356
Total income	**21,570**	**21,182**

During the year, the Company was entitled to premiums totalling £5,355,000 (2020 – £4,054,000) in exchange for entering into option contracts. At the year end there were 2 (2020 – 9) open positions, valued at a liability of £144,000 (2020 – liability of £668,000) as disclosed in note 13. Losses realised on the exercise of derivative transactions are disclosed in note 11.

5. Investment management fee

			2021			2020
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	**804**	**1,877**	**2,681**	**918**	**2,142**	**3,060**

Management services are provided by Aberdeen Standard Fund Managers Limited ("ASFML"). The annual management fee is charged at 0.75% of net assets up to £350 million, 0.6% between £350 million and £500 million, and 0.5% over £500 million, payable quarterly. Net assets equals gross assets after deducting current liabilities and borrowings and excluding commonly managed funds. The balance due to ASFML at the year end was £1,351,000 (2020 – £758,000). The fee is allocated 30% to revenue and 70% to capital (2020 – same).

The management agreement between the Company and the Manager is terminable by either party on three months' notice. In the event of a resolution being passed at the AGM to wind up the Company the Manager shall be entitled to three months' notice from the date the resolution was passed. In the event of termination on not less than the agreed notice period, compensation is payable in lieu of the unexpired notice period.

Notes to the Financial Statements Continued

6. Finance costs

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Interest on bank loans	109	253	362	314	732	1046
Senior Loan Notes	35	82	117	–	–	–
Amortised Senior Loan Note issue expenses	1	2	3	–	–	–
	145	**337**	**482**	**314**	**732**	**1,046**

7. Administrative expenses

	2021 £'000	2020 £'000
Directors' fees	123	123
Registrar's fees	46	53
Custody and bank charges	24	25
Secretarial fees	118	115
Auditor's remuneration (excluding irrecoverable VAT):		
– fees payable to the Company's auditor for the audit of the annual accounts	29	18
Promotional activities	212	208
Printing, postage and stationery	30	28
Fees, subscriptions and publications	55	87
Professional fees	51	31
Depositary charges	45	51
Other expenses	20	18
	753	**757**

Secretarial and administration services are provided by Aberdeen Standard Fund Managers Limited ("ASFML") under an agreement which is terminable on three months' notice. The fee is payable monthly in advance and based on an index–linked annual amount of £118,000 (2020 – £115,000). The balance due at the year end was £59,000 (2020 – £38,000).

During the year £212,000 (2020 – £208,000) was paid to ASFML in respect of promotional activities for the Company and the balance due at the year end was £68,000 (2020 – £18,000).

8. Taxation

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) Analysis of charge for the year						
UK corporation tax	615	–	615	731	(618)	113
Double tax relief	(189)	–	(189)	(136)	24	(112)
Overseas tax suffered	2,039	12	2,051	2,105	34	2,139
Tax relief to capital	420	(420)	–	–	–	–
Deferred tax	(26)	–	(26)	26	–	26
Double tax relief on deferred tax items	23	–	23	(23)	–	(23)
Total tax charge for the year	**2,882**	**(408)**	**2,474**	**2,703**	**(560)**	**2,143**

(b) **Factors affecting the tax charge for the year**. The UK corporation tax rate is 19% (2020 – lower). The tax charge for the year is higher (2019 – lower) than the corporation tax rate. The differences are explained in the following table.

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return before taxation	19,767	(41,368)	(21,601)	18,968	7,443	26,411
Corporation tax at 19% (2020 – 19%)	3,755	(7,860)	(4,105)	3,604	1,414	5,018
Effects of:						
Non-taxable overseas dividends	(2,749)	(19)	(2,768)	(2,845)	(43)	(2,888)
Irrecoverable overseas withholding tax	2,039	12	2,051	2,105	34	2,139
Expenses not deductible for tax purposes	–	–	–	1	–	1
Double tax relief	(166)	–	(166)	(159)	24	(135)
Tax rate differentials	3	–	3	(3)	–	(3)
Utilisation of brought forward expenses	–	–	–	–	(71)	(71)
Non-taxable gains on investments	–	7,615	7,615	–	(2,035)	(2,035)
Non-taxable currency gains	–	(156)	(156)	–	117	117
Total tax charge	**2,882**	**(408)**	**2,474**	**2,703**	**(560)**	**2,143**

(c) **Provision for deferred taxation**

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Opening balance	4	–	4	–	–	–
Deferred tax (credit)/charge for the year	(4)	–	(4)	4	–	4
Provision at end of the year	**–**	**–**	**–**	**4**	**–**	**4**

At the period end there is no unrecognised deferred tax asset (2020 – £nil) in relation to surplus management expenses.

Notes to the Financial Statements Continued

9. Dividends

	2021 £'000	2020 £'000
Amounts recognised as distributions to equity holders in the year:		
3rd interim dividend for 2020 of 1.8p per share (2019 – 1.7p)	2,579	2,417
4th interim dividend for 2020 of 4.3p per share (2019 – 3.6p)	6,161	5,117
1st interim dividend for 2021 of 1.8p per share (2020 – 1.7p)	2,579	2,417
2nd interim dividend for 2021 of 1.8p per share (2020 – 1.7p)	2,578	2,421
	13,897	**12,372**

The third interim dividend and proposed final dividend were unpaid at the year end. Accordingly, neither have been included as a liability in these financial statements.

The table below sets out the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Sections 1158–1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £16,885,000 (2020 – £16,265,000).

	2021 £'000	2020 £'000
1st interim dividend for 2021 of 1.8p per share (2020 – 1.7p)	2,579	2,417
2nd interim dividend for 2021 of 1.8p per share (2020 – 1.7p)	2,578	2,421
3rd interim dividend for 2021 of 1.9p per share (2020 – 1.8p)	2,718	2,579
Proposed final dividend for 2021 of 4.5p per share (2020 – 4th interim dividend – 4.3p)	6,410	6,161
	14,285	**13,578**

The cost of the proposed final dividend for 2021 is based on 142,434,638 Ordinary shares in issue, being the number of Ordinary shares in issue at the date of this report.

10. Return per Ordinary share

	2021		2020	
	£'000	p	£'000	p
Based on the following figures:				
Revenue return	16,885	11.79	16,265	11.42
Capital return	(40,960)	(28.60)	8,003	5.62
Total return	**(24,075)**	**(16.81)**	**24,268**	**17.04**
Weighted average number of Ordinary shares in issue		**143,206,658**		**142,446,904**

11. Investments at fair value through profit or loss

	2021 £'000	2020 £'000
Investments at fair value through profit or loss		
Opening book cost	388,574	361,576
Opening investment holdings gains	22,226	59,893
Opening fair value	410,800	421,469
Analysis of transactions made during the year		
Purchases at cost	246,078	165,097
Sales proceeds received	(212,235)	(186,792)
(Losses)/gains on investments[A]	(40,373)	11,035
Amortisation of fixed income book cost	(9)	(9)
Closing fair value	404,261	410,800
Closing book cost	395,289	388,574
Closing investment holdings gains	8,972	22,226
Closing fair value	**404,261**	**410,800**
Listed on overseas stock exchanges	**404,261**	**410,800**
Net (losses)/gains on investments		
(Losses)/gains on investments[A]	(40,373)	11,035
Investment holding gains/(losses) on traded options[B]	293	(327)
	(40,080)	**10,708**

[A] Includes losses realised on the exercise of traded options of £3,706,000 (2020 – £3,105,000) which are reflected in the capital column of the Statement of Comprehensive Income in accordance with accounting policy 2(j). Premiums received from traded options totalled £5,355,000 (2020 – £4,054,000) per note 4.
[B] Options associated are derivative liabilities at the year end.

The Company received £212,235,000 (2020 – £186,792,000) from investments sold in the year. The book cost of these investments when they were purchased was £239,354,000 (2020 – £138,090,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Transaction costs. During the year expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within gains on investments in the Statement of Comprehensive Income. The total costs were as follows:

	2021 £'000	2020 £'000
Purchases	105	77
Sales	194	163
	299	**240**

The above transaction costs are calculated in line with the AIC SORP. The transaction costs in the Company's Key Information Document are calculated on a different basis and in line with the PRIIPs regulations.

Notes to the Financial Statements Continued

12. Debtors: amounts falling due within one year

	2021 £'000	2020 £'000
Dividends receivable	814	779
Interest receivable	98	131
Other debtors and prepayments	101	68
Amount due from brokers	1,562	826
	2,575	**1,804**

13. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Amounts due to brokers	2,308	–
Investment management fee payable	1,351	758
Traded option contracts	144	668
Interest payable	117	17
Corporation tax payable	140	–
Other creditors	263	146
	4,323	**1,589**

14. Bank loan

	2021 £'000	2020 £'000
Repayable within one year:		
Bank loan	–	18,965

The Company agreed a US$75 million three year uncommitted multi-currency revolving loan facility with Scotiabank (Ireland) Designated Activity Company on 21 December 2017 of which US$50 million was drawn down and repaid on 21 December 2020.

Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
2.70% Senior Loan Notes – 10 years	18,206	–
2.96% Senior Loan Notes – 15 years	18,206	–
Unamortised Loan Note issue expenses	(76)	–
	36,336	**–**

On 21 December 2020 the Company issued a US$25 million 10 years Senior Loan Note at an annualised interest rate of 2.70% and a US$25 million 15 years Senior Loan Note at an annualised interest rate of 2.96%. The Loan Notes are unsecured and unlisted. Interest is payable in half yearly instalments in June and December and the Loan Notes are due to be redeemed at par on 21 December 2030 and 21 December 2035. The Company has complied with the Senior Loan Note Purchase Agreement covenant throughout the period since issue that the ratio of net assets to gross borrowings must be greater than 3.5:1, that net assets will not be less than £200,000,000, and that the total number of Listed Assets is to be more than 35.

The total fair value of the Senior Loan Notes at 31 January 2021 was £43,334,000 comprising £21,034,000 in respect of the 10 years 2.70% Senior Loan Note and £22,300,000 in respect of the 15 years 2.96% Senior Loan Note. The fair value of the Senior Loan Notes has been determined by aggregating the expected future cash flows for that loan discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time.

15. Called-up share capital

	2021 £'000	2020 £'000
Allotted, called-up and fully paid:		
Opening balance	7,164	7,108
Ordinary shares issued in the year	–	56
Ordinary shares bought back in the year	(13)	–
143,029,146 (2020 – 143,277,520) Ordinary shares of 5p each	**7,151**	**7,164**

During the year 248,374 (2020 – nil) Ordinary shares of 5p each were repurchased by the Company at a total cost, including transaction costs, of £560,000 (2020 – £nil).

During the year no Ordinary shares were issued (2020 – 1,125,000) and raised a total of £nil (2020 – £3,396,000) net of expenses.

Subsequent to the year end, the Company 594,508 Ordinary shares of 5p each were repurchased by the Company at a total cost, including transaction costs of £1,430,000.

16. Net asset value per Ordinary share. The net asset value per share and the net assets attributable to the Ordinary shareholders at the year end were as follows:

	2021	2020
Net assets attributable	£375,416,000	£413,948,000
Number of Ordinary shares in issue	143,029,146	143,277,520
Net asset value per share	262.48p	288.91p

Notes to the Financial Statements Continued

17. Analysis of changes in net debt

	At 31 January 2020 £'000	Currency differences £'000	Non Cash movement £'000	Cash flows £'000	At 31 January 2021 £'000
Cash and short term deposits	21,898	(1,319)	–	(11,340)	9,239
Debt due within one year	(18,965)	1,016	–	17,949	–
Debt due after more than one year	–	1,128	(3)	(37,461)	(36,336)
	2,933	**825**	**(3)**	**(30,852)**	**(27,097)**

	At 31 January 2019 £'000	Currency differences £'000	Non Cash movement £'000	Cash flows £'000	At 31 January 2020 £'000
Cash and short term deposits	18,593	(1,061)	–	4,366	21,898
Debt due within one year	(38,010)	445	–	18,600	(18,965)
	(19,417)	**(616)**	**–**	**22,966**	**2,933**

A statement reconciling the movement in net funds to the net cash flow has not been presented as there are no differences from the above analysis.

18. Financial instruments and risk management. The Company's investment activities expose it to various types of financial risk associated with the financial instruments and markets in which it invests. The Company's financial instruments, other than derivatives, comprise securities and other investments, cash balances, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income.

Subject to Board approval, the Company also has the ability to enter into derivative transactions, in the form of traded options, for the purpose of enhancing income returns and portfolio management. During the year, the Company entered into certain derivative contracts. As disclosed in note 4, the premium received in respect of options written in the year was £5,355,000 (2020 – £3,727,000). Positions closed during the year realised a loss of £3,706,000 (2020 – £3,105,000). The largest position in derivative contracts held during the year at any given time was £601,000 (2020 – £668,000). The Company had 2 (2020 – 9) open positions in derivative contracts at 31 January 2021 valued at a liability of £144,000 (2020 – £668,000) as disclosed in note 13.

The Board has delegated the risk management function to the Manager under the terms of its management agreement with ASFML (further details which are included under note 5). The Board regularly reviews and agrees policies for managing each of the key financial risks identified with the Manager. The types of risk and the Manager's approach to the management of each type of risk, are summarised below. Such an approach has been applied throughout the year and has not changed since the previous accounting period. The numerical disclosures exclude short-term debtors and creditors.

Risk management framework. The directors of ASFML collectively assume responsibility for ASFML's obligations under the AIFMD including reviewing investment performance and monitoring the Company's risk profile during the year.

ASFML is a fully integrated member of the Standard Life Aberdeen plc group of companies (referred to as "the Group"), which provides a variety of services and support to ASFML in the conduct of its business activities, including in the oversight of the risk management framework for the Company. The AIFM has delegated the day to day administration of the investment policy to Aberdeen Asset Managers Limited, which is responsible for ensuring that the Company is managed within the terms of its investment guidelines and the limits set out in FUND 3.2.2R (details of which can be found on the Company's website). The AIFM has retained responsibility for monitoring and oversight of investment performance, product risk and regulatory and operational risk for the Company.

The AIFM conducts its risk oversight function through the operation of the Group's risk management processes and systems which are embedded within the Group's operations. The Group's Risk Division supports management in the identification and mitigation of risks and provides independent monitoring of the business. The Division includes Compliance, Business Risk, Market Risk, Risk Management and Legal. The team is headed up by the Group's Head of Risk, who reports to the Chief Executive Officer of the Group. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group's operational risk management system ("SHIELD").

The Group's Internal Audit Department is independent of the Risk Division and reports directly to the Group's Chief Executive Officer and the Audit Committee of the Group's Board of Directors. The Internal Audit Department is responsible for providing an independent assessment of the Group's control environment.

The Group's corporate governance structure is supported by several committees to assist the board of directors of Standard Life Aberdeen plc, its subsidiaries and the Company to fulfil their roles and responsibilities. The Group's Risk Division is represented on all committees, with the exception of those committees that deal with investment recommendations. The specific goals and guidelines on the functioning of those committees are described on the committees' terms of reference.

Risk management. The main risks the Company faces from its financial instruments are (i) market risk (comprising interest rate risk, currency risk and price risk), (ii) liquidity risk and (iii) credit risk.

The Board regularly reviews and agrees policies for managing each of these risks. The Manager's policies for managing these risks are summarised below and have been applied throughout the year. The numerical disclosures exclude short-term debtors and creditors, other than for currency disclosures.

(i) Market risk. The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – interest rate risk, currency risk and other price risk.

Interest rate risk. Interest rate movements may affect:

– the fair value of the investments in fixed interest rate securities;

– the level of income receivable on cash deposits;

– interest payable on the Company's variable rate borrowings.

Management of the risk. The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

The Board reviews on a regular basis the values of the fixed interest rate securities.

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Borrowings comprise fixed rate, revolving and uncommitted facilities. Details of borrowings at 31 January 2021 are shown in note 14 on pages 66 and 67.

Notes to the Financial Statements Continued

Interest risk profile. The interest rate risk profile of the portfolio of financial instruments at the Statement of Financial Position date was as follows:

At 31 January 2021	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000	Non–interest bearing £'000
Assets					
Sterling	–	–	–	4,782	–
US Dollar	5.83	6.11	6,667	4,280	363,859
Canadian Dollar	–	–	–	177	33,735
Total assets			**6,667**	**9,239**	**397,594**
Liabilities					
Loan Notes- US$25,000,000	9.89	2.70	18,168	–	–
Loan Notes- US$25,000,000	14.90	2.96	18,168	–	–
Total liabilities			**36,336**	**–**	**–**

At 31 January 2020	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000	Non–interest bearing £'000
Assets					
Sterling	–	–	–	8,136	–
US Dollar	6.28	5.75	8,651	13,497	362,153
Canadian Dollar	–	–	–	265	39,996
Total assets			**8,651**	**21,898**	**402,149**
Liabilities					
Bank loan – US$25,000,000	0.07	2.63	–	(18,965)	–
Total liabilities			–	(18,965)	–

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The weighted average interest rate on bank loans is based on the interest rate payable, weighted by the total value of the loans. The maturity date of the Company's loan is disclosed in note 14.

The floating rate assets consist of cash deposits at prevailing market rates.

The non-interest bearing assets represent the equity element of the portfolio.

Short-term debtors and creditors have been excluded from the above tables.

Financial Liabilities. The company has fixed rate borrowings by way of its senior loan notes, details of which can be found in note 14.

Interest rate sensitivity. The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the Statement of Financial Position date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

The rate of interest on the loan is the percentage rate per annum which is the aggregate of the applicable margin, adjusted LIBOR and mandatory cost if any.

If interest rates had been 100 basis points higher or lower (based on current parameter used by Manager's Investment Risk Department on risk assessment) and all other variables were held constant, the Company's revenue return for the year ended 31 January 2021 would increase/decrease by £92,000 (2020 – decrease/increase by £29,000). This is mainly attributable to the Company's exposure to interest rates on its floating rate cash and loan balances.

In the opinion of the Directors, the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as part of the interest rate risk management process used to meet the Company's objectives. The risk parameters used will also fluctuate depending on the current market perception.

Foreign currency risk. The Company's portfolio is invested mainly in US quoted securities and the Statement of Financial Position can be significantly affected by movements in foreign exchange rates.

Management of the risk. It is not the Company's policy to hedge this risk on a continuing basis but the Company may, from time to time, match specific overseas investment with foreign currency borrowings. A significant proportion of the Company's borrowings, as detailed in note 14, are denominated in foreign currency. Foreign currency risk exposure by currency denomination is detailed under Interest Risk Profile.

The revenue account is subject to currency fluctuation arising on overseas income. The Company does not hedge this currency risk.

Foreign currency sensitivity. There is no sensitivity analysis included as the Company's significant foreign currency financial instruments are in the form of equity investments, and they have been included within the other price risk sensitivity analysis so as to show the overall level of exposure.

Price risk. Price risks (ie changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments.

Management of the risk. It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular country or sector. The allocation of assets to international markets and the stock selection process, as detailed on page 71, both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on various stock exchanges.

Price risk sensitivity. If market prices at the Statement of Financial Position date had been 10% higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 January 2021 would have increased/decreased by £40,426,000 (2020 – increase/decrease of £41,080,000) and equity reserves would have increased/decreased by the same amount.

(ii) Liquidity risk. This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk. Liquidity risk is not considered to be significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of the loan facility (note 14).

(iii) Credit risk. This is failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.

Notes to the Financial Statements Continued

Management of the risk

– where the Manager makes an investment in a bond, corporate or otherwise, the credit ratings of the issuer are taken into account so as to manage the risk to the Company of default;

– investments in quoted bonds are made across a variety of industry sectors so as to avoid concentrations of credit risk;

– transactions involving derivatives are entered into only with investment banks, the credit rating of which is taken into account so as to minimise the risk to the Company of default;

– investment transactions are carried out with a number of brokers, whose credit-standing is reviewed periodically by the Manager, and limits are set on the amount that may be due from any one broker;

– the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a daily basis. In addition, both stock and cash reconciliations to the custodian's records are performed on a daily basis to ensure discrepancies are investigated on a timely basis. The Manager's Compliance department carries out periodic reviews of the custodian's operations and reports its finding to the Manager's Risk Management Committee;

– cash is held only with reputable banks with acceptable credit quality. It is the Manager's policy to trade only with A- and above (Long Term rated) and A-1/P-1 (Short Term rated) counterparties.

Credit risk exposure. In summary, compared to the amounts in the Statement of Financial Position, the exposure to credit risk at 31 January 2021 was as follows:

		2021		2020
	Statement of Financial Position £'000	Maximum exposure £'000	Statement of Financial Position £'000	Maximum exposure £'000
Non-current assets				
Quoted bonds	6,667	6,667	8,651	8,651
Current assets				
Amount due from brokers	1,562	1,562	826	826
Dividends receivable	814	814	779	779
Interest receivable	98	98	131	131
Other debtors and prepayments	101	101	68	68
Cash and short term deposits	9,239	9,239	21,898	21,898
	18,481	**18,481**	**32,353**	**32,353**

None of the Company's financial assets are secured by collateral or other credit enhancements.

Credit ratings. The table below provides a credit rating profile using Standard and Poors credit ratings for the quoted bonds at 31 January 2021 and 31 January 2020:

	2021 £'000	2020 £'000
B	665	–
BB+	376	1,055
BB	2,408	4,037
BB–	1,530	1,602
BBB–	1,688	1,957
	6,667	**8,651**

Fair values of financial assets and financial liabilities. The book value of cash at bank and bank loans and overdrafts included in these financial statements approximate to fair value because of their short-term maturity. Investments held as dealing investments are valued at fair value. The carrying values of fixed asset investments are stated at their fair values, which have been determined with reference to quoted market prices. For all other short-term debtors and creditors, their book values approximate to fair values because of their short-term maturity.

19. Capital management policies and procedures. The investment objective of the Company is to provide investors with above average dividend income and long term capital growth through active management of a portfolio consisting predominately of S&P 500 US equities.

The capital of the Company consists of bank borrowings and equity comprising issued capital, reserves and retained earnings. The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

– the planned level of gearing which takes into account the Investment Manager's views on the market;
– the level of equity shares in issue; and
– the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

Details of the Company's gearing facilities and financial covenants are detailed in note 14 of the financial statements.

20. Fair value hierarchy. FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following classifications:

Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.

Level 3: inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

The financial assets and liabilities measured at fair value in the Statement of Financial Position are grouped into the fair value hierarchy at the reporting date as follows:

Notes to the Financial Statements Continued

As at 31 January 2021	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	397,594	–	–	397,594
Quoted bonds	b)	–	6,667	–	6,667
		397,594	**6,667**	**–**	**404,261**
Financial liabilities at fair value through profit or loss					
Derivatives	c)	–	(144)	–	(144)
Net fair value		**397,594**	**6,523**	**–**	**404,117**

As at 31 January 2020	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	402,149	–	–	402,149
Quoted bonds	b)	–	8,651	–	8,651
		402,149	**8,651**	**–**	**410,800**
Financial liabilities at fair value through profit or loss					
Derivatives	c)	–	(668)	–	(668)
Net fair value		**402,149**	**7,983**	**–**	**410,132**

a) **Quoted equities.** The fair value of the Company's investments in quoted equities has been determined by reference to their quoted bid prices at the reporting date. Quoted equities included in Fair Value Level 1 are actively traded on recognised stock exchanges.

b) **Quoted bonds.** The fair value of the Company's investments in quoted bonds has been determined by reference to their quoted bid prices at the reporting date. Investments categorised as Level 2 are not considered to trade in active markets.

c) **Derivatives.** The Company's investment in exchange traded options have been fair valued using quoted prices and have been classified as Level 2 as they are not considered to trade in active markets.

The fair value of the senior loan notes has been calculated as £43,334,000 (2020 – £nil), determined by aggregating the expected future cash flows for that loan discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time, compared to carrying amortised cost of £36,336,000 (2020 – £nil).

21. Related party transactions

Directors' fees and interests. Fees payable during the year to the Directors and their interests in shares of the Company are disclosed within the Directors' Remuneration Report on pages 44 and 45.

Transactions with the Manager. The Company has an agreement with the Manager for the provision of investment management, secretarial, accounting and administration and promotional activity services.

Details of transactions during the year and balances outstanding at the year end are disclosed in notes 5 and 7.

Subsequent to the year end, the Board and the Manager agreed that with effect from 1 May 2021 the value of the net assets that will be subject to highest tier of fees, of 0.75% per annum, will be reduced from £350 million to £250 million.

Alternative Performance Measures

Alternative performance measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes FRS 102 and the AIC SORP. The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies.

Total return. Total return is considered to be an alternative performance measure. NAV and share price total returns show how the NAV and share price has performed over a period of time in percentage terms, taking into account both capital returns and dividends paid to shareholders. NAV total return involves investing the net dividend in the NAV of the Company with debt at fair value on the date on which that dividend goes ex-dividend. Share price total return involves reinvesting the net dividend in the share price of the Company on the date on which that dividend goes ex-dividend.

The tables below provide information relating to the NAVs and share prices of the Company on the dividend reinvestment dates during the years ended 31 January 2021 and 31 January 2020 and total return for the years.

2021	Dividend rate	NAV	Share price
31 January 2020[A]	N/A	287.11p	290.00p
7 May 2020	4.30p	246.89p	233.00p
16 July 2020	1.80p	259.66p	224.50p
1 October 2020	1.80p	249.27p	220.00p
31 January 2021	N/A	262.48p	234.00p
Total return		**–5.7%**	**–16.5%**

[A] NAV per Statement of Financial Position of 288.91p reduced by 1.80p to take account of the dividend going ex-div on 30 January 2020.

2020	Dividend rate	NAV	Share price
31 January 2019	N/A	280.44p	268.00p
9 May 2019	3.60p	286.52p	282.00p
18 July 2019	1.70p	303.56p	304.00p
3 October 2019	1.70p	292.11p	294.50p
30 January 2020	1.80p	294.08p	290.00p
31 January 2020[A]	N/A	287.11p	290.00p
Total return		**+5.5%**	**+11.5%**

[A] NAV per Statement of Financial Position of 288.91p reduced by 1.80p to take account of the dividend going ex-div on 30 January 2020.

Dividend cover. Revenue return per share of 11.79p (31 January 2020 – 11.42p) divided by dividends per share of 10.00p (31 January 2020 – 9.50p) expressed as a ratio.

Dividend yield. The annual dividend of 10.00p per Ordinary share (31 January 2020 – 9.50p) divided by the share price of 234.00p (31 January 2020 – 290.00p), expressed as a percentage.

Net cash/gearing. Net cash/gearing measures cash and cash equivalents of £8,493,000 (31 January 2020 – £22,724,000) less total borrowings of £36,336,000 (31 January 2020 – £18,965,000) divided by shareholders' funds of £375,416,000 (31 January 2020 – £413,948,000), expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes net amounts due to brokers at the year end of £746,000 (31 January 2020 – due from brokers of £826,000) as well as cash and short term deposits of £9,239,000 (31 January 2020 – £21,898,000).

Alternative Performance Measures Continued

(Discount)/premium. The difference between the share price of 234.00p (31 January 2020 – 290.00p) and the net asset value per Ordinary share of 262.48p (31 January 2020 – 288.91p) expressed as a percentage of the net asset value per Ordinary share.

Ongoing charges ratio. Ongoing charges ratio is considered to be an alternative performance measure. The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC which is defined as the total of investment management fees and administrative expenses and expressed as a percentage of the average net asset values with debt at fair value throughout the year.

	2021	2020
Investment management fees (£'000)	2,681	3,060
Administrative expenses (£'000)	753	757
Ongoing charges (£'000)	**3,434**	**3,817**
Average net assets (£'000)	**371,338**	**420,761**
Ongoing charges ratio (excluding look-through costs)	**0.92%**	**0.91%**
Look-through costs[A]	**0.09%**	**0.06%**
Ongoing charges ratio (including look-through costs)	**1.01%**	**0.97%**

[A] Costs associated with holdings in collective investment schemes as defined by the Committee of European Securities Regulators' guidelines on the methodology for the calculation of the ongoing charges figure, issued on 1 July 2010.

The ongoing charges ratio provided in the Company's Key Information Document is calculated in line with the PRIIPs regulations which includes finance costs and transaction charges.

Corporate Information

The Company's Investment Manager, Aberdeen Asset Management Inc. is a subsidiary of Standard Life Aberdeen plc, whose group companies as at 31 December 2020 had approximately £535 billion of assets under management and administration.

Information about the Manager

Aberdeen Standard Fund Managers Limited ("ASFML"), authorised and regulated by the Financial Conduct Authority, has been appointed as the alternative investment fund manager to the Company. ASFML has in turn delegated portfolio management to Aberdeen Asset Management Inc. (AAMI).

Both ASFML and AAMI are subsidiaries of Standard Life Aberdeen plc.

Aberdeen Standard Investments ("ASI") is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.

Aberdeen Standard Investments' senior management team

Ralph Bassett
Head of North American Equities

Graduated with a BS in Finance, with honors, from Villanova University and is a CFA® Charterholder. Joined ASI in 2006 from Navigant Consulting and is ASI's Head of North American Equity.

Fran Radano
Investment Director - North American Equities

Graduated with a BA in Economics from Dickinson College and an MBA in Finance from Villanova University and is a CFA® Charterholder. Joined ASI in 2007 following the acquisition of Nationwide Financial Services. Previously worked at Salomon Smith Barney and SEI Investments.

The Investment Process

Philosophy and Style

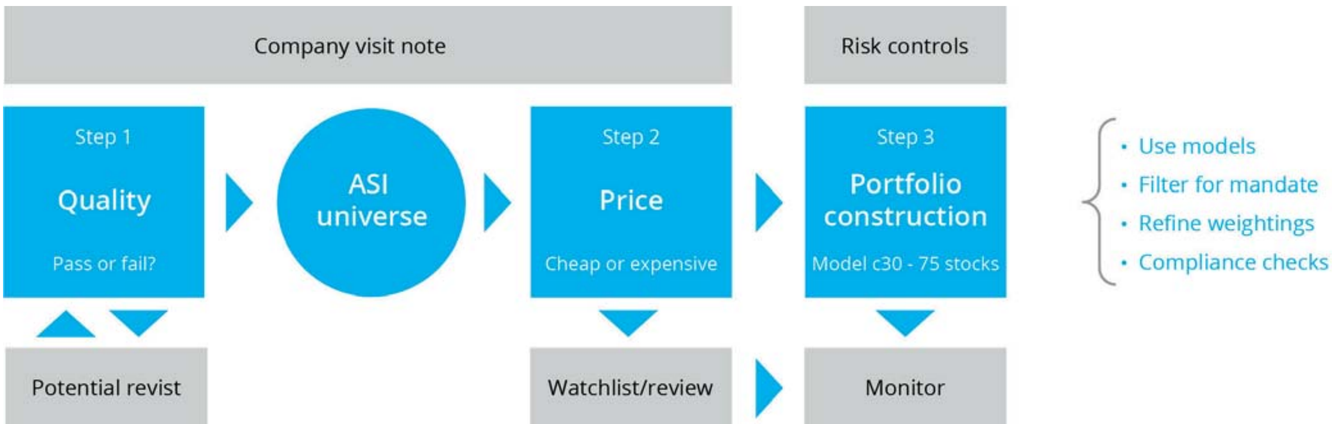
The Manager's investment philosophy is that markets are not always efficient. The Manager believe that superior investment returns are therefore attainable by identifying good companies cheaply, defined in terms of the fundamentals that in their opinion drive share prices over the long term. They undertake substantial due diligence before initiating any investment including company visits in order to assure themselves of the quality of the prospective investment. They are then careful not to pay too high a price when making the investment.

Subsequent to that investment they then keep in close touch with the company, aiming to meet management at least twice a year. Given their long-term fundamental investment philosophy, one would not expect much change in the companies in which the Manager invest. They do, however, take opportunities offered to them by what they see as anomalous price movements within stockmarkets to either top up or top slice positions, which accounts for the bulk of the activity within the portfolio during the year under review.

Risk Controls

The Manager seeks to minimise risk by their in-depth research. They do not view divergence from a benchmark as risk – they view investment in poorly run expensive companies that they do not understand as risk. In fact where risk parameters are expressed in benchmark relative terms, asset – including sector – allocation constitutes a significant constraint on stock selection. Hence diversification of stocks provides our main control.

The Manager's performance and investment risk unit independently monitors portfolio positions, and reports monthly. As well as attributing performance it also produces statistical analysis, which is used by the Manager primarily to check the portfolio is behaving as expected, not as a predictive tool.



Overview
Strategic Report
Portfolio
Governance
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Corporate Information

Investor Information

Investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively, for retail clients, shares may be bought directly through Aberdeen Standard Investment Trust Share Plan, Individual Savings Account ("ISA") and Investment Plan for Children.

Suitable for Retail/NMPI Status

The Company's shares are designed for investors primarily in the UK (including retail investors), professional-advised private clients and institutional investors who seek income and capital growth from investment in North American markets and who understand and are willing to accept the risks of exposure to equities. 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.

The Company currently conducts its affairs so that securities issued by The North American Income Trust plc can be recommended by a financial adviser to ordinary retail investors in accordance with the Financial Conduct Authority's (FCA) rules in relation to non-mainstream pooled investments (NMPIs) and intends to continue to do so for the foreseeable future.

The Company's securities are excluded from the FCA's restrictions which apply to non-mainstream pooled investments because they are shares in an investment trust.

Aberdeen Standard Investment Plan for Children

Aberdeen Standard Investments runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management, including The North American Income Trust plc. Anyone can invest in the Children's Plan, including parents, grandparents and family friends (subject to the eligibility criteria as stated within the terms and conditions). All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing Aberdeen in writing at any time.

Aberdeen Standard Investment Trust Share Plan

Aberdeen runs a Share Plan (the "Plan") through which shares in The North American Income Trust plc can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing Aberdeen in writing at any time.

Aberdeen Standard Investment Trust ISA

An investment of up to £20,000 can be made in the tax year 2021/22.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT, calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. Under current legislation, investments in ISAs can grow free of capital gains tax.

Dividend Tax Allowance

The annual tax-free personal allowance on dividend income is £2,000 for the 2021/22 tax year. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will continue to provide registered shareholders with a confirmation of dividends paid by the Company and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

ISA Transfer

You can choose to transfer previous tax year investments to us, which can be invested in The North American Income Trust plc while retaining your ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per trust of £250.

Nominee Accounts and Voting Rights
All investments in Aberdeen Standard investment trust products are held in nominee accounts and investors have full voting and other rights of share ownership.

Note
Please remember that past performance is not a guide to the future. Stockmarket and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs, may be changed by future legislation.

Keeping You Informed
The North American Income Trust plc's share price appears daily in the Financial Times.

For internet users, detailed data on The North American Income Trust plc, including price, performance information and a monthly factsheet, is available on the Company's website (**www.northamericanincome.co.uk**) and the TrustNet website (**www.trustnet.co.uk**). Alternatively you can call **0808 500 0040** for trust information.

Registrar
If you have an administrative query which relates to a direct shareholding, please contact the Company's Registrar, as follows:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Telephone: **0370 889 4084**
Website: **www.computershare.co.uk**
Email: **www-uk.computershare.com/investor/contactus**

Customer Service
For literature and application forms for the Company and the Aberdeen Standard range of investment trust products, please telephone **0808 500 4000** or request from the website **https://www.invtrusts.co.uk/en/fund-centre#literature**

For information on the Aberdeen Standard investment trust products please contact:

Aberdeen Standard Investment Trust Administration
PO Box 11020
Chelmsford
Essex CM99 2DB

Tel: **0808 500 0040**
E-mail: **inv.trusts@aberdeen-asset.com**
Website: **www.invtrusts.co.uk**

Terms and conditions for the Aberdeen Standard investment trust products can be found under the literature section of the above website.

Online Dealing providers and platforms
There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the Company, such as self-invested personal persion (SIPP). Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms. Some well-known online providers, which can be found through internet search engines, include:

AJ Bell You Invest; Barclays Smart Investor; Charles Stanley Direct; EQi; Fidelity; Halifax; Hargreaves Lansdown; Interactive Investor; Novia; Transact and Standard Life.

Discretionary Private Client Stockbrokers
If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit The Personal Investment Management & Financial Advice Association at: **pimfa.co.uk**.

Financial Advisers
To find an adviser who recommends on investment trusts, visit: **unbiased.co.uk**

Regulation of Stockbrokers
Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority:

Tel: **0800 111 6768** or
Website: **fca.org.uk/firms/systems-reporting/register**
Email: **register@fca.org.uk**

Investor Information Continued

PRIIPS (Packaged Retail and Insurance-based Investment Products)

Investors should be aware that the PRIIPS Regulation requires the Manager, as PRIIP manufacturer, to prepare a key information document ("KID") in respect of the Company. This KID must be made available by the Manager to retail investors prior to them making any investment decision and is available on the Manager's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by the law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

Key Information Document ("KID")

The KID relating to the Company and published by the Manager can be found on the Manager's website at **https://www.invtrusts.co.uk/en/fund-centre#literature**

Investor Warning

The Board has been made aware by Aberdeen Standard Investments ("ASI") that some investors have received telephone calls from people purporting to work for ASI, or third parties, who have offered to buy their investment trust shares. These may be scams which attempt to gain personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from an investor is required to release the supposed payment for their shares. These callers do not work for ASI and any third party making such offers has no link with ASI. ASI never makes these types of offers and does not 'cold-call' investors in this way. If investors have any doubt over the veracity of a caller, they should not offer any personal information, end the call and contact ASI's investor services centre using the details provided below.

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams: **fca.org.uk/consumers/scams**.

The above information has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Standard Fund Managers Limited, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Alternative Investment Fund Managers Directive Disclosures (unaudited)

Aberdeen Standard Fund Managers Limited ("ASFML") and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ("AIFMD"). Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ("PIDD") the latest version of which can be found on the Company's website **www.northamericanincome.co.uk**.

There have been no material changes to the disclosures contained within the PIDD since its most recent update in April 2021.

The periodic disclosures as required under the AIFMD to investors are made below:

- information on the investment strategy, geographic and sector investment focus and principal stock exposures is included in the Strategic Report;
- none of the Company's assets are subject to special arrangements arising from their illiquid nature;
- the Strategic Report on pages 8 to 14, Note 18 to the Financial Statements and the PIDD, together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected;
- there are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by Aberdeen Standard Fund Managers Limited ("the AIFM");
- authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the AIFM's remuneration policy is available from the Company Secretaries, Aberdeen Asset Management PLC on request (see contact details on page 92) and the remuneration disclosures in respect of the AIFM's reporting period for the year ended 31 December 2020 are available on the Company's website.

Leverage

The table below sets out the current maximum permitted limit and actual level of leverage for the Company:

	Gross Method	Commitment Method
Maximum level of leverage	2.50:1	2.00:1
Actual level at 31 January 2021	1.18:1	1.20:1

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There is no right of re-use of collateral or any guarantees granted under the leveraging arrangement. Changes to the information contained either within this annual report or the PIDD in relation to any special arrangements in place, the maximum level of leverage which the AIFM may employ on behalf of the Company; the right of use of collateral or any guarantee granted under any leveraging arrangement; or any change to the position in relation to any discharge of liability by the Depositary will be notified via a regulatory news service without undue delay in accordance with the AIFMD.

The information on this page has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Standard Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Glossary of Terms and Conditions

Aberdeen Standard Investments	Aberdeen Standard Investments ("ASI") is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.
ASFML or AIFM or Manager	Aberdeen Standard Fund Managers Limited (ASFML) is a wholly owned subsidiary of Standard Life Aberdeen plc and acts as the alternative investment fund manager (AIFM) for the Company. It is authorised and regulated by the Financial Conduct Authority.
AAMI or Investment Manager	Aberdeen Asset Management Inc. ("AAMI" or "Investment Manager") is a subsidiary company of Standard Life Aberdeen plc which has been delegated responsibility for the Company's day-to-day investment management.
Alternative Performance Measures	An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.
AIC	The Association of Investment Companies.
AIFMD or the Directive	The Alternative Investment Fund Managers Directive (AIFMD) is European legislation which created a European-wide framework for regulating managers of 'alternative investment funds' ("AIFs"). It is designed to regulate any fund which is not a UCITS fund and which is managed and/or marketed in the EU. The Company has been designated as an AIF.
Asset Cover	The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security.
Closed-End Fund	A collective investment scheme which has a fixed number of shares which are not redeemable from the fund itself. Unlike open-ended funds, new shares/units are not created by managers to meet demand from investors; instead, shares are purchased (or sold) only in the market. Closed-end funds are normally listed on a recognised stock exchange, such as the London Stock Exchange, and shares can be bought and sold on that exchange.
Discount	The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.
Dividend Cover	Earnings per share divided by dividends per share expressed as a ratio.
Dividend Yield	The annual dividend expressed as a percentage of the share price.
ESG	Environmental, Social and Governance
FCA	Financial Conduct Authority
Investment Trust	A type of Closed-End Fund which invests in other securities, allowing shareholders to share the risks, and returns, of collective investment.
Key Information Document or KID	The Packaged Retail and Insurance-based Investment Products ("PRIIPS") Regulation requires the Manager, as the Company's PRIIP 'manufacturer', to prepare a Key Information Document ("KID") in respect of the Company. This KID must be made available by the Manager to retail investors prior to them making any investment decision and is available via the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

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

Net Asset Value ("NAV")
The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.

Net Gearing/Cash
Net gearing/cash is calculated by dividing total borrowings less cash or cash equivalents, by shareholders' funds expressed as a percentage.

Ongoing Charges
Ratio of expenses as percentage of average daily shareholders' funds calculated as per the AIC's industry standard method.

PIDD
The pre-investment disclosure document made available by the AIFM in relation to the Company.

Premium
The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.

Price/Earnings (P/E) Ratio
The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stockmarket's view of a company's prospects and profit growth potential.

Prior Charges
The name given to all borrowings including debentures, loan and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.

Standard Life Aberdeen plc or the Group
The Standard Life Aberdeen plc group of companies. Standard Life Aberdeen plc was formed by the merger of Aberdeen Asset Management PLC and Standard Life plc on 14 August 2017.

Total Assets
Total Assets as per the balance sheet less current liabilities (before deducting prior charges as defined above).

Total Return
Total Return involves reinvesting the net dividend in the month that the share price goes ex-dividend. The NAV Total Return involves investing the same net dividend in the NAV of the Company on the date to which that dividend was earned.

Notice of Annual General Meeting

Notice is hereby given that the one hundred and eighteenth Annual General Meeting of The North American Income Trust plc will be held at the offices of Aberdeen Standard Investments, 6 St Andrew Square, Edinburgh on 1 June 2021 at 11.00 am, for the following purposes:

To consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 12 inclusive will be proposed as ordinary resolutions and resolutions 13 to 15 inclusive will be proposed as special resolutions.

Ordinary Business

1. To receive and adopt the reports of the Directors and the auditors and the audited financial statements for the year ended 31 January 2021.
2. To receive and adopt the Directors' Remuneration Report (other than the Directors' Remuneration Policy) for the year ended 31 January 2021.
3. To approve a final dividend of 4.5p per share for the year ended 31 January 2021
4. To re-elect James Ferguson as a Director of the Company.
5. To re-elect Karyn Lamont as a Director of the Company.
6. To re-elect Susannah Nicklin as a Director of the Company.
7. To re-elect Charles Park as a Director of the Company.
8. To re-elect Susan Rice as a Director of the Company.
9. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company.
10. To authorise the Directors to fix the remuneration of the auditors for the year ending 31 January 2022.
11. That the Company should continue as an investment trust.
12. That, in substitution for any pre-existing power to allot or grant rights to subscribe for or to convert any security into shares in the Company, but without prejudice to the exercise of any such authority prior to the date of the passing of this resolution, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("securities") up to an aggregate nominal amount of £2,373,911 or, if less, the number representing 33.33% of the issued Ordinary share capital of the Company immediately following the conclusion of the Annual General Meeting, such authority to expire on 31 July 2022 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2022, unless previously revoked, varied or extended by the Company in general meeting, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority and the Directors may allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired.

13. That, subject to the passing of the resolution numbered 12 set out in the notice of this meeting ("Section 551 Resolution") and in substitution for any existing authority under sections 570 and 573 of the Companies Act 2006 (the "Act") but without prejudice to the exercise of any such authority prior to the date of the passing of this resolution, the Directors of the Company be empowered pursuant to sections 570 and 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) either pursuant to the authorisation conferred by the Section 551 Resolution or by way of a sale of treasury shares, in each case for cash as if section 561(1) of the Act did not apply to such allotment or sale, provided that this power shall be limited to the allotment or sale out of treasury of equity securities up to an aggregate nominal amount of £712,173 or, if less, the number representing 10% of the issued Ordinary share capital of the Company immediately following the conclusion of the Annual General Meeting and such power shall expire at the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2022 or on 31 July 2022, but so that this power shall enable the Company to make offers, sales or agreements before such expiry which would or might require equity securities to be allotted or sold after such expiry and the Directors of the Company may allot or sell from treasury equity securities in pursuance of any such offer, sale or agreement as if such expiry had not occurred

14. That, in substitution for any existing authority under Section 701 of the Companies Act 2006 (the "Act"), but without prejudice to the exercise of any such authority prior to the date of passing of this resolution, the Company be generally and unconditionally authorised, in accordance with Section 701 of the Act, to make market purchases (within the meaning of Section 693(4) of the Act)

of fully paid Ordinary shares in the capital of the Company ("Ordinary shares") and to cancel or to hold in treasury such shares, provided that:–

a) the maximum aggregate number of Ordinary shares hereby authorised to be purchased is 21,350,952 Ordinary shares or, if less, the number representing approximately 14.99% of the issued Ordinary Share capital of the Company as at the date of the passing of this resolution;

b) the minimum price which may be paid for an Ordinary share shall be 5 pence (exclusive of expenses);

c) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall be the higher of (i) 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the Ordinary shares for the five business days immediately preceding the date of purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid relating to an Ordinary share on the trading venue where the purchase is carried out; and

d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 31 July 2022 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2022, save that the Company may, at any time prior to such expiry, enter into a contract or contracts to purchase Ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary shares pursuant to any such contract or contracts as if such authority had not expired.

Special Business

15. That the Articles of Association produced to the meeting and signed by the chairman of the meeting for the purposes of identification, be approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association, with effect from the conclusion of the 2021 Annual General Meeting.

By order of the Board

Registered office:
1 George Street
Edinburgh EH2 2LL
26 April 2021

Aberdeen Asset Management PLC
Secretary

NOTES:

(i) A member is entitled to appoint a proxy or proxies to exercise all or any of their rights to attend, speak and vote on their behalf. A proxy need not be a member of the Company. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman of the meeting) and give your instructions directly to them. Please note that, should restrictions on movement and in relation to public gatherings put in place in response to the Coronavirus outbreak still remain in place by the time of the meeting, it is unlikely that your vote will be counted where a proxy other than the Chairman of the Meeting is appointed as additional third parties may not be permitted entry to the meeting. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms or would like to appoint more than one proxy, please contact the Company's Registrars, Computershare Investor Services PLC on 0370 889 4084. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first-named being the most senior). A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every Ordinary share of which he/she is the holder.

(ii) A form of proxy for use by members is enclosed with this Notice of Meeting. Completion and return of the form of proxy will not prevent any member from attending the Meeting and voting in person, although please note that, in the light of the ongoing Coronavirus outbreak and Government restrictions on gatherings and movement, shareholders are encouraged not to attend the AGM in person. To be valid, the form of proxy should be lodged, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority with the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, so as to be received not less than 48 hours (excluding non-working days) before the time of the Meeting.

Notice of Annual General Meeting Continued

(iii) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, to have the right to attend and vote at the Meeting a member must first have his or her name entered in the Company's register of members by not later than 6.00 pm on 27 May 2021 (or, in the event that the Meeting is adjourned, at 6.00pm on the day which is two business days before the time of the adjourned Meeting). Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the Meeting.

(iv) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the website www.euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

(v) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's Registrar (ID 3RA50) no later than 48 hours (excluding non-working days) before the time of the Meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

(vi) CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(vii) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

(viii) The "vote withheld" option on the proxy form is provided to enable a member to abstain on any particular resolution. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "for" or "against" a particular resolution.

(ix) The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in notes i) and ii) above does not apply to Nominated Persons. The rights described in these notes can only be exercised by members of the Company.

(x) No Director has a service contract with the Company. Copies of the Directors' letters of appointment are available for inspection during usual business hours at the Company's registered office. The documents will also be available to view online at **www.northamericanincome.co.uk** from the date of this notice until close of the 2021 Annual General Meeting.

(xi) As at close of business on 9 April 2021 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 142,434,638 Ordinary shares of 5p each. The total number of voting rights in the Company as at 9 April 2021 was 142,434,638.

(xiii) Any person holding 3% or more of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the UK Disclosure Guidance and Transparency Rules.

(xiv) Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.

(xv) Under section 527 of the Companies Act 2006 (the "Act"), shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the auditors' report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.

(xvi) Information regarding the Annual General Meeting, including information required by Section 311A of the Companies Act 2006, is available from the Company's website, **www.northamericanincome.co.uk**.

(xvii) Under Section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the Meeting put by a member attending the Meeting unless:

1. answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
2. the answer has already been given on a website in the form of an answer to a question; or
3. it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

(xviii) Members who have general queries about the Annual General Meeting should contact the Company Secretary in writing. Members are advised that, unless otherwise stated, any telephone number, website or e-mail address which may be set out in this notice of Annual General Meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

(xix) There are special arrangements for holders of shares through the Aberdeen Standard investment trust products. These are explained in the 'Letter of Direction' which such holders will have received with this report.

(xx) The full terms of the proposed amendments to the Company's articles of association would have been made available for inspection as required under LR 13.8.10R (2) but for the Government restrictions implemented in response to the Coronavirus pandemic. As an alternative, a copy of the proposed new articles of association of the Company, together with a copy of the existing articles of association of the Company marked to show the changes being proposed, will instead be available for inspection on the Company's website, www.northamericanincome.co.uk, from the date of the Notice of the Annual General Meeting until the close of the meeting. In the event that the current Coronavirus related restrictions are lifted before the Annual General Meeting, a hard copy of the proposed new articles of association of the Company, together with a copy of the existing articles of association of the Company marked to show the changes being proposed, will be available for inspection at Bow Bells House, 1 Bread Street, London EC4M 9HH until the close of the meeting.

(xxi) Given the risks posed by the spread of the Coronavirus and in accordance with the provisions of the articles of association and Government guidance, physical attendance at the Annual General Meeting is unlikely to be possible and shareholders are encouraged to exercise their votes by completing and returning their proxy forms (appointing the Chairman of the meeting as their proxy) in accordance with the instructions contained thereon. If the law or Government guidance so requires at the time of the meeting, the Chairman will limit, in hissole discretion, the number of individuals in attendance at the meeting. Should the Government measures be relaxed by the time of the meeting, the Company may still impose entry restrictions on certain persons wishing to attend the Annual General Meeting in order to ensure the safety of those attending the meeting.

Appendix to the Notice of the Annual General Meeting

Summary of the principal amendments to the Company's articles of association

Set out below is a summary of the principal amendments which will be made to the Company's Existing Articles through the adoption of the New Articles if Resolution 15 to be proposed at the AGM is approved by shareholders.

This summary is intended only to highlight the principal amendments to the Existing Articles. It is not intended to be comprehensive and cannot be relied upon to identify amendments or issues which may be of interest to all shareholders. This summary is not a substitute for reviewing the full terms of the New Articles which will be available for inspection on the Company's website, ***www.northamericanincome.co.uk****, from the date of the AGM Notice until the close of the AGM.*

Hybrid/Virtual-only shareholder meetings

The New Articles permit the Company to hold shareholder meetings on a virtual basis, whereby shareholders are not required to attend the meeting in person at a physical location but may instead attend and participate using electronic means. A shareholder meeting may be virtual-only if attendees participate only by way of electronic means, or may be held on a hybrid basis whereby some attendees attend in person at a physical location and others attend remotely using electronic means. This should make it easier for the Company's shareholders to attend shareholder meetings if the Board elects to conduct meetings using electronic means. Amendments have been made throughout the New Articles to facilitate the holding of hybrid or virtual-only shareholder meetings.

While the New Articles (if adopted) would permit shareholder meetings to be conducted using wholly electronic means (i.e. with no physical 'place' of meeting), the Directors have no present intention of holding a virtual-only meeting. The amendments are intended to facilitate shareholder attendance in situations where shareholders are prevented, through laws or regulations, from attending at a physical location and/or to ensure the safety of shareholders. It is important to note that the amendments do not prevent the Company from holding physical meetings and the Board's intention is always to hold a physical AGM provided it is both safe and practical to do so.

International tax regimes requiring the exchange of information

The Board is proposing to include provisions in the New Articles to provide the Company with the ability to require shareholders to co-operate in respect of the exchange of information in order to comply with the Company's international tax reporting obligations.

The Hiring Incentives to Restore Employment Act 2010 of the United States of America (commonly known as the Foreign Account Tax Compliance Act) and all associated regulations and official guidance ('**FATCA**') imposes a system of information reporting on certain entities including foreign financial institutions such as the Company following the enactment of the UK International Tax Compliance (United States of America) Regulations 2013 on 1st September 2013 (as replaced by the International Tax Compliance Regulations 2015 (the '**Regulations**')).

It is proposed that the Existing Articles be amended to provide the Company with the ability to require shareholders to co-operate with it so that the Company is able to comply with its obligations under the Regulations in order to avoid being deemed to be a 'Nonparticipating Financial Institution' for the purposes of FATCA and consequently having to pay withholding tax to the US Internal Revenue Service. The Existing Articles will also be amended to ensure that the Company will not be liable for any monies that become subject to a deduction or withholding relating to FATCA, as such liability would be to the detriment of shareholders as a whole.

The Regulations also include the automatic exchange of information regimes brought in by the tax regulation under the OECD (Organisation for Economic Co-operation and Development) Common Reporting Standard for Automatic Exchange of Financial Account Information (the "**Common Reporting Standard**") which requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. As a result, the Company will have to provide information annually to the local tax authority on the tax residency of a number of non-UK based certified shareholders and corporate entities.

Therefore, the Existing Articles will also be amended in order to provide the Company with the ability to require shareholders to co-operate in respect of these broader obligations including its obligations under the Common Reporting Standard and FATCA.

Minor amendments

The Board is also taking the opportunity to make some additional minor or technical amendments to the Existing Articles, including: (i) amendments in response to the requirements of the Alternative Investment Fund Managers Directive (2011/61/EU) as implemented in the UK (such amendments simply reflect best practice, have no bearing on current practice and simply articulate the minimum requirements of the AIFM Directive as implemented in the UK); (ii) providing the Directors with the ability to require additional safety measures to be put in place at general meetings of the Company; (iii) the inclusion of a procedure in the event an insufficient number of Directors are re-elected at an annual general meeting of the Company; (iv) clarifying that the consideration (if any) received by the Company upon the sale of any share which is forfeited by a shareholder pursuant to the New Articles will belong to the Company; (v) simplifying the procedure in relation to the untraced shareholders procedure by removing the requirement for the Company to publish newspaper advertisements and providing that the consideration (if any) received by the Company upon the sale of any share pursuant to the untraced shareholder provisions will belong to the Company; and (vi) allowing the Company to pay dividends exclusively through bank transfers instead of by way of cheques with the further ability to retain cash payments where bank details are not provided by a shareholder. These changes reflect modern best practice and are intended to relieve certain administrative burdens on the Company.

Corporate Information

Directors
James Ferguson (Chairman)
Karyn Lamont
Susannah Nicklin
Charles Park
Susan Rice

Manager, Secretary and Registered Office
Alternative Investment Fund Manager
Aberdeen Standard Fund Managers Limited
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London
EC4M 9HH

(Authorised and regulated by the Financial Conduct Authority)

Investment Manager
Aberdeen Asset Management Inc.

(Authorised and regulated by the US Securities and Exchange Commission)

Secretary and Registered Office
Aberdeen Asset Management PLC
1 George Street
Edinburgh
EH2 2LL

Email: **company.secretary@invtrusts.co.uk**
Website **www.northamericanincome.co.uk**

Company Registration Number
Registered in Scotland with number SC005218

Company Broker
Winterflood Investment Trusts

Registrar
Computershare Investor Services PLC
The Pavilions
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BS99 6ZZ

Telephone: **0370 889 4084***
Website: **www-uk.computershare.com/investor**
E-mail is available via the above website

*Lines are open Monday to Friday from 8.30am – 5.30pm, excluding bank holidays. Charges for calling telephone numbers starting with '03' are determined by the caller's service provider. Calls may be recorded and monitored randomly for security and training purposes.

Independent Auditors
PricewaterhouseCoopers LLP

Depositary
BNP Paribas Securities Services, London Branch

United States Internal Revenue Service FATCA Registration Number (GIIN)
XYAARK.99999.SL.826

Legal Entity Identifier
5493007GCUW7G2BKY360

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Aberdeen Standard
Investments