The North American Income Trust PLC

Leading US companies picked for their higher income potential

Annual Report
31 January 2020

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Visit our Website

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

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Highlights and Financial Calendar

Net asset value total return[A]

+6.2%

2019 +4.8%

Share price total return[A]

+11.5%

2019 +6.3%

Revenue return per share[B]

11.42p

2019 10.04p

Dividends per share[B]

9.50p

2019 8.50p

Dividend yield[AC]

3.3%

2019 3.2%

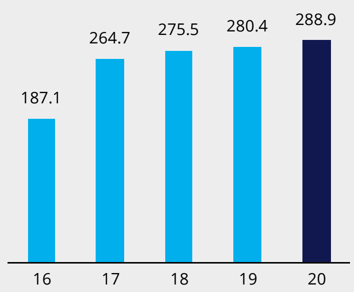
Ongoing charges[A]

0.91%

2019 0.95%

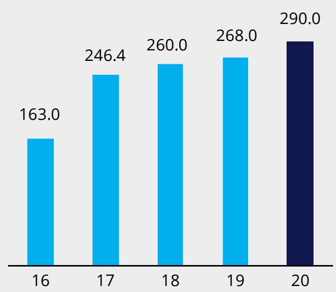
[A] Considered to be an Alternative Performance Measure. See pages 67 and 68 for more information.
[B] Comparative figures for 2019 have been restated due to the sub-division of each existing Ordinary share of 25p into five Ordinary shares of 5p each on 10 June 2019.
[C] Calculated as the dividend for the year divided by the year end share price.

Net asset value



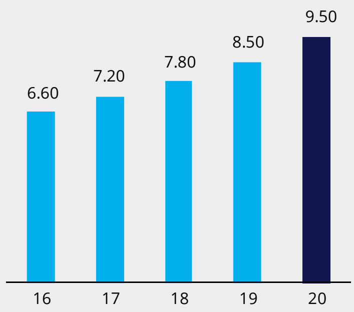
At 31 January 2020 – pence

Share price



At 31 January 2020 – pence

Dividends per share



At 31 January 2020 – pence

Dividends

	Rate	xd date	Record date	Payment date
1st Interim dividend 2020	1.70p	18 July 2019	19 July 2019	2 August 2019
2nd Interim dividend 2020	1.70p	3 October 2019	04 October 2019	25 October 2019
3rd Interim dividend 2020	1.80p	30 January 2020	31 January 2020	21 February 2020
4th interim dividend 2020	4.30p	7 May 2020	11 May 2020	5 June 2020
Total dividends 2020	**9.50p**			
1st Interim dividend 2019*	1.60p	19 July 2018	20 July 2018	3 August 2018
2nd Interim dividend 2019*	1.60p	4 October 2018	05 October 2018	26 October 2018
3rd Interim dividend 2019*	1.70p	24 January 2019	25 January 2019	15 February 2019
Proposed final dividend 2019*	3.60p	9 May 2019	10 May 2019	7 June 2019
Total dividends 2019*	**8.50p**			

* Comparative figures for the year ended 31 January 2019 have been restated due to the sub-division of each existing Ordinary share of 25p into five Ordinary shares of 5p each on 10 June 2019.

Financial Calendar

Financial year end	31 January 2020
Annual General Meeting (Edinburgh)	2 June 2020
Payment dates of quarterly dividends	June 2020 August 2020 October 2020 February 2021

Highlights

	31 January 2020	31 January 2019	% change
Total assets (as defined on page 77)	£432,913,000	£436,667,000	–0.9
Equity shareholders' funds	£413,948,000	£398,657,000	+3.8
Share price (mid market)[A]	290.00p	268.00p	+8.2
Net asset value per share[AB]	288.91p	280.44p	+3.0
Premium/(discount) (difference between share price and net asset value)[C]	0.4%	(4.4)%	
Net cash/(gearing)[C]	0.9%	(5.7)%	
Dividends and earnings			
Revenue return per share[A]	11.42p	10.04p	+13.8
Dividends per share[A]	9.50p	8.50p	+11.8
Dividend yield (based on year end share price)[C]	3.3%	3.2%	
Dividend cover[C]	1.20	1.18	
Revenue reserves per share			
Prior to payment of third and fourth interim dividends[A]	14.38p	11.75p	
After payment of third and fourth interim dividends[A]	8.28p	6.45p	
Operating costs			
Ongoing charges[C]	0.91%	0.95%	

[A] Comparative figures for the year ended 31 January 2019 have been restated due to the sub-division of each existing Ordinary share of 25p into five Ordinary shares of 5p each on 10 June 2019.
[B] Including undistributed revenue.
[C] Considered to be an Alternative Performance Measure. See pages 67 and 68 for further information.

Strategic Report

The North American Income Trust plc was launched 118 years ago in 1902.

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

Chairman's Statement

As this is written both the news and stockmarkets are dominated by the development of the COVID-19 pandemic. The net asset value per share of NAIT, which was 288.91p at our year end has fallen to 241.65p at 21 April 2020 and the outlook for dividends from our investments is uncertain. However, our Managers have examined the portfolio with great care and are as confident as they can be that we are invested in companies with the strength to survive.

Performance

Over the year to 31 January 2020, the Company's net asset value per share rose by 6.2% on a total return basis in sterling terms. This underperformed the 14.6% return in sterling terms from the Russell 1000 Value Index, the Company's primary reference index. The Company's relative underperformance for the year was attributable mainly to stock selection in the materials, communication services and consumer discretionary sectors. Conversely, strong stock selection in the energy, industrials and healthcare sectors bolstered the Company's performance.

The longer-term performance of the Company had been stronger. Over the three and five-year periods to 31 January 2020, the Company's NAV return was 19.1% and 79.2%, respectively, compared to the corresponding 22.3% and 72.9% returns from the Russell 1000 Value Index.

Dividend

For the year ended 31 January 2020, the revenue return per Ordinary share rose by 13.7% from 10.04p to 11.42p. In contrast to previous years, the Board has announced the payment of a fourth interim dividend, rather than recommending a final dividend for approval by shareholders. Announcing this fourth dividend as an interim, instead of a final dividend, means that the payment of the dividend will not be delayed by any postponement of the AGM.

A fourth interim dividend of 4.3p, which will take the total for dividends for the year to 9.5p, an increase of 11.8% from last year, will be payable on 5 June 2020, to shareholders on the register on 11 May 2020. The quarterly dividends are paid in August, October, February and June each year.

The total dividend represented a yield of 3.3%, using the share price of 290.0p at the year-end on 31 January, compared to the 2.6% yield from the Russell 1000 Value Index at that date. The Trust continues to provide a stream of income that exceeds the level of the reference index and has not compromised the capital account over the long-run.

After payment of the fourth interim dividend, the undistributed balance of the revenue account will be added to the Company's revenue reserves, which will represent approximately 8.28p per share. This will provide the Company with added flexibility for future years and some cushion against adverse economic circumstances and a more challenging dividend environment.

Portfolio

As of 31 January 2020, the portfolio consisted of 39 equity holdings and 8 corporate bonds, with equities representing 95% of total assets.

Total revenue from equity holdings in the portfolio over the financial year was £16.3 million (2019 - £14.3 million). Most of the Trust's equity holdings continued their established record of dividend growth. Over 84% of the equity holdings raised their dividends over the past 12 months, with a weighted average increase of approximately 8.4%.

During the financial year, the Company received premiums totalling £4.0 million (2019 - £3.9 million) in exchange for entering into stock option transactions. This option income, the generation of which remains consistent with the Manager's company-focused investment process, represented 19.1% of total income (2019 – 20.5%). As the Company's exposure to corporate bonds has decreased over recent years, interest income from investments was lower and represented 2.7% of total income (2019 – 3.3%). Bond coupons and option premiums will remain secondary sources of income in the belief that dividends must remain the overwhelming source of income available for distribution. Further details of the portfolio are shown on pages 22 to 26.

Market & Economic Review

Major North American equity indices posted notable gains for the year ended January 2020, which was marked by increasing US-China trade tensions and a subsequent "phase one" deal, monetary policy conditions and, towards the end of the period, investors' fears surrounding the potential negative impact of the coronavirus (COVID-19) on the US economy and corporate earnings.

China and the US signed an agreement on a phase one trade deal in January 2020. The pact included a partial backtrack on Chinese export tariffs in exchange for an increase in purchases of US farm, energy and manufactured goods, as well as greater openness in its financial sector and stronger intellectual property protection.

Chairman's Statement Continued

Politics took centre stage in the last months of the period and culminated in the acquittal of President Donald Trump at the impeachment inquiry which alleged that he had illegally sought help from Ukraine to boost his chances of re-election in November 2020. The financial markets' reaction was relatively muted throughout the impeachment inquiry and trial.

The economic ramifications of the measures taken to contain the spread of the coronavirus, including substantial travel restrictions, extended holidays and workplace shutdowns, have resulted in significant downward revisions in global first-quarter 2020 economic growth forecasts. Commodity prices have fallen as a result of weaker growth expectations and sharp reductions in demand. Governments and central banks are taking steps to prevent the global economy from seizing up, although the magnitude and duration of the coronavirus is still unknown.

Management of Premium and Discount

The Company's share price rose by 8.2% to 290.0p and ended the year at a 0.4% premium to total net asset value, compared with a 4.4% discount at the end of the 2019 financial year. During the year under review, the shares mainly traded between a 1% premium and a 2% discount. At the AGM in June 2019, approval was obtained to renew the annual authorities to issue up to 10% of the Company's issued share capital for cash at a premium and to buy-back up to 14.99% of the issued share capital at a discount. The Board monitors the rating of the Company's shares and, taking account of prevailing market conditions, will exercise discretion in buying back shares at a discount or issuing shares at a premium. The Board believes that this is in shareholders' interests as it seeks to reduce volatility in the premium or discount to underlying NAV whilst also making a small positive contribution to the NAV.

During the year, 1,125,000 shares were issued at a premium to NAV and no Ordinary shares were purchased for cancellation. At 21 April 2020, the NAV was 241.65p and the share price was 232.0p equating to a discount of 4.0% per Ordinary share.

The Board will be seeking approval from shareholders to renew both authorities at the 2020 AGM. As in previous years, new shares will only be issued at a premium to NAV and shares will only be bought back at a discount to NAV. Resolutions to this effect will be proposed at the AGM and the Directors strongly encourage shareholders to support these proposals.

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 was drawn down initially. During the year under review, $25 million of the loan facility was repaid and so at the end of the period $25 million was drawn down. At the same time, cash held as collateral against open option positions had increased. As a result, net gearing at 31 January 2020 was effectively reduced to nil (31 January 2019: 5.7%).

Promotional Activity

The Board continues to promote the Company through the Manager's initiatives, which include investor meetings, targeted press coverage, online marketing, direct mail advertising, and providing a series of savings schemes through which savers can invest in the Company in a low-cost and convenient manner (see pages 72 to 74).

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**.

Outlook

As expected, the US Federal Reserve's monetary policy was unchanged in January but subsequently the Fed Funds rate was lowered to zero following the spreading of the coronavirus in March. This move came in tandem with quantitative easing as a mechanism to keep the financial markets from seizing up. Central banks immediately followed the Federal Reserve's lead despite having far less scope to boost their local economies. The US government has also deployed multiple measures to help the recently unemployed, cash payments to nearly all lower and middle class families, forgivable loans for small business and a myriad of policy changes that will allow corporates a better change to manage through this nearly complete stop to the economy at large.

While the US consumer had remained a bright spot in the US economy, the potential for mass unemployment causing a recession now exists. Many stores are being forced to close, and without knowing the duration of these closures, employers are essentially being forced to make their employees redundant during this period of uncertainty. The same can be said for the housing market, which had been strengthening towards the end of 2019, as interest rates became more favourable. When combined with the positive employment backdrop, this led to record levels of housing affordability. It appears that this position has been altered entirely as the economy is approaching a standstill until the virus can be contained.

It would seem that the impact on the global economy and markets is going to be severe. The magnitude of the effect will depend largely upon the spread, scale (number of individuals infected), the duration of the outbreak and governmental actions taken. The total number of coronavirus infections has already exceeded the number of severe acute respiratory syndrome (SARS) cases reported in 2003, suggesting that the total impact on the global economy will be greater. Given that China is a much larger share of the global economy and is also more integrated than it was in 2003, we believe that the spillover to the rest of the world will also be larger.

We are keeping in close communication with all of the companies under coverage given these unprecedented times. We have not had any dividend cuts or suspensions up to this point, but that is likely a matter of time since certain end markets are effectively closed for business with no certain time for re-opening. Furthermore, there has been some rhetoric from government officials about the suspension of dividends of those companies furloughing employees which may impact dividend payments in subsequent months.

The Trust has built reserves which will help to maintain its dividend payments should the dividend environment become more difficult in the near term.

Annual General Meeting ("AGM")

The Board have been monitoring closely the impact of the COVID-19 pandemic upon the arrangements for the Company's upcoming AGM. The intention is to hold the AGM at 11.00 am on 2 June 2020 at the offices of Dickson Minto WS at 17 Charlotte Square, Edinburgh EH2 4DF.

In the light of the developing Government guidance and measures, including the restrictions on public gatherings and maintaining social distancing, and the possibility that these measures will remain in place until June, this year's AGM will follow the minimum legal requirements for an AGM. Arrangements will be made by the Company to ensure that the minimum number of shareholders required to form a quorum will attend the meeting in order that the meeting may proceed and the business concluded. The Board considers these arrangements to be in the best interests of shareholders in the current circumstances.

The Board strongly advises that all shareholders should not attend the AGM in person and instead exercise their votes in respect of the meeting in advance. Any questions which shareholders may have should be submitted to the company secretary at North.american@aberdeen-asset.co.uk.

James Ferguson,
Chairman
22 April 2020

Overview of Strategy

Introduction

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

Investment Objective and Purpose

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

Reference Index

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

Investment Policy

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

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

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

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

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

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

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

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

Management

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

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

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

Key Performance Indicators ("KPIs")

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

KPI	Description
Net asset value and share price performance against the reference indices	The Board reviews the Company's NAV and share price total return performance against the reference indices, the Russell 1000 Value and the S&P 500 (both in sterling terms). Performance graphs and tables are provided on pages 16 to 17. The Board also reviews the performance of the Company against its peer group of investment trusts with similar investment objectives.
Revenue return and dividend yield	The Board monitors the Company's net revenue return and dividend yield through the receipt of detailed income forecasts. A graph showing the dividends and yields over 5 years is provided on page 17.
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 16.
Ongoing charges	The Company's ongoing charges ratio (OCR) is provided on page 3. The Board reviews the OCR against its peer group of investment trusts with similar investment objectives.

Principal Risks and Uncertainties

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

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

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

Overview of Strategy Continued

Description	Mitigating Action
shareholders' funds. Any debt securities that may be held by the Company will be affected by general changes in interest rates that will in turn result in increases or decreases in the market value of those instruments.	Details on financial risks, including market price, liquidity and foreign currency risks and the controls in place to manage these risks are provided in note 18 to the financial statements.
Pandemic or Systemic shock The Company is exposed to stockmarket volatility or illiquidity as a result of major market shock due to a national or global crisis such as a pandemic, war, natural disaster or similar. The resulting impact of disruption on the operations of the Company and its service providers, temporarily or for prolonged duration. The current global coronavirus pandemic, and its consequences both in the short term and longer term, is very relevant to us at the moment.	The Manager assesses and reviews the investment risks arising from a market shock on the companies in the portfolio such as employee absence, reduced demand, reduced turnover, balance sheet strength and supply chain breakdowns and takes the necessary investment decisions. The Manager has extensive business continuity procedures and contingency arrangements to ensure that they are able to continue to service their clients, including investment trusts. The Board monitors these arrangements via regular updates from the Manager and third parties.
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.
Operational The Company is reliant on services provided by third parties (in particular those of the Manager). Failure by any service provider to carry out its contractual obligations could expose the Company to loss or damage and have a detrimental impact on the Company operations.	Written agreements are in place defining the roles and responsibilities of all third party service providers. The Board reviews reports on the operation and efficacy of the Manager's risk management and control systems, including those relating to cyber crime, and its internal audit and compliance functions. The Manager monitors the control environment and quality of services provided by other third party service providers through due diligence reviews, service level agreements, regular meetings and key performance indicators. The Board review reports on the Manager's monitoring of third party service providers on a periodic basis.

Description	Mitigating Action
Regulatory Risk Changes to, or failure to comply with, relevant regulations (including the Companies Act, The Financial Services and Markets Act, The Alternative Investment Fund Managers Directive, accounting standards, investment trust regulations, the Listing Rules, Disclosure Guidance and Transparency Rules and Prospectus Rules) could result in fines, loss of reputation, reduced demand for the Company's shares and potentially loss of an advantageous tax regime.	The Directors have an awareness of the more important regulations and are provided with information on changes by the Association of Investment Companies, as well as the Manager. The Manager provides six-monthly reports to the Audit Committee on its internal control systems, which monitors compliance with relevant regulations. In addition, the Board, when necessary will use the services of its professional advisers to monitor compliance with regulatory requirements. The Manager and depositary provide reports to the Audit Committee on their operations to ensure that the regulations under the AIFM are complied with. The Manager has implemented procedures to ensure that the provisions of the Corporation Tax Act 2010 are not breached and the results are reported to the Board.
Gearing Risk Gearing is used to leverage the Company's portfolio in order to enhance returns where and to the extent this is considered appropriate to do so. Gearing has the effect of accentuating market falls and market gains. The ability of the Company to meet its financial obligations, or an increase in the level of gearing, could result in the Company becoming over-geared or unable to take advantage of potential opportunities and result in a loss of value to the Company's shares.	In order to manage the level of gearing, the Board has set a maximum gearing ratio of 20% of net assets. The Board receives regular updates from the Manager on the 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 2020 the Company had £19.0 million of borrowings and net gearing was nil at the year end.
Discount volatility Investment company shares can trade at discounts to their underlying net asset values, although they can also trade at premia.	In order to seek to minimise the impact of share price volatility, where the shares are trading at a significant discount, the Company has operated a share buyback programme for a number of years. The Board monitors the discount level of the Company's shares and will exercise discretion to undertake shares buybacks.
Derivatives The Company uses derivatives primarily to enhance the income generation of the Company.	The risks associated with derivatives contracts are managed within guidelines set by the Board.

Overview of Strategy Continued

In addition to these risks, the Company is exposed to the effects of geopolitical instability or change which could have an adverse impact on stockmarkets and the Company's portfolio. The Board is cognisant of the risks arising from the outbreak and worsening spread of the Coronavirus around the world, including economic and stockmarket instability and the impact on the operations of the third party suppliers, including the Manager. The Manager has undertaken an assessment of the Company's portfolio and is in close communication with the underlying investee companies in order to navigate and guide the Company through the current challenges. The services from third parties have continued to be supplied effectively and the Board will continue to monitor arrangements through regular updates from the Manager.

The potential impact of Brexit 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 Success of the Company

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

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

The Board's principal concern has been, and continues to be, the interests of the Company's shareholders and potential investors. The Manager undertakes an annual programme of meetings with the largest shareholders and investors reports back to the Board on issues raised at these meetings. The Investment Manager, who is based in the Manager's Philadelphia office, will attend such meetings in person. The Board encourage all shareholders to attend and participate in the Company's AGM in normal circumstances and can contact the Directors via the Company Secretary. Shareholders and investors can obtain up-to-date information on the Company through its website and the Manager's information services and have direct access to the Company through the Manager's customer services team or the Company Secretary.

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

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

During the year, the Board focused on the performance of the Manager in achieving the Company's investment objective within an appropriate risk framework. In the last year, the key decisions which affected stakeholders were: the declaration of four quarterly dividends which in total represented an increase of 11.8% versus the previous year; the decision by the Management Engagement committee to continue with the appointment of the Manager and the reappointment of the Company's service providers; the sub-division of the Company's share capital to improve the marketability of the Company's shares; and the issue of new ordinary shares to meet market demand.

The Board is supportive of the Manager's philosophy that Environmental, Social and Governance (ESG) factors are fundamental components to evaluate when investing. ESG considerations are embedded in the investment process undertaken by the Manager and the Manager dedicates a significant amount of time and resource on focusing on the ESG characteristics of the companies in which they invest. Further details of how the Manager have sought to address ESG matters across the portfolio are disclosed in the Statement of Corporate Governance.

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General

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

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

Duration

The Company does not have a fixed winding-up date, but shareholders are given the opportunity to vote on the continuation of the Company every three years at the Annual General Meeting. The next continuation vote will be at the 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 2020 the Board consisted of two men and three women.

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 ongoing relevance of the Company's investment objective in the current environment and recent feedback from our brokers and shareholders, where available;
- The Directors noted that there is a continuation vote due at the AGM in 2021 and confirm that it is their current intention to recommend approval to shareholders that the Company should continue in existence;
- The principal risks detailed in the strategic report on pages 9 to 11 and the steps taken to mitigate these risks; in particular, we have considered the operational ability of the Company to continue in the current environment which has been impacted by the global COVID 19 pandemic and we have considered the ability of our key third party suppliers to continue to provide essential services to us;
- The Company is invested in readily realisable listed securities; recent stress testing has confirmed this, despite the more uncertain and volatile economic environment;
- The level of revenue surplus generated by the Company and its ability to achieve the dividend policy. The Company has continued to deliver dividend growth whilst building up revenue reserves (see page 3) which can be used to top up the dividend in tougher times:
- The level of gearing is closely monitored; and

Overview of Strategy Continued

- The availability of loan facilities. The Company has a loan facility of $75 million in place until December 2020; covenants are actively monitored and there is adequate headroom in place. Initial discussions with the bank have commenced with a view to renewing the facility.

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

James Ferguson,
Chairman
22 April 2020

Results

Performance

	1 year return	3 year return[A]	5 year return[A]
Total return (Capital return plus dividends reinvested)	%	%	%
Share price[B]	+11.5	+29.0	+97.6
Net asset value per share[B]	+6.2	+19.1	+79.2
Russell 1000 Value Index (in sterling terms)	+14.6	+22.3	+72.9
S&P 500 Index (in sterling terms)	+21.4	+43.4	+104.1

[A] Cumulative return
[B] Considered to be an Alternative Performance Measure. See page 67 for more information.

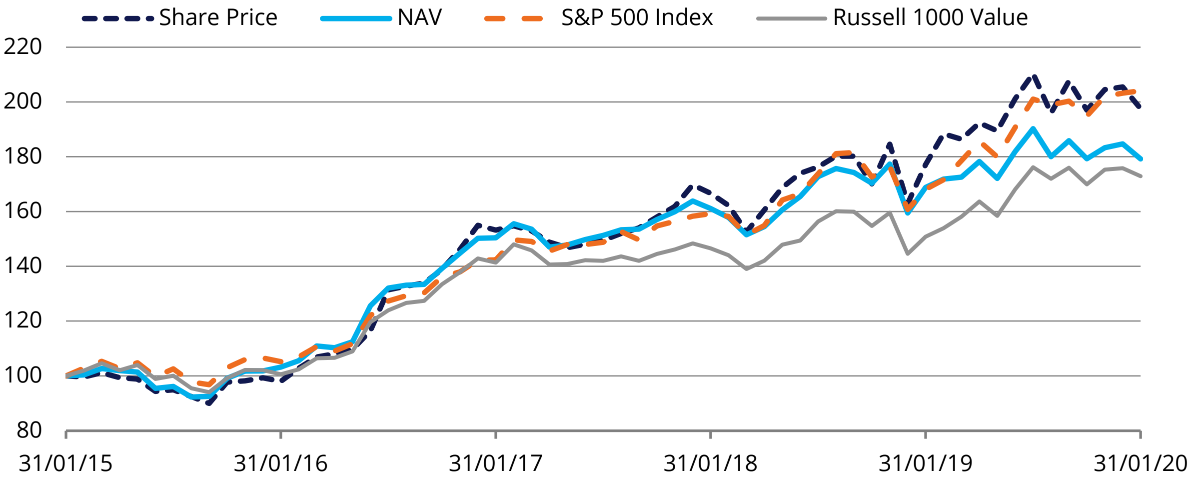
Ten Year Financial Record

Year to 31 January	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Per share (p)										
Net revenue return[A]	1.76	1.88	3.94	5.96	6.54	7.15	7.98	8.42	10.04	11.42
Dividends[A]	1.83	1.88	3.90	5.40	6.00	6.60	7.20	7.80	8.50	9.50
As at 31 January										
Net asset value per share[A] (p)	134.7	140.0	153.8	163.1	187.8	187.1	264.7	275.5	280.4	288.9
Shareholders' funds (£'000)	222,855	220,409	242,069	271,952	309,273	280,644	379,101	391,649	398,657	413,948

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

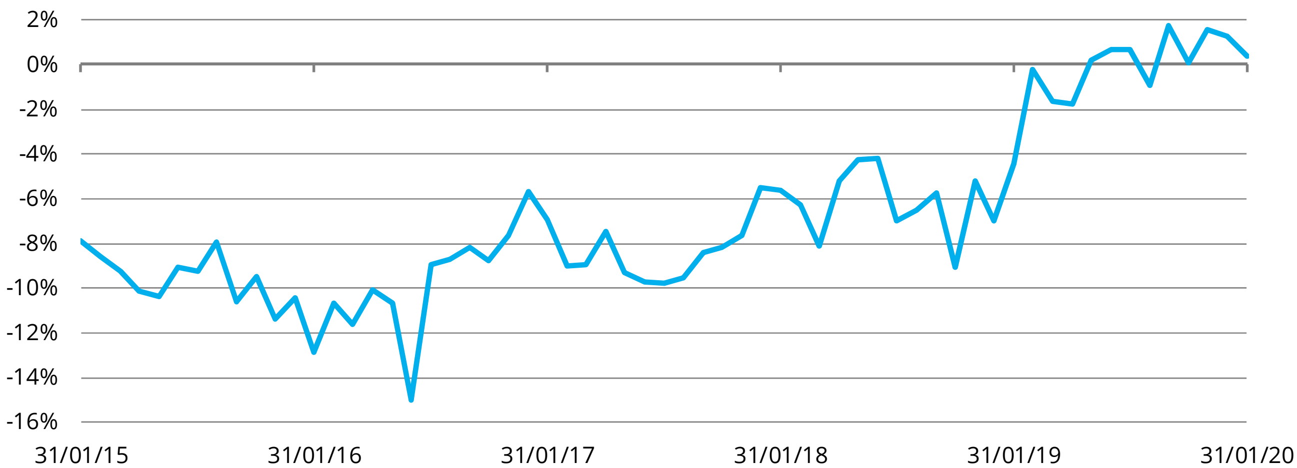
Performance

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 2020 (rebased to 100 at 31 January 2015)



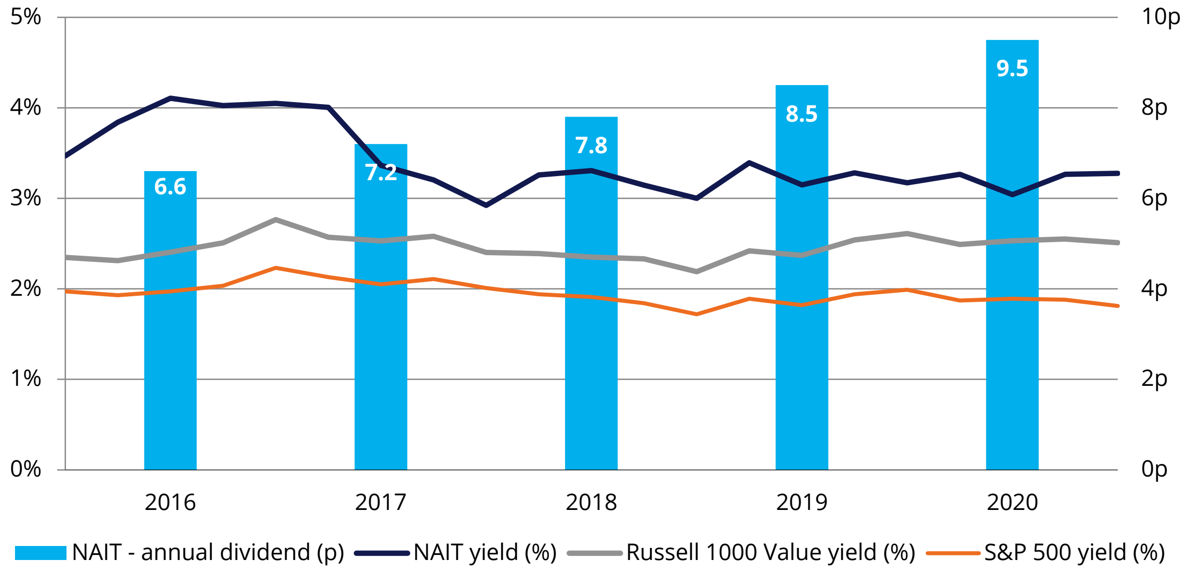
Source: Standard Life Aberdeen, Morningstar & Lipper

Share Price Premium/(Discount) to NAV
Five years to 31 January 2020



Source: Morningstar

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



Investment Manager's Review

Fran Radano, Aberdeen Asset Management Inc.

At the time of the writing of this report, the whole world is in the grips of the COVID-19 pandemic, which looks set to have a more far-reaching impact on for all global economies than anything experienced in peacetime. Consequently, the following is a statement of historical record, but it should be noted that governments and central banks globally are taking unprecedented measures in order to try to prevent their economies from seizing up during this period of restrictive movement and social distancing. There is no precedent for this in the modern day economy, and thus we are being conservative with our portfolio management decisions whilst still maintaining a diversified fully invested portfolio.

Market review

Despite numerous bouts of volatility, major North American equity market indices posted sizeable gains over the 12-month period ended 31 January 2020. Markets were buoyed for much of the review period by generally positive economic data reports and news of a phase one agreement in the US-China trade dispute. However, towards the end of the period stock prices fell sharply on investors' fears surrounding the potential negative impact of the coronavirus (COVID-19) on the US economy and corporate earnings. These fears proved to be justified following the end of the financial year, with the stockmarket declining sharply in February and March. The depth and duration of the impact of the coronavirus remains unknown, and investors broadly have taken down market exposure in the near term.

The North American Income Trust's reference index, the Russell 1000 Value Index, gained 14.6% in sterling terms, with 10 of the 11 sectors delivering positive returns for the period. The more cyclical technology sector led the upturn amid the risk-on market environment for much of the period, while the relatively higher dividend-paying utilities and communication services stocks performed well as US Treasury yields moved lower across the curve. Conversely, energy was the lone sector to record a negative return, hampered by declines in crude oil and natural gas prices during the period.

Regarding monetary policy, the US Federal Reserve (Fed) left its benchmark interest rate unchanged for the first five months of the review period, but subsequently trimmed the rate by a cumulative total of 75 basis points to a range of 1.50% to 1.75% following its meetings in July, September and October 2019. The Fed then paused monetary policy easing for the remainder of the period and following the January meeting, noting continued weakness in business investment and exports and that inflation remained benign. More recently, in March the Fed reduced interest rates to a range of 0.0% to 0.25% due to a near-shutdown of the economy driven by the coronavirus. This was followed by other quantitative easing (QE) measures and government support to those parties most affected.

On 11 March, the World Health Organization (WHO) declared a global pandemic for COVID-19. Governments globally have been working to slow the spread of the disease, implementing strict travel restrictions, closing schools and universities, and encouraging social distancing. These events, and the uncertainty about how things will continue to develop, have led to significant market volatility and forced central banks to take unprecedented action. However, as of early April, this had done little to calm market fears.

In economic news, US GDP grew at annualised rates of 3.1% in the first quarter and just over 2.0% in the final three quarters of the year as consumer spending continued to drive the US economy while corporate spending was hampered by trade policy negotiations globally. US payrolls expanded by an average of 171,000 per month during the financial year, and the unemployment rate declined 0.4 percentage points to 3.6%.

Average hourly earnings rose 3.1% year on year in January 2020, up from the 2.9% annualised rate in December 2019. This strength in employment is already being tested as many consumer-facing companies selling non-essential goods and services are being forced to close until health officials deem the threat of the virus to have subsided, and there is limited visibility as to when that might occur.

Performance

The North American Income Trust underperformed the Russell 1000 Value Index over the 12-month period ended 31 January 2020. The net asset value in sterling total return terms gained 6.2% versus the 14.6% from the Russell 1000 Value. The portfolio gained 7.1% in sterling terms on a gross basis before expenses. The revenue account remained in good shape, building upon the record established in prior years.

The Trust's underperformance relative to the reference index for the review period was attributable mainly to stock selection in the materials, communication services and consumer discretionary sectors. The primary detractors from performance amid individual holdings included diversified media company Meredith Corp., specialty carbon products maker Orion Engineered Carbons, and luxury goods retailer Tapestry Inc.

Meredith Corp.'s stock price fell after management provided earnings guidance for its 2020 fiscal year that was well below expectations. The company has experienced generally faster-than-expected declines in advertising revenue and subscribers in its Time Inc. business, which the company acquired in January 2018. Orion Engineered Carbons saw year-on-year decreases in revenue and earnings over the12-month review period due to lower total volumes of carbon black, a fine carbon powder used as a colour pigment. In addition, early in the period, the company issued a tempered business outlook for its 2019 fiscal year. Tapestry reported generally positive results for its 2019 fiscal year. However, management issued a tempered business outlook for 2020.

In contrast, strong stock selection in the energy, industrials and healthcare sectors bolstered the Trust's performance for the review period. The largest individual stock contributors were holdings in defence contractor Lockheed Martin and pharmaceutical firm Bristol-Myers Squibb, along with the lack of exposure to integrated oil and gas company Exxon Mobil.

Lockheed Martin saw healthy revenue and earnings growth given strength in all four of its business segments: Aeronautics, Missiles & Fire Control, Rotary & Mission Systems, and Space. Shares of Bristol-Myers Squibb moved higher following its announcement that the company and its proposed merger partner, Celgene, reached an agreement to sell a psoriasis drug to Amgen for US$13.4 billion (£10.3 billion) that satisfied regulators competition concerns and at a price that exceeded the market's expectations. The merger was completed in November 2019.

Portfolio activity

The Trust's equity investments remained consistent with our high-quality, cash-generative stock selection process during the review period. We initiated equity positions in financial services company Citigroup; quick-service restaurant chain operator Restaurant Brands International; transportation and logistics company United Parcel Service; healthcare services provider UnitedHealth Group; asset manager Blackstone Group; semi-conductor manufacturer Maxim Integrated Products; biopharmaceutical firm Abbvie; and healthcare-focused REIT Omega Healthcare.

At the same time, we exited the Company's equity positions in both Corteva Agriscience and specialty chemicals producer DuPont de Nemours, which we had received from the spin-off from the former holding in DowDuPont; Canadian Western Bank; beverage and snack foods maker PepsiCo; luxury goods retailer Tapestry; Canadian telecommunications company Telus Corp.; pharmaceutical firm Pfizer; data storage and information management company Iron Mountain, diversified healthcare company Johnson & Johnson; and New Jersey-based commercial bank Provident Financial Services.

A sector analysis chart of the portfolio can be found on page 25.

Within the Trust's corporate bond portfolio over the review period, we initiated positions in Qwest Capital Funding and NRG Energy. Conversely, we exited the positions in Exela Intermediate, Harland Clarke Holdings, Centene Corp., and Graham Holdings. We continue to work closely with Aberdeen Standard Investments' fixed income specialists to monitor credits and market conditions.

Dividend growth

The Trust's holdings continue to build upon an established track record of dividend growth. Molson Coors Beverage Co. boosted its quarterly payout by 39%, which management indicated is in line with its target of distributing 20%-25% of their earnings before interest, tax, depreciation and amortization (EBITDA) for the trailing 12 months. Semiconductor manufacturer Texas Instruments raised its dividend by nearly 17% which reflects the company's strong free cash flow generation and its commitment to return excess cash to stockholders.

Other company holdings announcing double-digit dividend increases during the review period included alternative asset management firm The Blackstone Group (24%); financial services companies Citigroup and BB&T Corp. (13% and 11%, respectively); commercial bank Regions Financial, biopharmaceutical firm Gilead Sciences (11% each); and freight railroad operator Union Pacific (10%).

The potential risks posed by the Covid-19 virus will likely result in the suspension or cutting of dividends of some holdings in the Trust. We continue to be careful stewards of the Trust and, since the end of the financial year, have adjusted the portfolio so that it is better placed to provide the proper balance of diversification, preservation of capital, growth and income in these extraordinary times.

Investment Manager's Review Continued

Outlook

As expected, Fed monetary policy remained on hold in January, but the subsequent easing of its benchmark interest rate to near 0% in March was clearly unexpected at the start of this year as the coronavirus essentially led to an economic shutdown. The Fed has also embarked on additional QE as a means to prevent the monetary system from seizing up. The fourth-quarter 2019 earnings season in the US was largely "better than feared." The pace and the severity of the reversal, driven by the market's reaction to the spread of COVID-19, is more marked than anything seen in developed markets for generations. The situation is developing so fast that it is hard for anyone to make any predictions about when a meaningful recovery will take hold.

We are undertaking a thorough review and stress test of the portfolio as the situation has developed and we have incrementally become more defensive and increased the weightings of the highest-quality companies in the portfolio. We have been raising cash selectively and reinvesting into new positions in more high-quality companies with sales visibility. We have initiated several positions in what we feel are best-in-class companies that had been on our watchlist due their relatively attractive valuations. We also have been extremely selective in writing options. Consequently, we are confident that we have further upgraded the overall quality of the Trust's portfolio.

Aberdeen Asset Management Inc.**
22 April 2020

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

Portfolio

The Company's portfolio is consistent with the Manager's focus on high quality cash generative companies with good financial return profiles and well-regarded, experienced management. At the year end, the Company's portfolio consisted of 39 equity and 8 bond holdings.

Ten Largest Investments

As at 31 January 2020

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

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

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

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.

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

Gaming & Leisure Properties
Gaming and Leisure Properties, Inc. owns and leases casinos and other entertainment facilities.

Coca-Cola
The Coca-Cola Company manufactures, markets, and distributes soft drink concentrates and syrups. The Company also distributes and markets juice and juice-drink products.

CME Group
CME Group Inc. operates a derivatives exchange that trades futures contracts and options on futures, interest rates, stock indexes, foreign exchange and commodities.

Lockheed Martin
Lockheed Martin Corp. is a global security company that primarily researches, designs, manufactures and integrates advanced technology and defense products and services.

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

List of Investments

As at 31 January 2020

Company	Industry classification	Valuation 2020 £'000	Total assets %	Valuation 2019 £'000
Citigroup	Banks	22,579	5.2	–
Bristol-Myers Squib	Pharmaceuticals	19,102	4.4	9,946
Philip Morris	Tobacco	18,821	4.4	13,997
Chevron	Oil, Gas & Consumable Fuels	16,256	3.7	21,789
Verizon Communication	Diversified Telecommunication Services	15,331	3.5	12,557
Gaming & Leisure Properties	Equity Real Estate Investment Trust (REITs)	14,339	3.3	–
Coca-Cola	Beverages	13,291	3.1	9,147
CME Group	Capital Markets	13,176	3.0	11,086
Lockheed Martin	Aerospace & Defense	12,991	3.0	8,809
TC Energy	Oil, Gas & Consumable Fuels	12,488	2.9	–
Ten largest investments		**158,374**	**36.5**	
Abbvie	Pharmaceuticals	12,293	2.8	–
Cisco Systems	Communications Equipment	12,206	2.8	17,975
Gilead Sciences	Biotechnology	11,986	2.8	9,580
Regions Financial	Banks	11,812	2.7	12,685
Truist Financial Corporation	Banks	11,736	2.7	–
Umpqua	Banks	11,538	2.7	11,424
Huntington Bancshares	Banks	11,324	2.6	10,065
Molson Coors Brewing	Beverages	10,541	2.4	10,127
Hanesbrands	Textiles, Apparel & Luxury Goods	10,438	2.4	–
Restaurant Brands International	Hotels, Restaurants & Leisure	10,414	2.4	–
Twenty largest investments		**272,662**	**62.8**	
Schlumberger	Energy Equipment & Services	10,169	2.3	10,082
Omega Healthcare Investors	Equity Real Estate Investment Trust (REITs)	9,547	2.2	–
United Parcel Service	Air Freight & Logistics	9,424	2.2	–
Royal Bank of Canada	Banks	8,998	2.1	8,684
American International	Insurance	8,769	2.0	7,723
Medtronic	Health Care Equipment & Supplies	8,757	2.0	6,719
Nutrien	Chemicals	8,096	1.9	9,848
Intl Paper Co	Containers & Packaging	7,723	1.8	5,409
Tiffany & Co	Specialty Retail	7,318	1.7	6,745
Genuine Parts	Distributors	7,098	1.6	11,382
Thirty largest investments		**358,561**	**82.6**	

List of Investments Continued

As at 31 January 2020

Company	Industry classification	Valuation 2020 £'000	Total assets %	Valuation 2019 £'000
Dow	Chemicals	6,990	1.6	–
Nucor	Metals and Mining	5,404	1.3	8,380
UnitedHealth	Health Care Providers & Services	5,167	1.2	–
Meredith	Media	5,057	1.2	8,251
Blackstone	Capital Markets	4,633	1.1	–
Maxim Integrated Products	Semiconductors & Semiconductor Equipment	4,561	1.1	–
Texas Instruments	Semiconductors & Semiconductor Equipment	4,119	1.0	11,481
Union Pacific	Road and Rail	4,083	0.9	10,883
Orion Engineered Carbons	Chemicals	3,573	0.8	8,390
HCA 5.875% 15/02/26	Healthcare Services	1,602	0.4	1,475
Forty largest investments		**403,750**	**93.2**	
CCO Holdings Capital 5.5% 01/05/26	Media	1,581	0.4	1,513
Cheniere Corpus Christi 5.875% 31/03/25	Oil, Gas & Consumable Fuels	1,279	0.3	1,192
Parsley Energy Finance 5.375% 15/01/25	Exploration & Production	1,174	0.3	1,138
Lennar 4.5% 30/04/24	Construction	1,055	0.2	973
Qwest Cap Funding 7.75% 15/02/31	Telecommunications	898	0.2	–
Diamond 1 Fin Diamond 2 6.02% 15/06/26	Technology	678	0.2	776
NRG Energy 6.25% 01/05/24	Electric	384	0.1	908
Total investments		**410,799**	**94.9**	
Net current assets[A]		**22,113**	**5.1**	
Total assets[A]		**432,912**	**100.0**	

[A] Excluding bank loans of £18,965,000.

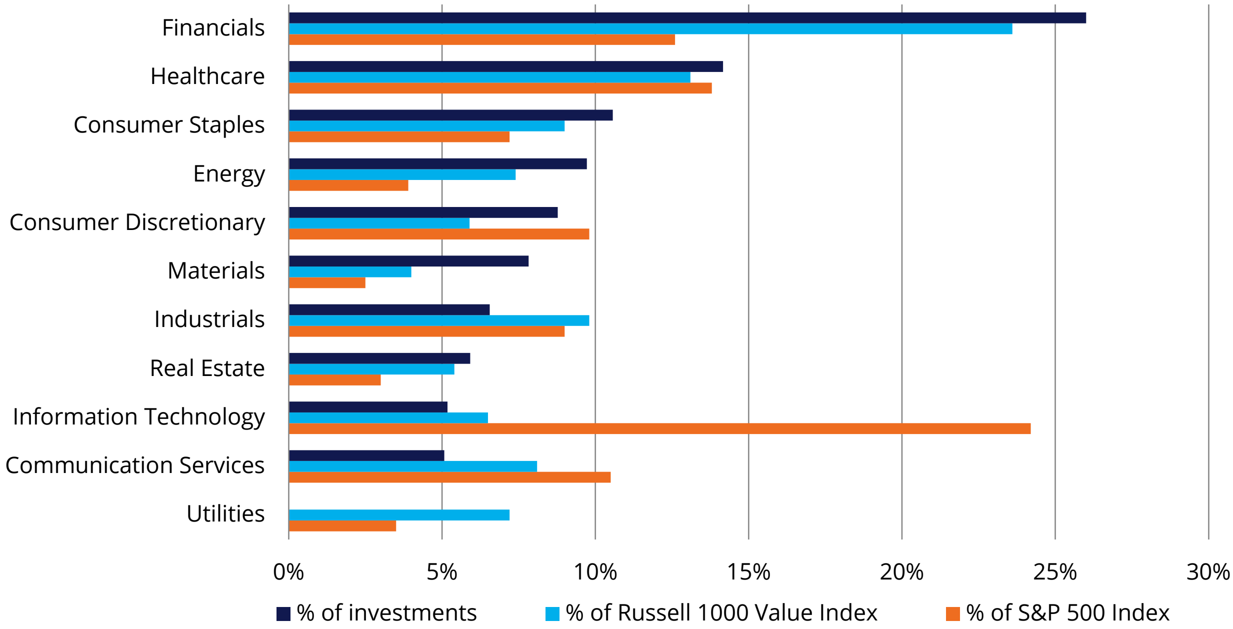
Geographical Analysis

As at 31 January 2020

Country	Equity %	Fixed interest %	Total %
Canada	9.7	–	9.7
USA	88.2	2.1	90.3
	97.9	**2.1**	**100.0**

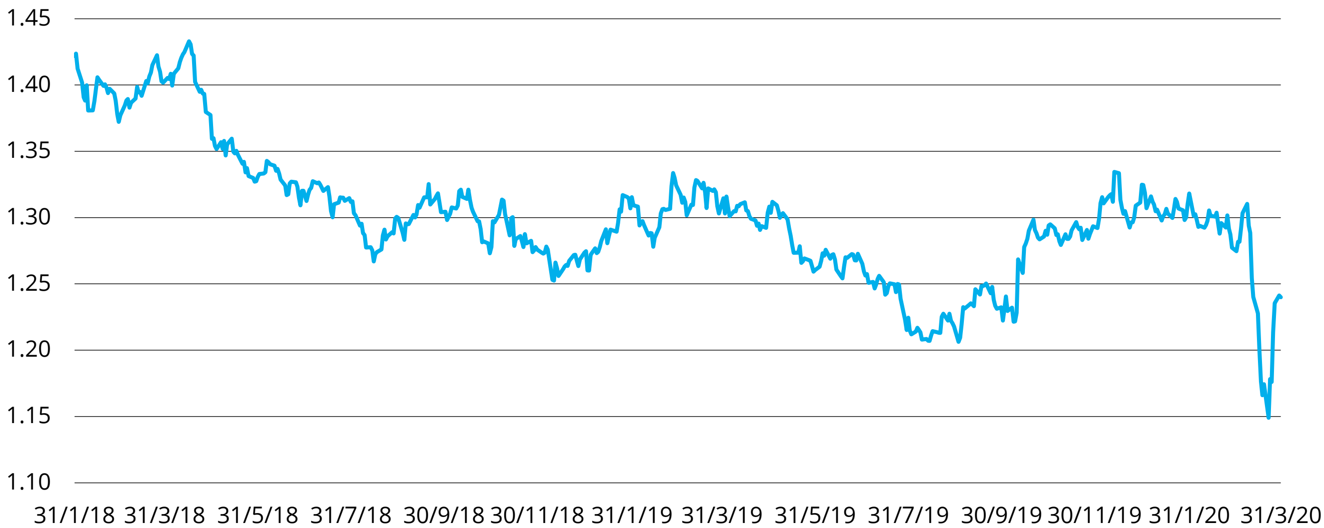
Sector Analysis for Equity Portfolio

As at 31 January 2020



Currency Graph (exchange rate US$ to £)

For the period 31 January 2018 to 31 March 2020



Investment Case Studies

Lockheed Martin (LMT)

Lockheed Martin is one of the five largest US defense prime contractors. Their largest segment, Aeronautics (40% revenues) is dominated by the F-35 program, a 5th generation stealth fighter designed to provide advanced stealth capability while replacing a number of legacy aircraft. The F-35 program is the most expensive defense program in history with total cost estimates to be in excess of $1.5 trillion over its 80 year life and encompasses development, production, and sustainment phases. The Company also has exposure to the helicopter market via their Sikorsky acquisition, their Space segment focuses on satellites, and Missile Defense remains a growth segment. Lockheed's corporate strategy is concentrated on these major platforms with best-in-class execution and a strong commitment to shareholder return.

Given Lockheed's size, their growth is inevitably tied to the US Defense Budget, which is expected to be more muted following a period of above trend growth. Despite this, the Manager has a favorable view of the stock given their strong execution track record which should see them successfully convert a series of capital investments into profits over the coming year. Longer term, the Manager appreciates that the Company's exposure to strong international programs such as the F-35, and participation in high demand areas for modernization spending, such as Space and Missile Defense, which should see them outgrow peers and continue to return strong cash flow to shareholders.

CME Group (CME)

CME Group operates a derivatives exchange that trades futures contracts and options on interest rates, stock indexes, foreign exchange and commodities. The Company brings together buyers and sellers of derivatives products on its trading floors, electronic trading platform and through privately negotiated transactions that it clears.

CME has been growing their network during all types of economic environments from their ability to closely work with industry participants to solve their issues via product innovation and better ways to trade and clear. CME overall volume also benefits from several secular tailwinds such as the shift from OTC trading to exchanges as well as stricter regulation. CME's deep network liquidity enables them to provide the lowest cost of execution for their clients and also enables them to opportunistically increase pricing. CME strong cash flow generation enabled them to make strategic acquisitions such as NEX group (closed in November 2018) which should help them continue their international expansion while also growing into underpenetrated categories (e.g. currencies). CME took their special dividend down to deleverage post-closing the NEX acquisition, yet we should expect them to be back pre-NEX acquisition level near-term which will result in a very competitive dividend yield that should grow in tandem with EPS growth. CME is one of the few companies where fundamentals do well during a higher volatility environment which makes it a great diversifier.

Governance

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

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

Your Board of Directors

James Ferguson

Status: Independent Non-Executive Chairman
Length of service: 18 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 2019

Susannah Nicklin

Status: Independent Non-Executive Director
Length of service: One year, 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 City of London Investment Group plc and a non-executive director of Amati AIM VCT plc and Baronsmead Venture Trust plc. She is a CFA® charterholder.
Last re-elected to the board: 4 June 2019

Karyn Lamont

Status: Independent Non-Executive Director and Chairman of the Audit Committee
Length of service: One year, appointed a Director on 18 September 2018
Experience: A chartered accountant and former audit partner at PricewaterhouseCoopers until 2016. She has over 25 years' experience and provided audit and other services to a range of clients, including a number of investment trusts, across the UK's financial services sector, including outsourcing providers. She is the Audit Committee Chairman of The Scottish Investment Trust plc, the Scottish Building Society, iomart Group and Scottish American Investment Company PLC.
Last re-elected to the board: 4 June 2019

Charles Park

Status: Independent Non-Executive Director
Length of service: 2 years, 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 2019

Dame Susan Rice

Status: Independent Non-Executive Director
Length of service: 5 years, appointed a Director on 17 March 2015
Experience: A chartered banker and currently chairman of the Banking Standards Board, Scottish Water, Business Stream and The Scottish Fiscal Commission, and a non-executive director of J Sainsbury. 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, President of the Scottish Council of Development and Industry 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 2019

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 2020 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 2020 are contained on pages 47 to 66. Details of dividends for the year to 31 January 2020 can be found on page 2.

Post Balance Sheet Event

Details of significant events post the balance sheet date of 31 January 2020 is disclosed in Note 22 of the financial statements

Share Capital and Rights attaching to the Company's Shares

At 31 January 2020, the Company's capital structure consisted of 143,277,520 Ordinary shares of 5p each (2019 – 28,430,504 Ordinary shares of 25p each). Following approval by shareholders, the Company undertook a five for one Share Sub-division whereby 28,430,504 Ordinary shares of 25p were converted into 142,152,520 ordinary shares of 5p each. In addition the Company issued 1,125,000 Ordinary shares of 5p each at a premium to its net asset value.

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 28. There were no changes in the Board during the financial year. No contract or arrangement existed during the period in which any of the Directors was materially interested. No Director has a service contract with the Company.

Directors' & Officers' Liability Insurance

The Company maintains insurance in respect of Directors' and Officers' liabilities in relation to their acts on behalf of the Company. 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 32 to 37.

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

Directors' Report Continued

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 2020 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 2020 the Company had received notification or was aware of the following interests in its Ordinary shares:

Shareholder	Number of shares held	% held
Brewin Dolphin	18,000,288	12.6
Rathbone Brothers	17,063,036	11.9
Aberdeen Standard Investments Retail Plans	10,550,685	7.4
Charles Stanley	6,662,501	4.7
Hargreaves Lansdown	6,575,478	4.6
Interactive Investor	6,318,388	4.4
Canaccord Genuity Wealth Management	4,378,415	3.1
Schroder Investment Management	4,369,029	3.1

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

Accountability and Audit

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's 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 Board has reviewed the results of stress testing prepared by the Manager in relation to the ability of the assets to be realised in the current market environment. The Company has a credit facility which is available until December 2020. It is the Board's intention to renew such a facility, as this supports the gearing of the Company, and initial discussions with the bank have been commenced.

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 2 June 2020, 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 £2,387,959 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 2021 or, if earlier, at the conclusion of the Annual General Meeting to be held in 2021 (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 £716,388 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 2021 or, if earlier, at the conclusion of the Annual General Meeting to be held in 2021. 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 buybacks are:

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

(iv) Amendment to the Articles of Association

Resolution 14, which will be proposed as a special resolution, seeks shareholder approval to amend the Company's articles of association to allow for the payment of dividends from the Company's capital profits.

The Companies Act 2006 (Amendment of Part 23) (Investment Companies) Regulations 2012 removed the requirement that the articles of association of an investment company must prohibit the distribution of capital profits. In compliance with the previous statutory regime, the Company currently has a provision in its articles of association which expressly prohibits the distribution of capital profits.

In the light of the amended statutory rules and in order to provide the Board with increased flexibility in relation to the payment of dividends in the future, the Board no longer considers it appropriate to have such a prohibition in the Company's articles and therefore proposes that it is removed. The proposed new articles of association therefore reflect this change and remove all references to the prohibition of the distribution of capital profits.

The Investment Manager remains positive about the dividend generation from our investments and the Board does not presently intend to change its approach to the payment of dividends by utilising this new power to pay dividends out of capital. However, the Board may seek to use this power in the future where it considers it is in the best interests of shareholders to do so.

A copy of the proposed new articles of association of the Company, together with a copy of the existing articles of association of the Company marked to show the changes being proposed, will be available for inspection on the Company's website, **www.northamericanincome.co.uk** from the date of the Notice of the Annual General Meeting until the close of the meeting. In the event that the current Coronavirus related restrictions are lifted before the Annual General Meeting, a hard copy of these documents will be available for inspection at Bow Bells House, 1 Bread Street, London EC4M 9HH until the close of the meeting.

Recommendation

The Directors believe that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole, and recommend that shareholders vote in favour of the resolutions, as the Directors intend to do in respect of their own beneficial shareholdings totalling, in aggregate, 79,860 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
22 April 2020

Statement of Corporate Governance

This Statement of Corporate Governance forms part of the Directors' Report which is shown on pages 32 to 37.

Compliance

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

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

The Board confirms that, during the year to 31 January 2020, the Company complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below:

1. the role of the chief executive (A.1.2);
2. executive Directors' remuneration (D.1.1 and D.1.2);
3. the need for an internal audit function (C.3.6);

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

The Board

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

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

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

Biographies of the Board members, including their relevant experience, appear on page 28, which demonstrate that each Director has the requisite high level and range of business, investment and financial experience, and enables the Board to provide clear and effective leadership and proper stewardship of the Company.

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

Meetings

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

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

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

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

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

[1] Attends Audit Committee meetings as observer

Performance Evaluation

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

The Company has recently refreshed its Board and the new Directors bring fresh perspectives and different experience on the Board's strategy and how it operates. The Company is not required to do an external evaluation of the effectiveness of the Board as it is not a constituent of the FTSE 350. Therefore no external evaluation was conducted during the year as the Board did not feel any additional value would be achieved at this time. This will be kept under review.

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

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

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

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

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

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

Management Engagement Committee

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

Statement of Corporate Governance Continued

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, except Mr Ferguson, and is chaired by Karyn Lamont, who is a chartered accountant and has the necessary recent and relevant financial experience. Mr Ferguson attends meetings as an observer. 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 42 and 45.

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 51. The Directors regularly review the Company's income, including income received, revenue forecasts and dividend comparisons.
- Compliance with Sections 1158 and 1159 of the Corporation Tax Act 2010: Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1 February 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis.
- Consideration of the impact of the coronavirus pandemic on the financial statements: Guidance from the Financial Conduct

Authority and the Financial Reporting Council on areas to consider in relation to the preparation of financial statements in the current uncertain environment was reviewed by the Audit Committee and updates to disclosures were made, where appropriate.

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 2020 there were no non-audit services provided.
- The Committee considers the experience, continuity and tenure of the audit team, including the audit director. The audit team consists of suitably experienced staff with knowledge of the investment trust sector and there is a process in place for the rotation of the audit director. The senior statutory auditor, Grant Archer, has served three years (including the year to 31 January 2020).
- 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 was satisfied with the effectiveness and independence of KPMG as auditor for the year ended 31 January 2020.

Audit Tender

In line with regulatory requirements, KPMG will not be able to audit the Company after the 31 January 2020 year end. During the financial year, the Committee invited a number of audit firms to submit written proposals and, following a tender process which involved a presentation to the Audit Committee by each of the firms, it was agreed to recommend to the Board the appointment of PricewaterhouseCoopers LLP as the Company's auditor for the year ending 31 January 2021. In reaching its decision, the Audit Committee took into account a number of factors, including the independence, skills and experience of the different audit firms, as well as the proposed levels of audit fees.

As a result, KPMG will not be seeking re-appointment as auditor and the Board will propose a resolution to appoint PricewaterhouseCoopers LLP as the Company's auditor at the AGM on 2 June 2020.

The Committee has recorded its appreciation for the service provided by KPMG LLP over the years.

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 financial, operational and compliance.

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

In addition, the Board has adopted its own risk matrix which identifies the key risks for the Company and covers strategy, investment management, operations, regulatory and financial obligations and third party service providers (see pages 9 to 11). A monitoring system is undertaken whereby the controls to

Statement of Corporate Governance Continued

mitigate these risks, and the impact of the residual risks, are assessed on a regular basis. The risk matrix is formally reviewed on a six monthly basis in order to identify emerging risks which may arise.

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

- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance; the emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception;
- the Board and Manager have agreed clearly-defined investment criteria, specified levels of authority and exposure limits. Reports on these, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Manager as appropriate;
- the Manager's internal audit, risk and compliance departments continually review the Manager's operations and reports to the Audit Committee on a six monthly basis. The Manager's internal audit team has direct access to the Audit Committee at any time;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers;
- an independent depositary, BNP Paribas Securities Services, London Branch is appointed to safeguard the Company's investments, which are registered in the name of the depositary's nominee company: and
- at its April 2020 meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 31 January 2020 by considering documentation from the Manager, including the internal audit, risk and compliance functions, and taking account of events since 31 January 2020.

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

Environmental, Social and Governance ("ESG") Investing

Whilst the management of the Company's investments is not undertaken with any specific instructions to exclude or include certain asset types or classes, the Manager embeds ESG considerations into the research and analysis of each asset class as part of the investment decision-making process. Where applicable, active engagement and other stewardship activities such as voting in line with best practices, with the goal of improving the performance of assets held around the world is also an important part of our approach.

The Manager aims to make the best possible investments for the Company, by understanding the whole picture of the investments – before, during and after an investment is made. That includes understanding the ESG risks and opportunities they present – and how these could affect longer-term performance. With 1,000+ investment professionals, the Manager is able to take account of ESG factors in its company research, stock selection and portfolio construction – supported by more than 50 asset class specific ESG specialists around the world.

Active Engagement

For the equity holdings, through engagement and exercising voting rights, the Manager actively works with companies to improve corporate standards, transparency and accountability. By making ESG central to its investment capabilities, the Manager looks to deliver robust outcomes as well as actively contributing to a fairer, more sustainable world.

The primary goal is to generate the best long-term outcomes for the Company in order to fulfil fiduciary responsibilities to the Company and this fits with one of the Manager's core principles as a business in how it evaluates investments. The Manager sees ESG factors as being financially material and impacting corporate performance. The Manager focuses on understanding the ESG risks and opportunities of investments alongside other financial metrics to make better investment decisions.

The Manager aims for better risk-adjusted returns by actively undertaking informed and constructive engagement and asset management to generate better performance from the investments. This helps to enhance the value of clients' assets. Furthermore the Manager engages, manages and votes for either insight or influence. Comprehensive assessment of ESG factors, combined with constructive company engagement, should lead to better client outcomes.

Responsible Investment

The Board is aware of its duty to act in the interests of the Company. 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 areas of Environmental, Social and Governance stewardship. They believe 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, is to deliver long term growth on its investments for its shareholders which the Board and Manager believes will be produced on a sustainable basis by investments in companies which adhere to best practice in ESG. Accordingly, the Manager will seek to favour companies which pursue best practice in the above area.

The UK Stewardship Code and Proxy Voting

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

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

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

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 43 to 46.

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

Remuneration Policy

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

Directors' Fees

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

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

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

	1 February 2020 £	1 February 2019 £
Chairman	31,000	31,000
Chairman of Audit Committee	25,000	25,000
Director	22,500	22,500

Appointment

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

Performance, Service Contracts, Compensation and Loss of Office

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

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

The Directors' Remuneration Policy was last approved by shareholder on 12 June 2017 and a resolution to approve the Directors' Remuneration Policy will be proposed at the AGM in June 2020.

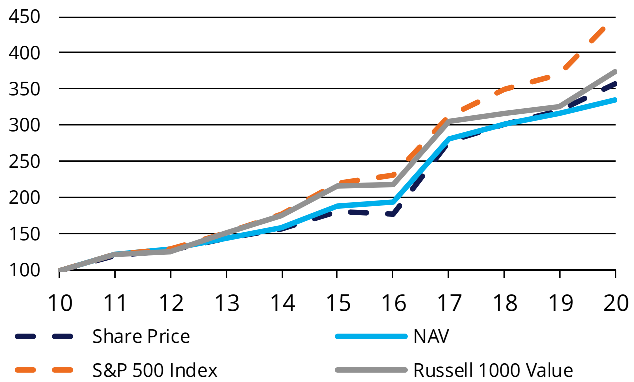
Implementation Report

Directors' Fees Increase

The Board carried out a review of the level of Directors' fees during the year and concluded that fees should remain at £31,000 for the Chairman, £25,000 for the Audit Committee Chairman and £22,500 for each Director, effective from 1 February 2020.

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 2020 (rebased to 100 at 31 January 2010). 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 2019, shareholders approved the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) in respect of the year ended 31 January 2019. 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	2020 £	2019 £
James Ferguson	31,000	29,000
Guy Crawford [1]	n/a	13,300
Archie Hunter [1]	n/a	13,300
Karyn Lamont [2]	25,000	7,758
Susannah Nicklin[2]	22,500	7,758
Charles Park	22,500	21,000
Susan Rice	22,500	21,000
Total	**123,500**	**113,116**

[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 2020 will be proposed at the AGM.

Directors' Remuneration Report Continued

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 2020 and 31 January 2019 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 2020 Ord 5p[1]	31 Jan 2019 Ord 25p
James Ferguson	[1]78,850	[1]78,850
Karyn Lamont	-	-
Susannah Nicklin	335	-
Charles Park	-	-
Susan Rice	[1]675	[1]675

[1] Taking account of the share split in June 2019,

Since the year end Susannah Nicklin purchased 719 shares. There have been no other changes to the Directors' share interests.

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 2020:

- 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
22 April 2020

Financial Statements

The Company's revenue return per share rose over the year, from 10.04p to 11.42p, a 13.7% increase. The total dividends for the year amounted to 9.5p, an increase of 11.8% from last year (2019 – 8.5p).

Statement of Directors' Responsibilities

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

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

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

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

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

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

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

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

We confirm that to the best of our knowledge:

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

We consider the annual report and 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
22 April 2020

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 2020 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 2020 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 first appointed as auditor by the Company before 1990. The period of total uninterrupted engagement is for more than the 31 financial years ended 31 January 2020. 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 (unchanged from 2019), in arriving at our audit opinion above, together with our key audit procedures to address this matter and, as required for public interest entities, our results from those procedures. This matter was 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 this matters.

	The risk	Our response
Carrying amount of quoted investments (£410.8 m; 2019: £421.5m) *Refer to page 34 (Audit Committee Report), page 52 (accounting policy) and 57 (financial disclosures).*	**Low risk, high value** The Company's portfolio of quoted investments makes up 94.5% 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: · **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 (2019: 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 £4.3m (2019: £4.4m), determined with reference to a benchmark of total assets, of which it represents 1% (2019: 1%).

In addition, we applied materiality of £850,000 (2019: £848,000) to income 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.

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

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £215,000 (2019: £221,000), 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 the BNP Paribas office in Dundee and at our offices in Edinburgh.

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 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 30 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 emerging and 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 pages 13 to 14 that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;

- the principal risks and uncertainties 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 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.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 42, 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.

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

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, the manager and the administrator (as required by auditing standards), 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

22 April 2020

Statement of Comprehensive Income

		Year ended 31 January 2020			Year ended 31 January 2019		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net gains on investments	11	–	10,708	10,708	–	7,901	7,901
Net currency losses	3	–	(616)	(616)	–	(1,603)	(1,603)
Income	4	20,957	225	21,182	19,033	–	19,033
Investment management fee	5	(918)	(2,142)	(3,060)	(875)	(2,038)	(2,913)
Administrative expenses	7	(757)	–	(757)	(852)	–	(852)
Return before finance costs and taxation		19,282	8,175	27,457	17,306	4,260	21,566
Finance costs	6	(314)	(732)	(1,046)	(345)	(806)	(1,151)
Return before taxation		18,968	7,443	26,411	16,961	3,454	20,415
Taxation	8	(2,703)	560	(2,143)	(2,692)	657	(2,035)
Return after taxation		**16,265**	**8,003**	**24,268**	**14,269**	**4,111**	**18,380**
Return per share (pence)[A]	10	**11.42**	**5.62**	**17.04**	**10.04**	**2.89**	**12.93**

[A] Comparative figures for the year ended 31 January 2019 have been restated due to the sub-division of each existing Ordinary share of 25p into five Ordinary shares of 5p each on 10 June 2019.

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.

Fourth interim dividend. The Board will be declaring a fourth interim dividend of 4.30p per share (£6,161,000), which will be payable on 5 June 2020, making a total dividend of 9.50p per share (£13,578,000) for the year to 31 January 2020.

For the year ended 31 January 2019, a final dividend was 3.60p per share was paid (£5,117,000) making a total dividend of 8.50p per share (£12,082,000).

Statement of Financial Position

	Notes	As at 31 January 2020 £'000	As at 31 January 2019 £'000
Non-current assets			
Investments at fair value through profit or loss	11	410,800	421,469
Current assets			
Debtors and prepayments	12	1,804	2,772
Cash and short term deposits		21,898	18,593
		23,702	21,365
Creditors: amounts falling due within one year			
Other creditors	13	(1,589)	(6,167)
Bank loan	14	(18,965)	(38,010)
		(20,554)	(44,177)
Net current assets/(liabilities)		3,148	(22,812)
Net assets		**413,948**	**398,657**
Capital and reserves			
Called-up share capital	15	7,164	7,108
Share premium account		51,806	48,467
Capital redemption reserve		15,452	15,452
Capital reserve		318,923	310,920
Revenue reserve		20,603	16,710
Equity shareholders' funds		**413,948**	**398,657**
Net asset value per share (pence)	16	**288.91**	**280.44**

The financial statements were approved and authorised for issue by the Board on 22 April 2020 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 2020

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

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 2018	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**

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 2020 £'000	Year ended 31 January 2019 £'000
Operating activities			
Net return before taxation		26,411	20,415
Adjustments for:			
Net gains on investments	11	(11,035)	(7,901)
Net losses on foreign exchange transactions		616	1,603
Increase in dividend income receivable	12	(174)	(214)
Decrease in fixed interest income receivable	12	41	11
Increase/(decrease) in derivatives	13	550	(443)
Increase in other debtors	12	(15)	(7)
Increase/(decrease) in other creditors	13	38	(65)
Tax on overseas income		(2,046)	(2,132)
Amortisation of fixed income book cost	11	9	26
Net cash inflow from operating activities		14,395	11,293
Investing activities			
Purchases of investments		(170,263)	(164,763)
Sales of investments		187,811	159,036
Net cash flow from investing activities		17,548	(5,727)
Financing activities			
Equity dividends paid	9	(12,372)	(11,372)
Issue of Ordinary shares		3,395	–
(Repayment)/drawdown of loan		(18,600)	3,510
Net cash used in financing activities		(27,577)	(7,862)
Increase/(decrease) in cash and cash equivalents		**4,366**	**(2,296)**
Analysis of changes in cash and cash equivalents during the year			
Opening balance		18,593	19,636
Effect of exchange rate fluctuation on cash held	3	(1,061)	1,253
Increase/(decrease) in cash as above		4,366	(2,296)
Closing balance		**21,898**	**18,593**

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

Notes to the Financial Statements

For the year ended 31 January 2020

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 October 2019. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000. They have also been prepared on a going concern basis and on the assumption that approval as an investment trust will continue to be granted.

   The Directors have considered a detailed assessment of the Company's ability to meet its liabilities as they fall due, including considering a significant reduction in the liquidity, and, fair value, of the portfolio of investments would have on existing loan covenants due to the current economic conditions caused by the outbreak of the COVID-19 pandemic. In light of this analysis, the Company's cash position, the level of revenue reserves, the liquidity of the portfolio of investments and modest gearing level, the Directors are satisfied that at the time of approving the financial statements, there is a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future (a period of at least twelve months after the date the financial statements are signed). 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 30.

   (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.

Notes to the Financial Statements Continued

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

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

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

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

Share premium account. The balance classified as share premium includes the premium above nominal value from the proceeds on issue of any equity capital comprising Ordinary shares of 5p.

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 on any movement in the fair value of open contracts at the year end realised and on the exercise of the contracts are recorded in the capital column of the Statement of Comprehensive Income.

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

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

(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 or judgements which impact these financial statements.

3. Net currency losses

	2020 £'000	2019 £'000
(Losses)/gains on cash held	(1,061)	1,253
Gains/(losses) on bank loans	445	(2,856)
	(616)	**(1,603)**

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4. Income

	2020 £'000	2019 £'000
Income from overseas listed investments		
Dividend income	14,974	13,374
REIT income	1,286	895
Interest income from investments	566	619
	16,826	14,888
Other income from investment activity		
Traded option premiums	4,054	3,909
Deposit interest	302	236
	4,356	4,145
Total income	**21,182**	**19,033**

During the year, the Company was entitled to premiums totalling £4,054,000 (2019 – £3,909,000) in exchange for entering into option contracts. At the year end there were 9 (2019 – 8) open positions, valued at a liability of £668,000 (2019 – liability of £118,000) as disclosed in note 13. Losses realised on the exercise of derivative transactions are disclosed in note 11.

5. Investment management fee

			2020			2019
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	**918**	**2,142**	**3,060**	**875**	**2,038**	**2,913**

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 £758,000 (2019 – £735,000). The fee is allocated 30% to revenue and 70% to capital (2019 – 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

			2020			2019
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank loans	**314**	**732**	**1,046**	**345**	**806**	**1,151**

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7. Administrative expenses

	2020 £'000	2019 £'000
Directors' fees	123	113
Registrar's fees	53	60
Custody and bank charges	25	26
Secretarial fees	115	112
Auditor's remuneration (excluding irrecoverable VAT):		
– fees payable to the Company's auditor for the audit of the annual accounts	18	17
Promotional activities	208	211
Printing, postage and stationery	28	26
Fees, subscriptions and publications	87	47
Professional fees	31	127
Depositary charges	51	50
Other expenses	18	63
	757	**852**

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 £115,000 (2019 – £112,000). The balance due at the year end was £38,000 (2019 – £28,000).

During the year £208,000 (2019 – £211,000) was paid to ASFML in respect of promotional activities for the Company and the balance due at the year end was £18,000 (2019 – £18,000).

8. Taxation

			2020			2019
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) Analysis of charge for the year						
UK corporation tax	731	(618)	113	657	(657)	–
Double tax relief	(136)	24	(112)	–	–	–
Overseas tax suffered	2,105	34	2,139	2,035	–	2,035
Deferred tax	26	–	26	–	–	–
Double tax relief on deferred tax items	(23)	–	(23)	–	–	–
Total tax charge for the year	**2,703**	**(560)**	**2,143**	**2,692**	**(657)**	**2,035**

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

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Net profit before taxation	18,968	7,443	26,411	16,961	3,454	20,415
Corporation tax at 19% (2019 – 19%)	3,604	1,414	5,018	3,223	656	3,879
Effects of:						
Non-taxable overseas dividends	(2,845)	(43)	(2,888)	(2,541)	–	(2,541)
Irrecoverable overseas withholding tax	2,105	34	2,139	2,035	–	2,035
Other non-taxable income	–	–	–	–	(47)	(47)
Expenses not deductible for tax purposes	1	–	1	1	–	1
Double tax relief	(159)	24	(135)	–	–	–
Tax rate differentials	(3)	–	(3)	–	–	–
Utilisation of brought forward expenses	–	(71)	(71)	–	–	–
Tax effect of expenses double taxation relief	–	–	–	(26)	–	(26)
Excess management expenses	–	–	–	–	(116)	(116)
Non-taxable gains on investments	–	(2,035)	(2,035)	–	(1,454)	(1,454)
Non-taxable currency gains	–	117	117	–	304	304
Total tax charge	**2,703**	**(560)**	**2,143**	**2,692**	**(657)**	**2,035**

(c) Provision for deferred taxation

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Opening balance	–	–	–	–	–	–
Deferred tax charge	4	–	4	–	–	–
Provision at end of the year	**4**	**–**	**4**	**–**	**–**	**–**

At the period end there is no unrecognised deferred tax asset (2019 – £65,000) in relation to surplus management expenses.

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9. Dividends

	2020 £'000	2019 £'000
Amounts recognised as distributions to equity holders in the year:		
3rd interim dividend for 2019 of 1.7p per share (2018 – 1.6p)[A]	2,417	2,274
Final dividend for 2019 of 3.6p per share (2018 – 3.2p)[A]	5,117	4,550
1st interim dividend for 2020 of 1.7p per share (2019 – 1.6p)[A]	2,417	2,274
2nd interim dividend for 2020 of 1.7p per share (2019 – 1.6p)[A]	2,421	2,274
	12,372	**11,372**

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

The table below sets out the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Sections 1158–1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £16,265,000 (2019 – £14,269,000).

	2020 £'000	2019 £'000
1st interim dividend for 2020 of 1.7p per share (2019 – 1.6p)[A]	2,417	2,274
2nd interim dividend for 2020 of 1.7p per share (2019 – 1.6p)[A]	2,421	2,274
3rd interim dividend for 2020 of 1.8p per share (2019 – 1.7p)[A]	2,579	2,417
4th interim dividend for 2020 of 4.3p per share (2019 – nil)[A]	6,161	–
Final dividend for 2019 of 3.6p[A]	–	5,117
	13,578	**12,082**

[A] Comparative figures for the year ended 31 January 2019 have been restated due to the sub-division of each existing Ordinary share of 25p into five Ordinary shares of 5p each on 10 June 2019.

The cost of the proposed final dividend for 2020 is based on 143,277,520 Ordinary shares in issue, being the number of Ordinary shares in issue at the date of this report.

10. Return per Ordinary share

	2020		2019	
	£'000	p	£'000	p
Based on the following figures:				
Revenue return[A]	16,265	11.42	14,269	10.04
Capital return[A]	8,003	5.62	4,111	2.89
Total return[A]	**24,268**	**17.04**	**18,380**	**12.93**
Weighted average number of Ordinary shares in issue[A]		**142,446,904**		**142,152,520**

[A] Comparative figures for the year ended 31 January 2019 have been restated due to the sub-division of each existing Ordinary share of 25p into five Ordinary shares of 5p each on 10 June 2019.

11. Investments

	2020 £'000	2019 £'000
Investments at fair value through profit or loss		
Opening book cost	361,576	305,207
Opening investment holdings gains	59,893	101,386
Opening fair value	421,469	406,593
Analysis of transactions made during the year		
Purchases at cost	165,097	167,882
Sales proceeds received	(186,792)	(160,881)
Gains on investments[A]	11,035	7,901
Amortisation of fixed income book cost	(9)	(26)
Closing fair value	410,800	421,469
Closing book cost	388,574	361,576
Closing investment holdings gains	22,226	59,893
Closing fair value	**410,800**	**421,469**
Listed on overseas stock exchanges	**410,800**	**421,469**
Net gains on investments		
Gains on investments[A]	11,035	7,901
Investment holding losses on traded options	(327)	–
	10,708	**7,901**

[A] Includes losses realised on the exercise of traded options of £3,105,000 (2019 – £2,518,000) 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 £4,054,000 (2019 – £3,909,000) per note 4.

The Company received £186,792,000 (2019 – £160,881,000) from investments sold in the year. The book cost of these investments when they were purchased was £138,090,000 (2019 – £111,487,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

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

	2020 £'000	2019 £'000
Purchases	77	68
Sales	163	122
	240	**190**

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.

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12. Debtors: amounts falling due within one year

	2020 £'000	2019 £'000
Dividends receivable	779	605
Interest receivable	131	172
Other debtors and prepayments	68	53
Amount due from brokers	826	1,845
Taxation recoverable	–	97
	1,804	**2,772**

13. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Amounts due to brokers	–	5,166
Investment management fee payable	758	735
Traded option contracts	668	118
Interest payable	17	33
Other creditors	146	115
	1,589	**6,167**

14. Bank loan

	2020 £'000	2019 £'000
Repayable within one year:		
Bank loan	18,965	38,010

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$25 million was drawn down at 31 January 2020 at an all-in interest rate of 2.6345% and matured on 24 February 2020. At the date of this Report the Company had drawn down US$25 million at an all-in interest rate of 1.9035%. At 31 January 2019, US$50 million was drawn down under this facility at an all-in interest rate of 3.4780% and matured on 22 February 2019.

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 £200 million.

15. Called-up share capital

	2020 £'000	2019 £'000
Allotted, called-up and fully paid:		
Opening balance	7,108	7,108
Ordinary shares issued in the year	56	–
143,277,520 (2019 – 142,152,520) Ordinary shares of 5p each[A]	**7,164**	**7,108**

[A] Comparative figures for the year ended 31 January 2019 have been restated due to the sub-division of each existing Ordinary share of 25p into five Ordinary shares of 5p each on 10 June 2019.

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During the year the Company undertook a five-for-one sub-division of Ordinary shares. On 10 June 2019, the effective date of the share split, the Company's issued ordinary share capital comprised 142,152,520 new ordinary shares of 5p each.

During the year no Ordinary shares were bought back (2019 – nil).

During the year 1,125,000 Ordinary shares were issued with total proceeds of £3,396,000 (2019 – no Ordinary shares were issued). All these shares were issued at a premium to net asset value, enhancing net assets per share for existing shareholders. The issue prices ranged from 295.5p to 310.0p (2019 – no Ordinary shares were issued) and raised a total of £3,396,000 (2019 – £nil) net of expenses.

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:

	2020	2019
Net assets attributable	£413,948,000	£398,657,000
Number of Ordinary shares in issue[A]	143,277,520	142,152,520
Net asset value per share[A]	288.91p	280.44p

[A] Comparative figures for the year ended 31 January 2019 have been restated due to the sub-division of each existing Ordinary share of 25p into five Ordinary shares of 5p each on 10 June 2019.

17. **Analysis of changes in net debt**

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

	At 31 January 2018 £'000	Currency differences £'000	Cash flows £'000	At 31 January 2019 £'000
Cash and short term deposits	19,636	1,253	(2,296)	18,593
Debt due within one year	(31,644)	(2,856)	(3,510)	(38,010)
	(12,008)	**(1,603)**	**(5,806)**	**(19,417)**

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

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

Subject to Board approval, the Company also has the ability to enter into derivative transactions, in the form of traded options, for the purpose of enhancing income returns and portfolio management. During the year, the Company entered into certain derivative contracts. As disclosed in note 4, the premium received in respect of options written in the year was £3,727,000 (2019 – £3,909,000). Positions closed during the year realised a loss of £3,105,000 (2019 – £2,518,000). The largest position in derivative contracts held during the year at any given time was £668,000 (2019 – £440,000). The Company had 9 (2019 – 8) open positions in derivative contracts at 31 January 2020 valued at a liability of £668,000 (2019 – £118,000) 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 2020 are shown in note 14 on page 58.

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

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

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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)**	**–**

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 2020 would increase/decrease by £29,000 (2019 – decrease/increase by £194,000). This is mainly attributable to the Company's exposure to interest rates on its floating rate cash and loan balances.

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

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

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

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

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

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

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

Price risk sensitivity. If market prices at the Statement of Financial Position date had been 10% higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 January 2020 would have increased/decreased by £41,080,000 (2019 – increase/decrease of £42,147,000) 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.

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Credit risk exposure. In summary, compared to the amounts in the Statement of Financial Position, the exposure to credit risk at 31 January 2020 was as follows:

	2020		2019	
	Statement of Financial Position £'000	Maximum exposure £'000	Statement of Financial Position £'000	Maximum exposure £'000
Non-current assets				
Quoted bonds	8,651	8,651	11,217	11,217
Current assets				
Amount due from brokers	826	826	1,845	1,845
Dividends receivable	779	779	605	605
Interest receivable	131	131	172	172
Taxation recoverable	–	–	97	97
Other debtors and prepayments	68	68	53	53
Cash and short term deposits	21,898	21,898	18,593	18,593
	32,353	**32,353**	**32,582**	**32,582**

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

Credit ratings. The table below provides a credit rating profile using Standard and Poors credit ratings for the quoted bonds at 31 January 2020 and 31 January 2019:

	2020 £'000	2019 £'000
B+	–	830
B	–	763
BB+	1,055	2,622
BB	4,037	2,421
BB–	1,602	3,805
BBB–	1,957	776
	8,651	**11,217**

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

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

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

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

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

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

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

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

Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.
Level 3: inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

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

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

Notes to the Financial Statements Continued

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**

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.

21. Related party transactions

Directors' fees and interests. Fees payable during the year to the Directors and their interests in shares of the Company are disclosed within the Directors' Remuneration Report on pages 39 and 40.

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.

22. Subsequent events

Subsequent to the year end, the Company's NAV has suffered as a result of a decline in stockmarket values, primarily due to the COVID-19 pandemic. This is considered to be a non-adjusting event for the financial statements. At the date of this Report the latest NAV per share was 241.65p as at the close of business on 21 April 2020, a decline of 16.4% compared to the NAV per share of 289.14p at the year end.

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 2020 and 31 January 2019 and total return for the years.

2020	Dividend rate	NAV	Share price
31 January 2019	N/A	280.44p	268.00p
9 May 2019	3.60p	286.52p	282.00p
18 July 2019	1.70p	303.56p	304.00p
3 October 2019	1.70p	292.11p	294.50p
30 January 2020	1.80p	294.08p	290.00p
31 January 2020	N/A	288.91p	290.00p
Total return		**+6.2%**	**+11.5%**

2019	Dividend rate	NAV	Share price
31 January 2018	N/A	275.51p	260.00p
10 May 2018	3.20p	270.27p	254.50p
19 July 2018	1.60p	286.13p	270.00p
4 October 2018	1.60p	293.23p	273.00p
24 January 2019	1.70p	276.08p	264.00p
31 January 2019	N/A	280.44p	268.00p
Total return		**+4.8%**	**+6.3%**

Dividend cover. Revenue return per share of 11.42p (31 January 2019 – 10.04p) divided by dividends per share of 9.50p (31 January 2019 – 8.50p) expressed as a ratio.

Dividend yield. The annual dividend of 9.50p per Ordinary share (31 January 2019 – 8.50p) divided by the share price of 290.00p (31 January 2019 – 268.00p), expressed as a percentage.

Net cash/gearing. Net cash/gearing measures cash and cash equivalents of £22,724,000 (31 January 2019 – £15,272,000) less total borrowings of £18,965,000 (31 January 2019 – £38,010,000) divided by shareholders' funds of £413,948,000 (31 January 2019 – £398,657,000), expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes net amounts due from brokers at the year end of £826,000 (31 January 2019 – due to brokers of £3,321,000) as well as cash and short term deposits of £21,898,000 (31 January 2019 – £18,593,000).

Premium/(discount). The difference between the share price of 290.00p (31 January 2019 – 268.00p) and the net asset value per Ordinary share of 288.91p (31 January 2019 – 280.44p) expressed as a percentage of the net asset value per Ordinary share.

Alternative Performance Measures Continued

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.

	2020	2019
Investment management fees (£'000)	3,060	2,913
Administrative expenses (£'000)	757	852
Ongoing charges (£'000)	**3,817**	**3,765**
Average net assets[A] (£'000)	**420,761**	**396,330**
Ongoing charges ratio	**0.91%**	**0.95%**

[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 which includes finance costs and transaction charges.

Corporate Information

The Company's Investment Manager, Aberdeen Asset Management Inc. is a subsidiary of Standard Life Aberdeen plc. Assets under management and administration of the Group was £545 billion at 31 December 2019.

Information about the Manager

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

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

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

Aberdeen Standard Investments' senior management team

Ralph Bassett
Head of North American Equities

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

Fran Radano
Investment Director - North American Equities

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

The Investment Process

Philosophy and Style

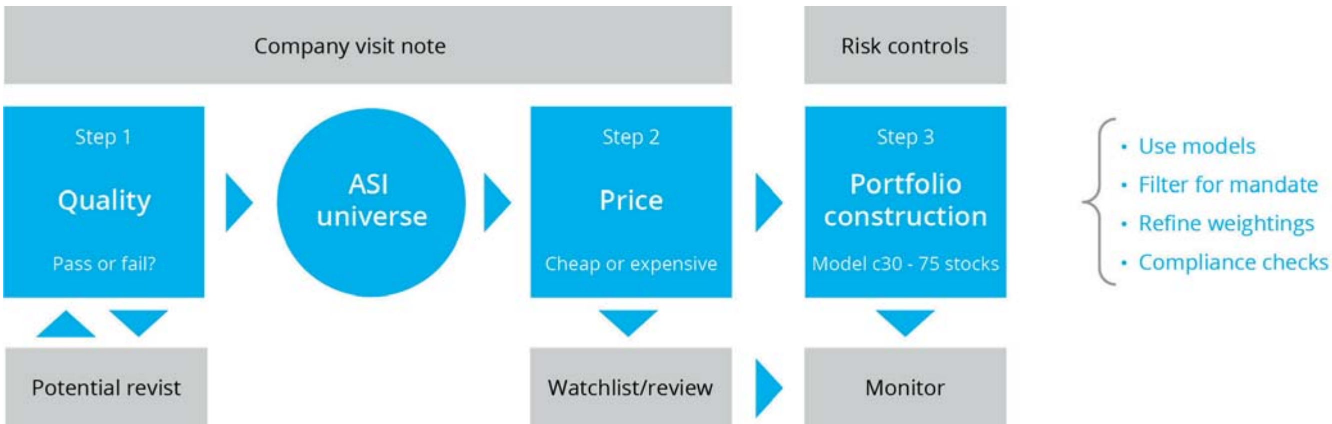
The Manager's investment philosophy is that markets are not always efficient. The Manager believe that superior investment returns are therefore attainable by identifying good companies cheaply, defined in terms of the fundamentals that in their opinion drive share prices over the long term. They undertake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

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

Risk Controls

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

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



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 2020/21.

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 2020/21 tax year. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will continue to provide registered shareholders with a confirmation of dividends paid by the Company and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

ISA Transfer

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Online Dealing providers and platforms

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

AJ Bell You Invest; 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**
Email: **register@fca.org.uk**

Investor Information Continued

PRIIPS (Packaged Retail and Insurance-based Investment Products)

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

Key Information Document ("KID")

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

Investor Warning

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

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

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

Alternative Investment Fund Managers Directive Disclosures (unaudited)

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

There have been no material changes to the disclosures contained within the PIDD since its most recent update in March 2020.

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

- information on the investment strategy, geographic and sector investment focus and principal stock exposures is included in the Strategic Report;
- none of the Company's assets are subject to special arrangements arising from their illiquid nature;
- the Strategic Report on pages 8 to 14, Note 18 to the Financial Statements and the PIDD, together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected;
- there are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by Aberdeen Standard Fund Managers Limited ("the AIFM");
- authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the AIFM's remuneration policy is available from the Company Secretaries, Aberdeen Asset Management PLC on request (see contact details on page 83) and the remuneration disclosures in respect of the AIFM's reporting period for the period ended 30 September 2019 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 2020	1.06:1	1.09:1

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

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

Glossary of Terms and Conditions

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

Leverage	For the purposes of the Alternative Investment Fund Managers Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other.
Net Asset Value ("NAV")	The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.
Net Gearing/Cash	Net gearing/cash is calculated by dividing total borrowings less cash or cash equivalents, by shareholders' funds expressed as a percentage.
Ongoing Charges	Ratio of expenses as percentage of average daily shareholders' funds calculated as per the AIC's industry standard method.
PIDD	The pre-investment disclosure document made available by the AIFM in relation to the Company.
Premium	The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.
Price/Earnings (P/E) Ratio	The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stockmarket's view of a company's prospects and profit growth potential.
Prior Charges	The name given to all borrowings including debentures, loan and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.
Standard Life Aberdeen plc or the Group	The Standard Life Aberdeen plc group of companies. Standard Life Aberdeen plc was formed by the merger of Aberdeen Asset Management PLC and Standard Life plc on 14 August 2017.
Total Assets	Total Assets as per the balance sheet less current liabilities (before deducting prior charges as defined above).
Total Return	Total Return involves reinvesting the net dividend in the month that the share price goes ex-dividend. The NAV Total Return involves investing the same net dividend in the NAV of the Company on the date to which that dividend was earned.

General

Notice of Annual General Meeting

Notice is hereby given that the one hundred and seventeenth Annual General Meeting of The North American Income Trust plc will be held at the offices of Dickson Minto W.S., 17 Charlotte Square, Edinburgh, EH2 4DF on 2 June 2020 at 11.00 am, for the following purposes:

To consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 11 inclusive will be proposed as ordinary resolutions and resolutions 12 to 14 inclusive 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 2020.
2. To approve the Directors' Remuneration Policy.
3. To receive and adopt the Directors' Remuneration Report (other than the Directors' Remuneration Policy) for the year ended 31 January 2020.
4. To re-elect James Ferguson as a Director of the Company.
5. To re-elect Karyn Lamont as a Director of the Compan.
6. To re-elect Susannah Nicklin as a Director of the Company.
7. To re-elect Charles Park as a Director of the Company.
8. To re-elect Susan Rice as a Director of the Company.
9. To appoint PricewaterhouseCoopers LLP ("PwC") as auditor of the Company.
10. To authorise the Directors to fix the remuneration of the auditor for the year ending 31 January 2021.
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 £2,387,959 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 2021 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2021, 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 £716,388 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 2021 or on 31 July 2021, 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:–

Notice of Annual General Meeting Continued

- the maximum aggregate number of Ordinary shares hereby authorised to be purchased is 21,477,300 Ordinary shares or, if less, the number representing approximately 14.99% of the issued Ordinary Share capital of the Company as at the date of the passing of this resolution;
- the minimum price which may be paid for an Ordinary share shall be 5 pence (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 2021 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2021, 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 the Articles of Association in the document produced to the meeting and signed by the Chairman for the purposes of identification, be approved and adopted as the new Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association, with effect from the conclusion of the 2020 Annual General Meeting.

By order of the Board

Registered office:
1 George Street
Edinburgh EH2 2LL
1 May 2020

Aberdeen Asset Management PLC
Secretary

NOTES:

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

(ii) A form of proxy for use by members is enclosed with this Notice of Meeting. Completion and return of the form of proxy will not prevent any member from attending the Meeting and voting in person. 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 6.00 pm on 29 May 2020 (or, in the event that the Meeting is adjourned, at 6.00pm on the day which is two business days before the time of the adjourned Meeting). Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the Meeting.

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

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

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

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

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

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

(x) No Director has a service contract with the Company. Copies of the Directors' letters of appointment are available for inspection during usual business hours at the Company's registered office. The documents will also be available to view online at www.northamericanincome.co.uk from the date of this notice until close of the 2020 Annual General Meeting.

(xi) As at close of business on 21 April 2020 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 143,277,520 Ordinary shares of 5p each. The total number of voting rights in the Company as at 21 April 2020 was 143,277,520.

(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.

Notice of Annual General Meeting Continued

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

(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.

(xix) The full terms of the proposed amendments to the Company's articles of association would have been made available for inspection as required under LR 13.8.10R (2) but for the Government restrictions, including the Stay at Home measures, implemented in response to the Coronavirus outbreak. As an alternative, a copy of the proposed new articles of association of the Company, together with a copy of the existing articles of association of the Company marked to show the changes being proposed, will instead be available for inspection on the Company's website, https://www.northamericanincome.co.uk , from the date of the Notice of the Annual General Meeting until the close of the meeting. These documents will also be available for inspection at the meeting venue from 15 minutes before and during the Annual General Meeting. In the event that the current Coronavirus related restrictions are lifted before the Annual General Meeting, a hard copy of the proposed new articles of association of the Company, together with a copy of the existing articles of association of the Company marked to show the changes being proposed, will be available for inspection at Bow Bells House, 1 Bread Street, London EC4M 9HH until the close of the meeting.

(xx) Given the risks posed by the spread of the Coronavirus and in accordance with the provisions of the articles of association and Government guidance, including the compulsory Stay at Home Measures in place at the date of this notice, physical attendance at the Annual General Meeting may not be possible. If the law or Government guidance so requires at the time of the meeting, the Chairman will limit, in his sole discretion, the number of individuals in attendance at the meeting. If current Stay at Home Measures are in place at the time of the meeting, such attendance will be limited to two persons. Should the Government measures be relaxed by the time of the meeting, the Company may still impose entry restrictions on certain persons wishing to attend the Annual General Meeting in order to ensure the safety of those attending the meeting.

Corporate Information

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

Manager, Secretary and Registered Office
Alternative Investment Fund Manager
Aberdeen Standard Fund Managers Limited
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
1 George Street
Edinburgh
EH2 2LL

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

Company Registration Number
Registered in Scotland with number SC005218

Company Broker
Winterflood Investment Trusts

Registrar
Computershare Investor Services PLC
The Pavilions
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 (up to 2 June 2020)
PwC LLP (proposed from 3 June 2020)

Depositary
BNP Paribas Securities Services, London Branch

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

Legal Entity Identifier
5493007GCUW7G2BKY360

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northamericanincome.co.uk