The North American Income Trust plc

An investment trust investing for above-average dividend income and long term capital growth, mainly from a concentrated portfolio of US equities

Annual Report
31 January 2019

Aberdeen Standard Investments' office in Philadelphia where the equity investment management team is based.

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

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Company Overview

Launched in 1902, The North American Income Trust plc (the "Company" or "NAIT") is an investment trust with its Ordinary shares listed on the premium segment of the London Stock Exchange. The Company aims 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 Company is governed by a Board of Directors, all of whom are independent, and has no employees. Like other investment companies, it outsources its investment management and administration to an investment management group, Aberdeen Standard Investments, and other third party providers. The Company does not have a fixed life.

Financial Highlights

Net asset value total return[A]

+4.8%

2018 **+7.1%**

Share price total return[A]

+6.3%

2018 **+8.8%**

Revenue return per share

50.19p

2018 **42.12p**

Dividends per share

42.50p

2018 **39.00p**

Dividend yield[B]

3.2%

2018 **3.0%**

Ongoing charges[A]

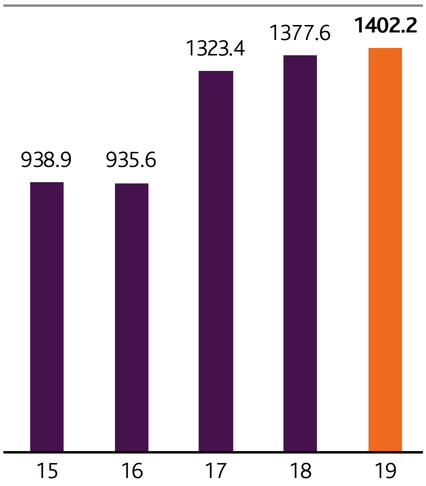
0.95%

2018 **0.98%**

[A] Considered to be an Alternative Performance Measure. See pages 12, 64 and 65 for more information.
[B] Calculated as the dividend for the year divided by the year end share price.

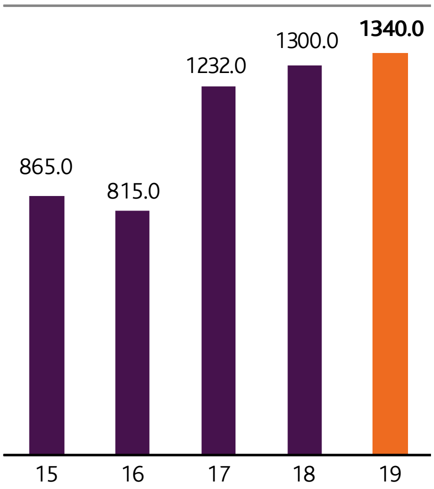
Net asset value

At 31 January – pence



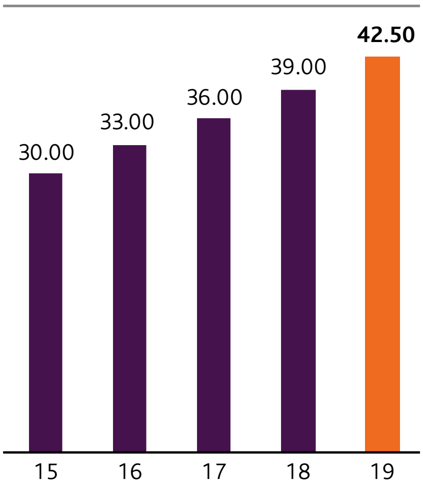
Share price

At 31 January – pence



Dividends per share

At 31 January – pence



Chairman's Statement

Performance

Over the year to 31 January 2019, the Company's net asset value per share rose by 4.8% on a total return basis in sterling terms. This outperformed the 2.9% return from the Russell 1000 Value Index, the Company's primary reference index, but underperformed the 5.6% return from the S&P 500 Index.

The longer term performance of the Company has been strong. Over the three and five year periods to 31 January 2019, the Company's NAV rose by 63.6% and 100.7% respectively, compared to three and five year returns of 49.9% and 86.4% respectively from the Russell 1000 Value and 59.8% and 110.1% returns respectively from the S&P 500 indices.

Dividend

For the year ended 31 January 2019, the revenue return per Ordinary share rose by 19.2% from 42.1p to 50.2p. The Board is recommending a final dividend per Ordinary share of 18.0p, which will take the total dividends for the year to 42.5p (2018 – 39.0p), an increase of 9.0%. The total dividend represents a yield of 3.2%, using the share price of £13.40 at the year end, compared to the 2.0% yield from the S&P 500 Index at that date.

This leaves a balance of £2.19 million (equivalent to 7.7p per Ordinary share), which will be added to the revenue reserve, making a further increase in this reserve and providing the Company with added flexibility for future years. Since the change of mandate in 2012, the dividend has increased more than fourfold from 9.4p to 42.5p and the revenue reserves have risen significantly from 5.5p per share to 32.3p which will provide some cushion against adverse economic circumstances.

The proposed final dividend will be payable on 7 June 2019, to shareholders on the register on 10 May 2019. The quarterly dividends are paid in August, November, February and June each year.

Portfolio

As of 31 January 2019, the portfolio was composed of 40 equity holdings and 11 corporate bonds, with equities representing 94% of total assets.

Total revenue from equity holdings in the portfolio over the financial year was £14.3 million (2018 - £12.9 million). Most of the Company's equity holdings continued their established record of dividend growth. Approximately 85% of the equity holdings raised their dividends over the past year, with a weighted average increase of approximately 9.9%. Further details of the portfolio's equity income are provided in the Manager's Review.

During the financial year, the Company received premiums totalling £3.9 million (2018 - £2.4 million) in exchange for entering into listed stock option transactions. This option income, the generation of which remains consistent with the Manager's investment process which is focused on individual companies, represented 20.5% of total income (2018 – 14.9%). As the Company's exposure to corporate bonds has decreased over recent years, interest income from investments was lower and represented 3.3% of total income (2018 – 4.3%). Bond coupons and option premiums continue to 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 19 to 22.

Market & Economic Review

Despite several periods of volatility, particularly during December 2018, major North American equity market indices recovered and moved higher over the 12-month period ended 31 January 2019, buoyed by generally upbeat economic data reports and positive corporate earnings news. This offset investors' concerns regarding rising interest rates and the trade policy of the Trump administration.

US trade policy took centre stage in the markets several times during the period under review. In mid-2018, investors began to fear that several US trading partners would impose retaliatory tariffs on imports from the US in response to the Trump administration's levies on imported steel and aluminium from Canada, Mexico, and member nations of the European Union. However, the US and Europe subsequently agreed to avert a trade war, easing worries about possible US tariffs on European car imports. At the beginning of December, the US and China announced a temporary truce in their trade war. At the date of this report, negotiations between the US and Chinese governments had not produced a permanent trade agreement.

On the economic front, the US government's estimate of gross domestic product (GDP) growth for the third quarter of 2018 was revised down 0.1% to 3.4% due to modest markdowns to consumer spending and exports. This remains above normalised growth rates for the economy, but showed a deceleration from the prior quarter where growth moved above 4%. The US

Chairman's Statement continued

Department of Labour reported that US payrolls expanded by a monthly average of roughly 232,000 over the six-month period, while the unemployment rate moved up 0.1 percentage point to 4.0% as more jobseekers entered the market. Furthermore, average hourly earnings increased 3.2% over the period.

Discount

The Company's share price rose by 3.1% to £13.40 and ended the year at a 4.4% discount to the net asset value, compared with a 5.6% discount at the end of the 2018 financial year. The discount had largely traded in the range of 4-8% during the financial year and there were no share buybacks either during the year or since the end of it.

Gearing

The Board believes that sensible use of modest financial gearing should enhance returns to our shareholders over the longer term. The total amount available under the Company's loan facility agreement with Scotiabank (Ireland) Designated Activity Company is $75 million, of which $50 million is drawn down. Net gearing at 31 January 2019 was £19.4 million (31 January 2018 - £12.0 million), representing 5.7% of net assets (31 January 2018 – 3.6%), which includes the offset of cash held which is used as collateral against open option positions.

Promotional Activity

The Board continues to support the Manager's investment trust promotional and investor relations programme which helps to attract and engage investors. One of the main aims of this initiative is to provide a series of savings schemes through which savers can invest in the Company in a low-cost and convenient manner and is supported by customer service and call centre teams (see pages 69 to 71). Other areas covered by the programme include promotional campaigns, website hosting, and roadshows with the Manager, fund research and digital marketing.

Up-to-date information about the Company, including monthly factsheets, interviews with the Manager and the latest net asset value and price of the Ordinary shares, may be found on the Company's website at: www.northamericanincome.co.uk.

Board Composition

As reported in the 2018 Half Yearly Report, Guy Crawford and Archie Hunter retired from the Board on 18 September 2018. Both served this Company over many years and I thank them on behalf of shareholders for their wise counsel and the expertise that they both brought to bear in their roles as non-executive directors.

Karyn Lamont and Susannah Nicklin were appointed as non-executive directors of the Company with effect from 18 September 2018; both bring with them a wealth of experience. Karyn, a chartered accountant and a former partner of PwC, joined as Audit Committee Chairman. She has been involved with auditing for over 25 years, specialising in the financial services sector across the UK. Susannah is an investment and financial services professional with over 20 years of international experience.

Outlook

The price reactions in equity markets witnessed in 2018 appeared to be an adjustment of investor expectations, with fundamentals remaining broadly healthy, although decelerating. This slowing is not unexpected given where we are in the economic cycle. Market sentiment has improved since the beginning of this year but remains volatile and, whilst risks remain, there are positive developments worth highlighting. It appears that there has been some progress in US-China trade talks, and the consensus of opinion points to a compromise between the two countries being reached, though that is far from certain. Additionally, while it is still early in the year, US corporate earnings have been strong overall thus far, and the outlook for dividend growth in 2019 is encouraging.

Following market strength in January, valuations in general are no longer definitively inexpensive relative to growth expectations. However, our Manager believes that given the growth in earnings and cash flow expected from our stocks, the portfolio provides reasonably good value.

Annual General Meeting ("AGM")

At the forthcoming AGM, the Board will propose an ordinary resolution to sub-divide the existing Ordinary shares (currently with a nominal value of 25p each) into new Ordinary shares of 5p each. The Company has a large number of private investors who invest through regular savings plans and this sub-division, which will result in a lower price per share, will enable small sums to be invested regularly in a more efficient manner. Each Shareholder will hold the same proportionate interest in the Company following the completion of the share split as before. Further details of this resolution as well as the other resolutions being proposed are provided in the Directors' Report on pages 25 to 28.

The Company's AGM will be held at 2.00 pm on 4 June 2019 at the Manager's office at 1 George Street, Edinburgh. I hope that we shall see as many shareholders as possible then.

James Ferguson
Chairman

10 April 2019

Strategic Report

The business of the Company is to qualify as an investment trust for capital gains purposes.

The Company's objective 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 Company maintains a diversified portfolio of investments, typically comprising in the region of around 50 holdings (including fixed interest investments) but without restricting the Company from holding a more or less concentrated portfolio from time to time.

1902

The North American Income Trust plc was launched 117 years ago in 1902; investment trusts are the oldest form of collective investment in the world.

Aberdeen Standard Investments' New York office

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

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.

Overview of Strategy continued

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 12 to 13. 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 14.
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 13.
Ongoing charges	The Company's ongoing charges ratio (OCR) is provided on page 12. 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 financial condition, performance and prospects. The Board has identified the principal risks and uncertainties facing the Company at the current time in the table below together with a description of the mitigating actions it has taken. The Board has carried out a robust assessment of these risks, which includes those that would threaten its business model, future performance, solvency or liquidity. 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. The risks and uncertainties faced by the Company are reviewed annually by the Audit Committee in the form of a risk matrix and heat map and a summary of the principal risks is set out below.

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 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.	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. 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 17 to the financial statements.

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 actual gearing levels the Company has reached together with the assets and liabilities of the Company, and reviews these as well as compliance with the principal loan covenants at each Board meeting. As at 31 January 2019 the Company had £38.0 million of borrowings and net gearing was 5.7% at the year end. In addition, ASFML, as alternative investment fund manager, has set an overall leverage limit of 2.0 X on a commitment basis (2.5 X on a gross notional basis) and includes updates in its reports to the Board.
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 buy back programme for a number of years. The Board monitors the discount level of the Company's shares and will exercise discretion to undertake shares buy backs.
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.
Regulatory Risk The Company operates in a complex regulatory environment and faces a number of regulatory risks. Breaches of regulations, such as Section 1158 of the Corporation Tax Act 2010, the UKLA Listing Rules, Companies Act 2006 and the Alternative Investment Fund Managers Directive, could lead to a number of detrimental outcomes and reputational damage.	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. 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.
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.

Overview of Strategy continued

In addition to these risks, the outcome and potential impact of the UK Government's negotiations with the European Union on Brexit is still unclear at the date of this report. This remains an economic risk for the Company, 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.

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

Promoting the Company

The Board recognises the importance of promoting the Company to prospective investors both for improving liquidity and enhancing the value and rating of the Company's shares. The Board believes an effective way to achieve this is through subscription to and participation in the promotional programme run by the Manager on behalf of a number of investment trusts under its management. The Company's financial contribution to the programme is matched by the Manager and regular reports are provided to the Board on promotional activities as well as an analysis of the shareholder register.

The purpose of the programme is both to communicate effectively with existing shareholders and to gain new shareholders with the aim of improving liquidity and enhancing the value and rating of the Company's shares. Communicating the long-term attractions of the Company is key and therefore the Company also supports the Manager's investor relations programme which involves regional roadshows, promotional and public relations campaigns.

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 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 2019 the Board consisted of two males and three females.

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. The Company's socially responsible investment policy is outlined below.

Socially Responsible Investment Policy

The Board acknowledges that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner and has noted the Manager's policy on social responsibility. The Investment Manager considers social, environmental and ethical factors which may affect the performance or value of the Company's investments as part of its investment process. In particular, the Investment Manager encourages companies in which investments are made to adhere to best practice in the area of corporate governance. It believes that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in this area. The Company's ultimate objective, however, is to deliver long term growth on its investments for its shareholders. Accordingly, whilst the Investment Manager will seek to favour companies which pursue best practice in the above areas, this must not be to the detriment of the return on the investment portfolio.

Global Greenhouse Gas Emissions

The Company 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.

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 principal risks detailed in the strategic report on pages 8 to 9 and the steps taken to mitigate these risks;
- The ongoing relevance of the Company's investment objective in the current environment;

- The Company is invested in readily realisable listed securities;
- 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 which can be used to top up the dividend in tougher times;
- The level of gearing is closely monitored;
- The availability of loan facilities. The Company has a loan facility of $75 million in place until December 2020; and
- The liquidity of the Company's portfolio and the impact of stress testing on the portfolio, including the effects of any substantial future falls in investment values.

As an investment trust with a North American mandate, the Company's portfolio is unlikely to be adversely impacted as a direct result of Brexit although some currency volatility could arise.

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 stock market volatility, 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

10 April 2019

Results

Financial Highlights

	31 January 2019	31 January 2018	% change
Total assets	£436,667,000	£423,293,000	+3.2
Equity shareholders' funds	£398,657,000	£391,649,000	+1.8
Share price (mid market)	1340.00p	1300.00p	+3.1
Net asset value per share[A]	1402.22p	1377.57p	+1.8
Discount (difference between share price and net asset value)	4.4%	5.6%	
Net gearing[B]	5.7%	3.6%	
Dividends and earnings			
Revenue return per share	50.19p	42.12p	+19.2
Dividends per share (including proposed final dividend)	42.50p	39.00p	+9.0
Dividend yield (based on year end share price)	3.2%	3.0%	
Dividend cover[B]	1.18	1.08	
Revenue reserves per share			
Prior to payment of third interim dividend declared and proposed final dividend	58.77p	48.59p	
After payment of third interim dividend declared and proposed final dividend	32.27p	24.59p	
Operating costs			
Ongoing charges[B]	0.95%	0.98%	

[A] Including undistributed revenue.
[B] Considered to be an Alternative Performance Measure. See pages 64 and 65 for further information.

Performance

	1 year return	3 year return[A]	5 year return[A]
Total return (Capital return plus dividends reinvested)	%	%	%
Share price[B]	+6.3	+80.8	+104.6
Net asset value per share[B]	+4.8	+63.6	+100.7
Russell 1000 Value Index (in sterling terms)	+2.9	+49.9	+86.4
S&P 500 Index (in sterling terms)	+5.6	+59.8	+110.1

[A] Cumulative return
[B] Considered to be an Alternative Performance Measure. See page 64 for more information.

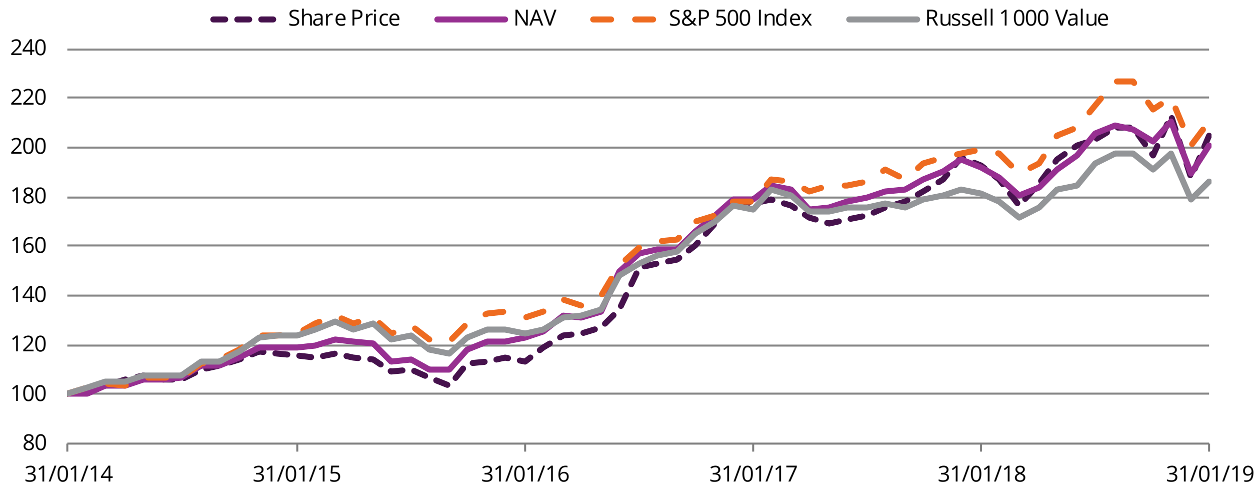
Ten Year Financial Record

Year to 31 January	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Per share (p)										
Net revenue return	8.02	8.81	9.39	19.72	29.80	32.71	35.74	39.92	42.12	50.19
Dividends	10.00	9.15	9.40	19.50	27.00	30.00	33.00	36.00	39.00	42.50
As at 31 January										
Net asset value per share (p)	559.8	673.3	700.2	769.0	815.7	938.9	935.6	1323.4	1377.6	1402.2
Shareholders' funds (£'000)	204,098	222,855	220,409	242,069	271,952	309,273	280,644	379,101	391,649	398,657

Performance

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

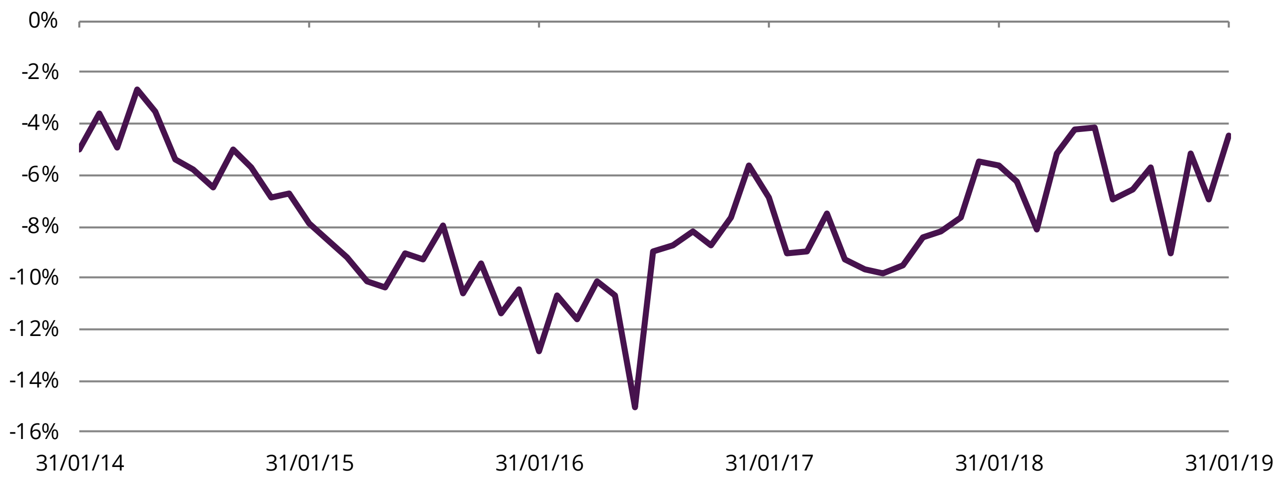
Five years to 31 January 2019 (rebased to 100 at 31 January 2014)



Source: Aberdeen Standard Investments, Morningstar & Lipper

Share Price Premium/(Discount) to NAV

Five years to 31 January 2019

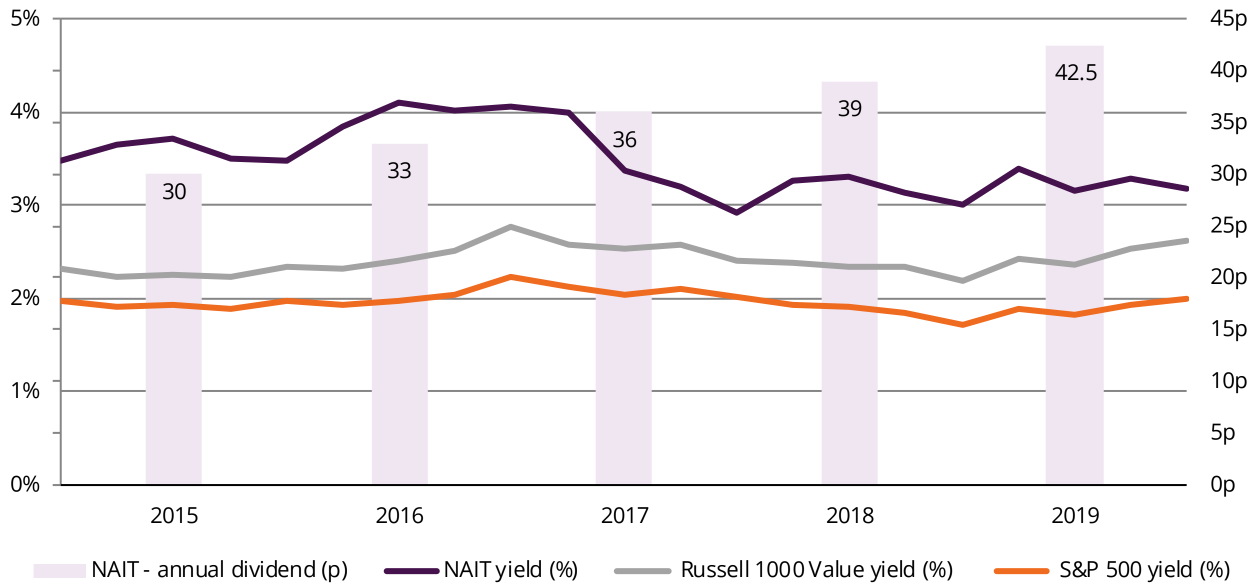


Source: Morningstar

Dividends

	Rate	xd date	Record date	Payment date
1st Interim dividend 2019	8.00p	19 July 2018	20 July 2018	3 August 2018
2nd Interim dividend 2019	8.00p	4 October 2018	05 October 2018	26 October 2018
3rd Interim dividend 2019	8.50p	24 January 2019	25 January 2019	15 February 2019
Proposed final dividend 2019	18.00p	19 May 2019	10 May 2019	7 June 2019
Total dividends 2019	**42.50p**			
1st Interim dividend 2018	7.50p	13 July 2017	14 July 2017	4 August 2017
2nd Interim dividend 2018	7.50p	12 October 2017	13 October 2017	31 October 2017
3rd Interim dividend 2018	8.00p	25 January 2018	26 January 2018	16 February 2018
Final dividend 2018	16.00p	10 May 2018	11 May 2018	8 June 2018
Total dividends 2018	**39.00p**			

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



Investment Manager's Review

Market review

Despite numerous periods of volatility, major North American equity market indices moved higher over the 12-month period ended 31 January 2019, buoyed by generally upbeat economic data reports and positive corporate earnings news. This offset investors' concerns regarding rising interest rates and US trade policy under the administration of President Donald Trump. The Russell 1000 Value Index, the Trust's equity portfolio reference index, returned 2.9% in sterling terms over the period. Two relatively higher dividend paying sectors, utilities and real estate, posted double-digit gains and were the top performers within the index for the review period. In contrast, the more cyclical materials and industrials sectors recorded losses as the market factored in the potential for a slowing of GDP growth, which was an acute concern in late 2018. The energy sector also underperformed.

Throughout the year the markets were dominated by investors' fears over US trading partners imposing retaliatory tariffs on the US, but cooler heads have prevailed as the US and Europe agreed to avert a trade war, and at the beginning of December, the US and China announced a truce in their trade war given progress in negotiations. At this point it appears that the two countries have made progress towards reaching a trade agreement – which is in their both best interests – but given the actors involved the path to trade policy may not be a straight one.

Regarding monetary policy, the US Federal Reserve (Fed) raised its benchmark interest rate in four 25-basis point increments to a range of 2.25% to 2.50% following its policy meetings in March, June, September and December 2018. The Fed subsequently left the rate unchanged after its meeting in late January 2019. Fed Chair Jerome Powell appeared to strike a more dovish tone during a news conference following the central bank's meeting in January, stating that "the case for raising rates has weakened somewhat". The market viewed these comments positively, as Powell also noted that economic growth remained "solid". Many believe that the rate-hiking process for this cycle is now complete. Nevertheless, the Fed did refer to several risks of which we remain mindful, including sluggish inflation, slowing global growth, and the possibility of more political gridlock in Washington, DC. The Fed even left the door open for interest rate cuts should conditions warrant. This is a far cry from the more hawkish tone that the central bank had struck at the end of 2018.

Performance

The Company's portfolio outperformed its reference index, the Russell 1000 Value Index, over the 12-month period ended 31 January 2019. The net asset value in sterling total return terms gained 4.8% versus the 2.9% and 5.6% returns of the Russell 1000 Value and S&P 500 indices, respectively. The strength in the US dollar boosted sterling returns as the net asset value fell by 3.1% in local currency compared to falls of 4.8% and 2.3% from the Russell 1000 Value and S&P 500 indices, respectively. The revenue account remained in good shape, building upon the surplus established in prior years.

The outperformance of the Trust's equity portfolio relative to the Russell 1000 Value Index was due primarily to strong stock selection in the information technology, materials, financials and industrials sectors. The most notable contributors to performance among individual holdings were derivatives exchange operator CME Group, freight railway operator Union Pacific Corp., and specialty agricultural products maker Nutrien.

CME Group's results over the review period were bolstered by strength in its market data and information services unit, as well as higher access and communication fees. The company also benefited from the expansion of its international business, which generated substantial volume growth in both Europe and Asia. Union Pacific saw healthy increases in revenue and earnings for its 2018 fiscal year. The company benefited from higher freight revenue and an upturn in carloads bolstered by notable growth in industrial and premium shipments. These positive factors counterbalanced the negative impact of higher diesel fuel prices. Nutrien delivered strong results over the review period that benefited from the merger of Potash Corp. and Agrium, which formed the current company in January 2018. Consequently, management raised its earnings guidance for the full 2018 fiscal year.

Fund performance for the review period was hindered by an overweight allocation versus the reference index to the materials sector, as well as underweights to the utilities and healthcare sectors. The largest individual stock detractors included energy services provider Schlumberger Ltd., specialty apparel retailer L Brands, and commercial bank Umpqua Holdings.

Schlumberger posted generally positive quarterly results during the review period, benefiting mainly from strength in its drilling and production business units. However, shares of the company declined as oil prices dipped during the review period. Additionally, the company's business was hampered by transitory issues, with pipelines needed in the Permian Basin in western Texas and southeastern New Mexico. This has led to a slowdown for onshore oil service vendors. L Brands' quarterly results over the reporting period were hampered by weakness in its Victoria's Secret business, which offset the strong performance of its Bath & Body Works segment. Furthermore, management lowered its earnings guidance for the 2018 fiscal year. We subsequently sold the position in L Brands in December 2018. Umpqua Holdings posted a modest decline in revenue for its 2018 fiscal year attributable mainly to lower volumes in its mortgage banking business. This offset the positive impact of double-digit net interest growth for the period.

Portfolio activity

The Trust's equity investments remained consistent with our bottom-up, management-focused stock selection process. During the 12-month review period, we initiated equity positions in specialty carbon products maker Orion Engineered Carbons; commercial banks Huntington Bancshares and Umpqua Holdings; food and beverage maker Coca-Cola; paper and packaging products maker International Paper; jewellry and luxury goods retailer Tiffany & Co., pharmaceutical firm Bristol-Myers Squibb Co.; and we initiated a holding in medical device maker Medtronic.

Conversely, in addition to L Brands as previously noted, we sold our positions in Helmerich & Payne, a provider of oil and gas drilling services; Sonoco Products, a manufacturer of industrial and consumer packaging products; payroll services provider Paychex; oil and gas company ConocoPhillips; Montana-based commercial bank Glacier Bancorp; industrial gases supplier Praxair; diversified healthcare company Abbott Laboratories; and Ventas Corp., a healthcare-focused REIT.

A sector analysis chart of the portfolio can be found on page 22.

Within the Trust's corporate bond portfolio over the reporting period, we initiated positions in Continental Resources 3.80% 2024; CCO Holdings Capital Corp. 5.50% 2026; Symantec Corp. 5.00% 2025; Cheniere Corpus Christi Holdings 5.875% 2025; Conduent Finance/Xerox Business Services 10.50% 2024; Graham Holdings 5.75% 2026; Parsley Energy 5.375% 2025; Harland Clarke 6.875% 2020; Lennar 4.5% 2024; Exela Intermediate LLC 10% 2023; Centene Corp. 6.125% 2024; NRG Energy 6.25% 2024; and Diamond 6.0% 2026.

Conversely, we sold the positions in International Lease Finance Corp. 5.25% 2019; Western Digital Corp. 7.375% 2023; Prestige Brands Holdings 6.375% 2024; Continental Resources 3.8% 2024; Symantec 5% 2025; and Nationstar Mortgage LLC/Capital Corp 6.5% 2022.

We continue to work closely with Aberdeen Standard Investment's fixed income specialists to monitor credits and market conditions.

Dividend growth

The Company's holdings continue to build upon an established track record of dividend growth. In aggregate, our holdings raised their dividends by just under 10% with those that increased their dividends during the year averaging increases of 11%. There were several standouts over the 12-month review period including agricultural products maker Nutrien (formerly Potash Corp), which now has a 27% higher payout level given increased diversification and earnings stability post its merger in January 2018 with Agrium. Ohio-based bank Huntington Bancshares boosted its quarterly dividend by 27%, soft-drink and snack foods maker PepsiCo boosted its distributions by 15%, networking equipment maker Cisco Systems increased its payout by roughly 14% and diversified financial services company BB&T Corp. boosted its quarterly dividend by nearly 14%. BB&T management indicated that the increase was an initiative to pass along the benefits of the recent US tax reform legislation to shareholders.

Additionally, derivatives exchange operator CME Group declared an annual variable dividend of US$1.75 per share on top of the regular dividend of $2.80. The company uses this approach to facilitate paying out all cash that it generates during the year beyond a minimum threshold.

Outlook

We remain of the view that the price reactions in equity markets last year were a recalibration of expectations; growth rates were decelerating but fundamentals remained healthy. We view this slowing as normal and expected given where we are in the economic cycle, and indeed markets had become overly optimistic about the pace and duration of economic growth. From here we should expect only modest incremental fiscal stimulus and importantly very little monetary tightening beyond some additional balance sheet run-off. Thus as we become more pragmatic in our views for economic growth in 2019 and beyond, we are being selective with what we own as we compare the ability of companies to grow earnings and cash flow with current valuations being paid in the market.

The fourth-quarter earnings season proved to be more robust than expectations, although corporate managements seemingly erred on the side of caution for the 2019 outlook which is prudent given increased volatility globally. Exogenous risks continue to remain, with global trade negotiations at the forefront at this time. Conversely, there are some fiscal stimulus measures arising globally that may have the wherewithal to improve foreign economies and we will be watching these actions closely. The net effect of these market moves are valuations that are modestly below long-term averages while the interest rate and inflation backdrop is much more benign that it had been at the end of 2018. We will continue to manage a portfolio of high quality, cash generative companies and seek to deliver a combination of both growth and income for shareholders.

Aberdeen Asset Management Inc.**
10 April 2019

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

Portfolio

The Company's equity investments remained consistent with its bottom-up, management-focused stock selection process.

The Company is an investment trust and aims to attract long term private and institutional investors wanting to benefit from an above average dividend income and long term capital growth from North American companies.

Wall Street, home to the New York Stock Exchange, the world's largest stock exchange by market capitalisation

Ten Largest Investments

As at 31 January 2019

Company	Industry classification	Valuation 2019 £'000	Total assets %	Valuation 2018 £'000
Chevron				
Chevron is an integrated energy company. The company has operations drilling for crude oil and natural gas as well as refining and selling it.	Oil, Gas & Consumable Fuels	21,789	5.0	15,867
Cisco Systems				
Cisco Systems Inc. designs, manufactures and sells Internet Protocol (IP)- based networking and other products related to the communications and information technology industry and provides services associated with these products and their use.	Communications Equipment	17,975	4.1	14,606
BB&T				
BB&T is a full service bank that operates in the Southeast and Mid-Atlantic regions of the United States.	Banks	16,694	3.8	17,853
Johnson & Johnson				
Johnson & Johnson manufactures health care products and provides related services for the consumer, pharmaceutical, and medical devices and diagnostics markets.	Pharmaceuticals	15,175	3.5	7,774
Procter & Gamble				
Procter & Gamble company manufactures and markets consumer products globally.	Household Products	14,667	3.4	13,964
Philip Morris				
Philip Morris International Inc., through its subsidiaries, manufactures and sells cigarettes and other tobacco products.	Tobacco	13,997	3.2	14,327
Regions Financial				
Regions Financial is a full service bank that operates in the southern portion of the United States.	Banks	12,685	2.9	11,494
Verizon Communication				
Verizon Communications Inc., through its subsidiaries, provides communications, information, and entertainment products and services to consumers, businesses, and governmental agencies worldwide.	Diversified Telecommunication Services	12,557	2.9	7,605
Texas Instruments				
Texas Instruments operates as a semiconductor design and manufacturing company. The Company develops analog ICs and embedded processors, serving customers worldwide.	Semiconductors & Semiconductor Equipment	11,481	2.6	7,712
Umpqua				
Umpqua Holdings Corp is the holding company for Umpqua Bank, an Oregon state-chartered Bank. Umpqua Bank is engaged primarily in the business of commercial and retail banking and the delivery of retail brokerage services. The bank provides asset management, mortgage banking and other financial services to corporate, institutional and individual customers.	Banks	11,424	2.6	–
Ten largest equity investments		**148,444**	**34.0**	

Other Equity Investments

As at 31 January 2019

Company	Industry classification	Valuation 2019 £'000	Total assets %	Valuation 2018 £'000
Genuine Parts	Distributors	11,382	2.6	8,050
CME Group	Capital Markets	11,086	2.5	16,189
Union Pacific	Road and Rail	10,883	2.5	9,388
Telus	Diversified Telecommunication Services	10,655	2.5	10,618
Pfizer	Pharmaceuticals	10,327	2.4	16,930
DowDuPont	Chemicals	10,227	2.3	14,350
Molson Coors Brewing	Beverages	10,127	2.3	11,817
Schlumberger	Energy Equipment & Services	10,082	2.3	5,950
Huntington Bancshares	Banks	10,065	2.3	–
Bristol-Myers Squib	Pharmaceuticals	9,946	2.3	–
Twenty largest equity investments		**253,224**	**58.0**	
Nutrien	Chemicals	9,848	2.3	11,042
TransCanada	Oil, Gas & Consumable Fuels	9,704	2.2	10,549
Gilead Sciences	Biotechnology	9,580	2.2	5,893
Provident Financial	Thrifts & Mortgage Finance	9,392	2.2	9,251
Coca-Cola	Beverages	9,147	2.1	–
Lockheed Martin	Aerospace & Defense	8,809	2.0	6,238
Royal Bank of Canada	Banks	8,684	2.0	8,150
Iron Mountain	Equity Real Estate Investment Trusts (REITs)	8,484	1.9	7,390
Orion Engineered Carbons	Chemicals	8,390	1.9	–
Nucor	Metals and Mining	8,380	1.9	6,592
Thirty largest equity investments		**343,642**	**78.7**	
Meredith	Media	8,251	1.9	9,302
Microsoft	Software	7,939	1.8	13,362
CMS Energy	Multi-Utilities	7,927	1.8	8,182
American International	Insurance	7,723	1.8	6,742
Tapestry	Textiles, Apparel & Luxury Goods	7,357	1.7	8,270
Tiffany & Co	Specialty Retail	6,745	1.5	–
Medtronic	Health Care Equipment & Supplies	6,719	1.5	–
Intl Paper Co	Containers & Packaging	5,409	1.2	–
Pepsico	Beverages	4,283	1.0	8,460
Canadian Western Bank	Banks	4,257	1.0	11,091
Forty largest equity investments		**410,252**	**93.9**	
Total equity investments		**410,252**	**93.9**	

Other Investments

As at 31 January 2019

Company	Industry classification	Valuation 2019 £'000	Total assets %	Valuation 2018 £'000
CCO Holdings Capital 5.5% 01/05/26	Media	1,513	0.3	–
HCA 5.875% 15/02/26	Healthcare Services	1,475	0.3	1,110
Cheniere Corpus Christi 5.875% 31/03/25	Oil, Gas & Consumable Fuels	1,192	0.3	–
Parsley Energy Finance 5.375% 15/01/25	Exploration & Production	1,138	0.3	–
Lennar 4.5% 30/04/24	Construction	973	0.2	–
NRG Energy 6.25% 01/05/24	Electric	908	0.2	–
Graham Holdings 5.75% 01/06/26	Diversified Consumer Services	851	0.2	–
Harland Clarke Holdings 6.875% 01/03/20	IT Services	830	0.2	–
Centene Corp 6.125% 15/02/24	Health Insurance	798	0.2	–
Diamond 1 Fin Diamond 2 6.02% 15/06/26	Technology	776	0.2	–
Exela Intermed 10% 15/07/23	Technology	763	0.2	–
Total other investments		**11,217**	**2.6**	
Total equity investments		**410,252**	**93.9**	
Total investments		**421,469**	**96.5**	
Net current assets[A]		**15,198**	**3.5**	
Total assets[A]		**436,667**	**100.0**	

[A] Excluding bank loans of £38,010,000.

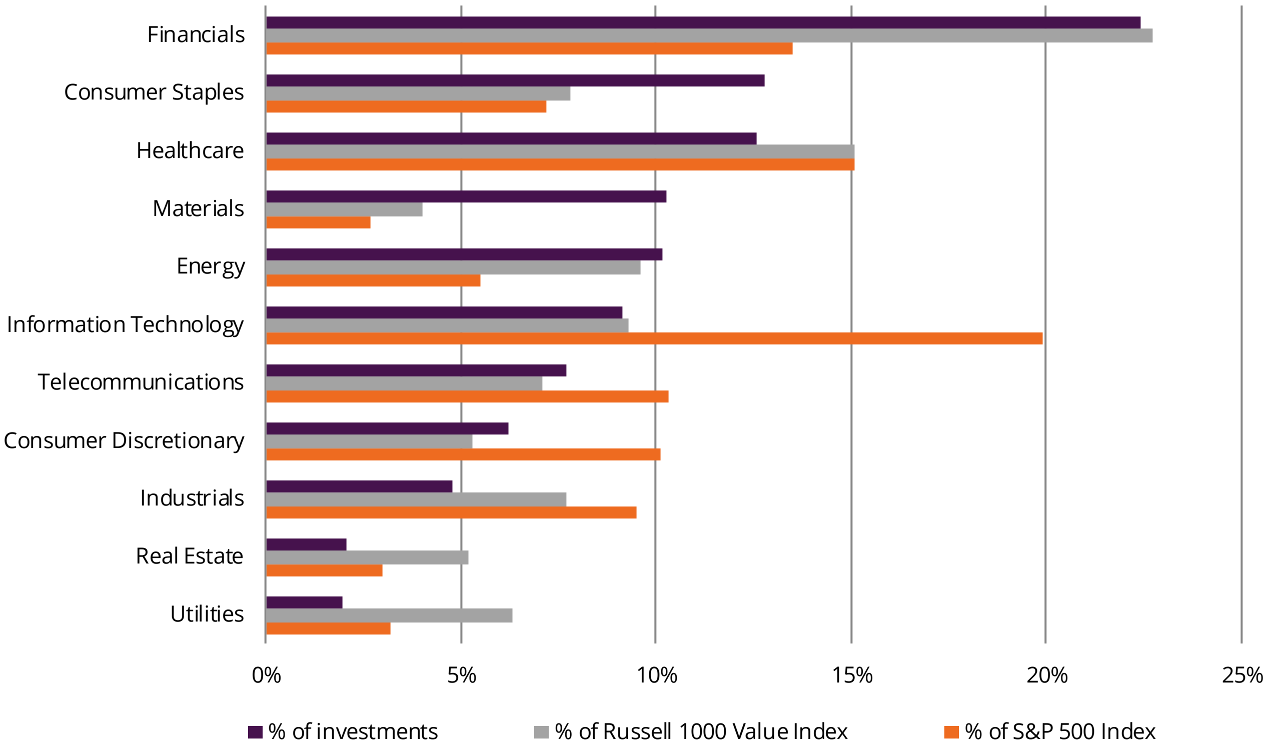
Geographical Analysis

As at 31 January 2019

Country	Equity %	Fixed interest %	Total %
Canada	7.9	–	7.9
USA	89.4	2.7	92.1
	97.3	**2.7**	**100.0**

Sector Analysis for Equity Portfolio

As at 31 January 2019



Currency Graph (exchange rate US$ to £)

Two years to 31 January 2019

Governance

The Company is registered as a public limited company and has been accepted by HM Revenue & Customs as an investment trust. 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.

Aberdeen Standard Investments office

Board of Directors

James Ferguson

Status: Independent Non-Executive Chairman
Length of service: 17 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 Monks Investment Trust, Value and Income Trust, Northern 3 VCT and The Scottish Oriental Smaller Companies Investment Trust and a non-executive director of The Independent Investment Trust.
Last re-elected to the Board: 4 June 2018

Karyn Lamont

Status: Independent Non-Executive Director and Chairman of the Audit Committee
Length of service: Appointed a Director on 18 September 2018
Experience: a chartered accountant and former audit partner at PricewaterhouseCoopers. 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 and a non-executive director at the Scottish Building Society and iomart Group.
Last re-elected to the Board: Not applicable

Susannah Nicklin

Status: Independent Non-Executive Director
Length of service: Appointed a Director on 18 September 2018
Experience: a financial services professional with over 20 years of experience in executive roles at Goldman Sachs and Alliance Bernstein in the US, Australia and the UK. She has also worked in the social impact private equity sector with Bridges Ventures, the Global Impact Investing Network and Impact Ventures UK. She is the Senior Independent Director of Pantheon International plc and a non-executive director of Amati AIM VCT plc, City of London Investment Group plc and Baronsmead Venture Trust plc. She is a CFA® charterholder.
Last re-elected to the Board: Not applicable

Charles Park

Status: Independent Non-Executive Director
Length of service: 1 year, appointed a Director on 13 June 2017
Experience: over 25 years of investment management experience. He is a co-founder of Findlay Park Investment Management, a US boutique asset management house which was established in 1997. He was 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.
Last re-elected to the Board: 4 June 2018

Dame Susan Rice

Status: Senior Independent Non-Executive Director
Length of service: 4 years, appointed a Director on 17 March 2015
Experience: a chartered banker and currently chairman of Scottish Water, Business Stream, President of the Scottish Council of Development and Industry, chairman of The Scottish Fiscal Commission and a non-executive director of J Sainsbury, C Hoare & Co. and the Banking Standards Board. Her previous roles include managing director of Lloyds Banking Group Scotland, chairman and chief executive of Lloyds TSB Scotland, a director of the Bank of England and a non-executive director of SSE plc. 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: 4 June 2018

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 2019 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 2019 are contained on pages 44 to 63. Details of dividends for the year to 31 January 2019 can be found on page 14.

Share Capital and Rights attaching to the Company's Shares

At 31 January 2019, the Company's capital structure consisted of 28,430,504 Ordinary shares of 25p each (2018 – 28,430,504 Ordinary shares). There were no share buy-backs or issuance during the financial year.

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 current Directors of the Company are shown on page 24. Guy Crawford and Archie Hunter retired from the Board on 18 September 2018. Karyn Lamont and Susannah Nicklin were was appointed as non-executive Directors on 18 September 2018. 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. 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 29 to 33.

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 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 2019 are shown in note 5 to the financial statements.

Depositary Agreement

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

Substantial Interests

As at 31 January 2019 the Company had received notification or was aware of the following interests in its Ordinary shares:

Shareholder	Number of shares held	% held
Brewin Dolphin	3,038,001	10.7
Rathbone Brothers	2,702,538	9.5
Aberdeen Retail Plans	2,083,814	7.3
Charles Stanley	1,652,553	5.8
Aberdeen Standard Investments	1,628,368	5.7
Alliance Trust Savings	1,110,666	3.9
Hargreaves Lansdown	1,101,817	3.9

Subsequent to the year end the Company was notified of the following change:

- Brewin Dolphin's interest of 3,132,412 Ordinary shares (representing 11.0% of the issued shares).

As at the date of this Report, no other 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 auditor is 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 auditor is aware of that information.

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

Going Concern

The Company's assets comprise mainly readily realisable securities which can be sold to meet funding commitments if necessary. The Company has a credit facility in place which is available until December 2020. The Board considers that the Company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, the Directors believe that it is appropriate to prepare the financial statements on a going concern basis.

Annual General Meeting

Among the resolutions being put at the Annual General Meeting ("AGM") of the Company to be held on 4 June 2019, the following resolutions will be proposed:

(i) Section 551 Authority to Allot Shares
Resolution 11, 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 £2,368,971 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 2020 or, if earlier, at the conclusion of the Annual General Meeting to be held in 2020 (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.

(ii) Dis-application of Pre-emption Provisions
Resolution 12, 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 £710,762 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 2020 or, if earlier, at the conclusion of the Annual General Meeting to be held in 2020. The Directors will only exercise this authority if they believe it is advantageous and in the best interests of shareholders.

(iii) Share Repurchases
Resolution 13, 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 buy backs 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.

(iv) Increase in cap on aggregate annual Directors' fees
Resolution 14, which is an ordinary resolution, will, in accordance with the Company's Articles of Association, be put to the AGM to increase the annual limit on aggregate fees payable by the Company to the Directors. The Directors wish to make provision in the event that the Board composition were to expand in number in the future and/or fees required to be increased, and are proposing that an aggregate annual limit of £175,000 (or such other amount as may from time to time be determined by ordinary resolution of the Company) be approved by shareholders, replacing the current limit of £150,000.

(v) Sub-division of Ordinary shares
The Board is also proposing to sub-divide the existing Ordinary shares (currently with a nominal value of 25p each) (the "Existing Ordinary shares") into new Ordinary shares of 5p each (the "Share Sub-division"). Resolution 15, which is being proposed as an ordinary resolution, will, if approved, effect the Share Sub-division.

The Board believes the Share Sub-division should improve the marketability of the Company's shares. On the basis of the current share price, a small regular investor is able to purchase fewer shares for his or her monthly subscription monies than if the Company's shares were subdivided, with the result that a greater proportion of his or her monthly investment is held in cash pending subsequent investment. The Share Sub-division will therefore result in a lower share price which the Board believes will assist in increasing the volume of trades in the Company's shares as well as enhancing their appeal to smaller investors.

It is proposed that, pursuant to the Share Sub-division, each Existing Ordinary share in issue at the Record Date (expected to be close of business on 7 June 2019), or such other time and date as the Directors may determine, will be sub-divided into five Ordinary shares of 5p in the capital of the Company. Therefore, for every Existing Ordinary share held by shareholders prior to the Share Sub-division, five new Ordinary shares of 5p each in the capital of the Company (a "New Ordinary share") will result following the Share Sub-Division.

Each Ordinary shareholder's proportionate interest in the Company's issued Ordinary share capital will remain unchanged as a result of the proposed Share Sub-division. Aside from the change in nominal value, the rights attaching to the New Ordinary shares (including voting and dividend rights and rights on a return of capital) will be identical in all respects to those of Existing Ordinary shares.

The number of Ordinary shares of the Company listed on the premium segment of the Official List and admitted to trading on the London Stock Exchange's main market for listed securities will change as a result of the proposed Share Sub-division. The proposed Share Sub-division will not affect the Company's net assets and, immediately following the Share Sub-division, the net asset value per New Ordinary share will be equal to one-fifth of the net asset value per Existing Ordinary share immediately prior to the Share Sub-division.

If approved, following the Share Sub-division and assuming no further shares are issued between 9 April 2019 and the date the Share Sub-division becomes effective (expected to be 10 June 2019), the Company's issued Ordinary share capital will comprise 142,152,520 New Ordinary shares of 5p each. If the Share Sub-division is approved, the last day of trading on the London Stock Exchange in the Existing Ordinary shares is expected to be 7 June 2019 and the New Ordinary shares will be admitted to trading on the London Stock Exchange with ISIN: GB00BJ00Z303 and SEDOL: BJ00Z30 with effect from 10 June 2019.

No fractional entitlements will arise as each Shareholder's holding of Existing Ordinary shares will be capable of division into New Ordinary shares on a whole number basis.

Example of Sub-division
A holding of 1,000 Existing Ordinary shares will therefore result in a holding of 5,000 New Ordinary shares following the passing of resolution 15 at the AGM and admission of the New Ordinary shares to trading on the London Stock Exchange. For illustrative purposes only, the sub-division of one Existing Ordinary share on 9 April 2019 (the latest practicable date prior to the approval of this report) when the net

asset value of an Ordinary share was 1455.98p, would give rise to five New Ordinary shares each with a net asset value per share of 291.20p.

Share Certificates
If resolution 15 is passed, new share certificates representing New Ordinary shares will be sent to shareholders who hold shares in certificated form on or around 14 June 2019. On receipt, all Ordinary share certificates previously issued can be destroyed. If you do not receive a new share certificate and you believe you are entitled to one please contact the Registrar on 0370 889 4084. Call charges to this number are determined by the caller's service provider. Lines are open from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except UK bank holidays). Calls from outside the United Kingdom will be charged at the applicable international rate and different charges may apply to calls from mobile telephones. Calls may be recorded and randomly monitored for security and training purposes and you should note that helpline operators cannot offer financial, tax, investment or legal advice.

Shareholders who hold their entitlement to Existing Ordinary shares in uncertificated form through CREST are expected to have their CREST accounts adjusted to reflect their entitlement to New Ordinary shares on 10 June 2019.

United Kingdom Taxation
The following is intended as a general guide only and is based on current UK tax legislation and the practice of HMRC (which may not be binding on HMRC). It relates only to the position of Ordinary shareholders who are beneficial owners of their Existing Ordinary shares, who hold their Existing Ordinary shares as an investment (other than under a personal equity plan or an individual savings account) and who are resident, and if an individual, domiciled and ordinarily resident, in the United Kingdom for taxation purposes.

If you are in any doubt as to your taxation position or if you are subject to tax in any jurisdiction other than the UK, you should consult an appropriate professional adviser immediately.

An Ordinary shareholder will not be treated as having made a disposal of his or her Existing Ordinary shares as a result of the Share Sub-division. Instead, the New Ordinary shares will essentially be treated as the same asset as his or her Existing Ordinary shares acquired at the same time and for the same consideration as those shares.

A subsequent disposal of New Ordinary shares may, depending on individual circumstances (including the availability of exemptions, reliefs and allowable losses), give rise to a liability to UK tax on capital gains. Any chargeable gain or allowable loss on a disposal of the New Ordinary shares should be calculated taking into account a proportion of the allowable cost to the holder of acquiring his or her Existing Ordinary shares based on an apportionment of the allowable expenditure for his or her Existing Ordinary shares by reference to the market value of the New Ordinary shares on the first day on which market value or prices are quoted or published for the New Ordinary shares.

No UK stamp duty or stamp duty reserve tax will be payable by Ordinary shareholders as a result of the Share Sub-division.

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, 15,905 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

10 April 2019

Statement of Corporate Governance

This Statement of Corporate Governance forms part of the Directors' Report which is shown on pages 25 to 28.

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 2016 UK Corporate Governance Code ("the UK Code"), which is available on the Financial Reporting Council's website www.frc.org.uk. The Board confirms that the Company has complied throughout the accounting period to 31 January 2019 with the relevant provisions contained within the UK Code unless otherwise indicated below.

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') to recognise the special circumstances of investment trusts. The Board is of the opinion that the Company has complied with the recommendations of the AIC Code. The AIC Code is available on the AIC's website: www.theaic.co.uk.

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 compromised by length of tenure on the Board and that experience can add significantly to the Board's strength. This is consistent with the AIC Code. 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 24, 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 table opposite 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 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. 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. The Board also reviews the financial statements and revenue budgets.

	Board	Audit Committee	Management Engagement Committee
James Ferguson	4/4	2/2	1/1
Guy Crawford[1]	3/3	2/2	n/a
Archie Hunter[1]	3/3	2/2	n/a
Karyn Lamont[2]	2/2	1/1	1/1
Susannah Nicklin[2]	2/2	1/1	1/1
Charles Park	4/4	2/2	1/1
Susan Rice	4/4	2/2	1/1

[1] Retired on 18 September 2018; [2] Appointed on 18 September 2018.

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 takes a zero-tolerance approach to facilitation of tax evasion, whether under UK law or under the law of any foreign country

The Board monitors on a regular basis the direct and indirect interests of each Director and has concluded that there were no situations which gave rise to an interest of a Director which conflicted with the interests of the Company.

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.

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.

Following a review of its composition and taking into account succession plans, the Board appointed an independent external search consultant, Nurole, to identify potential candidates for the Board which resulted in the appointments of Karyn Lamont and Susannah Nicklin as non-executive Directors on 18 September 2018.

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.

Management Engagement Committee

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.

Audit Committee

The Audit Committee comprises all of the Directors and is chaired by Karyn Lamont, who is a chartered accountant and has the necessary recent and relevant financial experience. In addition the Board is satisfied that the Committee as a whole has competence relevant to the investment trust sector. The Audit Committee meets at least twice a year and considers reports from the auditor 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 auditor 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 auditor and to approve the remuneration and terms of engagement of the auditor.
- to consider the auditor's reports, including the audit strategy and findings.
- to review annually the auditor's independence, objectivity, effectiveness, resources and qualification.

The respective responsibilities of the Directors and the auditor in connection with the financial statements appear on pages 38 and 42.

Significant Accounting Issue

The significant accounting issue considered by the Committee during the year in relation to the Company's financial statements was the 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 audit includes independent confirmation of the valuation and existence of all investments.

Other Accounting Issues

Other accounting issues considered by the Committee included:

- 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 48. 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.

Review of Auditor

The Audit Committee has reviewed the independence and the effectiveness of the auditor, KPMG LLP ("KPMG"), as follows:

- The auditor reports 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 2019 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 director.
- 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 auditor has a constructive working relationship with both the Board and the Manager.

The Committee is satisfied that KPMG remains independent and effective and, as such, has not considered it necessary to conduct a tender process for the appointment of its auditor. Although KPMG has held office as auditor for over 20 years, the audit director is rotated at least every five years, in accordance with professional guidelines. A new audit director from KPMG was appointed for the 2018 year end audit.

The Committee is aware that EU legislation requires listed companies to tender the external audit every ten years. Under the transitional arrangements for firms that have been audited by the same auditor for over 20 years there is a grace period of six years after the enactment of the EU legislation. Accordingly, based upon the new legislation, KPMG will not be able to audit the Company after the 31 January 2020 year end. An audit tender process will be undertaken during 2019.

On the recommendation of the Audit Committee, the Board is satisfied to propose the resolution to re-appoint KPMG at the AGM. Shareholders have the opportunity at each AGM to vote on the appointment of the auditor for the forthcoming year.

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 as follows:

- financial;
- operational;
- compliance; and
- management of these risks.

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 8 to 9). 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.

Note 17 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 head of internal audit 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 2019 meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 31 January 2019 by considering documentation from the Manager, including the internal audit, risk and compliance functions, and taking account of events since 31 January 2019.

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.

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 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.

UK Stewardship Code and Proxy Voting as an Institutional Shareholder

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.

Socially Responsible Investment Policy

The Company's socially responsible investment policy is outlined on page 10.

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 12 June 2017;
(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 auditor to audit certain of the disclosures provided in the Remuneration Report. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the report on pages 39 to 43.

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 £150,000. The limit may only be increased by shareholder resolution and a resolution will be put to shareholders at the AGM on 4 June 2019 to increase the annual limit to £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.

	As at 1 February 2019 £	As at 1 February 2018 £
Chairman	31,000	29,000
Chairman of Audit Committee	25,000	21,000
Director	22,500	21,000

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 to all Directors at the time of appointment (currently £22,500).
- 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.
- 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.

A resolution to approve the Directors' Remuneration Policy was approved on 12 June 2017.

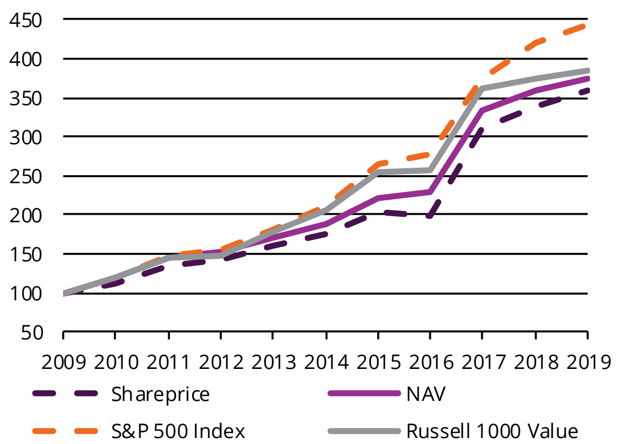
Implementation Report

Directors' Fees Increase

The Board carried out a review of the level of Directors' fees during the year and concluded that fees should remain increase to £31,000 for the Chairman, £25,000 for the Audit Committee Chairman and £22,500 for each Director, effective from 1 February 2019.

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 2019 (rebased to 100 at 31 January 2009). 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 4 June 2018, shareholders approved the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) in respect of the year ended 31 January 2018. 99.0% of proxy votes were in favour of the resolution, 0.7% were against, and 0.3% abstained.

At the Company's AGM held on 12 June 2017, shareholders approved the Directors' Remuneration Policy with 99.3% of proxy votes in favour of the resolution, 0.5% against and 0.2% 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 opposite.

Audited Information

Fees Payable

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

Director	2019 £	2018 £
James Ferguson	29,000	28,000
Guy Crawford [1]	13,300	20,000
Archie Hunter [1]	13,300	20,000
Karyn Lamont [2]	7,758	n/a
Susannah Nicklin[2]	7,758	n/a
Charles Park	21,000	12,000
Susan Rice	21,000	20,000
Total	**113,116**	**100,000**

[1] Retired on 18 September 2018; [2] Appointed on 18 September 2018

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.

A resolution to receive and adopt the Director's Remuneration Report (excluding the Directors' Remuneration Policy) in respect of the year ended 31 January 2019 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 2019 and 31 January 2018 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 2019 Ord 25p	31 Jan 2018 Ord 25p
James Ferguson	15,770	15,770
Guy Crawford	4,000 [1]	4,000
Archie Hunter	2,800 [1]	2,800
Karyn Lamont	-	n/a
Susannah Nicklin	-	n/a
Charles Park	-	-
Susan Rice	135	135

[1] At retirement date – 18 September 2018

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 2019:

- 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

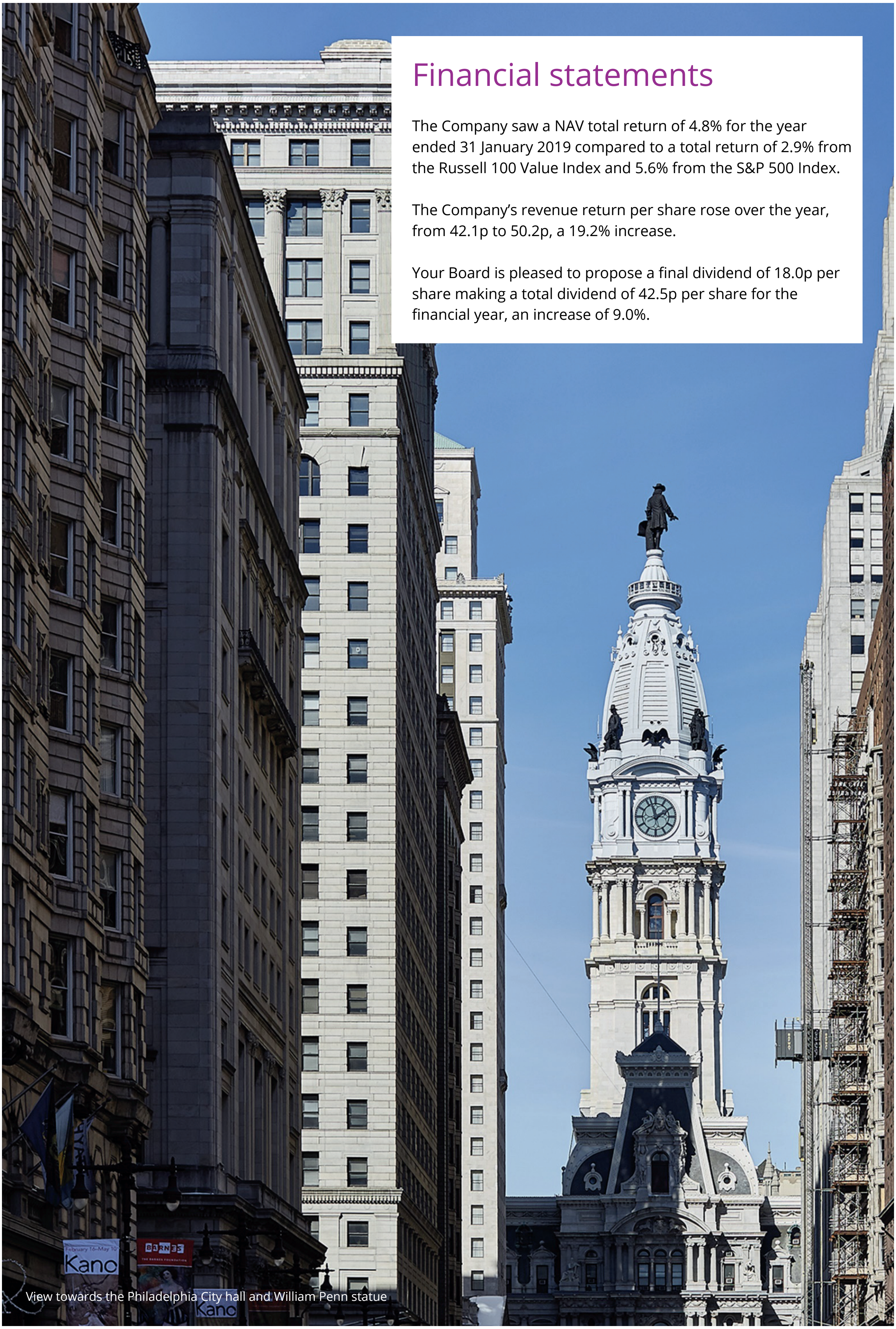
10 April 2019

Financial statements

The Company saw a NAV total return of 4.8% for the year ended 31 January 2019 compared to a total return of 2.9% from the Russell 100 Value Index and 5.6% from the S&P 500 Index.

The Company's revenue return per share rose over the year, from 42.1p to 50.2p, a 19.2% increase.

Your Board is pleased to propose a final dividend of 18.0p per share making a total dividend of 42.5p per share for the financial year, an increase of 9.0%.



View towards the Philadelphia City hall and William Penn statue

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 accounts, 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 The North American Income Trust plc

James Ferguson
Chairman

10 April 2019

Independent Auditor's Report to the Members of The North American Income Trust plc

1 Our opinion is unmodified

We have audited the financial statements of The North American Income Trust plc ("the Company") for the year ended 31 January 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of Company's affairs as at 31 January 2019 and of its return for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the Company before 1990. The period of total uninterrupted engagement is for more than the 30 financial years ended 31 January 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, 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. We summarise below the key audit matters, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Carrying amount of quoted investments (£421m ; 2018: £407m) *Refer to page 31(Audit Committee Report), page 49 (accounting policy) and page 54 (financial disclosures).*	**Low risk, high value** The company's portfolio of quoted investments makes up 95.2% of the company's total assets (by value) and is considered to be the key driver of results. We do not consider these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	Our procedures included: • **Control design:** Documenting and assessing the processes in place to record investment transactions and to value the portfolio; • **Tests of detail:** Agreeing the valuation of 100 per cent of investments in the portfolio to externally quoted prices; and • **Enquiry of custodians:** Agreeing 100 per cent of investment holdings in the portfolio to independently received third party confirmations from investment custodians. **Our results:** We found the carrying amount of quoted investments to be acceptable (2018: acceptable).

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £4.4m (2018: £4.2m), determined with reference to a benchmark of total assets, of which it represents 1% (2018: 1%).

Independent Auditor's Report to the Members of The North American Income Trust plc continued

In addition, we applied materiality of £848,000 (2018: £710,000) to income from investments for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the company's members' assessment of the financial performance of the company.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £221,000 (2018: £213,000) for the financial statements as a whole, and, £42,000 (2018: £35,000) in respect of income from investments, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the company was undertaken to the materiality level specified above and was performed at KPMG LLP in Edinburgh and BNP Paribas office in Dundee.

4 We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional procedures.

Based on this work, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement in Note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 26 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5 We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

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

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability Statement page 10 that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- the disclosures describing these risks and explaining how they are being managed and mitigated; and
- the Directors' explanation in the Viability Statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Viability Statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that 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; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Statement of Corporate Governance does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6 We have nothing to report on the other matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Independent Auditor's Report to the Members of The North American Income Trust plc continued

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 38, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience ,through discussion with the directors and the manager and the administrator (as required by auditing standards), and discussed with the directors and the manager the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), and its qualification as an Investment Trust under UK tax legislation, any breach of which could lead to the company losing various deductions and exemptions from UK corporation tax, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: the Listing Rules and certain aspects of company legislation recognising the financial and regulated nature of the company's activities legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8 The purpose of our audit work and to whom we owe our responsibilities

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

Grant Archer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

10 April 2019

Statement of Comprehensive Income

		Year ended 31 January 2019			Year ended 31 January 2018		
		Revenue	Capital	Total	Revenue	Capital	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Net gains on investments	11	–	7,901	7,901	–	13,851	13,851
Net currency (losses)/gains	3	–	(1,603)	(1,603)	–	2,243	2,243
Income	4	19,033	–	19,033	16,137	–	16,137
Investment management fee	5	(875)	(2,038)	(2,913)	(910)	(2,126)	(3,036)
Administrative expenses	7	(852)	–	(852)	(739)	–	(739)
Return before finance costs and taxation		17,306	4,260	21,566	14,488	13,968	28,456
Finance costs	6	(345)	(806)	(1,151)	(280)	(652)	(932)
Return before taxation		16,961	3,454	20,415	14,208	13,316	27,524
Taxation	8	(2,692)	657	(2,035)	(2,196)	359	(1,837)
Return after taxation		**14,269**	**4,111**	**18,380**	**12,012**	**13,675**	**25,687**
Return per share (pence)	10	**50.19**	**14.46**	**64.65**	**42.12**	**47.96**	**90.08**

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 18.0p per share (£5,117,000), making a total dividend of 42.5p per share (£12,225,000) for the year to 31 January 2019 which, if approved, will be payable on 7 June 2019 (see note 9).

For the year ended 31 January 2018, the final dividend was 16.0p per share (£4,549,000) making a total dividend of 39.0p per share (£11,092,000).

Statement of Financial Position

	Notes	As at 31 January 2019 £'000	As at 31 January 2018 £'000
Non-current assets			
Investments at fair value through profit or loss	11	421,469	406,593
Current assets			
Debtors and prepayments	12	2,772	620
Cash and short term deposits		18,593	19,636
		21,365	20,256
Creditors: amounts falling due within one year			
Other creditors	13	(6,167)	(3,556)
Bank loan	14	(38,010)	(31,644)
		(44,177)	(35,200)
Net current liabilities		(22,812)	(14,944)
Net assets		**398,657**	**391,649**
Capital and reserves			
Called-up share capital	15	7,108	7,108
Share premium account		48,467	48,467
Capital redemption reserve		15,452	15,452
Capital reserve		310,920	306,809
Revenue reserve		16,710	13,813
Equity shareholders' funds		**398,657**	**391,649**
Net asset value per share (pence)	16	**1,402.22**	**1,377.57**

The financial statements were approved and authorised for issue by the Board on 10 April 2019 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 2019

	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	306,809	13,813	391,649
Return after taxation	–	–	–	4,111	14,269	18,380
Dividends paid (see note 9)	–	–	–	–	(11,372)	(11,372)
Balance at 31 January 2019	**7,108**	**48,467**	**15,452**	**310,920**	**16,710**	**398,657**

For the year ended 31 January 2018

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2018	7,161	48,467	15,399	295,709	12,365	379,101
Buyback of Ordinary shares for cancellation	(53)	–	53	(2,575)	–	(2,575)
Return after taxation	–	–	–	13,675	12,012	25,687
Dividends paid (see note 9)	–	–	–	–	(10,564)	(10,564)
Balance at 31 January 2018	**7,108**	**48,467**	**15,452**	**306,809**	**13,813**	**391,649**

The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

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

Statement of Cash Flows

	Notes	Year ended 31 January 2019 £'000	Year ended 31 January 2018 £'000
Operating activities			
Net return before taxation		20,415	27,524
Adjustments for:			
Net gains on investments		(7,901)	(13,851)
Net losses/(gains) on foreign exchange transactions		1,603	(2,243)
Increase/(decrease) in dividend income receivable		(214)	25
Decrease in fixed interest income receivable		11	31
(Decrease)/increase in derivatives		(443)	531
(Increase)/decrease in other debtors		(7)	3
(Decrease)/increase in other creditors		(65)	17
Tax on overseas income		(2,132)	(1,831)
Amortisation of fixed income book cost		26	22
Net cash inflow from operating activities		11,293	10,228
Investing activities			
Purchases of investments		(164,763)	(111,969)
Sales of investments		159,036	128,593
Net cash flow from investing activities		(5,727)	16,624
Financing activities			
Equity dividends paid	9	(11,372)	(10,564)
Buyback of Ordinary shares for cancellation		–	(2,575)
Drawdown/(repayment) of loan		3,510	(4,394)
Net cash used in financing activities		(7,862)	(17,533)
(Decrease)/increase in cash and cash equivalents		**(2,296)**	**9,319**
Analysis of changes in cash and cash equivalents during the year			
Opening balance		19,636	12,609
Effect of exchange rate fluctuation on cash held	3	1,253	(2,292)
(Decrease)/increase in cash as above		(2,296)	9,319
Closing balance		**18,593**	**19,636**

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

Notes to the Financial Statements

For the year ended 31 January 2019

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 and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in November 2014 and updated in February 2018 with consequential amendments. 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, at the time of approving the financial statements, a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is included in the Directors' Report (unaudited) on page 26.

(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. Fixed returns on debt securities are recognised on a time apportionment basis so as to reflect the effective yield on the debt securities.

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

(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.

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 25p.

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.

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.

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.

(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. 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 realised 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.

(l) 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 of judgement which impact these financial statements.

3. Net currency gains/(losses)	**2019 £'000**	**2018 £'000**
Gains/(losses) on cash held	1,253	(2,292)
(Losses)/gains on bank loans	(2,856)	4,535
	(1,603)	**2,243**

4. Income	**2019 £'000**	**2018 £'000**
Income from overseas listed investments		
Dividend income	13,374	12,225
REIT income	895	723
Interest income from investments	619	688
	14,888	13,636
Other income from investment activity		
Traded option premiums	3,909	2,402
Deposit interest	236	99
	4,145	2,501
Total income	**19,033**	**16,137**

During the year, the Company was entitled to premiums totalling £3,909,000 (2018 – £2,402,000) in exchange for entering into option contracts. At the year end there were 8 (2018 – 8) open positions, valued at a liability of £118,000 (2018 – liability of £561,000) as disclosed in note 13. Losses realised on the exercise of derivative transactions are disclosed in note 11.

5. Investment management fee	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Investment management fee	875	2,038	2,913	910	2,126	3,036

Management services are provided by Aberdeen Standard Fund Managers Limited ("ASFML"). With effect from 1 February 2018, the annual management fee has been 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. Previously, the fee was calculated at an annual rate of 0.8% of gross assets after deducting current liabilities and borrowings and excluding commonly managed funds, 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 £735,000 (2018 – £790,000). The fee is allocated 30% to revenue and 70% to capital (2018 – 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.

6. Finance costs	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Interest on bank loans	345	806	1,151	280	652	932

7. Administrative expenses	2019 £'000	2018 £'000
Directors' fees	113	100
Registrar's fees	60	60
Custody and bank charges	26	25
Secretarial fees	112	108
Auditor's remuneration (excluding irrecoverable VAT):		
– fees payable to the Company's auditor for the audit of the annual accounts	17	16
Promotional activities	211	213
Printing, postage and stationery	26	28
Fees, subscriptions and publications	47	45
Professional fees	127	77
Depositary charges	50	48
Other expenses	63	19
	852	739

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 £112,000 (2018 – £108,000). The balance due at the year end was £28,000 (2018 – £18,000).

During the year £211,000 (2018 – £213,000) was paid to ASFML in respect of promotional activities for the Company and the balance due at the year end was £18,000 (2018 – £18,000).

8. Taxation

	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
(a) Analysis of charge for the year						
UK corporation tax	657	(657)	–	359	(359)	–
Overseas tax suffered	2,035	–	2,035	1,831	–	1,831
Prior year adjustment	–	–	–	6	–	6
Total tax charge for the year	**2,692**	**(657)**	**2,035**	**2,196**	**(359)**	**1,837**

(b) Factors affecting the tax charge for the year

The UK corporation tax rate is 19.00% (2018 – effective rate of 19.17%). The tax charge for the year is lower than the corporation tax rate. The differences are explained below:

	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Net profit before taxation	16,961	3,454	20,415	14,208	13,316	27,524
Corporation tax at 19.00% (2018 – 19.17%)	3,223	656	3,879	2,724	2,553	5,277
Effects of:						
Non-taxable overseas dividends	(2,541)	–	(2,541)	(2,344)	–	(2,344)
Irrecoverable overseas withholding tax	2,035	–	2,035	1,831	–	1,831
Other non-taxable income	–	(47)	(47)	–	–	–
Expenses not deductible for tax purposes	1	–	1	–	–	–
Tax effect of expenses double taxation relief	(26)	–	(26)	(21)	–	(21)
Excess management expenses	–	(116)	(116)	–	173	173
Non-taxable gains on investments	–	(1,454)	(1,454)	–	(2,655)	(2,655)
Non-taxable currency gains/(losses)	–	304	304	–	(430)	(430)
Prior year adjustment	–	–	–	6	–	6
Total tax charge	**2,692**	**(657)**	**2,035**	**2,196**	**(359)**	**1,837**

(c) Provision for deferred taxation

No provision for deferred tax has been made in the current or prior accounting year. The Company has not provided for deferred tax on capital gains or losses arising on the revaluation or disposal of investments as it is exempt from tax on these items because of its status as an investment trust company.

At the period end, after offset against income taxable on receipt, there is a potential deferred tax asset of £65,000 (2018 – £169,000) in relation to surplus management expenses. It is unlikely that the fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised.

9.	Dividends	2019 £'000	2018 £'000
	Amounts recognised as distributions to equity holders in the year:		
	3rd interim dividend for 2018 – 8.0p per share (2017 – 7.5p)	2,274	2,149
	Final dividend for 2018 – 16.0p per share (2017 – 14.5p)	4,550	4,146
	1st interim dividend for 2019 – 8.0p per share (2018 – 7.5p)	2,274	2,137
	2nd interim dividend for 2019 – 8.0p per share (2018 – 7.5p)	2,274	2,132
		11,372	**10,564**

The proposed third interim dividend was unpaid at the year end and the final dividend for 2019 is subject to approval by shareholders at the Annual General Meeting. Accordingly, neither has 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 £14,269,000 (2018 – £12,012,000).

	2019 £'000	2018 £'000
1st interim dividend for 2019 – 8.0p per share (2018 – 7.5p)	2,274	2,137
2nd interim dividend for 2019 – 8.0p per share (2018 – 7.5p)	2,274	2,132
3rd interim dividend for 2019 – 8.5p per share (2018 – 8.0p)	2,417	2,274
Proposed final dividend for 2019 – 18.0p per share (2018 – 16.0p)	5,117	4,550
	12,082	**11,093**

The cost of the proposed final dividend for 2019 is based on 28,430,504 Ordinary shares in issue, being the number of Ordinary shares in issue at the date of this report.

		2019		2018	
10.	Return per Ordinary share	£'000	p	£'000	p
	Based on the following figures:				
	Revenue return	14,269	50.19	12,012	42.12
	Capital return	4,111	14.46	13,675	47.96
	Total return	**18,380**	**64.65**	**25,687**	**90.08**
	Weighted average number of Ordinary shares in issue		**28,430,504**		**28,514,542**

11. Investments	2019 £'000	2018 £'000
Fair value through profit or loss:		
Opening fair value	406,593	410,344
Opening investment holdings gains	(101,386)	(132,009)
Opening book cost	305,207	278,335
Purchases at cost	167,882	107,758
Sales – proceeds	(160,881)	(125,338)
Sales – realised gains[A]	49,394	44,474
Amortisation of fixed income book cost	(26)	(22)
Closing book cost	361,576	305,207
Closing investment holdings gains	59,893	101,386
Closing fair value	**421,469**	**406,593**
Listed on overseas stock exchanges	**421,469**	**406,593**

Gains/(losses) on investments	2019 £'000	2018 £'000
Realised gains on sales[A]	49,394	44,474
Movement in investment holdings gains	(41,493)	(30,623)
	7,901	**13,851**

[A] Includes losses realised on the exercise of traded options of £2,518,000 (2018 – £2,492,000) 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 £3,909,000 (2018 – £2,402,000) per note 4.

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:

	2019 £'000	2018 £'000
Purchases	68	68
Sales	122	130
	190	**198**

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.

		2019	2018
12.	**Debtors: amounts falling due within one year**	**£'000**	**£'000**
	Dividends receivable	605	391
	Interest receivable	172	183
	Other debtors and prepayments	53	46
	Amount due from brokers	1,845	–
	Taxation recoverable	97	–
		2,772	**620**

		2019	2018
13.	**Creditors: amounts falling due within one year**	**£'000**	**£'000**
	Amounts due to brokers	5,166	2,047
	Investment management fee payable	735	790
	Traded option contracts	118	561
	Interest payable	33	36
	Other creditors	115	122
		6,167	**3,556**

		2019	2018
14.	**Bank loan**	**£'000**	**£'000**
	Repayable within one year:		
	Bank loan	**38,010**	**31,644**

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. US$50 million was drawn down at 31 January 2019 at an all-in interest rate of 3.4780% and matured on 22 February 2019. At the date of this Report the Company had drawn down US$50 million at an all-in interest rate of 3.46563%. At 31 January 2018, US$45 million was drawn down under this facility at an all-in interest rate of 2.5325% and matured on 20 February 2018.

The terms of the loan facility contain covenants that gross borrowings should not exceed 35% of adjusted net assets and the net asset value shall not at any time be less than US$200 million.

		2019	2018
15.	**Called-up share capital**	**£'000**	**£'000**
	Allotted, called-up and fully paid:		
	Opening balance	7,108	7,161
	Shares bought back for cancellation during the year	–	(53)
	28,430,504 (2018 – 28,430,504) Ordinary shares of 25p each	**7,108**	**7,108**

During the year no Ordinary shares were bought back (2018 – 214,500 bought back for cancellation at a total cost of £2,575,000).

16. Net asset value per equity share

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

	2019	2018
Net assets attributable	£398,657,000	£391,649,000
Number of Ordinary shares in issue	28,430,504	28,430,504
Net asset value per share	1,402.22p	1,377.57p

17. 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 £3,909,000 (2018 – £2,402,000). Positions closed during the year realised a loss of £2,518,000 (2018 – £2,492,000). The largest position in derivative contracts held during the year at any given time was £440,000 (2018 – £561,000). The Company had 8 (2018 – 8) open positions in derivative contracts at 31 January 2019 valued at a liability of £118,000 (2018 – £561,000) 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 2019 are shown in note 14 on page 55.

Interest risk profile

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

Notes to the Financial Statements continued

At 31 January 2019	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	–	–	–	2,110	–
US Dollar	5.87	6.07	11,217	13,863	376,951
Canadian Dollar	–	–	–	2,620	33,301
Total assets			**11,217**	**18,593**	**410,252**
Liabilities					
Bank loan – US$50,000,000	0.06	3.48	–	(38,010)	–
Total liabilities			**–**	**(38,010)**	**–**

At 31 January 2018	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	–	–	–	61	–
US Dollar	8.47	6.78	8,649	18,105	346,494
Canadian Dollar	–	–	–	1,470	51,450
Total assets			**8,649**	**19,636**	**397,944**
Liabilities					
Bank loan – US$45,000,000	0.05	2.53	–	(31,644)	–
Total liabilities			**–**	**(31,644)**	**–**

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.

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 2019 would decrease/increase by £194,000 (2018 – decrease/increase by £120,000). 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 68, 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 2019 would have increased/decreased by £42,147,000 (2018 – increase/decrease of £40,659,000) 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.

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 2019 was as follows:

	2019 Statement of Financial Position £'000	Maximum exposure £'000	2018 Statement of Financial Position £'000	Maximum exposure £'000
Non-current assets				
Quoted bonds	11,217	11,217	8,649	8,649
Current assets				
Amount due from brokers	1,845	1,845	–	–
Dividends receivable	605	605	391	391
Interest receivable	172	172	183	183
Taxation recoverable	97	97	–	–
Other debtors and prepayments	53	53	46	46
Cash and short term deposits	18,593	18,593	19,636	19,636
	32,582	**32,582**	**28,905**	**28,905**

None of the Company's financial assets is 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 preference shares and bonds at 31 January 2019 and 31 January 2018:

	2019 £'000	2018 £'000
B+	830	1,824
B	763	817
BB+	2,622	153
BB	2,421	–
BB–	3,805	–
BBB–	776	5,855
	11,217	**8,649**

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.

18. 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.

19. 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:

As at 31 January 2019	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	410,252	–	–	410,252
Quoted bonds	b)	–	11,217	–	11,217
		410,252	11,217	–	421,469
Financial liabilities at fair value through profit or loss					
Derivatives	c)	–	(118)	–	(118)
Net fair value		**410,252**	**11,099**	**–**	**421,351**

As at 31 January 2018	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	397,944	–	–	397,944
Quoted bonds	b)	–	8,649	–	8,649
		397,944	8,649	–	406,593
Financial liabilities at fair value through profit or loss					
Derivatives	c)	–	(561)	–	(561)
Net fair value		**397,944**	**8,088**	**–**	**406,032**

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.

20. 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 page 35.

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.

Alternative Performance Measures

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 2019 and 31 January 2018 and total return for the years.

2019	Dividend rate	NAV	Share price
31 January 2018	N/A	1,377.57p	1,300.00p
10 May 2018	16.00p	1,351.36p	1,272.50p
19 July 2018	8.00p	1,430.65p	1,350.00p
4 October 2018	8.00p	1,466.17p	1,365.00p
24 January 2019	8.50p	1,380.38p	1,320.00p
31 January 2019	N/A	1,402.22p	1,340.00p
Total return		**+4.8%**	**+6.3%**

2018	Dividend rate	NAV	Share price
31 January 2017	N/A	1,323.45p	1,232.00p
18 May 2017	14.50p	1,254.71p	1,158.50p
13 July 2017	7.50p	1,307.61p	1,191.00p
12 October 2017	7.50p	1,360.06p	1,262.00p
25 January 2018	8.00p	1,375.36p	1,317.50p
31 January 2018	N/A	1,377.57p	1,300.00p
Total return		**+7.1%**	**+8.8%**

Dividend cover

Revenue return per share of 50.19p (2018 – 42.12p) divided by dividends per share of 42.50p (2018 – 39.00p) expressed as a ratio.

Net gearing

Net gearing measures the total borrowings of £38,010,000 (31 January 2018 – £31,644,000) less cash and cash equivalents of £15,272,000 (31 January 2018 – £17,589,000) divided by shareholders' funds of £398,657,000 (31 January 2018 – £391,649,000), expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes amounts due and to brokers at the year end as well as cash and short term deposits. These balances can be found in notes 12 and 13 on page 55.

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.

	2019	2018
Investment management fees (£'000)	2,913	3,036
Administrative expenses (£'000)	852	739
Ongoing charges (£'000)	**3,765**	**3,775**
Average net assets[A] (£'000)	**396,330**	**383,371**
Ongoing charges ratio	**0.95%**	**0.98%**

[A] During both years net asset values with debt at fair value equated to net asset value with debt at amortised cost due to the short-term nature of the bank loans.

The ongoing charges ratio provided in the Company's Key Information Document is calculated in line with the PRIIPs regulations.

Corporate Information

The Manager, Aberdeen Standard Fund Managers Limited, is a subsidiary of Standard Life Aberdeen plc. Assets under the management of the combined investment division, Aberdeen Standard Investments, were equivalent to £505.1 billion at 31 December 2018.

Globe at Columbus Circle, midtown, New York City, near Central Park

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.

Assets under the management of the combined investment division, Aberdeen Standard Investments, were equivalent to £505.1 billion as at 31 December 2018 for a range of clients, including individuals and institutions, through mutual and segregated funds.

Aberdeen Standard Investments' senior management team

Ralph Bassett

Deputy 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 Deputy Head of North American Equity.

Jared Marks

Investment Manager - North American Equities
Graduated with a BSc in Economics from The Wharton School at the University of Pennsylvania and is a CFA® charterholder. Joined ASI in 2011 as a Graduate Business Analyst, after having interned in 2010.

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.

Information about the Manager continued

The Investment Process

Philosophy and Style

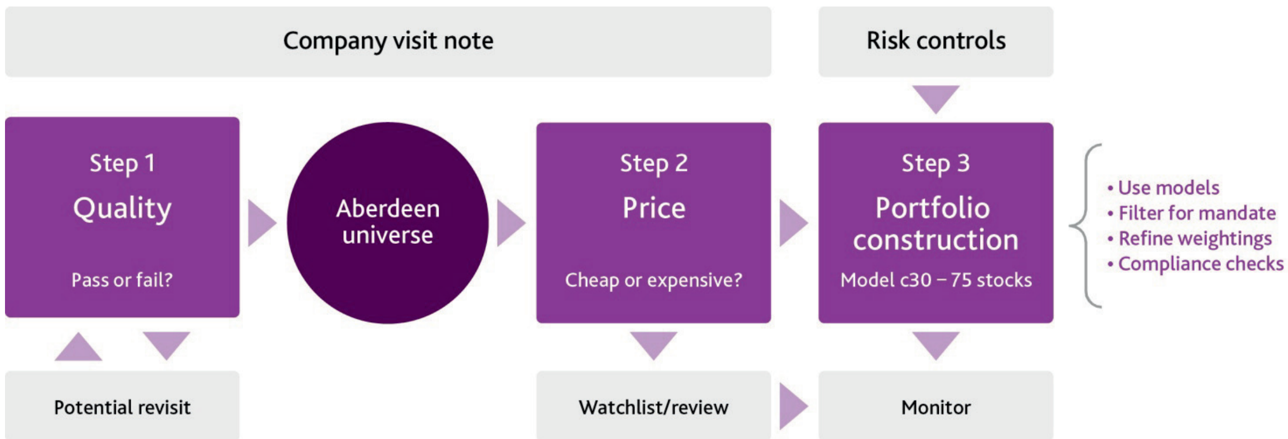
The Manager's investment philosophy is that markets are not always efficient. The Manager believe that superior investment returns are therefore attainable by identifying good companies cheaply, defined in terms of the fundamentals that in their opinion drive share prices over the long term. They undertake 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 stock markets 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.



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 2019/20.

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 2019/20 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.

Investor Information continued

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. Stock market 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
www.invtrusts.co.uk/en/investmenttrusts/literature-library

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; Alliance Trust Savings; Barclays Stockbrokers; Charles Stanley Direct; Halifax Share Dealing; Fidelity Personal Investing; Hargreave Hale; Hargreaves Lansdown; Idealing; Interactive Investor; Selftrade; The Share Centre; Stocktrade.

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/search
Email: register@fca.org.uk

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 invtrusts.co.uk/en/investmenttrusts/literature-library.

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.

Financial Calendar

31 January 2019	Company's year end
11 April 2019	Announcement of annual results for year ended 31 January 2019
4 June 2019 (2.00 pm)	Annual General Meeting (Edinburgh)
7 June 2019	Final dividend payable for year ended 31 January 2019
July 2019	First interim dividend payable for the year ending 31 January 2020
September 2019	Announcement of half yearly results for six months ending 31 July 2019
October 2019	Second interim dividend payable for year ending 31 January 2020
February 2020	Third interim dividend payable for year ending 31 January 2020

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 March 2019.

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 7 to 11, Note 17 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");
- all 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 79) and the remuneration disclosures in respect of the AIFM's reporting period for the period ended 30 September 2018 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 2019	1.09:1	1.10:1

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 Definitions

Aberdeen Standard Investments	Aberdeen Standard Investments ("ASI") is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.
AAMI or Investment Manager	Aberdeen Asset Management Inc. ("AAMI") has been delegated responsibility for the Company's day-to-day investment management. AAMI is authorised and regulated by the US Securities and Exchange Commission.
ASFML, 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. ASFML is authorised and regulated by the Financial Conduct Authority.
AIC	The Association of Investment Companies.
AIFMD	The Alternative Investment Fund Managers Directive ("the 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.
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.
Disclosure Guidance and Transparency Rules or DTRs	The DTRs contain requirements for publishing and distributing annual financial reports, half-yearly financial reports and other regulatory statements, and are applicable to investment companies which are listed on the main market of the London Stock 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	Revenue return per share divided by dividends per share expressed as a ratio.
Dividend Yield	Dividend per share divided by the Ordinary share price at the relevant date, expressed as a precentage.
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	Any method by which the AIFM increases the exposure of the Company whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.
Listing Rules	The Financial Conduct Authority's Listing Rules are a set of regulations that are applicable to all companies that are listed on the London Stock Exchange.
Net Asset Value or 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.

Glossary of Terms and Definitions continued

Net Gearing/(Cash)	Net gearing/(cash) is calculated by dividing total assets (as defined below) less cash or cash equivalents by shareholders' funds expressed as a percentage, in line with AIC Guidance.
Ongoing Charges Ratio ("OCR")	Ratio of expenses as percentage of average daily shareholders' funds calculated as per the industry- standard method.
PIDD	Pre-Investment Disclosure Document ("PIDD"). The AIFM and the Company are required to make certain disclosures available to investors in accordance with the AIFMD. Those disclosures that are required to be made pre-investment are included within a PIDD, a copy of which can be found on the Company's website.
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 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 stock market's view of a company's prospects and profit growth potential.
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	The total assets less current liabilities.
Total Return	Total Return involves reinvesting the net dividend in the month that the share price goes xd. 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, eg quarter end, half year or year end date.
UCITS	UCITS stands for Undertakings for Collective Investments in Transferable Securities and relates to mutual funds located in the European Union.

Notice of Annual General Meeting

Notice is hereby given that the one hundred and sixteenth Annual General Meeting of The North American Income Trust plc will be held at 1 George Street, Edinburgh, EH2 2LL on 4 June 2019 at 2.00 p.m., for the following purposes:

To consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 11 inclusive and resolutions 14 and 15 will be proposed as ordinary resolutions and resolutions 12 and 13 will be proposed as special resolutions.

Ordinary Business

1. To receive the reports of the Directors and the auditor and the audited financial statements for the year ended 31 January 2019.
2. To receive and adopt the Directors' Remuneration Report (other than the Directors' Remuneration Policy) for the year ended 31 January 2019.
3. To approve a final dividend of 18.0p on the Ordinary shares.
4. To re-elect James Ferguson as a Director of the Company.
5. To elect Karyn Lamont as a Director of the Company.
6. To 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 KPMG LLP as auditor of the Company.
10. To authorise the Directors to fix the remuneration of the auditor for the year ending 31 January 2020.
11. 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 £2,368,971 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 2020 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2020, 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.
12. That, subject to the passing of the resolution numbered 11 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 £710,762 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 2020 or on 31 July 2020, 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.
13. 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:–
    - the maximum aggregate number of Ordinary shares hereby authorised to be purchased is 21,308,662 if Resolution 15 below is approved and becomes effective, or otherwise 4,261,732, 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;

- the minimum price which may be paid for an Ordinary share shall be the nominal value of that share (exclusive of expenses);
- 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
- unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 31 July 2020 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2020, 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

14. That, with effect from the date of passing of this resolution 14, the aggregate fees paid to the Directors for their services as Directors of the Company shall not exceed £175,000 per annum.
15. That each of the Ordinary shares of 25 pence each in the capital of the Company be subdivided into 5 ordinary shares of 5 pence each (the 'New Ordinary shares'), the New Ordinary shares having the rights and being subject to the restrictions set out in the Articles of Association of the Company, provided that such sub-division is conditional on, and shall take effect on, admission of the New Ordinary shares to the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange's market for listed securities by 8.00am on 10 June 2019 (or such other time and/or date as the Directors of the Company may in their absolute discretion determine).

25 April 2019
Registered office: 7th Floor, 40 Princes Street
Edinburgh EH2 2BY

By order of the Board
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. 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 these accounts. Completion and return of the form of proxy will not prevent any member from attending the Meeting and voting 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.

(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 6.00pm on 31 May 2019 (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 on any day (except Saturdays, Sundays and bank holidays) from the date of this notice until the date of the Meeting during usual business hours at the Company's registered office and for 15 minutes prior to, and at, the Meeting.

(xi) As at close of business on 15 April 2019 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 28,430,504 Ordinary shares of 25p each. The total number of voting rights in the Company as at 15 April 2019 was 28,430,504.

(xii) 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.

(xiii) 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.

(xiv) The members of the Company may require the Company to publish, on its website, a statement setting out any matter relating to the audit of the Company's accounts, including the Auditor's Report and the conduct of the audit, which they intend to raise at the next meeting of the Company. The Company will be required to do so once it has received such requests from either (i) members representing at least 5% of the total voting rights of the Company or (ii) at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address, and be sent to: the Company Secretary, The North American Income Trust plc, 40 Princes Street, Edinburgh EH2 2BY.

(xv) 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.

(xvi) 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.

(xvii) 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.

(xviii) 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.

Contact Addresses

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
Bow Bells House
1 Bread Street
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
40 Princes Street
Edinburgh
EH2 2BY
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
Bridgwater Road
Bristol
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.

Auditor

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Depositary

BNP Paribas Securities Services, London Branch

United States Internal Revenue Service FATCA Registration Number (GIIN)

XYAARK.99999.SL.826

Legal Entity Identifier

5493007GCUW7G2BKY360

Visit us online
northamericanincome.co.uk

Aberdeen Standard Investments