Hi and welcome to this Baillie Gifford live webinar on the Scottish American Investment Company. I'm Kathrin Schindler from Citywire and with me is James Dow, who's the co-manager of SAINTS. The way this works is, I'll be picking James' brain with my questions for about 30 minutes and then, it's time for your questions. So, if you have any, please submit them at any time via the chat and then I'll put them to James in the last ten to 15 minutes of the session.

James, welcome and great to have you.

Hi, thanks for having me. Thanks everyone who's dialled, I appreciate it. Good to see you.

James, let's start with a broad look on SAINTS. So, the fund serves two types of investors. You have income seekers on the one hand and we have the growth investors on the other. How are you able to make both of them happy?

There's a special type of company that one could invest in and it delivers, certainly, historically and we think, in the future, fantastic returns both to income investors and growth investors. So, it can keep both types of investors happy. That's the type of company that we enter in our portfolio, in SAINTS. So, when I say a special type of company, what do I mean? I mean these are companies which have really good, long-term growth prospects of compounding their profits higher, year-after-year. They've got really sustainable business models. So that means you can count on them to own them not just for one or two years, but for a decade or more. They're able to pay out resilient dividends as well.

So, they typically, generate a lot of surplus cash, which they're committed to paying out as dividends. That special type of company, if you invest in a portfolio of those, historically and our belief is, you get fantastic results whether you're an income seeking investor or you're a growth seeking investor. They just give you terrific results. So, for example, Atlas Copco, the Swedish engineering company. That's an example we've owned for more than a decade within SAINTS or Microsoft would be another example. Another one we've owned for 12, 13 years now. That's the kind of company I'm talking about. Great growth, sustainable business mode, resilient dividends.

Makes income investors super happy with dividends and returns and the resilience of that income stream, but also, makes growth investors really happy as well, with capital appreciation and great total returns. So that's how we do it.

You've already touched on it, you're more tilted towards growth than value. How do you think that will work out for you this year?

It's always difficult to say exactly what the year will hold. I guess, I'd observe that we are not really positioned for very high growth, now are we value. We're what I describe as core growth. We're more balanced approach, definitely, towards growth, as you say. Not particularly in extreme. We're quite big on balance within SAINTS and not going to extremes. So how will that playout this year? Depends a little bit on how markets do, but I think we own a portfolio where the companies can do well pretty much, whatever is thrown at them they can thrive. So, for example, last year was really interesting, folks will be aware, we had this huge shift from growth towards value last year. You'd say that's bad news for growth-oriented trusts like SAINTS, right. Actually, the trust outperformed last year, despite that huge shift towards value. I think that's because the underlying companies. We try to own really good, high-quality companies that can thrive almost whatever the weather.

Within your portfolio you focus more on companies like Novo Nordisk and Apple, instead of the usual UK income stalwarts like BP and Shell. None of them is particularly known for paying particularly high dividends. So how do you explain that approach to more traditional income investors?

You're right that they're not really known in terms of having a high yield, a starting yield compared with a big oil company or a bank, which might be on 4%, 5% yield. The way I explain that is, as investors and certainly we, as managers, most people are looking over a much longer time horizon. They'll typically have a five, ten year-, let's say you're in retirement or you're in endowment, whatever. You've probably got a time horizon that lasts ten, 20, more years. If you look over those periods of time, those classic income stalwarts, the higher yielders, typically they have tended to work out a lot worse for income and growth investors than the special companies I talked at the start.

Where there's not such a high yield, but they're really good solid businesses and they've got really good growth prospects with sustainable business models. So, if you look back at-, obviously, we're investing in the future, I'm doing this backwards looking because it's a proof point. If you look back at something like a Microsoft or an Apple or you can pick your name, you look at how much income you've received over the past ten or 15 years from those names, even though they've typically had a much lower starting yield than a BP or a Shell, they can end up delivering, have ended up delivering more income over that whole period of time. One of them is starting high, but it's typically flat and then it's getting cut and it's going lower. Whereas this one is compounding higher and higher, it catches up and eventually, surpasses that original yield.

So, the way I explain the focus of the fund, which as you say, is very much on solid dividend growth from a low yield is, because you've got a longer-term horizon, you're going to be much better off owning that kind of company over the long-run in income and capital terms than you are buying one of those rather troubled high yield companies, which look attractive for the first year and then after that, it's often all downhill.

What role would you say does ESG play in the whole investment process because we can't have a webinar without talking about ESG basically?

I think and the board of SAINTS is a hundred percent agreed with this. I think it's really, really vital for stock picking. That's because if you think about it, again, if you've got those long-term outcomes and you're looking for compounding in earnings and dividends year-after-year for long periods of time, if you're not paying attention to it, if you just say it's all greenwashing and nonsense and I don't care, I just want to make money. People say that. I think the problem is, is that the odds of you making money actually go down a lot. If you're investing in companies which are harmful, really harmful in some way, sooner or later history will tell you, people switched away from the products or they get found out or something goes wrong.

So, the odds of getting that success, the compounding, the resilient dividend and that growth over a ten or 15-year period, is much better if you do proper ESG analysis and you make sure. This doesn't look so good, I'll stay away from this, I don't see how this business can really thrive over the next ten years. You see that time and again. I've seen it in my career with coalmining companies. They were a classic income play, but over the long-term really disappointing. Tobacco companies over long periods of time have really struggled to deliver good earnings and dividend growth. It's why we don't have any oil and gas companies in the portfolio today because we really struggle to believe that. So short version, I'd say it's critical as part of our analysis and it's a big part of what we do on SAINTS.

Are there any other macrotrends apart from ESG, if you want to call ESG a macrotrend, that influence your stock picking process?

It really is bottom-up to be honest, it's not really big macro calls. I think if you look back at the history of investment, people who've made really good returns for clients over prolonged periods of time, it's really tough doing that with macro calls. I know enough economics to know that most economic forecasts are not particularly valuable, let's say. If we think about the last few years, I was amusing myself writing the manager's report for SAINTS at the end of last year and looking back at macro predictions that were common the last few years, right. None of them predicted what would happen. Completely off. No one predicted COVID, no one predicted whatever. So, we really try to focus on companies that bottom-up, independently continue to do well whatever the world is throwing at them.

So, if we've got a bit of a recession this year, if we've got-, whatever is happening in the macro, I'm really optimistic about the companies that we own, that they can continue to deliver steady-, not shoot the lights out, [marker 0:10:00] but steady compounding, good, resilient earnings and dividends growth. If you look at Novo Nordisk, which is our single biggest holding in the equity portfolio, as an example, we think the trends towards diabetes treatment, its new products, its new formulations there, will continue to drive good revenue profit dividend growth this year, pretty much regardless of the macro. So, it's very much a focus on the companies and not on the macro trends to be honest.

So do external events, for example, like cross border conflicts or governments changing, do they have any impact on your investments or do you just soldier as usual, basically, because you're in it for the long run anyway?

I guess it would depend, a bit, what it is that we were talking about. If the long-term outlook really changes for a holding because of some cross border event, we'll definitely adapt to that. That the beauty, if you like, of active management or why shareholders are paying a fee is because they're trusting their active manager to adapt and move on when things really change. So, if those things do come up and they do occasionally, then we would adapt and we would recalibrate our growth assessment. Having said that, I would say you look back at the history of really successful companies over long periods of time. Let's take Proctor & Gamble is a holding for us. Proctor & Gamble's been going over 100 years, like SAINTS.

It's gone through an enormous number of cross border conflicts, political changes, changes of government, etcetera, etcetera. If you've got a really good, strong, diversified business, it should be able to keep going despite that. So my base case would be to expect we own good companies that we wouldn't have to change much if we had that event you're talking about. Of course, ultimately, we'd adapt if something really changed profoundly for one of those holdings.

Baillie Gifford itself, doesn't really strike me as a company of 'yes-men'. How heated do investment debates actually get when you have those discussions?

Not yes-men or yes-women, I can assure you. Independent minds regardless. How heated do our discussions get? Gosh, there's a good question. Here's what I think is important. As long as you're all aligned around what you're trying to achieve for your shareholders and your clients. So, for us, that's all that stuff about long-term good growth, resilient dividends, sustainable business models, that kind of thing. Then all of your debate is really just focused on, is this company a great fit for what we're trying to do or not? Is it getting worse, is it getting better? So, do we have heated debates? Yes, from time-to-time if we disagree. I think SAP actually has a terrible growth outlook and the dividend isn't at all resilient. We have those debates, but there are no yes-men or yes-women in the room that are just yes, okay, whatever you say.

We don't have that. We all have our opinions, but it's done in hopefully, a productive and constructive way. So, we're just debating those facts and the evidence and where possible, just trying to do it in a calm and rationale manner. Then you get the benefit of independence and strong beliefs and all that and conviction, but not in a heated fisticuffs flying kind of way. I can assure you that doesn't happen. So, it's all good.

I know you shouldn't pick favourites, but if you had to, if I had to put you on the spot, is there any company that you think would be particularly appealing right now in your portfolio? You mentioned Novo Nordisk, which is the biggest holding, as you said, but is it also your favourite? Are there any underdogs that you find attractive?

It's a bit like if you had to choose one of your children, it's a big like oh God. We like all 60 of our holdings, genuinely. So that's why they're in the portfolio, but the larger positions, that would tell you those are the ones that we have higher conviction in, that we think the odds are best skewed in our favour. So yes, Novo Nordisk would be up there as one of them. TSMC is, in my opinion, one of the world's great, great businesses. Not without geopolitical questions and so forth, but just a fantastic company with great growth prospects. Microsoft has just gone from strength to strength over the years. Apple—I'm picking out the larger holdings here. These are companies which are a terrific fit for what we're trying to do for SAINTS shareholders. They've got an incredible track record. They've got great people running them and they've got great prospects ahead of them. I mean, if you dig into them, you come away thinking I've got to own a piece of that business, it's just fantastic. So those bigger holdings would be right up there.

One portion of the portfolio's also invested in property and infrastructure, are you planning to expand that exposure in light of current borrowing costs?

We'll probably keep it about the same. In aggregate, it's maybe getting up to about 10% of total assets, ballpark figure. The background here is that as an investment trust, SAINTS has the advantage that it can borrow very long-term and at quite attractive rates. In fact, last year we refinanced all of the companies' debt for the next 25 years at just under 3%. The idea is, is that we can take that borrowing, it's prudent borrowing, these are not huge amounts of borrowing just to give you context. Total is 95 million. So again, about 10% of the trust. We take that borrowing and we invest that in the property, the infrastructure, a bit of fixed income, matching them. The idea is, is that the returns on those investments should healthily exceed the 3% cost of borrowing and in fact, they have done that. So, we've got those rates locked in and I'm anticipating-, it's ultimately a board decision about how much we do that, but given the size of the trust and what's prudent, I'm anticipating that exposure will remain about the same.

You actually have a second manager who focuses specifically on the property portfolio. How does he go about sourcing investments, seeking out potential opportunities?

That's Olem*[sounds like 0:16:59]* and they've been running that property portfolio since the 1990s. They've done a fantastic job over time. Matthew and Louise more recently, the last sort of ten, 15 years. How do they do that? What they do is-, first of all, they're very long-term oriented like us. So, they're looking for those great long-term property investments. They're really focused on inflation protected leases. They're very experienced investors and they understand inflation. They've been around a long time. So they're always had a focus on that and you can see that in the portfolio. They love overlooked or slightly esoteric or unusual things that don't fit into the big property funds, that are a bit unusual, a bit quirky. Where you've got a great tenant, long lease, inflation protection and they've got a big focus on second use as well. So if the tenant changed or left or whatever, then there's really good support for the asset value of that property as well. So, all of those things are focus points for them and they've done a super job over time. That's how they do it.

Switching from property to fixed income, are you thinking about delving into fixed income a bit more in the next six months?

Certainly, the yields on fixed income have gone up quite dramatically in the past year or so, with interest rates rising. So, we don't have any great plans to shift the allocation dramatically towards that, but there are few things that are coming up. We're always doing that this of saying, we beat the cost of borrowing here, we're getting 6% versus 3%, but we could switch into this, which is just as good and earn 8%. So we're always doing that compare and contrast, but it's more at individual level I'd say, rather than any kind of asset allocation shift.

You already mentioned, SAINTS has been around for more than 100 years. I have it celebrating its 150th Anniversary this year. Do you think it will make it another 150 years or is that too optimistic? What's your stance, what's your outlook for the future?

I'm optimistic about that, I think so, yes. How has it got to 150 years? How has it been going for so long and doing that? I'd say a few different things. It's got a very engaged board. I think it's not an investment trust where people are just coming along and collecting their salary. Sorry, I'm probably disparaging other investment trusts. It's a very engaged board who really care about it and the history and they're very proud, I think, to work for SAINTS. That's been true for a long time and that really matters because over time, companies have to adapt. The world changes and moves on. So, you want a board who's got that oversight, who's saying, we need to change a little bit or we need to get on the front foot or we need to think more about this. [marker 0:20:00]

If the manager's underperforming for a long period, change the manager. That engaged and active board has always been a feature of SAINTS and it's very much the case still today. Ultimately, the trust has been very resilient. Obviously, a revenue reserve helps and we've always adapted to times as they've gone on. So, while I don't know what the next 150 years holds, I guess none of us has crystal balls out quite that far, I'm optimistic, yes. Those strengths will be just as relevant and keep the trust going for a long time to come.

You mentioned your engaged board, what's the turnover in the investment team, actually?

Very low. I think Baillie Gifford, as managers, I think you know we have really quite low turnover of staff. We tend to, once I left school and I joined Baillie Gifford and I've been here for a thousand years. It's one of those places where people really love working here and they're here for a long time. So, it's very low. Fresh people do join, but on the team, there was one person who moved on last year. We have a couple of graduates who are always rotating, but it's a stable team.

You did a Masters in economic and philosophy and then before joining Baillie Gifford, you were a business reporter. I'm wondering, how does all that fit into what you're currently doing. Did you learn anything from those three different areas? Anything you can benefit from.

So how do those benefit? I would say the philosophy, studying philosophy is more useful as a fund manager over long periods than studying economics. Might be controversial. Apologies to anyone who studied economics and I'm sure you do a great job, but I would say that philosophy is very helpful because investing can be quite an emotional thing. Especially, if you're dealing with your own savings, you're dealing with other peoples' money. The cycles and ups and downs and what do you do when the world is-, you have COVID and oh my goodness. Investors are subject to huge behavioural biases and you can see that over time. They're humans, they tend to be gung-ho when things are wonderful and then they tend to panic when things are awful.

What's that got to do with philosophy? Well, I think the calm, rational study, methodical, logical approach and trying to take the emotion and the behavioural bias out of things is something that you learn studying philosophy, I believe. So, I think that's super helpful for being an investor. Being a journalist is also helpful because of a whole range of reasons. You're never afraid to ask stupid questions. If you're a journalist, you get that knocked out of you pretty quick, I know I did. So that's a great asset because they're you're always ready to ask the questions that no one dares ask. I think that's a huge one. I like to think there's quite a few things that I was able to bring from that background into this job.

Stoic attitude combined with being able to ask painful questions, that sounds about right to me. Moving on to the audience questions which have been pouring in. I'll start with that one which focuses on the funds positioning. The question is, "Has the trust positioned itself for a recession or does it not foresee one?"

I hope this doesn't sound glib. I would say SAINTS is always positioned for a recession in the sense that if you focus on really highly quality companies and part of your process is to think really hard about resilience across cycles as it is for SAINTS. That dividend record for many, many years and so forth. In a way, your portfolio is always positioned for that recessionary environment or you hope it is. That doesn't mean that share prices don't go down, of course they do. There's nothing that should derail the fundamentals of the companies over the long-term. So, I'd say that's how we're positioned.

I find this question pretty interesting. It focuses on your 150th Anniversary and how you're positioned for the future. This person is asking, "Are you looking for future income or growth opportunities in Africa, India or other frontier markets that are not really that known for income?"

Yes, and have done for many years. It can be challenging because often, those markets are, by their nature, quite volatile and the companies there have a lot of challenges to deal with. So, finding that resilience in dividends and sustainability of models that we look for can be a bit of a challenge. Absolutely we look there because on the other hand, some of those-, if you look back in history, some of those markets have thrown up fantastic companies and they can have fantastic growth prospects. So, if you look at something like AVI in the portfolio today, the South African consumer business. It's been a very resilient dividend and truth be told, the growth hasn't really delivered in the way that we hoped it would over the past eight or nine years that we've been investing because it's been a very challenging place to do business and inflation and so on and so forth. It's been okay, it's not really what we wanted. So that's an example of where we're prepared to invest, where we can find the growth, the dividends, the sustainability that we're looking for, yes.

This question focuses on your property exposure and it's pretty simple. It's asking, "Why do you actually invest in property at all?"

As I said before, it's funded out of the borrowing. So, we're trying to beat that 3% and it generates extra income and extra return. It's done well, as Olem have, for our shareholders. Another benefit of all that is, if you think of the income resilience of the whole portfolio, then having a little bit in property, in infrastructure, in fixed income, helps dampen things down a little bit as well. Helps to bring a little bit more resilience to the entire portfolio. So it's the combination of returns that are attractive and beat the cost of borrowing is a nice thing to do within the investment trust structure and it helps diversify things and reduce a bit of volatility at the portfolio level too.

This question's about your fees. The person's asking, "Why are SAINTS fees so high compared to other trusts?"

I would hazard a guess that that's a figure from the infamous KIDs documents that have been introduced in the past few years. The unfortunate thing with those documents is that they include-, if a trust borrows as we do, they include the borrowing costs in the fees. I hope this is what the person's getting at. I'm guessing these are the numbers they're looking at. So if you have a bit of debt, like SAINTS does, even if it's very low cost debt, it makes your fees look crazy compared with trusts that don't have any borrowing in them. If you look through to the actual underlying fees of SAINTS, they are better than the average trust, actually. They're very competitive, but I suspect that whoever's looking at these outrageous fees, is looking at the numbers that come out of the KIDs documents, which include borrowing costs which we say is unfair to include.

Coming back to your engaged investment board, there is one question that asks, "Are you looking to engage with the companies you invest in?" first part. Second part, "Are you seeking to have any seats on the board of the companies you invest in?"

Definitely engaging and in fact, if you go to the SAINTS website, you can find the latest annual stewardship report and, in that report, we detail quite a lot of detail on engagements we've had with all of our holdings because we do a lot of that. We think that's really important. So yes, on engagement. Do we look to have seats on their boards? No, typically not because if it's got to a stage where we feel we need to have a seat on the board to really influence change, then something's probably gone a bit wrong with the investment. That shouldn't be the stage we're at. What we're looking for are great managements and boards of the companies we invest in, who we invest alongside.

Who we can support and engage with, but ultimately, we trust them. They're running the business. They know what's best for it. They're getting on with it and delivering the results that we hope for. If it got a stage where we're like, going to have to ask for a board seat, I think actually we'd be saying, should we actually just be disinvesting from this company if it's so far off course. It would be a tough one.

This question I thought is quite charming. It asks, "Do you trim your winners to stop the portfolio getting out of balance?"

Occasionally. We have a rule that we won't let anything be more than purchase 5% and run it to 6% of the equity portfolio [marker 0:30:00] because we're big believers of resilience, diversification. Something that fund managers can sometimes do, is they can get a bit carried away with idea and they think it's the greatest thing ever. The thing is that there's quite a lot of randomness still, however hard you try, in a lot of stock outcomes and companies, if you look at the history. So our view is, you can have some conviction up to a point, but-, so when things go through that, we did it with Novo Nordisk with the past six months. We took the holding down a bit to bring it back under that 5% level, just bearing in mind there's random outcomes that happen.

All of that said, we try hard not to trim our winners too much because I think, again, if you look back at the history of investment management over long periods and you can see this from Warren Buffett through to Tom [unclear 0:30:56]. All kinds of investors will tell you that you are picking stocks and the most important thing you can do is, do you own it or not? That's what you need to get right. Trimming things, you're interfering with natural compounding. If you're trying to add a little bit of value, I'm going to be clever, I'm going to take 30 bps out and I'm going to put it into this one over here, it tends not to add value. It's quite a mixed record on that. You're interfering with compounding. So, we try to stay away from that and let winners run up to a point and then, when they get quite large, that's when we start trimming them back.

Doesn't it make your heart bleed when they're doing so well and then you have to trim them and cut them back down?

Yes, but it's not that often because it's done so well by the time it's got up to 5%, 6% that it's okay, I can live with that. It's done fantastically well and I've had to take a bit of money off the table, that's okay. That's better than the other problem which is, I put money into this thing that had gone down a lot, now it's gone down even further. Behaviourally that's quite challenging as well. So, it's fine, we can live with that.

"Does private equity have a place in SAINTS?" is another question from the audience.

It could do? It's possible and in fact, at points over the past 150 years the board has done that and made some of those allocations. The challenge is we take liquidity seriously and we think there's a cost to that. So, we think about that and obviously, private tends to be less liquid. We own directly property and that's illiquid. So, we have a capacity for it, but we've just got to be careful about how far you go with that. I guess the other thing is, a lot of times, private equity type businesses, particularly now, there's a lot of startup or early stage type businesses. Now, those make sense for a lot of trusts. I would say our colleagues, some of our colleagues at Baillie Gifford running other funds are very, very good at that to be honest.

I think for SAINTS because of our dividend growth focus, typically those businesses are not paying out dividends, they're much more immature, they're at an earlier stage in their lives. So again, it doesn't really make sense for SAINTS. It's not what we're doing. It's not what we're looking for. Could do up to a certain point, but for the most part, no. The equity portfolio is 100% listed equities today.

"So, there's a trend that some trusts pay enhanced dividends by including an element of capital, is that something you would consider with SAINTS? Is that an approach you would be looking to adopt at any point?"

That's a great question. Honestly, it's one that I and the board and we thought about that a lot over time. SAINTS technically does have the ability to, could do that. It could pay income out of capital. I guess my-, and the board shares this. SAINTS pays all of its income out of natural revenue that it's earning from dividends and from rents, it doesn't pay any out of capital. I think the challenges with that are, if you're paying income out of capital, then you get to those unfortunate positions now and again, where values have fallen a lot. Let's say it's 2020, the market's down 30% and you're selling shares to generate income. Sometimes that just doesn't make sense. Then you get into this thing, shall we cut the dividend?

You're shrinking the company the whole time buy paying it out. So that's problematic. There's another thing which is, if shareholders want to do that, they can do that themselves. They don't need the board to do that for them. They can generate income themselves by selling a bit of their capital. Selling some of their shares. So, is it really helpful for investment trusts to be doing that themselves? It doesn't make sense. So, SAINTS try to generate the income naturally, sort of a natural level through our revenues and have a covered dividend. I think the way it works really nicely, I think, for SAINTS is, because of this focus on dividend paying companies, but not super high-yielders, just really good high quality growth companies, we hope that we can give shareholders the best of both worlds.

So we can generate a good income that's growing, it's also resilient. It's coming out of natural income and neither we nor our shareholders are ever having to sell capital to create income in those stressed periods by focusing on those types of companies that you can have it all kind of thing, that's what we're trying to do with SAINTS.

This next question also focuses on dividends and it comes from someone who's retired and they quote the investment blurb first. They say, "The objective of SAINS is to grow the dividend at the rate faster than inflation." which is something they need right now as a retiree, can they rely on the dividend going up by at least 10% this year?" I know I'm putting you on the spot here, James, I'm sorry but it's a good question.

I'm assuming that the person asking the question is convinced that inflation will be 10% this year. We're looking at this as a board. Last year, inflation averaged 9% and SAINTS dividend grew just over 9%. So, we managed it last year. I think we are very well set up for that because we have this approach that invests in really good, real growth companies. So that's a great starting point and we've got a revenue reserve as well, which can top things up. Now, we will be beat inflation again this year? I think the average forecast is supposed to be 7%, on average, during the year, falling to 4% by the end of the year, last time I looked. So, will the board be able to grow the dividend faster than inflation again this year?

I'm hopeful that's the case because we've got a growth portfolio, because there's the revenue reserve to back it up. I'm hesitating because our objective is to try and do that over rolling five year periods and not every single year guaranteed we'll beat inflation because it might be that the board says, actually, this year it makes sense to not grow the dividend quite so much, it's a little bit behind inflation because we see some other opportunity. So, I'm hopeful we'll beat inflation again this year, but I can't guarantee that definitely will happen and it's ultimately, a board call. We've got a good growth portfolio that's resilient and has real underlying growth in it.

I will say that we're looking at-, the full year results we're getting from our holdings are just coming through the past month or so, it's early days. We've only done, 20%, 25% of the portfolio, but they're announcing their dividends for this year, which will really set the income that SAINTS earns for the rest of the year. To be honest, if anything, the growth figures are surprising us on the upside. We're seeing 9%, 10%, 15%, 20% increases. The trouble is we're only a fifth of the way through the portfolio, a quarter of the way, so it might be too early to judge, but early signs are, we're feeling pretty good that we're going to get continued dividend growth through from the companies this year.

That leads nicely to my next question, which is also my final question. "Where do you see the biggest promise for dividend growth?"

The biggest promise for dividend growth. I would just say it's individual names. Rather than any kind of grouping or theme or geography, I would say we've got a list at the moment on our focus list of-, Ross and I were discussing this yesterday, we were just discussing it as a team and I think we said there's probably six names at the moment, where we're really close to thinking this looks really attractive and they're very different companies. Very different, they're not any particular theme going through them. We've got everything from distribution through to medical devices through to-, all kinds of things in there. So, I guess, as usual, it's just individual companies where we think, hey, great long-term growth prospects, sustainable business model. Resilient dividends. Great people running it. We've got a handful of those that could come through. That's where I see the best prospects, the individual names.

I don't suppose you could share any of those company names?

No, I won't do that because then if I do that and then actually, it doesn't quite go over the line. You said you were going to buy it and then you didn't buy it. We will report, we're good and prompt at reporting and we put in the manager's report and we do explain those as soon as we make them. Last year we did L'Oréal, Intuit and Cognex, all of which I'd say we're very excited about. [marker 0:40:00] Great long-term prospects ahead of them and we write those up and explain to shareholders why and why they're a good fit and so forth. So, we will do that when we buy them, but I won't front run by giving you any names now. Let's see which of those six get over the line.

James, thank you so much, that was great.

More than welcome and thanks again to everyone who dialled in.

Indeed. Thanks for watching and see you next time, thank you.

Annual past performance to 31 December each year (Net %)

	2018	*2019*	*2020*	*2021*	*2022*
The Scottish American Investment Company P.L.C. (SAINTS)	*-1.6*	*25.1*	*12.0*	*19.5*	*-3.5*
FTSE All World	*-3.4*	*22.3*	*13.0*	*20.0*	*-7.3*

Source: Morningstar, share price, total return.

Annual SAINTS dividends at 31 December each year

2018	*2019*	*2020*	*2021*	*2022*
11.5	*11.875*	*12.0*	*12.675*	*13.82*

Source: Baillie Gifford & Co. Total dividend per ordinary share. Pence per share.

The specific risks associated with the Trust include:

- *SAINTS invests in overseas securities. Changes in the rates of exchange may also cause the value of your investment (and any income it may pay) to go down or up.*

- *The Trust can borrow money to make further investments (sometimes known as "gearing" or "leverage"). The risk is that when this money is repaid by the Trust, the value of the investments may not be enough to cover the borrowing and interest costs, and the Trust will make a loss. If the Trust's investments fall in value, any invested borrowings will increase the amount of this loss.*

- *SAINTS has some direct property investments, which may be difficult to sell. Valuations of property are only estimates based on the valuer's opinion. These estimates may not be achieved when the property is sold.*

- *The Trust invests in emerging markets where difficulties in dealing, settlement and custody could arise, resulting in a negative impact on the value of your investment.*

- *The Trust can buy back its own shares. The risks from borrowing, referred to above, are increased when a trust buys back its own shares.*

- *Market values for securities which have become difficult to trade may not be readily available and there can be no assurance that any value assigned to such securities will accurately reflect the price the Trust might receive upon their sale.*

- *The Trust can make use of derivatives which may impact on its performance.*

Further details of the risks associated with investing in the Trust, including a Key Information Document and how charges are applied, can be found in the Trust specific pages at www.bailliegifford.com, or by calling Baillie Gifford on 0800 917 2112.