ANNUAL REPORT 2015

Annual Report for the year ended 31 December 2015

Alliance Trust

2015 Performance

On 1 October 2015 the Company announced major changes to the way it would operate in the future. Here we report on the changes and how they are driving improved performance.

What we said we would do	Progress to date
Clear investment mandate to improve performance • Focus on global equities and disposal of non-core investments. • Introduction of the MSCI All Country World Index in Sterling (MSCI ACWI) as a formal performance benchmark. This provides a clear measure against which to assess the Trust's performance. We will target a minimum of 1% annual outperformance (net of fees) over rolling three year periods.	• The NAV Total Return of the Trust's equity portfolio out-performed the MSCI ACWI by 2.2% in 2015. • 102% of our Net Assets were invested in equities at the year end. We have sold all direct investments in property and reduced our fixed income holdings by 58%. • We now use the MSCI ACWI as our benchmark and report against this in the Annual Report.
Commitment to narrow the discount • The measures announced were expected to improve investment performance and narrow the discount. • Commitment to use share buybacks, as required, to narrow the discount into single figures.	• The discount reduced to 8.1% at 31 December 2015. • We bought back and cancelled 4.9% of the Company's shares in the year.
Dividend Policy • Continuing focus on delivery of progressive dividends. • All net income earned to be paid out as ordinary dividends.	• We have agreed an ordinary dividend of 10.97p giving a total dividend for the year of 12.43p, an increase from last year. • The yield based on the total dividend payments for the year at 31 December 2015 was 2.4%. • We have extended our record of progressive dividends to 49 consecutive years.
Reducing costs • Targeting an Ongoing Charges Ratio of 0.45% or less by the end of 2016. • Investment mandate to be awarded to Alliance Trust Investments at a rate of 0.35% on average NAV – one of the lowest in the industry.	• Cost reduction plan under way. On track to deliver savings across the investment business of at least £6m for 2016 targeting an Ongoing Charges Ratio of 0.45% or less. • We have entered into an Investment Management Agreement with Alliance Trust Investments at an annual management charge of 0.35%.
Simplifying the structure • Board to become fully independent, consisting solely of non-executive directors. • Creation of independent boards for Alliance Trust Investments and Alliance Trust Savings to increase focus and accountability.	• The Board now comprises only Non-Executive Directors. • We have created independent boards for Alliance Trust Investments and Alliance Trust Savings.

Strategic Report

Corporate Governance

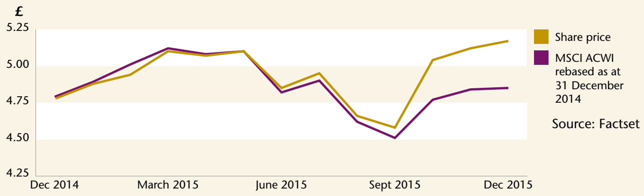
Share Price

517.0p
at 31 Dec 15

478.9p
at 31 Dec 14

10.7%*

*Total Shareholder Return



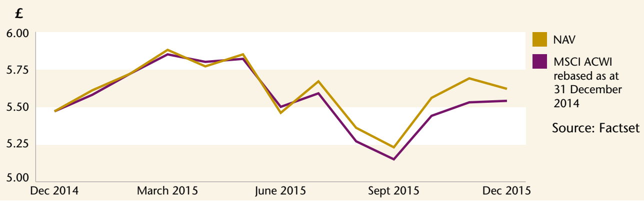
Net Asset Value

562.4p
at 31 Dec 15

546.8p
at 31 Dec 14

5.4%†

†NAV Total Return

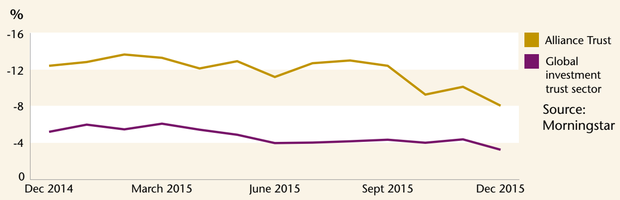


Discount

8.1%
at 31 Dec 15

12.4%
at 31 Dec 14

-35.0%

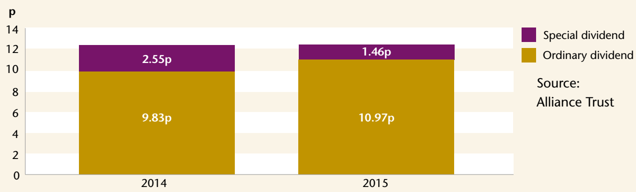


Total Dividend

12.43p
at 31 Dec 15

12.38p
at 31 Dec 14

0.4%



Ongoing Charges Ratio

0.59%
at 31 Dec 15

0.60%
at 31 Dec 14

-1.7%

Chairman's Statement

I am pleased to be writing my first statement as Chairman of Alliance Trust. Alliance Trust is an important business with a long and proud history in Scotland and around the world. I am looking forward to playing my part in delivering the changes that are necessary to return the Trust to the levels of performance upon which it has earned its reputation and success.

We believe that there is an appetite among shareholders for a global equity investment trust offering strong and consistent investment returns through a combination of capital growth and a growing dividend at a low cost. We aim to deliver this for our shareholders through a focus on investment in those companies which demonstrate sound business models and strong management in order to generate returns over the long-term at an acceptable level of risk. Our performance in 2015 demonstrates that we can do so:

- A Total Shareholder Return of 10.7% and a Net Asset Value Total Return for the Trust of 5.4%, compared to the 3.8% return of the MSCI All Country World Index in Sterling (MSCI ACWI)
- A year-end discount of 8.1%, compared to 12.4% a year earlier
- An increase in our total dividend to 12.43p, which represents a yield of 2.4% at 31 December 2015 and is the 49th consecutive year of dividend growth
- An Ongoing Charges Ratio of 0.59%, compared to 0.60% for 2014.

2015 was an eventful year for Alliance Trust and the extensive media commentary has perhaps overshadowed the positive developments during the year. However the events around our AGM clearly demonstrated that our shareholders expected the Board to make changes.

After the 2015 AGM we undertook an extensive consultation exercise, listening to the views of our shareholders, and following our annual Board strategy review we announced a package of changes on 1 October intended to enhance shareholder value. These were:

- **Clarifying the investment mandate to improve performance**, with a focus on global equities and the appointment of our subsidiary Alliance Trust Investments to manage the portfolio, against a target to outperform the benchmark
- **A commitment to narrow the discount** into single figures, supported by the use of share buybacks
- **Clarifying our dividend policy**, with the aim of maintaining our commitment to a progressive dividend and distributing all net income earned in the form of ordinary dividends
- **Reducing costs**, with a cost-reduction programme to deliver savings of £6m across the investment business during 2016 in order to target an Ongoing Charges Ratio of 0.45% by the end of 2016

Chairman's Statement

- **Simplification of the structure**, with a non-executive Board for the Trust and independent boards for our two subsidiary investments, Alliance Trust Investments and Alliance Trust Savings, to increase their accountability and focus.

Good progress has been made against all of these objectives which reflect the first steps in our aim of improving the performance of the Trust.

We have not changed our investment objective – to be a core investment for investors seeking increasing value over the long term – and our investment policy allows us to invest in a wide range of asset classes throughout the world. When market conditions are favourable we can use gearing to increase equity exposure, in order to enhance returns from the portfolio. We believe that moderate structural gearing at a cost effective rate is beneficial for shareholders over the long term. At the year end, with total assets of £3.4bn and net gearing of 13%, our equity portfolio represented 102% of net assets and in normal markets we would expect our equity portfolio to represent at least 100% of NAV.

The performance of our equity portfolio has continued to be strong following the change to the investment management team in 2014 and is already well ahead of the benchmark. At the same time we have reduced our non-equity investments, with our fixed income portfolio reduced to £73.3m and the sale of our remaining commercial property. We initiated the sale of our mineral rights portfolio prior to the year end. Since then, oil prices have slumped, depressing the marketability of our holdings, and no satisfactory offers were received. We will therefore continue to hold these assets until we perceive a positive change in the market. The improved investment performance has had a positive impact on our discount which narrowed to 8.1% at the year end. We bought back 4.9% of the Company's shares in the period between the announcement on 1 October and 31 December 2015, which also helped the discount to narrow.

We have completed the process of appointing Alliance Trust Investments to manage the portfolio at an investment management charge of 0.35% of NAV – one of the lowest in the investment trust sector. We are comfortable that Alliance Trust Investments has the resources to provide us with the service we require from our asset manager. We have established a Management Engagement Committee, as recommended by the AIC Code of Corporate Governance, to oversee and review the performance of the investment manager.

New independent boards have been appointed for Alliance Trust Savings and Alliance Trust Investments. Alliance Trust Investments has seen an increase in assets under management and, with the addition of the Trust's mandate, has a strong base for future growth and improved profitability in 2016. Alliance Trust Savings, with its acquisition of the assets and business of Stocktrade and new technology platform, is positioned to deliver a profit in 2016. We anticipate both of these investments will provide positive returns to the Trust in the future.

Board changes

The Board at the start of 2016 is significantly different from 12 months ago. Anthony Brooke, Rory Macnamara, Chris Samuel and Karl Sternberg (Senior Independent Director) were appointed as non-executive directors during the year. These Directors bring with them the skills and expertise we believe will contribute to the success of the Company under our new structure and details of their skills and experience can be found on pages 22 and 23. I welcome the contribution which all have made to the strategic changes which we announced in October and their subsequent implementation. Gregor Stewart took on the role of Deputy Chairman in February 2016 and will chair the Audit and Risk Committee after our AGM.

A number of directors have left the Board since the last AGM. My predecessor, Karin Forseke, and Alastair Kerr both left the Board at the year end, having overseen the transition to the new governance arrangements. I would like to thank them both for their contribution during a period in which Alliance Trust has faced a number of challenges but has also made good progress in its long-term aims. Alan Trotter, Chief Financial Officer, also left following the changes which we announced in October, having played a key role throughout the review process for which I am grateful. I wish all three well for the future.

Susan Noble and Katherine Garrett-Cox left the Alliance Trust PLC Board in February 2016. Susan became Chairman of Alliance Trust Investments and I look forward to working with Susan in her new role. Katherine Garrett-Cox will leave Alliance Trust Investments on 11 March 2016. Katherine has done much over the past nine years to refocus the investment performance to its traditional strengths in global equities. I, and the rest of the Board, wish her every success in the future.

John Hylands will retire as a director at the 2016 AGM following eight years as a director and Chairman of the Audit Committee. I and my Board colleagues will miss his wise counsel and consistent support throughout his time as a member of the Board.

Finally, I am acutely aware of the lack of gender diversity on the current board as a result of the recent changes. Alliance Trust has long been a leader in the area of board diversity, and this is an issue which I am determined to address at the earliest opportunity. I report on wider corporate governance issues on page 24.

I am pleased with the progress to date on the initiatives announced on 1 October and look forward to delivering further improvements in the coming years.

I hope you find the rest of this report interesting and informative.

Lord Smith of Kelvin
Chairman

Business Description

Alliance Trust focuses on maximising the capital and income return on our shareholders' investment while seeking to protect its value in more challenging economic conditions. Our aim is to deliver strong and sustainable investment performance for our shareholders over the longer term. We may invest in a range of assets. Through borrowing we can enhance returns when market conditions permit.

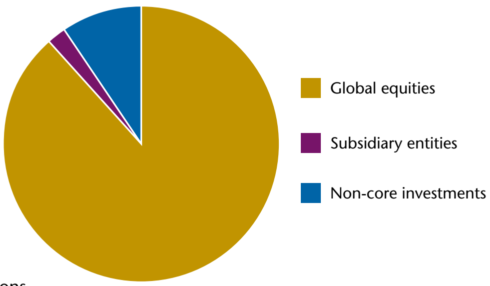
During the year we announced we would concentrate on global equities to generate capital growth and dividend income and would dispose of our non-core assets as soon as practicable. After the year end our subsidiary, Alliance Trust Investments, has been given a mandate to manage the Trust's portfolio. We have reflected this change in approach in our business model.

What we do

We invest in:

- **Global equities**
- **Subsidiary entities**
  - Alliance Trust Investments
  - Alliance Trust Savings
- **Non-core investments***
  - Fixed Income
  - Mineral Rights
  - Private Equity

* These will be disposed of over time, subject to market conditions.



Why we are distinctive

- **We focus on quality companies with good governance and business fundamentals that we are prepared to hold for the long term.**
- **Our emphasis is on stock selection on a global basis based on our thematic approach.**
- **We are one of only four FTSE All-Share Index companies with a record of increasing their ordinary dividend for the last 49 years.**
- **Our appointment of Alliance Trust Investments is intended to deliver good investment performance at a competitive cost to the Trust.**
- **We invest in our subsidiaries to generate capital growth and future dividend income.**

How we create a return for our shareholders

- **Capital growth in our investment portfolio.**
- **Progressive income growth funded by dividends and income received from our investments.**
- **Through improved investment performance, creating increased demand for our shares in order to narrow the discount.**

Key Performance Indicators

Our Key Performance Indicators measure how well we are achieving our objectives of capital and income growth, investment performance and a narrowing discount.

	1 year	3 year	5 year	Description
Total Shareholder Return	**10.7%**	**48.3%**	**57.1%**	This demonstrates the real return our shareholders receive through dividends paid and capital growth.
MSCI ACWI	3.8%	39.9%	46.6%	
NAV Total Return	**5.4%**	**34.5%**	**39.6%**	This demonstrates the performance of our managers in growing the net asset value.
MSCI ACWI	3.8%	39.9%	46.6%	
	as at 31 Dec 15	as at 31 Dec 14	as at 31 Dec 13	
Discount	**8.1%**	**12.4%**	**12.9%**	This is the difference between the share price of the Company and its net asset value and is an indicator of demand for our shares.
Global Investment Trust Sector weighted average	4.6%	5.6%	7.7%	
Ongoing Charges Ratio	**0.59%**	**0.60%**	**0.75%**	This is the cost of running the Company as a percentage of the average net assets of the Trust. It is an indicator of how efficiently the Company is managed.
	year to 31 Dec 15	year to 31 Dec 14	year to 31 Dec 13	
Total Dividend	**12.43p**	**12.38p**	**10.83p**	The figures shown are the total dividends paid, ordinary and special dividends.
- Ordinary	10.97p	9.83p	9.55p	
- Special	1.46p	2.55p	1.28p	

You can read more about our performance during 2015 at:

Total Shareholder Return and NAV Total Return	Portfolio Manager's Report	pages 6 to 9
Discount, Ongoing Charges Ratio and Dividend	Financial Performance	pages 14 and 15

Investment objective and policy

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

The Company pursues its objective by:

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

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

Where market conditions permit, the Company will use gearing of not more than 30% of its net assets at any given time.

The Company can use derivative instruments to hedge, enhance and protect positions, including currency exposures.

Portfolio Manager's Report

Summary

The NAV return for 2015 was 5.4% versus the benchmark MSCI ACWI return of 3.8%.This is a result of the investment returns of the global equity portfolio; investments in fixed income, private equity and mineral rights; and the value of the subsidiary companies.

Over 2015 the total shareholder return was 10.7%, which captures the benefit of a reduction in the discount.

Equities, at 89% of our total investments at the year end, are by far the most significant asset class. Overall gearing through the year was 13%.

Contribution Analysis (%)	Average Weight	Total Return	Contribution to Total Return
Equity Portfolio	98.7	6.0	6.0
Fixed Income	5.2	2.6	0.1
Other Investments	7.6	4.1	0.3
Cash & Accruals	2.2	N/A	(0.4)
Gearing	(13.7)	2.1	(0.3)
Total	**100.0**		**5.7**
Expenses			(0.8)
Buybacks			0.5
NAV Total Return			5.4
Effect of Discount			5.3
Share Price Total Return			10.7
MSCI ACWI Total Return			3.8

Source: Alliance Trust and FactSet

Global Equities

The investment process for the Global Equities portfolio aims to outperform the MSCI ACWI by a minimum of 1% per annum net of fees on a three year rolling basis. The prime driver of investment returns is stock selection. We identify high quality companies which are undervalued relative to their earnings and dividend growth prospects. There are three elements to our definition of quality:

- Ability to maintain high returns on equity from a strong capital position
- Benefits from long-term societal trends
- Exhibits strong governance and management of all material factors

We construct a portfolio of between 60 and 80 of these so as to diversify market, country and industry sector risks.

Market Review

The global equity market endured a turbulent year over 2015. Concerns centred on slowing economic growth in China, uncertainty over the ability of monetary policy to stimulate growth in Europe and Japan, the rise in the dollar hurting both US exporters and emerging market economies, and lastly the dramatic deflation in oil and commodity prices.

These macro economic pressures led to low returns in global equities with the MSCI ACWI returning only 3.8%. Corporate bonds were similarly lacklustre with the iBoxx Corporate Bond Index just breaking positive ground at 0.6%.

Our Performance

The equity portfolio finished the year 2.2% ahead of the MSCI ACWI, delivering a 6.0% absolute return against 3.8% for the benchmark. As we anticipate with our investment process, the outperformance was primarily driven by strong stock selection, which contributed 1.6% to our relative outperformance, with sector less significant but still contributing 0.6%.

Our top five stock contributors were as follows:

- **Visa** – the world's largest payment card processor, which benefited from the move from cash to cards in developed markets and increased penetration of credit cards in developing markets.
- **Equinix** – a leading data centre, providing collocation, interconnection and managed services to enterprises, content companies and Telco network providers. It benefits from the rapid growth in worldwide demands for data.
- **Accenture** – one of the leading IT service and consulting firms. It benefits from organisations adapting to structural changes such as the rise of cloud computing and big data.
- **Walt Disney** – one of the largest media and content companies with leading channels such as ESPN, Disney Channel and ABC.
- **Nasdaq** – a diversified global exchange which offers trading and clearing services, market data products, technology products, financial index products, listing services and public security services. It benefits from the regulatory drive to increase transparency in financial markets.

Our biggest negative contributor was Delta Lloyd where despite improving operational efficiencies within its business, the price of the Dutch insurer suffered as it became apparent that its balance sheet position was much weaker than the market had anticipated and we therefore exited the position in December. Other detractors were Enterprise Product Partners which suffered from the fall in oil prices; and Ambev with its exposure to a weakening Brazilian economy.

Our favoured stocks in healthcare performed well and contributed positively to performance. We like this sector because it delivers positive growth even in tough economic environments. We focus on healthcare companies which deliver differentiated, life-saving therapies, such as Novo Nordisk; and products and solutions that make healthcare more affordable and more accessible, such as Amerisource Bergen.

Within the technology sector the focus is on thematic drivers such as the growth in cloud computing and the need to invest in digital infrastructure. Accenture and SAP were examples of companies which benefit from these themes. Visa, which we regard as a technology company, performed well and, as the portfolio's largest position, was a strong contributor to performance.

Portfolio Activity

The investment team continued to reduce the number of holdings in the portfolio from 74 at the end of 2014 to 61 at the end of 2015, reflecting increased conviction in a portfolio of "best in class" global companies.

New entries to the top 10 holdings are:

Wells Fargo – a best-in-class US bank, and one which has illustrated a prudent and responsible lending policy. It is almost exclusively domestically exposed in the US, so is well positioned to take advantage of the improving housing and labour markets there, and will also see improving profitability as interest rates rise.

CSL – the leading global producer of blood plasma products that benefits from steady demand growth from an ageing population.

National Grid – an electricity and gas company that connects consumers to energy sources through its networks in the northeast US. In the UK it runs the gas and electricity distribution systems.

New holdings in the year were:

Ecolab – the global leader in the development of hygiene, water and energy solutions across a wide range of end markets. It can grow its business in almost any macro-economic environment, given the defensive nature of its revenue streams and its ability to provide innovative solutions that enable its customers to reduce input costs.

Orix – is a Japanese financial company which specialises in lending to small businesses and in automobile leasing. It also has a developing business which finances the growth in renewable energy in Japan, which we see as a crucial solution to the long-term issues facing Japan and its energy needs post the Fukushima nuclear accident.

Arm Holdings – this licensing business remains strong, despite headwinds in smart-phone growth, and has the ability to use their technology in new products, such as servers and automobile end markets. The energy efficiency of their chip designs gives them a very strong competitive advantage.

There were two sales worthy of note:

Qualcomm – Qualcomm's semi-conductor business is facing competitive pressures and its profitability is suffering. The growth in their licensing business has been unable to offset that weakness and we decided to switch the Qualcomm position into UK-listed Arm Holdings.

HSBC – We sold our position in HSBC due to concerns around their Hong Kong franchise. The economy and property market in Hong Kong faces a number of challenges, as it is positioned between a weakening Chinese economy, high US interest rates and a delicate political situation. We recycled part of the proceeds from HSBC into existing Financials positions with better prospects such as Wells Fargo and Nasdaq.

Attribution analysis

	Alliance Trust			MSCI AC World Index		Attribution		
Equity Portfolio Only (look through basis)	Average Weight	Total Return	Contribution to Total Return	Average Weight	Total Return	Allocation Effect	Stock Selection Effect	Total Effect
Consumer Discretionary	8.3	20.6	1.5	12.6	10.6	(0.3)	0.8	0.5
Consumer Staples	8.2	5.9	0.4	9.9	11.8	(0.1)	(0.5)	(0.6)
Energy	5.0	(16.0)	(0.8)	7.2	(17.1)	0.4	0.1	0.5
Financials	25.4	2.4	0.6	21.5	0.3	(0.1)	0.5	0.4
Health Care	16.8	14.2	2.3	12.2	13.0	0.4	0.2	0.6
Industrials	8.0	7.3	0.6	10.5	3.2	0.0	0.3	0.3
Information Technology	18.5	10.7	1.9	13.9	9.7	0.2	0.2	0.4
Materials	4.5	(11.7)	(0.6)	4.9	(11.5)	0.1	0.0	0.1
Telecommunication Services	1.9	2.8	0.1	3.7	4.5	0.0	0.0	0.0
Utilities	3.4	(1.9)	0.0	3.2	(2.1)	0.0	0.0	0.0
	100.0		6.0		3.8	0.6	1.6	2.2

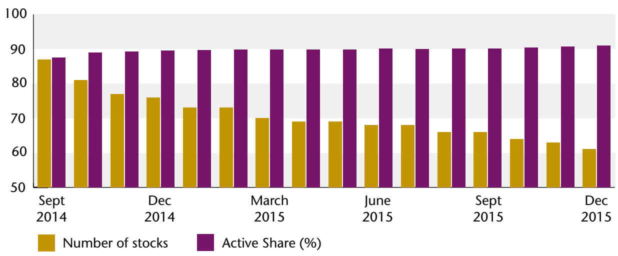
Source: Alliance Trust and Factset

Portfolio Manager's Report

Active Share and Portfolio Risk

The chart below shows the change in the number of stocks held in the portfolio and also the active share, which is an indicator of the level of divergence of our portfolio from the MSCI ACWI at a stock level. Despite continuing to reduce the number of stocks in the portfolio over the year the risk profile of the portfolio is largely unchanged relative to the benchmark.

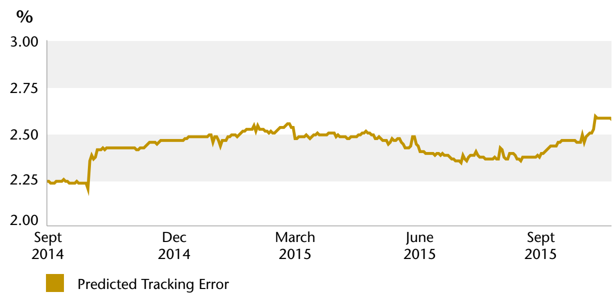
Active Share



Source: Alliance Trust and MSCI

We construct the portfolio to deliver strong risk-adjusted returns for our investors. We measure the level of risk in our portfolio against that of our benchmark and at the start of 2015 our predicted benchmark relative risk was 2.5%. At the start of the year, we would therefore expect that our portfolio return over the year would likely be within 2.5% of the benchmark return. This "active risk" is continually monitored using industry-standard models and analytics, to identify both portfolio behaviour and structure. As we track this active risk over time, we can also track the ability of our process to deliver outperformance and ensure that we have a balanced and diversified portfolio of global companies.

Benchmark relative risk



Source: MSCI Barra

We believe our portfolio is concentrated enough to deliver our investment objective, but diversified enough to deliver volatility similar to that of the benchmark.

Non-core Investments

As announced last year we have been working to reduce our non-core investments. We sold the last of our direct property investments in the year for £5.6m, a profit on the holding value of 15.6%. We initiated the sale of our mineral rights holdings, which provided income of £3.3m during the year and at the year end was valued at £17.5m. In light of the continued drop in oil prices the offers we received were unsatisfactory and a decision was taken to hold these assets until the market for such assets shows signs of recovery. We reduced our fixed income exposure by 58% to £73.3m through the realisation of holdings in the Alliance Trust Investments Fixed Income funds. In the year they contributed 0.1% to our performance.

We continue to hold seven externally managed private equity funds, largely mid-market European buyout funds, through our two fund of fund partnerships. Together with our other legacy private equity investments they provided positive returns and contributed 0.4% to our performance this year. The value of our private equity investments is £125.3m and the total committed to private equity investments is £166.4m with outstanding commitments totalling £43.9m. We have made no new private equity investments since 2014 and we have realised other small legacy direct investments in companies and other limited partnerships as opportunities to do so have arisen. Other than funding commitments already made, no more private equity investments will be made.

Portfolio Positioning and Outlook

The outlook for 2016 is for both weak global economic growth and ongoing uncertainty around the direction and impact of governments' and central banks' policies. We therefore expect to see increased volatility in the returns from all asset classes as we go through the year. In this environment we believe our approach is well positioned. Having a diversified portfolio of equities with growth prospects which are relatively independent of economic growth should enable us to continue to outperform on a longer term basis.

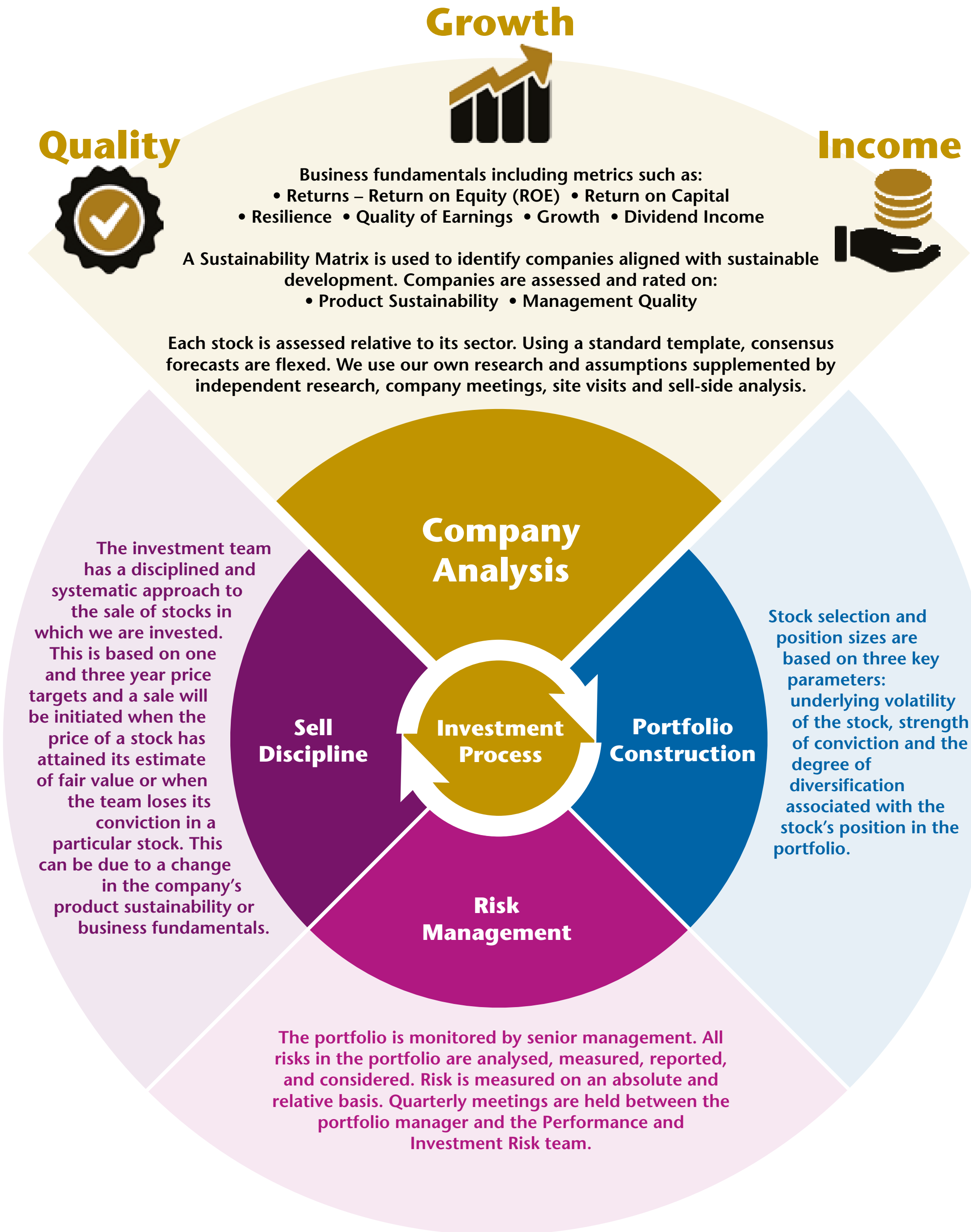
Portfolio Manager's Report

Top 10 holdings

We look to hold our stocks for the long term. Other than Walt Disney, which we purchased in 2013, and CSL, which we purchased in 2014, we have held all of our top 10 holdings for more than three years.

	% of equity portfolio	% Contribution to return
Visa is the world's largest payment card processor, significantly larger than Mastercard, its closest competitor. It benefits from multiple long-term drivers such as increasing credit card penetration in emerging markets and e-commerce growth. The company also benefits from strong barriers to entry, driving high margins and good free cash flow generation. The recent acquisition of Visa Europe should ensure margins grow over the next few years, as efficiencies are extracted from the new combined entity.	**4.0**	**0.9**
Pfizer is a global pharmaceuticals company that has done an excellent job of managing its business through a period of significant patent expiries while continuing to grow earnings per share. It is a highly cash generative business which returns significant amounts of cash to shareholders via a growing dividend and share repurchases. From 2016, sales growth should turn positive and earnings growth should accelerate as recently approved products begin to contribute meaningfully and we are past the majority of patent expiries. Recent acquisitions of Hospira and Allergan will provide opportunities to run the combined business more efficiently, something Pfizer excels at.	**3.4**	**0.4**
Accenture is one of the leading IT service and consulting firms. It benefits from organisations adapting their IT systems driven by increasingly demanding regulatory systems, mergers and acquisitions and the need to adapt and reduce costs. Important structural changes are occurring in the enterprise technology world, such as the emergence of cloud computing and big data, and Accenture helps their clients understand and adopt these technologies.	**3.0**	**0.7**
Prudential has a solid business in the UK, a slowly growing business in the US, and is a good asset manager; the long term growth and focus for the company though is on Asia. The middle class population in emerging economies (principally in Asia) is expected to nearly double from 2010 to 2020 - health and life insurance are high on the desire list of the newly affluent. This is a structural feature of Asian markets and should continue regardless of equity or currency volatility.	**2.9**	**0.2**
Walt Disney is one of the most attractive media content and entertainment companies with winning cable channels such as ESPN, Disney Channel and ABC. Its creative content can be leveraged across all assets of the group; in its theme parks, Disney stores and cable networks. Disney protects its franchise over the long term.	**2.8**	**0.7**
Amgen is a global biotechnology company with a strong portfolio of mature biologic products. Although some of these will face competition in the second half of this decade, the complexity of biologic drugs mean this will not be as severe as typically seen when a small molecule drug loses patent protection. Amgen should see good earnings and cash flow growth over the next few years, but more importantly their late stage drug pipeline is coming to fruition and contains several potential blockbusters.	**2.6**	**0.3**
Wells Fargo is a leading US bank, with a best-in-class mortgage franchise, and a leading deposit taker. It has little investment banking or international exposure, and is considered to have the most prudent lending standards, and strongest balance sheets, of all the big US banks. It will benefit from rising interest rates in the US, and this will feed directly into its earnings. It is also well placed to benefit from a recovery in the US housing market and demand for mortgages.	**2.6**	**0.2**
CVS Health is one of the largest drug retailers in the US with over 7,700 stores and a leading pharmacy benefit manager. The company is well positioned to benefit from growth in drug expenditure driven by the ageing population and the US move to a more consumer centric healthcare system. CVS Health should continue to return significant cash flow to shareholders through their rapidly growing dividend and share repurchases.	**2.5**	**0.3**
CSL is an Australian healthcare company and is a global leader in the manufacturing and distribution of blood plasma products. It provides life saving products to patients with immune deficiencies and diseases such as haemophilia. Product demand grows at a multiple of GDP, driven by an ageing population and the growth in lifestyle related diseases such as diabetes. Barriers to entry for supply are high, given the high risk to patients of blood borne contaminants, where CSL's reputation for leading edge technology and strong track record on safety sets it apart. CSL provides sustainable earnings and dividend growth, with best in class assets and a high quality management team.	**2.4**	**0.3**
National Grid is a leading UK regulated power business, with operations in both the UK and the US. Virtually all of National Grid's business is regulated, so there is no exposure to volatile commodity prices. It means there exists a high degree of visibility to returns and to cash flow. National Grid is an efficient operator, and cost savings flow through into returns to investors. This, combined with the need for investment in transmission in the UK and their assets in the US, underpin a solid dividend and growth outlook.	**2.2**	**0.2**

Investment process: investment criteria



Investment process: focus on quality

Quality is the critical characteristic of a company in which we invest. We look to find it in the management of the business, the products and the strategy adopted. We are looking for companies that are dependable and predictable in what they do. We need to have confidence that the company's future prosperity is clear and that it will be able to deliver the combination of income and capital growth that we require for the portfolio.

We believe that the companies that will be successful over the long term tend to have better quality management. Our analysis shows that this factor is often under-appreciated by the broader investment community. Over time, these positive characteristics become evident in the financial performance of these companies. By constructing a portfolio made up of high quality companies, which have strong business fundamentals and sustainable business models and which we believe are undervalued, we will deliver strong investment returns.

Three factors help us establish the existence of quality:

- **Long-term economic trends** of increasing resource efficiency and improving quality of life. These trends offer areas of structural growth relatively independent of economic cycles.
- **Strong governance and management.** This includes not only financial metrics but also relevant environmental, social and governance exposures. It recognises that many recent examples of loss of shareholder value have been a result of failings in these areas.
- **High returns over the longer term**. Typically these companies are industry leaders which can maintain their competitive advantage as a result of technological leadership, or through economies of scale. We want to be in those companies which can maintain this advantage for many years to come.

We therefore look very carefully at these factors which help us to identify overall quality. We tailor our analysis to the key risks for the individual companies. For instance with financial companies we look not only at balance sheet strength and returns on equity but also culture, incentives, and the appropriateness of the products. For oil and gas companies, alongside returns on invested capital and reserve replacement rates, we also look at the health and safety record, political risk, incidents of bribery and corruption. We believe these are strong predictors of future success.

We combine our best ideas into a portfolio of investments such that we minimise unwanted risk from foreign exchange, country and industry sector exposures. This allows the impact of stock selection to dominate investment returns relative to the benchmark. Macro-economic views, such as on foreign exchange, are generally taken into account directly at a stock level rather than through a 'top down' adjustment of the portfolio. We may determine that some form of currency hedging is necessary to protect returns, however this is likely to be used infrequently.

Investment themes

The investment team considers the extent to which potential investments will benefit from exposure to four key investment themes. The team expects that companies exposed to these long-term persistent trends will enjoy superior growth prospects. These themes provide support to the investment case, but are not a prerequisite for an investment decision. The Trust can, and will, also invest in companies where the team consider that the strategy and quality of the management team is not fully valued by the market, even though the stock is not a beneficiary of one of these themes.

Themes	Climate Change and Energy Efficiency	Quality of Life	Sustainable Consumption	Resilience
Category	Energy efficiency in the digital age	Affordable healthcare	Technology enabling resource efficiency	Resilient finance
	Industrial energy efficiency	Ageing population	Waste, water and sanitation	Resilient systems
	Low carbon transport	Education		
	Renewables	Safety		
	Transition fuels	Unmet medical needs		

Portfolio listing

All quoted equity holdings as at 31 December 2015

Stock	Sector	Country of listing	% of quoted equities	Value £m
Visa	Information Technology	United States	4.0	117.1
Pfizer	Health Care	United States	3.4	100.0
Accenture	Information Technology	United States	3.0	89.1
Prudential	Financials	United Kingdom	2.9	85.1
Walt Disney	Consumer Discretionary	United States	2.8	82.8
Amgen	Health Care	United States	2.6	77.5
Wells Fargo	Financials	United States	2.6	75.6
CVS Health	Consumer Staples	United States	2.5	74.2
CSL	Health Care	Australia	2.4	69.5
National Grid	Utilities	United Kingdom	2.2	65.5
Legal & General	Financials	United Kingdom	2.2	64.4
Nasdaq	Financials	United States	2.0	59.4
American Tower	Financials	United States	2.0	59.0
Intesa Sanpaolo	Financials	Italy	1.9	56.3
Blackstone	Financials	United States	1.9	56.1
Daikin Industries	Industrials	Japan	1.9	55.4
Reckitt Benckiser	Consumer Staples	United Kingdom	1.8	53.7
Danaher	Industrials	United States	1.8	53.1
Equinix	Financials	United States	1.8	53.0
Continental	Consumer Discretionary	Germany	1.8	52.1
Swedbank	Financials	Sweden	1.7	51.2
Vodafone	Telecommunication Services	United Kingdom	1.7	50.7
Tencent	Information Technology	Hong Kong	1.7	50.5
SAP	Information Technology	Germany	1.7	49.5
TJX Companies	Consumer Discretionary	United States	1.7	48.7
Express Scripts	Health Care	United States	1.7	48.3
AmerisourceBergen	Health Care	United States	1.6	46.9
Ecolab	Materials	United States	1.6	46.7
Deutsche Telekom	Telecommunication Services	Germany	1.6	46.5
Johnson Matthey	Materials	United Kingdom	1.6	46.4
Roche Holding	Health Care	Switzerland	1.5	45.0
Alphabet	Information Technology	United States	1.5	44.8
Macquarie Infrastructure	Financials	United States	1.5	44.5
Novo Nordisk	Health Care	Denmark	1.5	43.8
ENN Energy	Utilities	Hong Kong	1.5	43.1
ORIX	Financials	Japan	1.5	43.0
Linear Technology	Information Technology	United States	1.4	42.2
Dentsu	Consumer Discretionary	Japan	1.4	41.8
WPP	Consumer Discretionary	United Kingdom	1.4	40.4
Enterprise Products Partners	Energy	United States	1.4	39.6
Mitsui Fudosan	Financials	Japan	1.3	38.6
Schlumberger	Energy	United States	1.2	36.4
SS&C Technologies	Information Technology	United States	1.2	36.0
GlaxoSmithKline	Health Care	United Kingdom	1.2	35.3
Cadence Design Systems	Information Technology	United States	1.2	34.8
Henkel	Consumer Staples	Germany	1.2	33.9
Deutsche Post	Industrials	Germany	1.1	33.6
Unilever	Consumer Staples	United Kingdom	1.1	33.0
ARM Holdings	Information Technology	United Kingdom	1.1	32.7
Total	Energy	France	1.1	31.1
Norsk Hydro	Materials	Norway	1.1	30.9
Toronto-Dominion Bank	Financials	Canada	1.0	30.6
Seagate Technology	Information Technology	United States	1.0	30.4
Roper Technologies	Industrials	United States	1.0	30.1
Statoil	Energy	Norway	1.0	29.1
Ambev	Consumer Staples	Brazil	1.0	28.0

Portfolio listing

All quoted equity holdings as at 31 December 2015 (continued)

Stock	Sector	Country of listing	% of quoted equities	Value £m
Melrose Industries	Industrials	United Kingdom	0.8	24.8
VTech	Information Technology	Hong Kong	0.8	24.6
Schneider Electric	Industrials	France	0.8	22.6
Bangkok Bank	Financials	Thailand	0.6	18.9
Ashmore Global Opportunities	Financials	United Kingdom	0.1	3.0
			100.0%	**Total value 2,930.9**

Funds as at 31 December 2015

Alliance Trust Investment Funds	Country of registration	Value £m
Monthly Income Bond Fund	United Kingdom	63.2
Sustainable Future Pan-European Equity Fund	Luxembourg	62.9
Dynamic Bond Fund	United Kingdom	10.1
Sustainable Future Cautious Managed Fund	United Kingdom	11.0
Sustainable Future Defensive Managed Fund	United Kingdom	10.8
		Total value 158.0

Investments in operating subsidiary companies as at 31 December 2015

Investment	Region	Value £m
Alliance Trust Savings	United Kingdom	54.0
Alliance Trust Investments	United Kingdom	19.8
		Total value 73.8

Non-core investments as at 31 December 2015

Investment	Region	Value £m
Private Equity	United Kingdom / Europe	116.5
Mineral Rights	North America	17.5
Indirect Property	United Kingdom	8.7
Other	United Kingdom	4.3
		Total value 147.0

Total investments as at 31 December 2015

Investment	Value £m
Quoted equities	2,930.9
Funds	158.0
Investments in operating subsidiary companies	73.8
Non-core investments	147.0
	Total value 3,309.7

Source: Alliance Trust

A full portfolio listing, similar to that displayed above, is available on a monthly basis on our website at http://investor.alliancetrust.co.uk/ati/investorrelations/list-of-stock-holdings.htm

Financial Performance

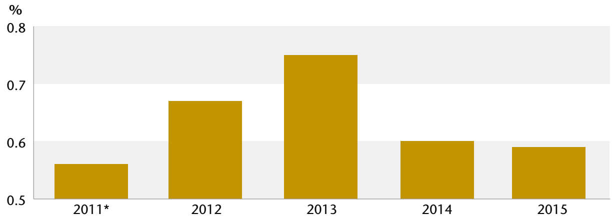
Costs

The Ongoing Charges Ratio (OCR) calculated on ongoing expenses is 0.59%, below the 0.60% reported in 2014. Ongoing expenses exclude non-recurring expenses relating to the AGM requisition and restructuring costs. Action taken by management has reduced the AGM requisition costs to £2.4m from the £3.0m estimated at the time. Restructuring costs resulting from the structural and organisation changes announced in October are £2.8m.

Following guidance issued by the Association of Investment Companies (AIC) we have excluded the expenses incurred by the Company's subsidiaries, as these do not relate to running the Company. We include in the OCR the appropriate proportion of the ongoing charges of all underlying Alliance Trust Investments managed funds in the portfolio. In 2015 the OEIC investments represent less than 5% of the portfolio so no OEIC related expenses are included in the OCR calculation. The table opposite shows the make-up of the OCR.

In October 2015 we announced targeted cost savings of £6m across our investment business for 2016 and the intention to target an OCR of 0.45% or less by the end of 2016 compared to 0.59% in 2015 and 0.60% in 2014. We also announced that in order to reflect the returns from the Trust's predominantly equity portfolio, from 2016 onwards two-thirds of administrative expenses will be allocated to the capital account, rather than the revenue account. This is in line with the AIC SORP and other trusts in the sector.

Ongoing Charges Ratio



Source: Alliance Trust

* Administrative expenses have been annualised given the reporting period was for 11 months, except for incentives which were on an actual basis.

£000	**2015**	**2014**
Average net assets	**2,983,253**	**2,952,664**
Revenue expenses	22,835	19,714
OEIC expenses where investment >5% of portfolio	0	232
One-off expenses	(5,233)	(2,138)
Ongoing expenses	**17,602**	**17,808**
OCR ongoing expenses	**0.59%**	**0.60%**

Source: Alliance Trust

Discount and share buybacks

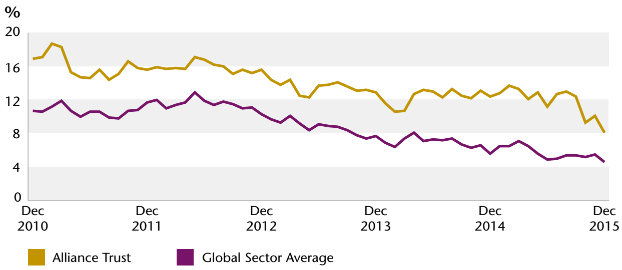
The Board believes that investment performance is the key driver of the Company's share price and that the measures we announced in October will lead to a narrowing of the discount into single figures. The Board is committed to the active use of share buybacks, as required, in pursuit of this aim.

Our policy to buy back shares where we judge it to be beneficial to shareholders is now well established. We take into account the Company's discount relative to the peer group and the supply and demand for shares in the open market.

In 2015 the discount narrowed substantially and traded at a narrower level than at any point in the last 10 years.

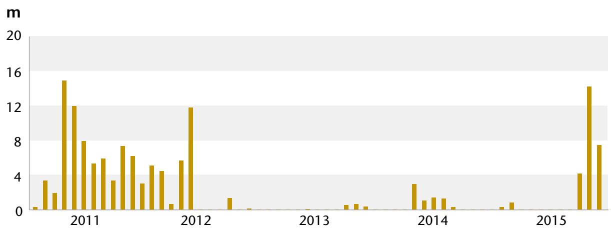
During the year we bought back 27.0m shares, representing 4.9% of the Company's share capital, at a total cost of £135.5m. 96% of the buybacks took place in the last quarter of 2015. The weighted average discount of these buybacks was 10.3%. This action and our continued strong investment performance has contributed to driving the discount below 10%, a level we are committed to maintain. All the shares bought back have been cancelled.

Discount



Source: Morningstar

Share buybacks



Source: Alliance Trust

Dividends

Alliance Trust has a long and proud tradition of annual increases in the ordinary dividend. We have increased the ordinary dividend in each of the last 49 years and are one of only four companies in the FTSE All-Share index with such a track record. Our dividend policy aims to pay a sustainable and rising dividend and will pay out all net income earned in the year as an ordinary dividend.

The ordinary dividend for 2015 will rise by 11.6% to 10.97p and we have already distributed a special dividend of 1.46326p which was paid on 31 December 2015. That special dividend was paid from funds received on the liquidation of one of our subsidiary companies, Alliance Trust (Finance) Limited. This was a repayment of capital, rather than income, and has not reduced the Company's capital reserves from the prior year end. A fourth interim dividend of 3.3725p will be paid on 31 March 2016 to shareholders on the Company's share register on 18 March 2016. The total dividend in 2015 of 12.43p is 0.05p higher than 2014.

Looking forward to 2016, subject to market conditions, we intend to continue our dividend policy to target an ever increasing dividend per share from revenue earnings. All net income will be paid out as ordinary dividends. As such, future dividend progression will be measured through increases in ordinary dividends.

Dividends

Source: Alliance Trust

Alliance Trust Investments

Alliance Trust Investments is a specialist fund management business offering open-ended funds and investment solutions. The focus of Alliance Trust Investments has been on targeting institutional and wholesale businesses using its range of sustainable investment and fixed income funds, which are open to both institutional and retail investors, and a small number of segregated mandates.

The business operates in a competitive marketplace and has a team of experienced professionals which is delivering consistently good investment returns for the Trust and its other clients. The Company has made a further investment of £1m in the business this year for regulatory capital purposes, giving a total investment since it was established of £43.4m.

The Directors attributed a fair value to this business at 31 December 2015 of £19.8m. The Directors concluded that it was appropriate to reduce the value of this business from its previous valuation of £24.3m during a transitional period for Alliance Trust Investments. Further details can be found in Note 23.8 on pages 81 to 83.

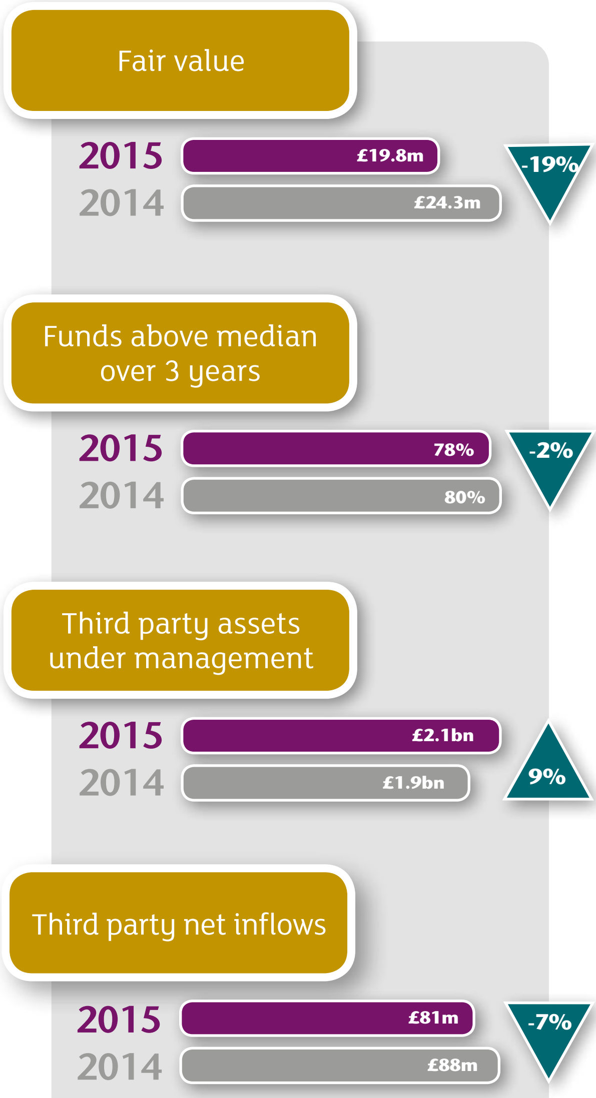
The decision taken by the Company in October to appoint Alliance Trust Investments as its investment manager took effect on 3 February 2016 and so the Trust's portfolio is not reflected in the year end assets under management figures. If the value of the Trust's portfolio were to be added to the third party assets managed at the year end, the total assets under management would have been £5bn.

The investment team delivered strong returns in the year with 11 out of 12 of its funds ranked above median in the year and seven in the top quartile. Our 12th fund, the Alliance Trust Monthly Income Bond Fund, delivered an average yield of 6% in the year. Alliance Trust Investments saw net inflows of £81m in the year and the business is capable of taking on significant additional assets without increasing its cost base.

Alliance Trust Investments saw net revenue grow to £10.5m and reduced its loss to £2.1m from £3.2m last year. The action taken to reduce costs as well as a focus on the continued growth of assets under management is expected to improve the profitability of this business during 2016.

Key Performance Indicators

Year to 31 December



	2015	2014
Net Revenue	£10.5m	£10.2m
Expenses	£12.6m	£13.4m
Loss before tax	(£2.1m)	(£3.2m)

Alliance Trust Savings

Alliance Trust Savings is a platform business offering a range of investment and pension products. The focus of Alliance Trust Savings during the last year has been on delivery of new technology and organic growth across all our distribution channels. There are three channels; direct, intermediary and corporate partnerships. The emphasis has been on its intermediary channel while continuing to offer retail clients access to its award winning products and service.

The Company has made a further investment in the business this year of £37.1m, which included the conversion of an existing £7.1m loan. This was used to fund the acquisition of the Stocktrade business and the need for additional regulatory capital, giving a total investment since the business was established in 1986 of £92.9m. The Directors attributed a fair value to this business at 31 December 2015 of £54.0m, an increase of 71% on its value last year, after obtaining an external valuation of this business. Further details of the methodology used and the approach adopted can be found in Note 23.8 on pages 81 to 83.

In May 2015 Alliance Trust Savings agreed to acquire the business and assets of Stocktrade, an execution-only stockbroker owned by Brewin Dolphin. The Stocktrade retail customers were successfully transferred onto the Alliance Trust Savings platform in the autumn, adding £0.7bn of assets under administration, nearly 9,000 new accounts and over 5,000 certificated trading accounts. We expect the transaction to complete with the transfer of the corporate clients in the first half of 2016.

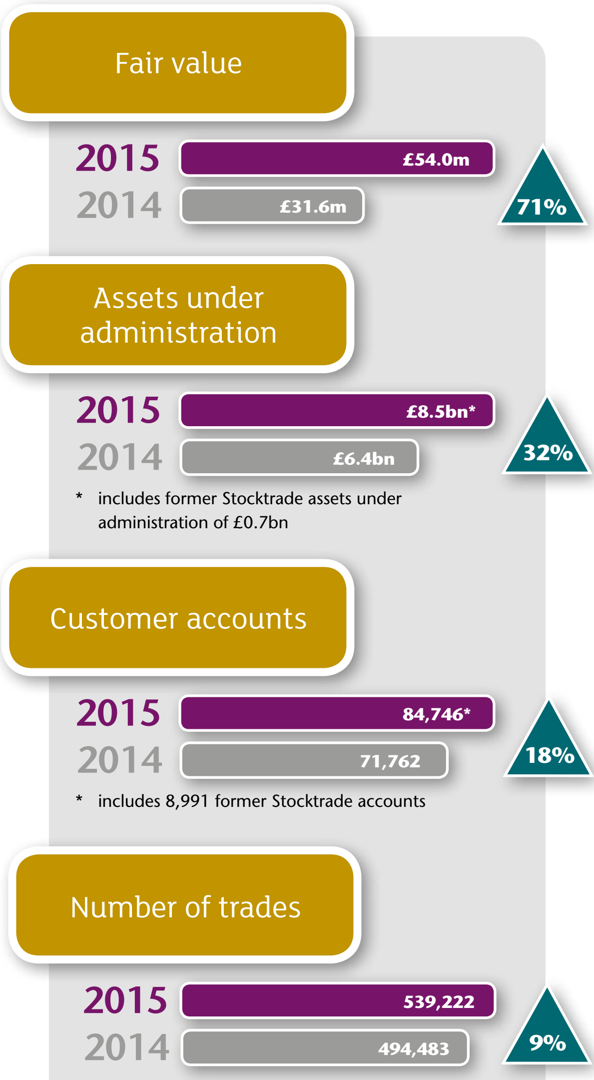
Both customer numbers and assets under administration have increased significantly during the year as a result of the acquisition and continued organic growth. Excluding the impact of Stocktrade, assets under administration grew by 21% and customer accounts by 6%.

Alliance Trust Savings saw net revenue grow during the year to £13.7m, an increase of 7%, and made a loss in the year of £5.2m compared to its loss of £3.9m last year. This loss was attributable to expenses incurred on new technology, the cost of implementing a revised management and board structure and lower than anticipated revenue.

The acquisition of Stocktrade, together with the investment in new technology, were key developments for Alliance Trust Savings and the business is now positioned to deliver a profit in 2016.

Key Performance Indicators

Year to 31 December



	2015	2014
Net Revenue	£13.7m	£12.8m
Expenses	£18.9m	£16.7m
Loss before tax*	(£5.2m)	(£3.9m)

* This includes a provision of £2.2m (2014: £0.4m) made against the net gain of £6.7m on discontinued operations in 2013 relating to the sale of the former Full SIPP business.

Risk Management

This section of the report deals with the structure of the Group's Risk Management Framework and risk reporting prior to the implementation, after the year end, of the change in structure which was announced in October 2015.

Risk Management Framework

The Group has a Risk Management Framework that provides a robust and comprehensive approach for the identification and management of key risks facing the business.

The Framework helps in the assessment and management of current and future risks. Principal Risk categories include Prudential, Operational, Strategic and Regulatory & Conduct Risk.

The Risk Management Framework supports two key processes:

- the ICAAP (Internal Capital Adequacy Assessment Process), which helps to determine the capital requirements (including potential stress points) of the Group; and
- the ILAAP (Internal Liquidity Adequacy Assessment Process), which helps to determine the liquidity requirements (including potential stress points) of the Group.

Risk Appetite

Risk appetite statements have been approved by the Board and provide the basis for the level of risk the Group is prepared to accept. A suite of risk appetite metrics have been agreed and activity is monitored against stated triggers and limits.

Risk Governance Committees

The Board Risk Committee comprised Non-Executive Directors, with delegated responsibility from the Board to provide oversight and challenge to the appropriateness of the Risk Management Framework and the forward-looking risks facing the Group.

The Risk Management Committee, chaired by the Finance Director and comprising members of the senior management of the Group, ensured that the key risks were identified, monitored, assessed and controlled.

The Committees received reports of Risk Exposures and Events, as well as discussing any breaches of the agreed risk appetite.

Our new structure now combines Audit and Risk into one committee whose primary focus will be the current and future risks of the Company rather than those of the Group and we believe that the framework is appropriate for our new governance arrangements.

Risk and Control Self-Assessment (RCSA)

The RCSA is the methodology that allows the Group to identify and assess risks, and define and perform quarterly testing of controls. Individual risk and control owners are assigned with explicit responsibility for the ongoing monitoring and management of risks. This is reinforced through minimum standards communicated via the Group Policy Framework.

Quarterly risk outlook workshops are undertaken to consider and assess potential changes to the risk profile, including future risks, of the Group.

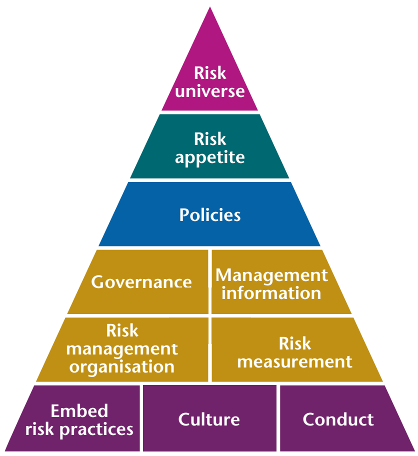
Effectiveness of the Risk Management and Internal Control Systems

We undertake an annual assessment of the effectiveness of the Risk Framework (see diagram below).

The most recent assessment was presented to the Audit & Risk Committee following the year end and noted that there were no significant concerns to highlight.

An annual report on the effectiveness of the internal control systems is provided to the Board. This includes a review of all material financial, prudential, operational and compliance controls. The report builds on the reporting of each line of defence that is provided across the course of the year through the governance committees up to the Board.

The latest report was presented to the Audit & Risk Committee following the year end and no material issues were identified.



Principal Risks

In common with other financial services organisations, our business model results in a number of inherent risks which are continuously monitored and managed. The risks have been categorised as Prudential, Operational, Strategic and Regulatory & Conduct Risks. The Board carried out a robust assessment of the principal risks that the Group could face, their mitigants and the trend of the likelihood of the risk materialising. The arrows in the table show whether the risks are regarded as increasing (▲), decreasing (▼) or unchanged (◀▶) compared to the previous year. The results of this assessment (which forms part of the Group ICAAP) are noted on the next page.

Prudential Risks

Risk	Change	Description	Mitigating activities
Investment under-performance	◀▶	Investment performance fails to deliver sufficient capital growth due to poor stock selection, sector allocation or wider market movements.	• Asset allocation strategy and governance • Robust investment process • Compliance with investment parameters regularly tested • Stress and scenario testing of portfolios • Risk and performance management information regularly reviewed at Executive and Board level
Liquidity shortage	◀▶	The Company or its subsidiaries do not have sufficient liquid resources to ensure that they meet their liabilities as they fall due during normal and stressed times.	• Majority of investments are in listed equities • Daily monitoring of cash and bond positions • Asset and Liability Committee regularly reviews exposures • Gearing availability

Operational Risks

Risk	Change	Description	Mitigating activities
Cyber attack	▲	Failure to ensure that the business is adequately protected against the threat of cyber attack, which may lead to significant business disruption or external fraud. Despite action taken by management to improve systems the increasing trend is due to the general growth in cyber related incidents across the industry.	• Systems and controls to protect the business regularly tested • Ongoing monitoring of environment to understand threat landscape • Programme of enhancements to keep pace with latest defence strategies • Business continuity plans in place should an incident occur
Ineffective change delivery	◀▶	Failure to manage projects effectively, leading to issues with cost, quality and reputational impact.	• Change management framework rigorously applied • Regular Management Information on projects provided to Executive and Board level

Strategic Risks

Risk	Change	Description	Mitigating activities
Performance impacted by external factors	▲	Stock market action involving Alliance Trust results in uncertainty around the business model and impact on performance (current and future). The increasing risk trend is due to continued focus by shareholders on delivery of the Trust's strategy.	• Continuous monitoring against KPIs at Board level • Regular meeting with shareholders • Regular reviews of business model and strategy • Ongoing review of political and economic environment
Subsidiary under-performance	◀▶	Alliance Trust Savings or Alliance Trust Investments do not meet their business plans, causing the Company to fail to make a return on its investment.	• Regular reporting to Board of performance against plan • Active management of costs • Reviews of threats to revenue streams and management of key clients • Diversified proposition

Regulatory and Conduct Risks

Risk	Change	Description	Mitigating activities
Regulatory non-compliance	◀▶	Failure to ensure that systems and controls are adequate to allow compliance with all relevant regulatory requirements.	• Risk Control Self-Assessment process regularly assesses robustness of control environment • First line assurance and second line compliance monitoring programme • Regulatory developments process to ensure changes are appropriately implemented • Verification activities by Depositary as part of AIFM Directive requirements
Customer detriment	◀▶	Risk of significant customer impact as a result of poor customer service caused by operational stretch or compounded strategic change.	• Culture puts customer at heart of the business • Customer outcome Management Information regularly reviewed at operational, Executive and Board level

Corporate Responsibility

Last year we reported in detail on what the Company and its employees were doing to demonstrate its commitment to growing the business in a way that is responsible and ensures a sustainable future for our shareholders, customers and communities. This year we highlight some of the main actions.

Stewardship: We have now had a full year under the stewardship of our current investment management team and our investment process is described on pages 10 and 11. We also look to vote whenever possible and in 2015 we voted at 80 meetings, 95% of the meetings at which we were eligible to vote. For 59 of these meetings we voted against, withheld or abstained on one or more resolutions. These votes related to concerns about matters including: board and committee independence and effectiveness; non-pre-emptive securities issues; excessive or opaque remuneration arrangements; and lack of transparency about lobbying activities and fair business policies.

We are a signatory to the UN Principles for Responsible Investment (PRI) and one of our investment managers is Chairman of the PRI's ESG Integration working group. We are also members of the World Business Council for Sustainable Development which seeks to promote sustainability both in business and through its work with UN Habitat and the International Union for Conservation of Nature (IUCN) World Conservation Congress.

Customers: We aim to have straightforward and open communication with our customers. In 2015 we carried out a customer perception audit which identified that Alliance Trust was seen as reliable, consistent, dependable, safe and secure. However it was felt that our communication on how we invest could be improved as could our investment performance. We report on pages 10 and 11 the process that our managers follow and on page 6 how our investment performance has exceeded benchmark. We provide a dedicated website, Investment Focus, to provide useful information and articles on many aspects of investment.

Communities: We continued to support the communities in which we operate. The Alliance Trust Foundation, which raises money through the Alliance Trust Cateran Yomp and fundraising activities by staff, distributed £27,000 to six charities nominated by staff as part of our annual grant process. In addition each month we make smaller donations to local charities and groups and in the year this amounted to £10,000. In December the Foundation donated over £2,000 to support foodbanks and other charities seeking to alleviate poverty at Christmas in Dundee, Edinburgh and London.

In September, in conjunction with D C Thomson, we launched a schools programme – 'Tomorrow's Talent' – with around 40 staff assisting in workshops involving over 1,000 pupils in 11 local secondary schools.

People: We believe that a diverse workforce will create the environment to allow our business to thrive and grow. We are committed to creating an inclusive environment where our people can develop and contribute fully.

Our employment and recruitment policies are at all times compliant with relevant EU and UK legislation. Recruitment, development and promotion is based solely on the candidate's suitability for the job to be done. We will not discriminate either before or during employment on the basis of gender, sexual orientation, age, race, nationality, disability, political or religious belief. Should any of our people become disabled we will ensure that they do not suffer any discrimination and we will make reasonable adjustments to allow them to continue to have the same opportunities as any other member of our workforce.

The table below provides the gender split at different levels within the business as at 31 December 2015.

	Male	Female
Board	7 (70%)	3 (30%)
Senior Managers	46 (75%)	15 (25%)
Total Workforce	156 (49.5%)	159 (50.5%)

Total Greenhouse Gas emissions data

We report here on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. These sources fall within our consolidated financial statements. We do not have responsibility for any emission sources that are not included in our consolidated financial statements.

Our carbon footprint has been calculated based on the Defra Environmental Reporting Guidelines (including mandatory greenhouse gas emissions reporting guidance). We have adopted an operational control approach. The emissions reported opposite have been verified by Carbon Footprint Limited.

Details of our verification statements are available on our website: www.alliancetrust.co.uk/pdfs/CarbonActionVerificationStatement.pdf

In the year the Company was identified as a UK leader for the quality of climate change related information that it has disclosed to investors and the global marketplace through the Carbon Disclosure Project (CDP), which is an international not-for-profit organisation that drives sustainable economies. It was awarded a position on the FTSE 350 Climate Disclosure Leadership Index (CDLI), in the United Kingdom edition of CDP's annual global climate change report. The position on the Index was earned by disclosing high quality carbon emissions and energy data through CDP's climate change programme. The reported data has been independently assessed against CDP's scoring methodology and marked out of 100. The Company scored 99. Those organisations graded within the top 10% constitute the CDLI.

Tonnes C02e		**Year to 31 Dec 2013**	**Year to 31 Dec 2014**	**Year to 31 Dec 2015**	**% Change year on year**
Scope 1	• Direct energy consumption • Company owned road vehicles • Refrigerant loss at all facilities where Alliance Trust has operational control	211	190	181	-5%
Scope 2 – Location based	• Indirect energy consumption	489	535	472	-12%
Scope 3	• Business travel • Energy used at downstream property investments	649	592	645	9%
Key Performance Indicator (KPI)	Scope 1 + 2 normalised to per full-time employee equivalent (FTE)	2.76	2.63	2.07	-21%

Strategic Report

The Strategic Report (comprising the inside cover to page 21 of this document and the viability statement on page 33) has been approved by the Board and signed on its behalf by

Lord Smith of Kelvin
Chairman
3 March 2016

Directors

Lord Smith of Kelvin
Chairman

Appointment to the Board 2016

Committee membership
- Nomination (Chair)
- Management Engagement

Skills and experience
- Financial Services
- Business Leadership
- Asset Management
- Investment

External appointments
- Chairman of IMI PLC, UK Green Investment Bank and Forth Ports Limited

Previous experience
- Chief Executive Morgan Grenfell Asset Management
- Chairman of The Weir Group PLC and SSE PLC
- Non-Executive Director of Standard Bank Group Limited
- Chairman of the Scottish Devolution Commission
- Chairman of the Glasgow 2014 Commonwealth Games organising company

Gregor Stewart
Deputy Chairman

Appointment to the Board 2014

Committee membership
- Nomination
- Audit & Risk
- Remuneration
- Management Engagement

Non-Executive Director of Alliance Trust Savings

Skills and experience
- Financial Oversight
- Financial Services
- Risk
- Strategy Change
- Corporate Finance
- Marketing and Distribution

External appointments
- Non-Executive Director of Intrinsic Financial Services, Intrinsic Mortgage Planning and Intrinsic Wealth Group, FNZ UK Limited and its holding company.
- Honorary Treasurer for the charity International Alert

Previous experience
- Finance Director for the Insurance Division of Lloyds Banking Group
- Chartered Accountant with and Partner of Ernst & Young

Anthony Brooke
Non-Executive Director

Appointment to the Board 2015

Committee membership
- Nomination
- Audit & Risk
- Remuneration (Chair)
- Management Engagement

Skills and experience
- Investment
- Asset Management
- Corporate Finance

External appointments
- Non-Executive Director of Quintessentially (UK)
- Member of the Investments Committee of Christ's College, Cambridge
- Member of the Investment Committee of the National Portrait Gallery, London
- Investment advisor to Charitable endowments

Previous experience
- Vice-Chairman of S G Warburg & Co. Ltd
- Partner of Fauchier Partners
- Non-Executive Director of Huntsworth plc

John Hylands
Non-Executive Director

Appointment to the Board 2008

Committee membership
- Nomination
- Audit & Risk (Chair)
- Remuneration
- Management Engagement

Skills and experience
- Financial Oversight
- Financial Services
- Marketing and Distribution
- Risk
- Corporate Finance

External appointments
- Non-Executive Director of Ecclesiastical Insurance Group
- Non-Executive Director of Scottish Widows and other companies in Lloyds Banking Group
- Chairs the trustees of the BOC pension scheme

Previous experience
- Finance Director at Standard Life
- Actuarial, finance and management positions within Standard Life
- Chairman of the Standard Life pension scheme

Gender Diversity

We are proud of our strong record of diversity at Board level. While we have an all male Board for the first time in 15 years, and a male Chairman for the first time since 2004, we remain supportive of, and are committed to, improving gender balance on our Board. Over time the Board intends to achieve at least 25% female representation on the Board. We have initiated a search to appoint an additional director with the intention of improving the gender diversity while also strengthening the existing Board's skills and experience.

Board Skills and Experience

In the selection of our Board Members we use a skills matrix to identify areas of required competencies of the Board. The measures we used in the year, both those that we regard as Essential for the Board as a whole to have and those which are Supplementary are listed below. In the text under each director we highlight which of these skills each possesses. In light of the new structure of the Group, the desirability of having experience in some of the Supplementary areas, such as Human Resources and Information Technology, is considerably diminished.

Rory Macnamara
Non-Executive Director

Appointment to the Board 2015

Committee membership
- Nomination
- Audit & Risk
- Remuneration
- Management Engagement

Skills and experience
- Strategy/Change
- Corporate Finance

External appointments
- Chairman of Dunedin Income & Growth Investment Trust PLC
- Non-Executive Director of Augean PLC, Mears Group PLC, and C & C Group PLC

Previous experience
- Chairman of Mecom Group, Dragon-Ukrainian Properties & Development, Carpathian, Izodia and Goshawk Insurance Holdings
- Non-Executive Director of Private Equity Investor
- Deputy Chairman of Deutsche Morgan Grenfell

Chris Samuel
Non-Executive Director

Appointment to the Board 2015

Committee membership
- Nomination
- Audit & Risk
- Remuneration
- Management Engagement

Non-Executive Director of Alliance Trust Investments

Skills and experience
- Asset Management
- Financial Oversight
- Business Leadership
- Corporate Finance

External appointments
- Chairman of Defaqto
- Non-Executive Director of JP Morgan Japanese Investment Trust PLC
- Non-Executive Director bio-bean Ltd, Scrubbys Food Limited, UIL Limited, UIL Finance Limited
- Non-Executive Director London Community Foundation

Previous experience
- Chief Executive of Ignis Asset Management
- Chief Operating Officer at Gartmore
- Chief Operating Officer at Hill Samuel Asset Management
- Partner at Cambridge Place Investment Management
- Chartered Accountant with KPMG

Karl Sternberg
Non-Executive Director (Senior Independent Director)

Appointment to the Board 2015

Committee membership
- Nomination
- Audit & Risk
- Remuneration
- Management Engagement (Chair)

Skills and experience
- Investment
- Asset Management
- Business Leadership

External appointments
- Chairman of JP Morgan Income and Growth Trust PLC
- Non-Executive director of Monks Investment Trust PLC, Lowland Investment Company PLC, Herald Investment Trust PLC, Railpen Investments and Clipstone Logistics REIT PLC
- Member of Governing Body of Christ Church, Oxford
- Fellow of St Catherine's College, Oxford.

Previous experience
- Partner of Oxford Investment Partners
- Global Head of Equities and Chief Investment Officer Europe and Asia Pacific at Deutsche Asset Management

Essential

Investment
Direct management of equity/fixed income investments

Asset Management
Senior role in a business managing third party assets

Financial Oversight
Leadership of the finance function of a large business
OR partner in major accountancy firm

Financial Services
Senior role in a business offering retail financial products

Marketing and Distribution
Marketing to retail consumers, both direct and intermediated

Supplementary

Business Leadership
Current or past CEO of a standalone business

Risk
Experience of management of risk, including regulatory issues

Strategy/Change
Development of strategy and management of change

Corporate Finance
Experience of M&A and financing activity

Human Resources
Experience of development and delivery of people strategies

Information Technology
Experience of development and delivery of IT strategies

Corporate Governance

Alliance Trust is committed to good corporate governance. The Board believes that this is best achieved by considering how the various corporate codes should be applied to the running of the Company, rather than simply following checklists. As explained earlier in the Report, this year we announced radical changes to the way in which the Company will operate going forward. The Board believes this will simplify the business and also make it easier for shareholders to understand our strategy and how we work to provide shareholder returns.

The following pages describe the work of the Board and its various committees during 2015. We also outline the structure we will have in the future following the restructure of the Group.

Both of our subsidiaries, Alliance Trust Savings and Alliance Trust Investments, operate subject to regulatory supervision. However the way in which they operate is also monitored by the Board of the Company. We have now set up independent Boards for both Alliance Trust Savings and Alliance Trust Investments and while the Board of the Company can exert control through its shareholdings in each of the subsidiaries, it will no longer have a significant influence in the decisions taken by either of these businesses. We set out on the next page how our new structure will operate.

At each Board meeting, the Board scrutinises KPI reports covering all aspects of the business, including investment and operational performance and customer outcomes. This enables the Board to satisfy itself that good progress is being made against the agreed business plan and allows it to take early corrective action where required. In addition the Board receives regular in-depth presentations from investment managers and also from the Alliance Trust Savings and Alliance Trust Investments management teams. These presentations give the Board the opportunity to provide both support and challenge to management across all areas of the business.

Compliance with UK Corporate Governance Code

The FRC published a new edition of the UK Corporate Governance Code in September 2014 that applies to reporting periods beginning on or after 1 October 2014 ("the Code"). The Company has complied throughout 2015 with the Code. This report describes how the Board applies the principles of the Code in practice.

We also comply with the principles of the AIC Code of Corporate Governance issued in February 2015. In future years we will only report on compliance against the AIC code.

Lord Smith of Kelvin, Chairman

The Board sets the long-term objectives of the Company and approves its business plans and strategic direction. It is responsible for ensuring that a framework of prudent controls is in place to enable risk to be managed effectively. It provides leadership and reviews business performance.

Details of the Board members can be found on pages 22 and 23.

During 2015 the Board delegated certain decisions to committees comprising Non-Executive Directors, Executive Directors or a combination of these and management.

The areas of decision-making that the Board reserved to itself were:

- strategy and investment policy
- new subsidiary businesses and joint ventures
- annual budget
- approval of treasury policies, banking counterparties and counterparty exposure limits
- group borrowing limits and the maximum amounts and nature of new bank borrowing facilities
- major contracts
- asset classes in which any Group company may invest
- derivative instruments which any Group company may use
- material changes to gearing and the percentage mix of asset allocation by class and geography
- major changes in employment and remuneration structures
- political and charitable donations
- any material litigation or civil proceedings

The Boards of the Company's subsidiaries are required to seek endorsement from the parent Board for a range of matters. During the year these included:

- business plans and annual budgets
- approval of directors and officers
- acquisition or disposal of part of any business
- launch of new or material changes to existing funds or products
- significant contracts

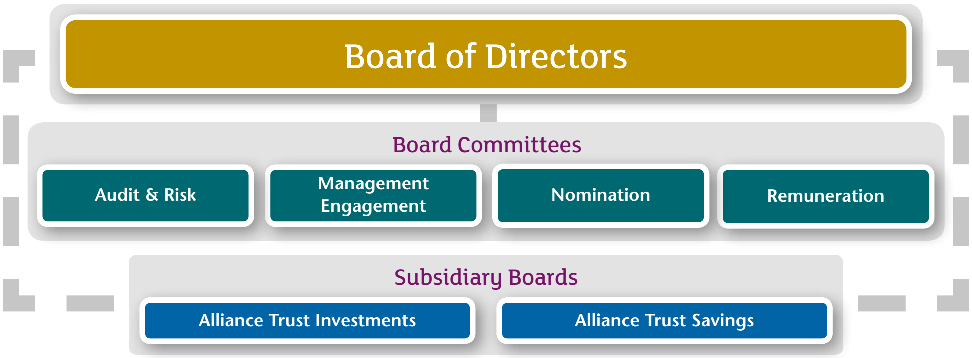
The page opposite shows our new structure and the way in which the Board of the Company and those of its subsidiaries will operate.

Corporate Governance

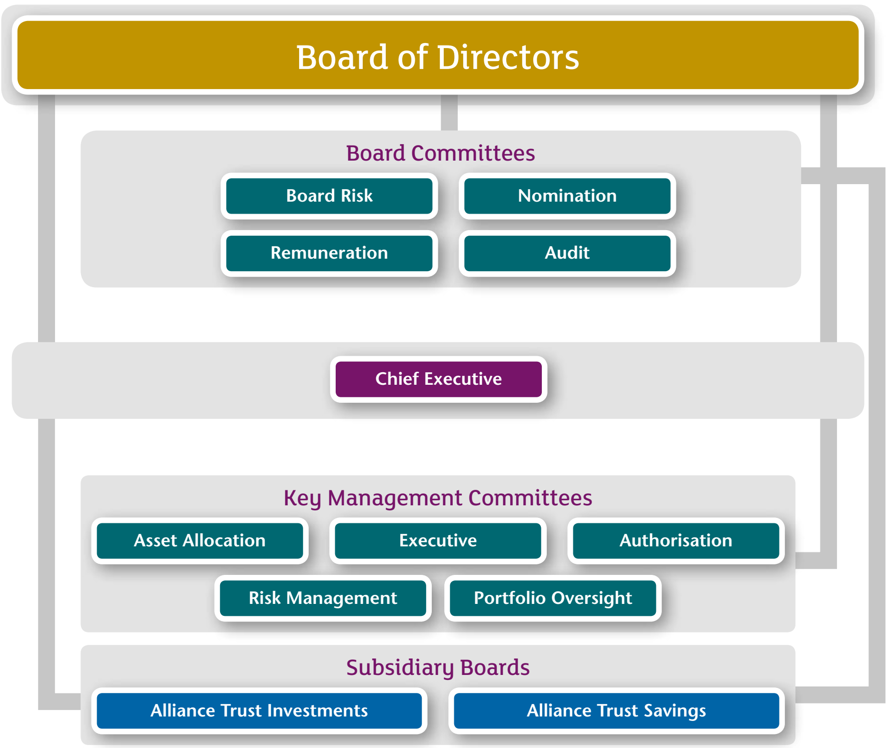
Corporate structure

We have a number of Board Committees to ensure good governance and management and to enhance accountability and independence. After our announcement regarding the changes to governance we restructured our Board Committees. The terms of reference of the four committees reporting to the Board can be found at http://investor.alliancetrust.co.uk/ati/investorrelations/board.htm. The chart below shows the main committees and reporting lines within the Group that are in place for the future and as it was at the year end.

New structure



Old structure



In the future the Board of the Company will no longer require the subsidiary boards to seek endorsement for their business plans, budgets, the launch of new funds or products or approval of major business expenditure. These, along with the appointment of new independent directors, are part of the changes introduced to make the subsidiary boards more autonomous.

The Board will still maintain an element of oversight and it has to be consulted before either of the subsidiaries takes any action which could impact adversely on the reputation or long-term financial interests of the Company. Each of the subsidiary companies will also have a non-executive director from the Company sitting as a non-executive director on its board.

Board Evaluation

We believe that boards should regularly review their own performance as part of a programme of continuous improvement. In addition to regular discussions in the course of board meetings, the Board undertakes a formal review of its own performance each year and, in addition, each of the four board committees undertakes its own review, the results of which are reported to the Board.

Alliance Trust has a longstanding practice of periodic externally facilitated board reviews and has now done so four times beginning in 2007. In last year's report we also indicated our intention to undertake an externally-facilitated evaluation in 2015.

2014 evaluation

Last year's report outlined a series of actions to be taken in 2015 to address findings from the 2014 evaluation, which was internally facilitated, covering:

- Investment performance reporting
- The process for review of policy documents
- Management reporting
- Use of video-conferencing
- Involvement of other directors in committee meetings
- Board visibility across the organisation

and all of these were progressed during the year.

2015 evaluation

The Board decided that the 2015 evaluation should be externally facilitated, and that one area of focus should be an assessment of the skills and competencies of both current and future board members. It was also agreed that the timing of the exercise should be brought forward so that the Board could consider the results of that assessment in finalising the specification for an additional non-executive director.

The evaluation was carried out by the executive search and board advisory firm Russell Reynolds, who also provide non-executive director search services to the Company and its subsidiaries, and they attended the July 2015 Board meeting to present their findings. In preparing their report they met all directors (including those appointed following the 2015 AGM), the Company Secretary and members of the Executive Committee.

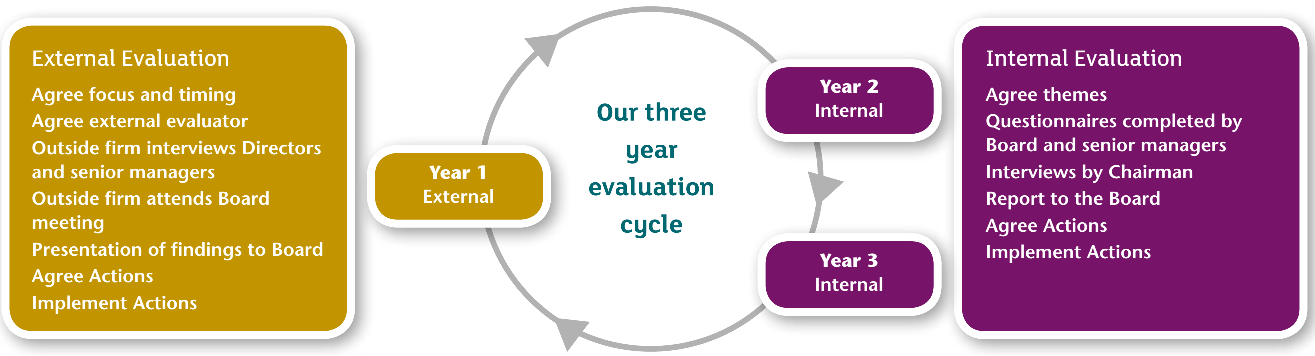
The conclusion of the report was that, overall, the Board had robust governance practices and a good, diverse mix of directors with strong values alignment and orientation; the Board and committees functioned well with strong processes and diligent focus.

Russell Reynolds identified five priorities for the Board:

- **Performance focus** – to drive increased performance across all parts of the business and discussion of strategic options at Board level
- **Investor engagement** – to increase engagement with both institutional and individual shareholders
- **Board culture** – to ensure that all perspectives are fully discussed before moving to closure
- **Investment management experience** – broadening the investment management experience on the Board
- **Management development** – to ensure continuing focus on high potential talent within the organisation and aligning strategy with their capabilities and not overly stretched

Following the July Board meeting the Board agreed a series of actions to address these and also the more detailed findings. These were reflected in the subsequent search which led to the appointment of Chris Samuel and Karl Sternberg as additional non-executive directors.

Separately, each of the Board committees undertook its own performance evaluation, with members of the committees completing questionnaires focusing on whether each committee had performed in accordance with its terms of reference during the year. The results of these evaluations were discussed by the committees concerned and then reported to the Board.



Board Risk Committee

The Board Risk Committee provided greater scrutiny of the risks involved in a Group comprising an investment trust, an asset management business and a share trading platform. It monitored and challenged the effectiveness of risk management across all parts of the Group. In future, risks relating to the Company will be considered by the Audit and Risk Committee. Matters relating to the other companies in the Group will be considered by the Audit and Risk Committees of those companies. We set out on pages 18 and 19 how the business managed risk in the year and below we provide the areas of focus of the Committee during the year. This committee was chaired by Susan Noble during the year and was discontinued in February 2016.

Areas of focus in 2015

Risk appetite	The Committee considered the risk appetites recommended by management in relation to the Company and the subsidiary companies and agreed a number of changes reflecting the new structure of the Group and changes to the business environment in which they operate.
Risk monitoring and reporting	The Committee received quarterly risk reports and continued the ongoing development of these reports as a tool for management to measure risk and the effectiveness of the mitigating actions that had been put in place. Monitoring included an Internal Capital Adequacy Assessment Process (which involves analysing the risks, including solvency and liquidity, to businesses and the level of capital the business should hold to reflect those risks) for the Company and the other businesses in the Group, Recovery and Resolution Plans for Alliance Trust Savings (which considers how that business should react to extreme stresses), and an Internal Liquidity Adequacy Assessment Process.
Investment risk	The Performance and Investment Risk Manager reports at each meeting how the investment managers are managing risk within their portfolios. In the course of the year the Committee extended the scope of reporting to provide increased levels of oversight.
Regulatory compliance	The Committee considered and recommended for approval by the Board a number of submissions to the Regulator. The Committee receives regular reports on new legislation that will impact on the business and the risks associated with non-compliance with regulatory requirements.
Cyber Risk	The Committee received regular reports on the activities of the IT department to improve and enhance IT security. The Committee heard that the Group had tested the effectiveness of its Business Continuity Plan during the year and the security measures already in place have been further enhanced to reduce future risk.
Pension scheme	The Committee considered the ongoing risks associated with funding the closed defined benefit pension scheme and agreed to investigate removal of this risk by looking at a buyout of the scheme liabilities.

Nomination Committee

The Nomination Committee exists to assess the skills and experience of the individual directors of the Company in order to ensure that they are sufficient to provide effective direction and oversight of the Company's strategy and operation. We set out below the main areas of focus of the Committee during 2015.

Lord Smith of Kelvin, Chairman, Nomination Committee

Areas of focus in 2015

Non-Executive Director succession planning	The Committee discussed the need for the recruitment of an additional non-executive early in the year and agreed that this process should continue, notwithstanding the addition of two new non-executive directors following the Annual General Meeting. The independent search firm used, Russell Reynolds, which was also used this year for board evaluation, has no other connection with the Company. The appointed search firm sourced two strong candidates and, after consultation with major shareholders, the Committee decided to recommend to the Board the appointment of both Karl Sternberg and Chris Samuel, as they both complemented the skills of the existing directors.
Re-election of Directors	Since 2011 each Director has been subject to annual re-election by shareholders. The Committee considered each continuing Director for their independence, contribution, commitment and time availability and concluded that each Director satisfied these criteria and recommended their re-election. The Committee also assessed each director appointed since the last AGM and also assessed them under the same criteria and recommended their election.
Subsidiary Company Non-Executive Director and Chairman appointments	Following upon the Board's decision to support an independent board for Alliance Trust Savings the Committee instructed Russell Reynolds to carry out a search. Candidates were identified and appointments subsequently made. In the case of Alliance Trust Investments the Committee recommended the appointment of Susan Noble as the Chairman of Alliance Trust Investments. In the case of both subsidiaries the Committee considered the most appropriate Company Director to serve in a non-executive capacity on the Board of the subsidiaries. It was agreed that Chris Samuel would join the Board of Alliance Trust Investments and Gregor Stewart the Board of Alliance Trust Savings.
Chairman appointment	Following upon the resignation of Karin Forseke as Chair, the Committee appointed Russell Reynolds to carry out a search for her replacement. After the end of the year the decision, on the recommendation of the Committee, was taken to appoint Lord Smith as Chairman.
Deputy Chairman Appointment	As part of the consideration of the appointment of Lord Smith, and in light of the Board being wholly non-executive, the Committee considered the need for a Deputy Chairman. The Committee felt that, while unusual for an investment trust, this would provide support to the Chairman during a period likely to involve a greater than usual workload.
Board and Committee composition	The Committee considered the impact of the restructured Group and recommended changes to the membership of the different Board Committees to reflect the new makeup of the Board.

Audit and Risk Committee

In this section we set out the main areas of focus of the Committee during the year. Like the Board Risk Committee the Audit Committee had responsibility for oversight of all companies within the Group. The Audit Committee became the Audit and Risk Committee on 4 February 2016. The Audit and Risk Committee now considers audit and risk matters relating to the Company. Minutes of the subsidiaries' committees are reviewed by this Committee to maintain an overview of audit and risk issues arising in the subsidiaries.

John Hylands Chairman, Audit and Risk Committee

Areas of focus in 2015

Critical Accounting Policy	The Committee was presented with a detailed paper on the implications of changing the allocation of administrative expenses. The Committee considered the proposal to allocate one-third of such expenses to revenue and the balance to capital and agreed the change. The Committee welcomed the change which brought the policy of the Company into line with the AIC Statement of Recommended Practice and was consistent with the approach of other investment trusts.
Investment portfolio valuation and oversight of listed investments	Listed investments represent the most significant item on the balance sheet and are the main driver of investment performance. The Committee received management reports on the controls and procedures of the external custodian/administrator. These allowed the Committee to assess that the controls in place to ensure the ownership, valuation and liquidity of these investments were effective.
Valuation of unlisted investments	The valuation methodology used to value the investments in the subsidiaries and private equity investments can be found in Note 23.8 on pages 83 to 86. The Committee recognised that Alliance Trust Savings was now of a scale that consideration needed to be given to having an external valuation carried out and an external valuation was instructed. The Committee challenged the range of values provided and after fully reviewing the methodology and assumptions adopted, the Committee approved a value which fell in the midpoint of the range of values proposed. In respect of Alliance Trust Investments, the Committee debated the initial valuation methodology and outputs provided by management prior to the final valuations of the subsidiaries being recommended to the Board for approval.
UK Corporate Governance Code	The Committee considered the adoption of the amendments to the UK Corporate Governance Code and in particular the need to include a viability statement in the Accounts. Management provided a number of papers on this aspect of the changes to assist the Committee reaching the conclusions detailed on page 24.
Internal Audit function	In the early part of the year the Committee concluded that it was appropriate to outsource the Internal Audit function. The Committee will consider the need for the Company to continue to have its own dedicated internal audit function under the new Group structure.
Review of Annual and Interim Accounts	The Committee considered the content of the Interim Accounts and the Report and Accounts of the Company and the accounts of Alliance Trust Investments and Alliance Trust Savings before recommending approval to their respective Boards. The Committee concluded that the Company's accounts were fair, balanced and understandable.
External Auditor	The Committee considered the independence and performance of the External Auditor before arriving at the conclusions on page 31.
Project controls	The Committee considered the progress of the implementation of the new technology platform for Alliance Trust Savings and agreed the criteria for the system going live. The Committee also reviewed the progress being made on the acquisition of the Stocktrade business and its integration into the Alliance Trust Savings business.
Other items	In addition to the above the Committee reviewed the whistleblowing policy, regular reports from the Head of Compliance and Head of Internal Audit and the implications of new accounting standards.

Internal controls

The Group has a clear governance structure for the control and monitoring of its business, including defined lines of responsibility and delegation of authority. The Group has a comprehensive system for reviewing, monitoring and reporting to the Board, including a detailed financial review against forecast.

The Board is responsible for determining its appetite for the level of risk it is willing to take in achieving its strategic objectives and for the Group's risk management and internal control systems. Throughout 2015, the Audit and the Board Risk Committees assisted the Board in fulfilling this responsibility through regular review of their effectiveness, including all material financial, operational and compliance controls. In 2016, under the new organisational structure, responsibility for these two functions were combined into a single Audit & Risk Committee.

The Board has an established ongoing process for the identification, evaluation and management of the significant risks faced by the Group. The Board Risk Committee regularly reviewed this process, which is in accordance with the "Guidance on Risk Management, Internal control and Related Financial and Business Reporting" issued in September 2014. The process helps the Board to carry out a robust assessment of the principal risks to the business as outlined on pages 18 and 19.

The Group's system of internal control is designed to facilitate effective and efficient operations and to ensure the assets of the Group and its customers are safeguarded, proper accounting records are maintained, and the financial information used within the business and for reporting to stakeholders is reliable. Any system of risk management and internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable assurance and not absolute assurance against regulatory breach, material misstatement or loss.

The Audit Committee asked management to undertake a detailed review of the current arrangements for client assets as well as the implementation of outsourcing to ensure that appropriate controls were in place for current business and for any change in the regulatory regime for client assets.

The Company has appointed a Depositary, National Westminster Bank plc. The Depositary is responsible for the safekeeping of all custodial assets of the Company, ensuring its cash flows are properly monitored, for verifying and maintaining a record of all other assets of the Company and for the collection of income that arises from the Company's assets. It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the FUND Sourcebook, the Company's Articles of Association and the AIFM Directive.

Having carried out such procedures as the Depositary considers necessary to discharge their responsibilities as Depositary, it is their opinion, based on the information available to them and the explanations provided, that in all material respects the Company has been managed in accordance with the rules in the FUND sourcebook, the Articles of Association of the Company and as required by the AIFM Directive.

During 2015 the Board Risk Committee reviewed the effectiveness of the Group's Risk Management Framework and reviewed and challenged the results of each of the Group's quarterly Risk and Control Self- Assessment process which considers the effectiveness of internal control in managing the significant risks to which the Group is exposed. These reviews included the Risk Appetite of the Company and of its subsidiaries as well as whether any of the trigger points set by the Board against each measure had been breached

During 2015 the Audit Committee regularly received reports from the Group's Compliance and Internal Audit functions and from the External Auditor which include details of all significant internal control issues relating to the Group. The Audit Committee provided independent oversight of Internal Audit and Compliance to ensure that they were providing the level of scrutiny expected by the relevant Committees and the Board. In arriving at their conclusions, and to allow reports to be made to them without management presence, the Audit Committee had private sessions with each of the Head of Internal Audit, Director of Compliance and the External Auditor during the year.

The Audit & Risk Committee performed an assessment for the purpose of this annual report, which considered all significant aspects of risk management and internal control arising during the period of the report, including the work of the Risk, Compliance and Internal Audit functions. The Committee then reported its findings to the Board.

As a result of the annual review and the ongoing processes for review, monitoring and reporting of the Group's risk management and internal controls, the Board did not identify any significant weaknesses or failings and remains satisfied with the effectiveness of the Group's risk management and internal control systems. The Board recognises that the environment in which the Company and its subsidiaries operate is complex and constantly evolving. The Board supports and guides the business in the ongoing development of the risk management tools which are in place to enhance the control environment of the business and to ensure the business continues to be well positioned to comply with operational and regulatory changes.

From 3 February 2016 Alliance Trust Investments is the alternative investment fund manager of the Trust under the AIFM Directive and has responsibility for a number of areas, such as investment risk, which formerly were considered by the Board Committees. In future years the nature of this report will change; however as at the year end the Group structure was unchanged we report here on the controls, processes and structures in place at that time.

Internal controls over financial reporting

One of the risks to the Group is Financial and Prudential Reporting – the risk of misstatement of the accounting policies and ineffective controls over financial and regulatory reporting. The Group has a Financial Accounting Policy and an Accounting Manual to enable the Group to comply with all relevant accounting standards to ensure that the financial statements provide a true and fair view.

This risk and the mitigating controls are assessed regularly by management. Controls over the preparation of the consolidated accounts include but are not limited to:

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

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

- The involvement of Executive Committee members, the Company Secretary, the Head of Performance and Risk, the Director of Risk, the Financial Controller and the Head of Investor Relations in regular drafting meetings;
- All subsidiary company executive directors and the Company Secretary provide sign-off on the draft issued to the Board for approval;
- Verification of all factual statements contained within the narrative section of the Annual Report, with evidence required from the author;
- Statements which cannot be verified – typically opinions or forward-looking statements – specifically brought to the Committee's attention;
- Independent internal review by a senior manager not involved in the preparation of the Annual Report.

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

Independence of Auditor

The Committee's policy is to allow the audit firm to be instructed to undertake non-audit work only where there is no threat to independence. Any assignment must be approved on behalf of the Committee by its Chair. Such assignments are normally put out to tender. Last year £4,000 was paid to the Auditor, in respect of work on the audit of the solvency statement for the proposed termination of the Alliance Trust Global Thematic Opportunities Fund.

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

Effectiveness of Audit process

During the course of the year the audit engagement partner and other members of the engagement team met with the Audit Committee Chair and management, both together and separately. These meetings provide an opportunity for matters relating to the conduct of the audit, including the performance of the External Auditor, to be raised and addressed at the time.

Following completion of the external audit of the financial statements for the period ended 31 December 2014 a formal evaluation of the External Auditor's effectiveness was undertaken. The evaluation was conducted by way of a survey, completed by Audit Committee members and members of management within the businesses and the control functions.

The survey assessed the External Auditor's performance against the following criteria: independence and objectivity, audit strategy, communication with management, and how the audit was finalised. The Audit Committee considered the results of the evaluation and concluded that it was satisfied both with the performance and with the independence of the External Auditor. No material issues were identified. During the year action was taken to ensure effective communication between management and the External Auditor.

Tender of Audit

During 2010 the Board carried out a tender exercise for the role of Auditor. The Committee decided that it would be appropriate to change Auditor and recommended the appointment of Deloitte LLP to the Board who in turn recommended their appointment to the members at the 2011 Annual General Meeting. Deloitte LLP have been reappointed at subsequent AGMs and are proposed for reappointment in 2016. The recommendation to reappoint Deloitte LLP is not automatic.

In the course of the year the Chair of the Committee has met with the Auditor outwith the formal structure of Committee meetings. The Committee has considered the performance of the Auditor and is satisfied with the rigour that they apply to the audit process and have recommended the reappointment of Deloitte LLP for a further year. In accordance with professional guidance, Deloitte LLP change the audit partner every five years. The current partner, Calum Thomson, will this year be carrying out his final audit for the Trust and a replacement has been agreed.

The Committee has decided that it will put the role of Auditor out to tender at least every 10 years in accordance with the UK Corporate Governance Code and taking into account new rules from the Competition and Markets Authority and the European Commission.

Disclosure of information to Auditor

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

Directors' responsibilities statement

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

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

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

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

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

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

Going concern

The Group's business activities are set out on page 4 with the principal risks which could impact on performance set out on page 19. The Group's financial position and cash flows are set out on pages 52 to 56 along with an analysis of its borrowings in Note 15 on page 73. As regards going concern the Directors have considered both liquidity and solvency risks.

Liquidity is concerned with our ability to liquidate assets or access new sources of short-term funds in the time needed to meet our liabilities as they fall due. The majority of the Group's assets are in listed securities on recognised stock exchanges which are readily realisable even in volatile markets. At 31 December 2015 we also had £160m of unused committed funding lines.

Solvency is concerned with our ability to meet our liabilities in full. This involves managing our capital by maintaining a business model which is capable of delivering over time a continuing economic return to our shareholders whilst absorbing the impact of any risks which crystallise. As at 31 December 2015 the Group's total net assets were £2.95bn. Our investment policy restricts gearing to 30% of net assets at any given time (12.4% at 31 December 2015).

Sensitivities to market, credit, liquidity and gearing risk are set out in Note 23 on pages 77 to 84.

The Directors, who have reviewed the budgets, forecasts and sensitivities for the coming year, consider that the Group has adequate financial resources to enable it to continue in operational existence for at least 12 months from the date of these Accounts. Accordingly the Directors believe that it is appropriate to continue to adopt the going concern basis for preparing the financial statements.

Viability statement

In accordance with provision C.2.2 of the UK Corporate Governance Code, the Directors have assessed the viability of the Company and Group over a longer period than the 12 months required by the Going Concern Statement. The Board concluded an appropriate period to be five years to December 2020, a period which aligns with our long-term planning horizon. This assessment has been made taking account of the current position of the Group, corporate planning process and the Group's principal risks, as detailed in the strategic report on page 19.

The corporate planning process includes our budget, strategy cycle and Internal Capital Adequacy Assessment Process ("ICAAP").

The strategy provides long-term direction and is reviewed on, at least, an annual basis, including five year forecasts showing expected financial impact. The resilience of the strategy is further tested in a series of severe but plausible downside financial scenarios as part of the annual review of the ICAAP. The ICAAP, covering a five year period, is prepared to identify and quantify the Group's risks and level of capital which should be held to cover those risks.

As part of the ICAAP, a risk assessment is carried out to identify the principal risks that may adversely impact the Group. These include Prudential, Operational, Strategic and Regulatory and Conduct Risks. An internal Risk Control Self-Assessment (RCSA) and modelling approaches are used to quantify these risks, which ensures that the Group holds sufficient regulatory capital to mitigate the impact of these risks. Alongside the corporate planning and scenario tests, the supporting risk management framework and controls have various regular early warning indicator and risk outlook signposts (trends) and triggers (events) alert the Board to the potential advent of a scenario.

This approach ensures a link to our business model and strategy and an interconnected approach in applying a robust identification and assessment of the principal risks, and mitigating actions, for the Group.

The Directors have therefore concluded, based on the extent of the corporate planning process and strong financial position, that there is a reasonable expectation that the Company and the Group have adequate resources and will continue to operate and meet its liabilities as they fall due over the period of their assessment and for the foreseeable future.

Remuneration Committee

Set out below is the Directors' Remuneration Report for the year ended 31 December 2015. This Report provides a summary of the Company's current Remuneration Policy and gives details of how this Policy has been implemented during the year.

At the Annual General Meeting a new Remuneration Policy will be proposed. This reflects changes to the Company's board structure to one comprising only Non-Executive Directors. Details of this new policy are set out below.

As a result of these changes no further long-term incentive awards will be made under the Company's Long-Term Incentive Plan. In addition, no changes have been made to the salaries of the Executive Directors. The fees for Non-Executive Directors, and for their participation as members of Committees, have also remained unchanged. After the year end we agreed a fee for the new role of Deputy Chairman.

Anthony Brooke, Chairman, Remuneration Committee

Proposed Remuneration Policy from the AGM in 2016

In future the Board will comprise only Non-Executive Directors and, as a result, the Remuneration Policy of the Company will be simple and straightforward. The text of the Remuneration Policy to be put to shareholders for approval at the Company's Annual General Meeting on 6 May 2016 is set out below:

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

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

The new Policy will be effective from the date of approval.

Consideration of shareholder views

We regularly engage with our shareholders on all aspects of performance and governance, including remuneration issues. In the course of the year the former Chairman of the Remuneration Committee had meetings with a number of the Company's larger shareholders. He attended the AGM to explain the Company's policy, to hear direct from shareholders and to answer questions.

Alignment with our employees

Many of the Group's employees are also shareholders in the Company, and we actively encourage share ownership.

Non-Executive Directors' Contracts

Each Non-Executive Director's appointment is governed by written terms which are available for inspection at the Company's registered office and are also available at the Annual General Meeting. Non-Executive Directors are appointed subject to annual re-election at the Company's AGM and their appointment may be terminated at any time by notice given by three-quarters of the other Directors.

Non-Executive Directors' Fees

In 2015 annual fees were:

Chairman	£120,000
Basic Non-Executive Director fee	£35,000
Chairman of Audit Committee	£11,000
Chairman of Remuneration Committee	£7,500
Chairman of Board Risk Committee	£7,500
Chairman of Nomination Committee	nil
Senior Independent Director	£5,000
Membership of Audit Committee	£3,000
Membership of Remuneration Committee	£3,000
Membership of Board Risk Committee	£3,000
Membership of Nomination Committee	nil

Gregor Stewart received an Interim Chairman's fee of £120,000 pro rata for the period from 26 November 2015 to 4 February 2016.

In 2016 annual fees will be:

Chairman	£120,000
Deputy Chairman*	£80,000
Basic Non-Executive Director fee	£35,000
Chairman of Audit and Risk Committee**	£11,000
Chairman of Remuneration Committee	£7,500
Chairman of Board Risk Committee***	£7,500
Chairman of Nomination Committee	nil
Chairman of Management Engagement Committee*	nil
Senior Independent Director	£5,000
Membership of Audit and Risk Committee**	£3,000
Membership of Remuneration Committee	£3,000
Membership of Board Risk Committee***	£3,000
Membership of Nomination Committee	nil
Membership of Management Engagement Committee*	nil

* From 4 February 2016

** Audit Committee until 4 February 2016

*** To 4 February 2016

The Company's Remuneration Policy as it applied during the year was approved by shareholders on 1 May 2014 (the '2014 Policy') and was not due to be reconsidered by the shareholders, absent any proposed changes, until the 2017 Annual General Meeting. The full text of the previous policy can be found at http://investor.alliancetrust.co.uk/ati/investorrelations/pdfs/remuneration-policy-2015.pdf.

Remuneration strategy

The principle behind the historic reward strategy for Executive Directors was to link performance to pay outcomes, thereby aligning the interests of Executive Directors and employees with those of shareholders and clients. The remuneration packages of the Executive Directors were structured to promote sound and effective risk management within the Company's risk appetite. To ensure that the reward structures did not encourage excessive risk taking a clawback mechanism had been introduced to allow awards under the long-term incentive plan to be recovered in the exceptional event of: misstatement or misleading representation of performance; a significant failure of risk management and control; or serious misconduct by an individual.

Executive Directors' Service Contracts

The Executive Directors had service contracts which could be terminated on twelve months' notice from the Company or six months' notice from the Director. Service contracts did not contain a default normal retirement age.

Share-based entitlements granted to an Executive Director under the Group's share plans are based on the relevant plan rules. The default position was that any outstanding awards lapsed on cessation of employment. However, in certain prescribed circumstances, such as death, injury or disability, redundancy, retirement or other circumstances at the discretion of the Committee (taking into account the individual's performance and the reasons for their departure) 'good leaver' status could be applied. Individuals must wait until the normal date of vesting and awards will normally be pro-rated for length of service.

The rules of the Company's Long-Term Incentive Plan contain a change of control clause, which crystallises the share awards, subject to pro-rating of awards within the three year cycle based on days worked and on the participant giving up their entitlement for replacement shares in any new company.

Contracts contained specific mitigation provisions should they be terminated. These mitigation provisions are structured to provide monthly payments, during the notice period, against which any income received during the period will be offset. The monthly payment is based on current salary, pension allowance and benefits. A Director's service contract could be terminated without notice and without any further payment or compensation, except for sums accrued up to the date of termination, on the occurrence of certain events such as gross misconduct.

External directorships

The Company had a policy of permitting Executive Directors to hold one paid external directorship in another company where this did not conflict with their duties to the Company. Katherine Garrett-Cox became a member of the Supervisory Board of Deutsche Bank AG in 2011 for which an annual fee is payable and is retained by the Director. In 2015 she received a fee of €100,000 in respect of the year ending 31 December 2014.

Implementation Report

This section of the Report refers to payments made under the Remuneration Policy in place during 2015.

Payments for loss of office (audited)

Alan Trotter

The service contract of the Chief Financial Officer, Alan Trotter, was terminated (on notice) on 30 September 2015 on the grounds of redundancy. The Committee took into account the terms of the service contract with Mr Trotter and that there was to be no further role within the Group at the seniority and salary that had been previously paid. The Committee agreed that Mr Trotter was redundant. The following table sets out the compensation provisions as set out in his contract:

Date of contract	Notice from the Company	Notice to the Company	Provision of compensation
01/02/10	Twelve months	Six months	Loss of office up to one year's salary, pension allowance and benefits

Mr Trotter will continue to receive contractual benefits and payment of salary and payments in respect of pension for the notice period under his contract of twelve months. Such payments and benefits will cease on Mr Trotter entering new employment.

In addition the Committee considered the appropriate level of compensation and agreed a total payment of £180,000 comprising:

- Bonus in respect of the financial year 2015 of £110,000 to be paid in March 2016. This was assessed against the Company's performance and Mr Trotter's performance against his personal objectives. It took into account that Mr Trotter was only in employment for part of the year. His maximum bonus for the year would have been £245,000; and
- Compensation payment of £70,000 comprised (a) £3,562 (redundancy); and (b) £66,438 (compensation payment for any claim).

The Committee considered whether they had to exercise any discretion under the Long-Term Incentive Plan to treat Mr Trotter as a 'good leaver'. The Committee considered all the circumstances and concluded that he was redundant. There was therefore no need to apply discretion and his existing awards under the Long-Term Incentive Plan will not lapse on the cessation of his employment but will, instead, vest subject to reduction/pro rating all as set out under the Plan's rules.

Katherine Garrett-Cox

The service contract of the former Chief Executive, Katherine Garrett-Cox, will terminate by mutual agreement with effect from 11 March 2016 on the grounds of redundancy. The Board of Alliance Trust Investments (ATI) took into account the nature of the Chief Executive's role within ATI and agreed that, in the light of changes since October 2015, there was no longer a requirement for the role. The following table sets out the compensation provisions as set out in her contract:

Date of contract	Notice from the Company	Notice to the Company	Provision of compensation
20/04/07	Twelve months	Six months	Loss of office up to one year's salary, pension allowance and benefits

Mrs Garrett-Cox will receive payment of salary and payments in respect of pension for the notice period under her contract of twelve months. She will also receive a payment in lieu of her contractual benefits.

The above payments will be reduced (or will cease if the level of salary or earnings reaches the level of her current salary) by any new earnings received by Mrs Garrett-Cox during the notice period under her contract.

In addition ATI considered the appropriate level of compensation and agreed a total payment of £83,560, which will be accounted for in the financial year ending 31 December 2016, comprising:

- (a) £5,225 (redundancy); and
- (b) £78,335 (compensation payment for any claim)

to be paid on or after 11 March 2016).

The Remuneration Committee of Alliance Trust PLC considered whether they had to exercise any discretion under the Long-Term Incentive Plan to treat Mrs Garrett-Cox as a 'good leaver'. The Committee considered all the circumstances and concluded that she was redundant. There was therefore no need to apply discretion and her existing awards under the Long-Term Incentive Plan will not lapse on the cessation of her employment but will, instead, vest subject to reduction/pro rating all as set out under the Plan's rules.

Summary of 2014 Policy: Salary

Salaries are reviewed annually and increases are effective from 1 April.

Salary

During 2015 the Remuneration Committee made no changes to Executive Directors' salaries:

Salary	Period from 1 April 2014	Increase	Period from 1 April 2015
Katherine Garrett-Cox	£450,000	nil	£450,000
Alan Trotter	£245,000	nil	£245,000

Summary of 2014 Policy: Long-term incentives

All employees can receive shares under a HMRC approved All Employee Share Ownership Plan dependent upon the performance of the business in each year and can elect to purchase up to the HMRC limit of Partnership shares from pre-tax income each tax year.

All Employee Share Ownership Plan

Executive Directors and employees may participate in the Company's All Employee Share Ownership Plan (AESOP). All participants are treated in the same way and each may:

1) elect to purchase shares in the Company from pre-tax income up to a maximum of £1,800 per tax year;
2) receive Dividend Shares purchased from dividends paid in respect of shares held by the participant in the Scheme;
3) receive up to £3,600 worth of shares in each year; and
4) receive Matching shares to the value of £20 each month.

This year all full-time participants who were in the Plan for the full year will receive an award of shares, valued at £1,500. Part-time employees and those that joined the Plan part way through the year will receive a pro-rated award.

Summary of 2014 Policy: Annual Incentives

For Executive Directors, individual awards are currently assessed at least 50% against Corporate KPIs and no more than 50% against a set of business objectives linked to the Company strategy.

The annual bonus is currently capped at 150%.

Annual Bonus

The following bonus in respect of the period ending 31 December 2015 was awarded and was payable after the period end:

	Maximum as a % of Salary	Bonus	% of max
Katherine Garrett-Cox	150%	£410,000	60.7%

Last year advance disclosure of the Chief Executive Officer's annual bonus criteria for 2015 was made. Set out below is how performance was assessed against those objectives and others which were agreed by the Remuneration Committee during the year:

Criteria	Measurement	% of Max Bonus	Assessment	Bonus awarded
TSR against Global sector peer group for the financial year	0% for median performance rising to 100% for upper quartile performance	12.5%	Performance was 11th out of 35.	11.3%
NAV total return against Global sector peer group for the financial year	0% for median performance rising to 100% for upper quartile performance	25%	Performance was 17th out of 35.	5.3%
Dividend Progression	Against previously announced indications of dividend	7.5%	Ordinary Dividend has increased by 11%.	7.5%
Achievement of group cost budget including subsidiaries	Against actual achievement against budget	5.0%	If exceptional items of expenditure are excluded, savings of around £2m were achieved.	5.0%

Four key objectives were outlined namely strong and consistent investment performance; driving business growth and capitalising on market opportunities; risk culture and shared values; and successful brand campaigns and attracting new generations of investors. These were reformulated into three main categories Business Strategy, Risk and Governance and Leadership and People and a number of objectives within each were set.

Criteria	Measurement	% of Max Bonus	Assessment	Bonus awarded
Alliance Trust Investments to show significant progress	Achievement of budget and the performance of the managed funds	10%	Budget had been met. 75% of funds achieved above median performance. However it was felt that progress did not merit a full award.	8.5%
Alliance Trust Savings to meet budget and grow business	Achievement of budget and developement of the business	10%	Budget had not been met. However it was assessed that her role in the acquisition of Stocktrade was positive and moved the company towards profitability.	4.0%
Developing broader institutional shareholder base	Expanded shareholder base	10%	Not achieved.	nil
Oversight and governance	Ensuring a robust oversight governance framework	3.3%	Assessed that this had been done well.	2.5%
Risk Appetite	Developing appropriate risk environment	3.3%	Assessed that the Company was strong in this area and a full award was made.	3.3%
Investment Risk	Enhancing and improving the monitoring and reporting of investment performance and risk	3.3%	Achieved.	3.3%
Business Strategy and Leadership	Developing leadership within the business	10%	Strong leadership verified by external review.	10%.

This produced a total bonus of 60.7% of the maximum available.

Long-Term Incentive Plans

No awards were made in respect of the financial year ended 31 December 2015 and no further awards will be made. Awards made in prior years will still be paid subject to achievement of the performance targets and the rules of the Plan.

The table below shows the payout for the awards which were made in 2013 and will vest in 2016, based on the three year performance period ending 31 December 2015.

Peer Group ranking out of 35			%
TSR Rank*	15	TSR payout	65.02
NAV Rank*	21	NAV payout	0
		Combined payout	32.51

* 30 day average at start and end of performance period.

An additional holding period of two years has been applied to awards made in 2015. This applies to both shares purchased from the deferred bonus and those vesting after the end of the three year performance period.

Details of the awards made to the Executive Directors can be found on the next page.

Summary of 2014 Policy: Long-Term Incentive Plans

- **To drive the execution of the Company's long-term strategy through close alignment of performance criteria.**
- **To incentivise long-term value creation.**

Matching Awards: these entitle the participant to receive shares at nil cost with the number of shares being calculated with reference to the amount of deferred bonus which is used to purchase shares in the Company and which are deposited in the plan. The maximum that can be received is twice the number of shares that could be purchased with the gross value of the annual bonus.

Performance Awards: these are based on a multiple of salary. The maximum number of shares which can be awarded is calculated on twice the annual salary of the participant at the date of the award.

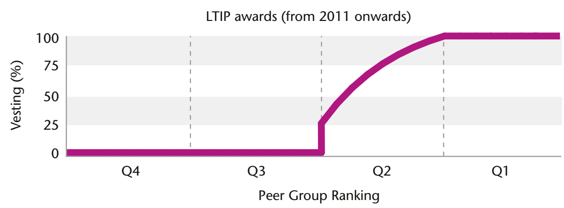
Both awards are based on a combination of two separate performance measures – one relating to growth in NAV and another to TSR – over three consecutive financial years and then compared to a comparator group comprising global investment trusts (these can be found at www.alliancetrust.co.uk/pdfs/peergroup.pdf).

TSR/NAV Performance against Peer Group % of share awards that vest	
Below Median	0
Median	25
Between Median and Top Quartile	25-100
Top Quartile	100

These targets have been selected as they are the key financial metrics which determine value creation for our shareholders.

The Committee can make minor changes to the performance condition. Any significant change will require shareholder approval.

Vesting between median and top quartile is based on a vesting curve. We have chosen a vesting curve to align the interests of LTIP participants to that of the shareholders reflecting our belief that consistent median to top quartile performance will, over time, lead to top quartile performance without incentivising excessive risk taking.



Long-Term Incentive Plan Awards (audited)

This table provides detail of awards made to the Executive Directors who held office during the year under the Long-Term Incentive Plan in the year ended 31 December 2015 and earlier years. All awards are subject to performance conditions as described on the opposite page. If the minimum performance condition is met 12.5% of the awards detailed in the table below will vest.

Katherine Garrett-Cox

Scheme and year of award	At 1 Jan 15	Awards granted in year	Awards vested in year	Awards lapsed in year	At 31 Dec 15	Market price of share on date of award	Vesting date
LTIP 6 May 2015 (Matching Award)	-	223,471	-	-	223,471	£5.07	6 May 2020
LTIP 6 May 2015 (Performance Award)	-	177,514	-	-	177,514	£5.07	6 May 2020
LTIP 11 April 2014 (Matching Award)	160,086		-	-	160,086	£4.537	11 April 2017
LTIP 11 April 2014 (Performance Award)	187,458		-	-	187,458	£4.537	11 April 2017
LTIP 16 April 2013 (Matching Award)	75,273	-	-	-	75,273	£4.336	16 April 2016
LTIP 16 April 2013 (Performance Award)	196,148	-	-	-	196,148	£4.336	16 April 2016
LTIP 2 May 2012 (Matching Award)	84,997	-	10,625	74,372	-	£3.637	2 May 2015
LTIP 2 May 2012 (Performance Award)	233,846	-	29,231	204,615	-	£3.637	2 May 2015

Alan Trotter

Scheme and year of award	At 1 Jan 15	Awards granted in year	Awards vested in year	Awards lapsed in year	At 31 Dec 15	Market price of share on date of award	Vesting date
LTIP 6 May 2015 (Matching Award)	-	42,475	-	-	42,475	£5.07	6 May 2020
LTIP 6 May 2015 (Performance Award)	-	96,646	-	-	96,646	£5.07	6 May 2020
LTIP 11 April 2014 (Matching Award)	26,275	-	-	-	26,275	£4.537	11 April 2017
LTIP 11 April 2014 (Performance Award)	99,184	-	-	-	99,184	£4.537	11 April 2017
LTIP 16 April 2013 (Matching Award)	38,256	-	-	-	38,256	£4.336	16 April 2016
LTIP 16 April 2013 (Performance Award)	103,782	-	-	-	103,782	£4.336	16 April 2016
LTIP 2 May 2012 (Matching Award)	52,112	-	6,514	45,598	-	£3.637	2 May 2015
LTIP 2 May 2012 (Performance Award)	123,728	-	15,466	108,262	-	£3.6370	2 May 2015

Remuneration Code disclosures

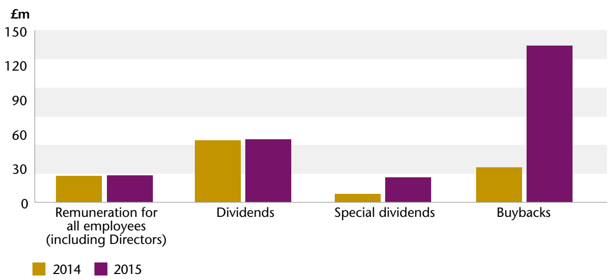
The following table sets out fixed and variable remuneration paid to the Senior Managers and other Remuneration Code staff whose actions have a significant impact on the risk profile of the Company.

Senior managers' annual bonuses are based on performance against business and individual objectives during the year, with the long-term element based on corporate and/or business performance measures.

Year end	31 Dec 2015	31 Dec 2014
Fixed remuneration	£3.8m	£3.4m
Variable remuneration	£3.4m	£1.9m
Number of beneficiaries	30	22

Relative importance of spend on pay

The chart below shows, in respect of this and the preceding financial year, the actual expenditure of the Company on remuneration and distributions to shareholders by way of dividend and share buybacks.



Directors' shareholdings (audited)

All Directors are required to hold 3,000 shares in the Company. Details of the shareholdings of all Directors and their connected persons, together with details of shares acquired, are shown below. None of these shares are subject to performance conditions. The Company has issued no options to subscribe for shares.

Lord Smith, who joined the Board in the close period between our financial year end and publication of our results for the year ended 31 December 2015, intends to buy shares as soon as he is free to do so.

Directors' shareholdings	As at1 Jan 2015 or date of appointment if later	As at 31 Dec 2015 or date of leaving if earlier	Acquired between 31 Dec 2015 - 5 March 2016 or date of leaving if earlier
Karin Forseke	101,999	108,576	N/A
Katherine Garrett-Cox	606,022	446,975	3,183
Anthony Brooke	3,000	3,000	nil
John Hylands	84,481	86,567	652
Alistair Kerr	8,875	8,875	N/A
Rory Macnamara	3,000	3,000	30
Susan Noble	15,019	15,392	120
Win Robbins	12,013	12,069	N/A
Chris Samuel	-	5,000	38
Karl Sternberg	-	3,000	22
Gregor Stewart	24,611	24,758	48
Alan Trotter	121,895	145,524	N/A

Percentage change in remuneration of Chief Executive Officer

The table below sets out the percentage change in the remuneration of the Chief Executive Officer compared to that of the average of all of the Group's employees taken as a whole between the financial years ended 31 December 2014 and 31 December 2015.

	Change in annual salary	Change in taxable benefits	Change in annual bonus
Chief Executive Officer	0%	+13%	-29%
All employees	+5.9%	-28%	+8%

Summary of 2014 Policy: Benefits and Pension

The 2014 Policy provided that Executive Directors could receive benefits including subsistence allowances, subscriptions to professional bodies or other relevant organisations as well as private health, permanent health, travel and life insurance. Cash payments of up to 25% of salary instead of a pension contribution could also be made. The value of these benefits can be found in the table below.

Single total figure of remuneration (audited)

£000	Salary/Fees		Taxable benefits*		Annual bonus#		Long-term awards†		Pension**		Total	
Executive Director	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Katherine Garrett-Cox	450	450	23	20	411	576	438	184	112	112	1,435	1,378
Alan Trotter	245	245	1	1	111	216	229	102	49	49	634	613
Non-Executive Director												
Karin Forseke	120	120	-	-	-	-	-	-	-	-	120	120
Anthony Brooke	23										23	
John Hylands	51	49	-	-	-	-	-	-	-	-	51	49
Rory Macnamara	23										23	
Susan Noble	48	48	-	-	-	-	-	-	-	-	48	48
Win Robbins	7	41	-	-	-	-	-	-	-	-	7	41
Chris Samuel	10										10	
Karl Sternberg	10										10	
Gregor Stewart	59	3	-	-	-	-	-	-	-	-	59	3

* Taxable benefits include the value of accommodation allowance, medical and life insurance.

\# Annual Bonus includes the AESOP Award.

† This comprises 24,464 matching share awards and 63,748 performance share awards which will vest in 2016. The share price used is £4.9652 being the average share price in the last quarter of 2015.

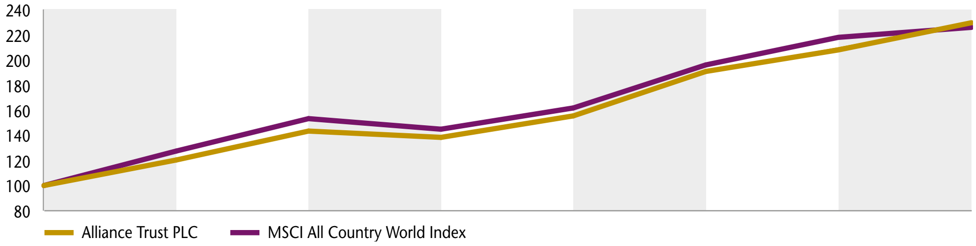
** This is a cash payment instead of a pension contribution.

Performance graph

The graph below shows the TSR for holders of Alliance Trust PLC Ordinary Shares, measured against the MSCI All Country World Index*. Prior to 2015 we did not benchmark the Company's performance against any index however this index is now used to measure performance. The Company believes that this is the most appropriate index as it represents the performance of listed equities across a range of global markets. The Company's equity portfolio is global in nature and at the year end comprised 102% of the Net Asset Value.

* Rebased to 100 at 31 January 2009

† 11 months 31 January to 31 December 2011



Chief Executive Officer remuneration	31 Jan 2010	31 Jan 2011†	31 Dec 2011	31 Dec 2012	31 Dec 2013	31 Dec 2014	31 Dec 2015
Single figure of remuneration	£692,484	£700,232	£1,037,175	£1,800,326	£1,378,444	£1,342,859	£1,435,076
Annual bonus (as percentage of maximum opportunity)	58.4%	50.0%	90.3%	81.5%	57.5%	85%	60.7%
LTIP vesting (as percentage of maximum opportunity)	0%	0%	0%	51.7%	33.9%	12.5%	32.5%

The table above shows the remuneration for the Director undertaking the role of Chief Executive Officer during each of the last seven financial periods.

Voting at Annual General Meeting

At the Annual General Meeting held on 29 April 2015, votes cast by proxy and at the meeting in respect of the Directors' remuneration report as follows:

Resolution	Votes for	%	Votes Against	%	Total votes cast	Votes withheld (abstentions)
Directors' remuneration report (excluding remuneration policy)	248,045,822	93.29	17,849,548	6.71	265,895,370	11,406,508

Audit statement

The tables on pages 36, 40, 41 and 42 indicated as 'audited' together with the related footnotes have been audited by the Auditor whose report is on pages 47 to 50.

Advisers

The Remuneration Committee, whose members are listed on pages 22 and 23, received independent advice from McLagan and PwC. PwC abide by the Remuneration Consultants' Code of Conduct, which requires them to provide objective and impartial advice. McLagan were appointed by the Committee and they do not provide other services to the Group. PwC were also appointed by the Committee; however they do provide other services to management including internal audit and compliance support. Total fees charged by McLagan for the year were £26,370 and PwC were £50,000. The Committee also receives advice from the Company Secretary and the Human Resources Director.

Approval

The Remuneration Report comprising pages 34 to 43 including the proposed new Remuneration Policy on page 34 and the Implementation Report, comprising pages 36 to 43, has been approved by the Board and signed on its behalf by

Anthony Brooke
Chairman, Remuneration Committee
3 March 2016

Other Governance

Re-election of Directors

Details of the current Directors can be found on pages 22 and 23. Anthony Brooke, Rory Macnamara, Chris Samuel and Karl Sternberg were appointed during the year. Lord Smith of Kelvin was appointed after the year end. Their appointments fall to be confirmed by shareholders at the Annual General Meeting.

John Hylands announced his intention to retire from the Board after the AGM and accordingly is not standing for re-election.

The Board has decided that, in line with the UK Corporate Governance Code, all of the Directors will be subject to re-election every year.

The individual performance of each Director and their ongoing suitability for election or re-election was considered and endorsed by the Nomination Committee. All are recommended for election or re-election at the forthcoming Annual General Meeting. Each of our Directors has confirmed that they remain committed to their role and have sufficient time available to meet what is expected of them.

Name	Designation	Appointed
Lord Smith of Kelvin	Chairman	03/02/16
Karin Forseke***	Chair	01/03/12
Katherine Garrett-Cox****	Chief Executive Officer	01/05/07
Anthony Brooke	Non-Executive Director	24/06/15
John Hylands	Non-Executive Director	22/02/08
Alastair Kerr***	Non-Executive Director	01/10/12
Rory Macnamara	Non-Executive Director	24/06/15
Susan Noble****	Non-Executive Director	11/07/12
Win Robbins*	Non-Executive Director	14/02/13
Chris Samuel	Non-Executive Director	23/09/15
Karl Sternberg	Non-Executive Director	23/09/15
Gregor Stewart	Non-Executive Director	01/12/14
Alan Trotter**	Chief Financial Officer	01/02/10

* Resigned 19 February 2015
** Resigned 30 September 2015
*** Resigned 1 January 2016
**** Resigned 3 February 2016

Major shareholders

As at 3 March 2016 the Company had received notifications from shareholders holding an interest in more than 3% of the voting rights of the ordinary shares in issue of the Company. The disclosures, updated to reflect known changes in holdings, are:

Shareholder	Nature of interest	Number of shares
Elliott International, LP, Liverpool Limited Partnership	Shares	52,881,891 (10.2%)
	Contract for difference over shares	26,441,928 (5.1%)
DC Thomson & Company Limited and John Leng & Company Limited	Shares	29,275,000 (5.6%)

The largest shareholder in the Company is the nominee company for Alliance Trust Savings which holds its shares on behalf of over 21,000 customers.

Alliance Trust Savings Nominees Limited	132,285,881 (25.4%)

Board and Committee attendances

In addition to the scheduled Board and Committee meetings below, the Board and Committees met on a number of other occasions to consider matters arising between the scheduled meetings. Meetings are structured over two days and take place six times a year. This allows our Directors to have greater oversight of all parts of the Group.

Meeting attendances	Board		Audit		Remuneration		Nomination		Board Risk	
Director	Actual	Possible	Actual	Possible	Actual	Possible	Actual	Possible	Actual	Possible
Karin Forseke	6	6	-	-	-	-	2	2	-	-
Katherine Garrett-Cox	6	6	-	-	-	-	-	-	-	-
Anthony Brooke	3	3	-	-	-	-	-	-	-	-
John Hylands	6	6	4	4	-	-	2	2	4	4
Alastair Kerr	6	6	-	-	4	4	2	2	4	4
Rory Macnamara	2	3	-	-	-	-	-	-	-	-
Susan Noble	6	6	4	4	4	4	-	-	4	4
Win Robbins	1	1	1	1	1	1	-	-	-	-
Chris Samuel	2	2	-	-	-	-	-	-	-	-
Karl Sternberg	2	2	-	-	-	-	-	-	-	-
Gregor Stewart	6	6	4	4	-	-	-	-	2	2
Alan Trotter	5	5	-	-	-	-	-	-	-	-

Directors' and Officers' indemnification

The Company provides insurance (maximum payable £22m in aggregate) for legal action brought against its Directors as a consequence of their position. In addition separate deeds of indemnity have been agreed with each Director indemnifying them as permitted by company law. The indemnity and insurance does not extend to cover claims brought by the Company itself which are upheld by the Courts, nor to criminal fines or penalties.

Access to advice

All Directors have access to independent professional advice if necessary.

Relationship with shareholders

All Directors normally attend the AGM where they have the opportunity to meet shareholders. Meetings also take place throughout the year with major and institutional shareholders, such meetings normally being attended by the Chair or Chief Executive. All Directors receive reports from our public relations advisers and our corporate broker as an additional way for them to capture the views of our major shareholders on a non-attributable basis.

Investment Trust Status

HM Revenue and Customs have confirmed that Alliance Trust has investment trust status for all financial periods from 1 January 2012.

Alternative Investment Fund Managers Directive

Until 3 February 2016 the Company was approved by the Financial Conduct Authority as a manager under the Directive. Since that date the manager is Alliance Trust Investments Limited.

The Company has appointed National Westminster Bank Plc as its Depositary under the Directive for the purpose of strengthening the arrangements for the safe custody of assets.

Regulatory disclosures, including the Company's Investor Disclosure Document, are provided on the Company's website at http://investor.alliancetrust.co.uk/ati/investorrelations/AIFMD-disclosures.htm.

Director development

Every new director receives an individually tailored induction. The Board as a whole received updates on corporate governance, risk and business issues during the year and specific training on regulatory matters such as the ICAAP (Internal Capital Adequacy Assessment Process).

Share capital and waiver of dividends

The Company's issued share capital as at 31 December 2015 comprised 526,340,897 Ordinary 2.5p shares of which 886,173 have been acquired by the Trustee of an Employee Benefit Trust ('the Trustee') with funds provided by the Company in connection with its employee share plans. The Trustee has elected to waive all dividends payable in respect of those shares. The Trustee holds a further 886,173 shares deposited by recipients of awards under the LTIP. Each Ordinary share of the Company is entitled to one vote but the Trustee does not vote in respect of the shares held by it on behalf of the Company.

In the course of the year the Company acquired and cancelled 27,018,249 shares at a total consideration, before costs and charges, of £135.5m.

There are no preference shares or shares held in treasury.

Agreement in respect of voting rights

There are no agreements in respect of voting rights.

Share buyback authority

At the last AGM the shareholders renewed the authority for the repurchase of up to 14.99% of the issued shares. This authority falls to be renewed at the next AGM. The Company made use of this provision during the course of the year as detailed above. The Company will, as part of the authority being sought, include that any shares bought back under the authority may be held in Treasury and reintroduced into the market or cancelled.

Conflicts of interest

The Directors have previously provided details of all interests which potentially could cause a conflict of interest to arise. The unconflicted Directors in each case noted the declarations by the Directors of their other interests and confirmed that at that time none of the interests disclosed were reasonably likely to give rise to a conflict. An annual review of all interests was undertaken as part of the year end process and this was considered by the Board in February 2016. Procedures are in place to allow Directors to request authority should it be required outwith the normal Board meeting schedule.

Other Governance

Annual General Meeting

In addition to formal business, the Investment Manager will present on investment performance and there will be the opportunity for questions to be put to the Directors. This year, in addition to the normal business there will be proposals to:

- approval of a new Remuneration Policy;
- renew the share buyback authority and requesting the power to hold shares purchased under that authority to be held in Treasury or cancelled with power to reintroduce any shares held in Treasury to the market but not at a discount to net asset value; and
- confirm the notice period for convening general meetings other than Annual General Meeting.

Greenhouse gas (GHG) emissions

Our mandatory disclosure of total GHG emissions data for the year ended 31 December 2015 can be found on page 21. We report there on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. These sources fall within our consolidated financial statements. We do not have responsibility for any emission sources that are not included in our consolidated financial statements.

Our carbon footprint has been calculated based on the Defra Environmental Reporting Guidelines (including mandatory greenhouse gas emissions reporting guidance). We have adopted an operational control approach. The emissions reported on page 21 have been verified by Carbon Footprint Limited.

Report of Directors and Responsibility Statement

The Report of the Directors, including the Directors' responsibility statement, on pages 24 to 32, the going concern statement on page 33 and pages 44 to 46 of the Annual Report and Accounts has been approved by the Board.

We confirm that to the best of our knowledge:

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

Lord Smith of Kelvin
Chairman
3 March 2016

Independent Auditor's report to the members of Alliance Trust PLC

Opinion on financial statements of Alliance Trust PLC

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2015 and of the Group's profit and the Parent Company's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements comprise the Group and Parent Company balance sheets, the Group and Parent Company income statements, the Group and Parent Company statements of comprehensive income, the Group and Parent Company statements of changes in equity, the Group and Parent Company statements of cash flows, and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Going concern and the directors' assessment of the principal risks that would threaten the solvency or liquidity of the group

As required by the Listing Rules we have reviewed the directors' statement regarding the appropriateness of the going concern basis of accounting contained within note 2 to the financial statements and the directors' statement on the longer-term viability of the Group on page 33.

We have nothing material to add or draw attention to in relation to:

- the directors' confirmation on page 34 that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on page 19 that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in note 2 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the directors' explanation on page 33 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group 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.

We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any prohibited non-audit services referred to in those standards.

Misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

The Audit Committee has requested that while not required under International Standards on Auditing (UK and Ireland), we include in our report any significant findings in respect of these assessed risks of material misstatement.

Risk	How the scope of our audit responded to the risk	Findings
Valuation and ownership of listed investments		
Listed investments represent the most significant number on the balance sheet and are the main driver of the Group's performance. Listed investments represented 87% of total assets of the Group at 31 December 2015 (see notes 9 and 23). There is a risk that the prices quoted in respect of the listed investments held by the Group may not be reflective of fair value (see note 23).	Valuation was assessed by understanding the design and implementation of key controls around listed investments and by the testing of 100% of the valuations of listed investments directly with independent pricing sources. Any differences over 1% were investigated further.	We did not identify any differences that exceeded 1% between the prices used by the Group for valuing their listed investments and the independent pricing sources used in our testing.
There is a risk over the recording and custody of listed investments, and whether listed investments recorded are the property of the Group.	We reviewed the SSAE16 controls report to understand the controls in place at the custodian over the ownership of investments. We have also assessed whether the service auditors were professionally competent and that the scope of the controls tested were appropriate to give us assurance over the risk identified. We tested ownership of 100% of listed investments by confirming the holdings at year end with the independent custodian and reconciling the confirmation to the Group's accounting records. Any differences were investigated further.	No findings were identified from our testing performed on the SSAE16 controls report. No unexplained differences were identified from our testing of the custodian confirmation.
Valuation of unlisted investments		
Unlisted investments are valued using methodologies agreed by management and there are key inputs to the valuation calculations which reflect management's judgement (see note 23). There is a risk that the application of an inappropriate valuation methodology and/or the use of inappropriate assumptions could result in the valuation of unlisted investments being materially misstated.	We tested the design and implementation of controls around the valuation of unlisted investments. In addition we tailored our substantive testing to reflect the different categories of unlisted investments held in the portfolio (see note 23). This testing included reviewing and challenging management's and external valuations for a sample of unlisted investments, focusing on the appropriateness of the valuation methodology and assumptions used within the calculations (e.g. cash flow projections; growth projections; discount rate used).	**Investments in subsidiaries** In respect of the valuation of an investment in a subsidiary we identified an assumption used by the external valuer which was unsupported. We assessed the impact of this assumption on the valuation and concluded that it did not result in a significant difference in the determination of fair value or the overall results recognised. If this assumption had been excluded from the valuation, the net asset position of the Group would be approximately £5m higher as at 31 December 2015. **Private Equity** We found an instance where management had applied an incorrect price in the valuation of a fund-to-fund private equity investment. In addition, we identified an instance where management had not reflected a drawdown cash flow in its roll forward of the most recent fair value for a direct private equity investment. We assessed the impact of these errors and concluded that they did not result in a significant difference in the determination of fair value or the overall results recognised. If the correct prices had been used, the net asset position of the Group would be approximately £1.1m lower at 31 December 2015. **Mineral rights** No adjustments were identified from the testing performed.

Last year our report included one other risk which is not included in our report this year: Application of IFRS 10 Consolidated Financial Statements, incorporating Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27). As the initial application of this accounting standard was completed in the prior year we have assessed that this does not represent a material risk of misstatement in the current year and it is not considered to have had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 29.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our application of materiality

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

We determined materiality for the Group to be £29.5 million (2014: £30.2 million), which is approximately 1% (2014: 1%) of net assets.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £589,000 (2014: £603,900), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Our Group audit scope included the audit of all subsidiaries and these were subject to a full scope audit for the year ended 31 December 2015. Audits were performed for local statutory purposes at a local materiality level calculated by reference to the scale of the business concerned.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

Corporate Governance Statement

Under the Listing Rules we are also required to review part of the Corporate Governance Statement relating to the company's compliance with certain provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Calum Thomson (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

3 March 2016

Financial Statements

Financial Statements

Consolidated income statement for the year ended 31 December 2015

		Year to December 2015			Year to December 2014		
£000	**Note**	**Revenue**	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
Revenue							
Income	3	**114,386**	**-**	**114,386**	110,117	-	110,117
Profit on fair value designated investments	9	**-**	**85,137**	**85,137**	-	163,584	163,584
Profit on investment property	9	**-**	**720**	**720**	-	284	284
Total revenue		**114,386**	**85,857**	**200,243**	110,117	163,868	273,985
Administrative expenses	4	**(44,460)**	**(1,585)**	**(46,045)**	(34,056)	(1,154)	(35,210)
Finance costs	5	**(3,972)**	**(5,281)**	**(9,253)**	(3,575)	(4,163)	(7,738)
Gain on revaluation of office premises		**-**	**175**	**175**	-	240	240
Foreign exchange losses		**-**	**(84)**	**(84)**	-	(2,752)	(2,752)
Profit before tax		**65,954**	**79,082**	**145,036**	72,486	156,039	228,525
Tax	6	**(5,362)**	**-**	**(5,362)**	(3,666)	-	(3,666)
Profit for the year		**60,592**	**79,082**	**139,674**	68,820	156,039	224,859

All profit for the year is attributable to equity holders of the parent.

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Earnings per share attributable to equity holders of the parent							
Basic (p per share)	8	**11.05**	**14.42**	**25.47**	12.39	28.10	40.49
Diluted (p per share)		**11.03**	**14.39**	**25.42**	12.37	28.04	40.41

Consolidated statement of comprehensive income

	Year to December 2015			Year to December 2014		
£000	**Revenue**	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
Profit for the year	**60,592**	**79,082**	**139,674**	68,820	156,039	224,859
Items that will not be reclassified subsequently to profit or loss:						
Defined benefit plan net actuarial loss	**-**	**(22)**	**(22)**	-	(1,506)	(1,506)
Retirement benefit obligations deferred tax	**-**	**(96)**	**(96)**	-	301	301
Other comprehensive loss	**-**	**(118)**	**(118)**	-	(1,205)	(1,205)
Total comprehensive income for the year	**60,592**	**78,964**	**139,556**	68,820	154,834	223,654

All total comprehensive income for the year is attributable to equity holders of the parent.

Company income statement for the year ended 31 December 2015

		Year to December 2015			Year to December 2014		
£000	**Note**	**Revenue**	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
Revenue							
Income	3	**92,348**	**-**	**92,348**	95,707	-	95,707
Profit on fair value designated investments	9	**-**	**87,334**	**87,334**	-	163,587	163,587
Profit on investment property	9	**-**	**720**	**720**	-	284	284
Total revenue		**92,348**	**88,054**	**180,402**	95,707	163,871	259,578
Administrative expenses	4	**(22,835)**	**(1,133)**	**(23,968)**	(19,714)	(1,090)	(20,804)
Finance costs	5	**(3,968)**	**(5,281)**	**(9,249)**	(3,575)	(4,163)	(7,738)
Gain on revaluation of office premises		**-**	**175**	**175**	-	240	240
Foreign exchange losses		**-**	**(84)**	**(84)**	-	(2,752)	(2,752)
Profit before tax		**65,545**	**81,731**	**147,276**	72,418	156,106	228,524
Tax	6	**(5,360)**	**-**	**(5,360)**	(3,666)	-	(3,666)
Profit for the year		**60,185**	**81,731**	**141,916**	68,752	156,106	224,858

All profit for the year is attributable to equity holders of the parent.

Earnings per share attributable to equity holders of the parent							
Basic (p per share)	8	**10.97**	**14.90**	**25.87**	12.38	28.11	40.49
Diluted (p per share)		**10.95**	**14.87**	**25.82**	12.35	28.05	40.40

Company statement of comprehensive income

	Year to December 2015			Year to December 2014		
£000	**Revenue**	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
Profit for the year	**60,185**	**81,731**	**141,916**	68,752	156,106	224,858
Items that will not be reclassified subsequently to profit or loss:						
Defined benefit plan net actuarial loss	**-**	**(22)**	**(22)**	-	(1,506)	(1,506)
Retirement benefit obligations deferred tax	**-**	**(96)**	**(96)**	-	301	301
Other comprehensive loss	**-**	**(118)**	**(118)**	-	(1,205)	(1,205)
Total comprehensive income for the year	**60,185**	**81,613**	**141,798**	68,752	154,901	223,653

All total comprehensive income for the year is attributable to equity holders of the parent.

Statement of changes in equity for the year ended 31 December 2015

	Group		Company	
£000	**Dec 15**	**Dec 14**	**Dec 15**	**Dec 14**
Called up share capital				
At 1 January	**13,835**	14,003	**13,835**	14,003
Own shares purchased and cancelled in the year	**(675)**	(168)	**(675)**	(168)
At 31 December	**13,160**	13,835	**13,160**	13,835
Capital reserve				
At 1 January	**2,233,915**	2,108,441	**2,234,150**	2,108,609
Profit for the year	**79,082**	156,039	**81,731**	156,106
Defined benefit plan actuarial net loss	**(118)**	(1,205)	**(118)**	(1,205)
Own shares purchased and cancelled in the year	**(136,479)**	(30,208)	**(136,479)**	(30,208)
Share based payments	**521**	848	**521**	848
Dividends paid	**(7,779)**	-	**(7,779)**	-
At 31 December	**2,169,142**	2,233,915	**2,172,026**	2,234,150
Merger reserve				
At 1 January and at 31 December	**645,335**	645,335	**645,335**	645,335
Capital redemption reserve				
At 1 January	**5,163**	4,995	**5,163**	4,995
Own shares purchased and cancelled in the year	**675**	168	**675**	168
At 31 December	**5,838**	5,163	**5,838**	5,163
Revenue reserve				
At 1 January	**120,916**	113,381	**120,679**	113,212
Profit for the year	**60,592**	68,820	**60,185**	68,752
Dividends paid	**(68,982)**	(61,275)	**(68,982)**	(61,275)
Unclaimed dividends returned/(redistributed)	**39**	(10)	**39**	(10)
At 31 December	**112,565**	120,916	**111,921**	120,679
Total Equity at 1 January	**3,019,164**	2,886,155	**3,019,162**	2,886,154
Total Equity at 31 December	**2,946,040**	3,019,164	**2,948,280**	3,019,162

Balance sheet as at 31 December 2015

		Group		Company	
£000	**Note**	**Dec 15**	**Dec 14**	**Dec 15**	**Dec 14**
Non-current assets					
Investments held at fair value	9	**3,307,397**	3,338,832	**3,309,671**	3,338,910
Investment property held at fair value		**-**	4,830	**-**	4,830
Property, plant and equipment:					
Office premises	9	**4,540**	4,365	**4,540**	4,365
Other fixed assets	9	**299**	467	**299**	467
Intangible assets	11	**917**	1,032	**917**	1,032
Pension scheme surplus	25	**6,882**	5,197	**6,882**	5,197
Deferred tax asset	12	**1,238**	1,039	**1,238**	1,039
		3,321,273	3,355,762	**3,323,547**	3,355,840
Current assets					
Outstanding settlements and other receivables	13	**12,125**	15,492	**9,428**	17,013
Recoverable overseas tax		**1,483**	995	**1,483**	995
Cash and cash equivalents	21	**25,153**	44,102	**16,967**	40,685
		38,761	60,589	**27,878**	58,693
Total assets		**3,360,034**	3,416,351	**3,351,425**	3,414,533
Current liabilities					
Outstanding settlements and other payables	14	**(17,570)**	(11,984)	**(7,818)**	(10,168)
Tax payable		**(3,991)**	(3,991)	**(3,991)**	(3,991)
Bank loans	15	**(290,000)**	(280,000)	**(290,000)**	(280,000)
		(311,561)	(295,975)	**(301,809)**	(294,159)
Total assets less current liabilities		**3,048,473**	3,120,376	**3,049,616**	3,120,374
Non-current liabilities					
Unsecured fixed rate loan notes	15	**(100,000)**	(100,000)	**(100,000)**	(100,000)
Deferred tax liability	12	**(1,238)**	(1,039)	**(1,238)**	(1,039)
Amounts payable under long term Investment Incentive Plan		**(1,195)**	(173)	**(98)**	(173)
		(102,433)	(101,212)	**(101,336)**	(101,212)
Net assets		**2,946,040**	3,019,164	**2,948,280**	3,019,162
Equity					
Share capital	16	**13,160**	13,835	**13,160**	13,835
Capital reserve	17	**2,169,142**	2,233,915	**2,172,026**	2,234,150
Merger reserve	17	**645,335**	645,335	**645,335**	645,335
Capital redemption reserve	17	**5,838**	5,163	**5,838**	5,163
Revenue reserve	17	**112,565**	120,916	**111,921**	120,679
Total Equity		**2,946,040**	3,019,164	**2,948,280**	3,019,162

All net assets are attributable to equity holders of the parent.

Net Asset Value per ordinary share attributable to equity holders of the parent				
Basic (£)	**£5.61**	£5.47	**£5.61**	£5.47
Diluted (£)	**£5.60**	£5.46	**£5.60**	£5.46

The financial statements were approved by the Board of Directors and authorised for issue on 3 March 2016.

They were signed on its behalf by:

Lord Smith of Kelvin

Chairman

Cash flow statement for the year ended 31 December 2015

	Group		Company	
£000	**Dec 15**	**Dec 14**	**Dec 15**	**Dec 14**
Cash flows from operating activities				
Profit before tax	**145,036**	228,525	**147,276**	228,524
Adjustments for:				
Gains on investments	**(85,857)**	(163,868)	**(88,054)**	(163,871)
Foreign exchange losses	**84**	2,752	**84**	2,752
Scrip dividends	**-**	256	**-**	256
Depreciation	**193**	183	**193**	183
Amortisation of intangibles	**329**	333	**329**	333
Gains on revaluation of office premises	**(175)**	(240)	**(175)**	(240)
Share based payment expense	**521**	848	**521**	848
Interest	**9,253**	7,738	**9,249**	7,738
Movement in pension scheme surplus	**(1,707)**	(1,323)	**(1,707)**	(1,323)
Operating cash flows before movements in working capital	**67,677**	75,204	**67,716**	75,200
Decrease/(Increase) in receivables	**3,367**	735	**7,585**	(619)
Increase/(Decrease) in payables	**10,067**	(1,859)	**1,037**	(1,929)
Net cash flow from operating activities before income taxes	**81,111**	74,080	**76,338**	72,652
Taxes paid	**(5,948)**	(3,676)	**(5,948)**	(3,676)
Net cash inflow from operating activities	**75,163**	70,404	**70,390**	68,976
Cash flows from investing activities				
Proceeds on disposal at fair value of investments through profit and loss	**1,325,859**	1,013,121	**1,325,859**	1,013,121
Purchases of investments at fair value through profit and loss	**(1,206,841)**	(965,415)	**(1,206,841)**	(965,415)
Purchase of plant and equipment	**(25)**	(401)	**(25)**	(401)
Purchase of other intangible assets	**(214)**	(551)	**(214)**	(551)
Net cash inflow from investing activities	**118,779**	46,754	**118,779**	46,754
Cash flows from financing activities				
Dividends paid - Equity	**(76,761)**	(61,275)	**(76,761)**	(61,275)
Unclaimed dividends returned/(redistributed)	**39**	(10)	**39**	(10)
Purchase of own shares	**(136,479)**	(30,208)	**(136,479)**	(30,208)
Bank loans and unsecured fixed rate loan notes raised	**10,000**	100,000	**10,000**	100,000
Repayment of borrowing	**-**	(100,000)	**-**	(100,000)
Interest payable	**(9,606)**	(6,036)	**(9,602)**	(6,036)
Net cash outflow from financing activities	**(212,807)**	(97,529)	**(212,803)**	(97,529)
Net cash (decrease)/increase in cash and cash equivalents	**(18,865)**	19,629	**(23,634)**	18,201
Cash and cash equivalents at beginning of year	**44,102**	27,225	**40,685**	25,236
Effect of foreign exchange rate changes	**(84)**	(2,752)	**(84)**	(2,752)
Cash and cash equivalents at end of year	**25,153**	44,102	**16,967**	40,685

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Notes

1 General Information

Alliance Trust PLC was incorporated in the United Kingdom under the Companies Acts 1862-1886. The address of the registered office is given on page 90. The nature of the Group's operations and its principal activities are a global investment trust. The following notes refer to the year ended 31 December 2015 and the comparatives, which are in brackets, for the year ended 31 December 2014.

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

Critical accounting estimates and judgements

The preparation of the financial statements necessarily requires the exercise of judgement, both in application of accounting policies, which are set out below, and in the selection of assumptions used in the calculation of estimates. These estimates and judgements are reviewed on an ongoing basis and are continually evaluated based on historical experience and other factors. However, actual results may differ from these estimates. The most significantly affected components of the financial statements and associated critical judgements are as follows:

Valuation of unlisted investments

Investments which are not listed or which are not frequently traded are stated at the Directors' best estimate of fair value. In arriving at their estimate, the Directors make use of recognised valuation techniques and may take account of recent arm's length transactions in the same or similar instruments. Investments in subsidiary investments are valued in the Company and Group accounts at the Directors' estimate of their fair value, using the guidelines and methodologies on valuation published by the International Private Equity and Venture Capital Association and, where relevant the use of external valuers. With respect specifically to investments in private equity, whether through funds or partnerships, the Directors rely on unaudited valuations of the underlying investments as supplied by the managers of those funds or partnerships. The Directors regularly review the principles applied by the managers to those valuations to ensure they are in compliance with the above policies.

Defined benefit scheme

The estimation of the expected cash flows used in the calculation of the defined benefit pension scheme's liabilities includes a number of assumptions around mortality and inflation rates applicable to defined benefit pension schemes. More detail is given in note 25 of the financial statements. The Directors take actuarial advice when selecting these assumptions and when selecting the discount rate used to calculate the defined benefit pension scheme surplus.

2 Summary of Significant Accounting Policies

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail can be found on page 33.

Basis of accounting

The same accounting policies, presentations and methods of computation are followed in these financial statements as were applied in the Group's last annual audited financial statements, other than those stated below.

Both the parent Company and the Group financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union ("Adopted IFRSs").

The financial statements have been prepared on the historical cost basis, except that investments and investment properties are stated at fair value and office premises are revalued on a periodic basis. The principal accounting policies adopted are set out below. Where presentational guidance set out in the Statement of Recommended Practice ('SORP') "Financial Statements of Investment Trust Companies" for investment trusts issued by the Association of Investment Companies ('AIC') in November 2014, is consistent with the requirements of IFRS, then the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP. The Group and the Company have prepared the financial statements under the SORP save for the matters noted below. The Company allocates direct costs, including expenses incidental to the purchase and sale of investments and incentive awards deemed to be performance related pursuant to the SORP against capital profits. However, the Company treatment varies with the recommendation of the SORP that either a proportion of all indirect expenditure or no indirect expenditure is allocated against capital profits. The Company allocates indirect expenditure against revenue profits save that two thirds of the costs of bank indebtedness, an indirect cost, are allocated against capital profits save for the costs associated with seeding the fixed income bond fund which are all charged to revenue. The allocation of the costs of bank indebtedness reflects the long term return expected from the Company's investment portfolio.

Investment Entities Amendments to IFRS 10, IFRS 12 and IAS 27

An amendment to IFRS 10 Consolidated Financial Statements was introduced and became effective from 1 January 2014. This amendment included additional accounting requirements for entities regarded as an investment entity and where the definition of an investment entity was met, consolidated financial statements were no longer required in prescribed circumstances. An investment entity is required to measure an investment in a subsidiary at fair value through the income statement in accordance with IAS 39 Financial Instruments:Recognition and Measurement if it meets specified criteria. An investment entity is still required however to consolidate any subsidiary entity where that subsidiary provides services that relate directly to the investment entity's investment activities and is not itself regarded as an investment entity.

The Company qualifies as an investment entity under IFRS 10 meeting all the key characteristics required and as such is no longer permitted to consolidate the majority of its subsidiaries on a line by line basis, but instead recognise them as investments at fair value through the income statement.

The consolidated financial statements therefore incorporate the financial statements of the Company and Alliance Trust Services Limited ('ATSL') as a result of the application of the "Investment Entities" exemption noted above. All other entities controlled by the Company are recorded at fair value through the income statement. They are included within the "Investments at fair value" on the Consolidated Balance Sheet as they are no longer controlled on a line by line basis. ATSL acts as a payment agent and employer for all entities within the corporate structure and as such provides services that relate directly to the investment activities of the Company. All intragroup transactions, balances, income and expenses with the entity are eliminated on consolidation.

2 Summary of Significant Accounting Policies

The following subsidiaries and related companies have not been consolidated into the Group results and have been valued at fair value through the income statement:

Name	Shares held	Country of incorporation	Principal Activity
Alliance Trust Savings Limited ('ATS')	Ordinary	Scotland	Provision and administration of investment and pension products
Alliance Trust Savings (England) Limited ('ATS (England)')	Ordinary	England	Inactive
Alliance Trust (Finance) Limited ('ATF')	Ordinary	Scotland	Asset holding (in liquidation)
AT2006 Limited ('AT2006')	Ordinary	Scotland	Intermediate holding company
Second Alliance Trust Limited ('SATL')	Ordinary	Scotland	Inactive
Second Alliance Leasing Limited ('SAL')	Ordinary	Scotland	Inactive (in liquidation)
Alliance Trust Real Estate Partners (GP) Limited ('ATREP GP')	Ordinary	Scotland	Real estate general partner
Alliance Trust Real Estate Partners LP (ATREP LP)	-	Scotland	Limited partnership
Alliance Trust Investments Limited ('ATI')	Ordinary	Scotland	Investment management
Alliance Trust Investments (England) Limited ('ATI (England)')	Ordinary	England	Inactive
Alliance Trust Equity Partners (Holdings) Limited ('ATEP')	Ordinary	Scotland	Intermediate holding company (in liquidation)
Alliance Trust Equity Partners Limited ('ATEPL')	Ordinary	Scotland	Investment management
Albany Venture Managers GP Limited ('AVMGP')	Ordinary	Scotland	Private equity general partner
Alliance Trust (PE Manco) Limited ('AT PE Manco')	Ordinary	Scotland	Inactive (in liquidation)
ATEP 2008 GP Limited ('ATEP 2008GP')	Ordinary	Scotland	Private equity general partner
ATEP 2009 GP Limited ('ATEP 2009GP')	Ordinary	Scotland	Private equity general partner
Allsec Nominees Limited	Ordinary	Scotland	Nominee
Alliance Trust Savings Nominees Limited	Ordinary	Scotland	Nominee
Alliance Trust Investment Funds ICVC ('ATIF')	Ordinary	Scotland	UK domiciled Open Ended Investment Company
Alliance Trust Sustainable Future ICVC ('ATSF')	Ordinary	Scotland	UK domiciled Open Ended Investment Company

The same accounting policies, presentations and methods of computation are followed in these financial statements as were applied in the Group's last annual audited financial statements.

Adopted IFRSs

Amendments to the following IFRSs were applicable for the year ended 31 December 2015;

IAS 19	Amendments to consider contributions from employees for defined benefit plans

IFRSs not yet applied

The following standards and interpretations which have been endorsed by the European Union but are not effective for the year ended 31 December 2015 and have not been applied in preparing the financial statements but are relevant to the financial statements of the Group and the Company:

Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities
IAS 1	Disclosure initiative
IAS 16 and IAS 38	Depreciation and Amortisation
IAS 34	Interim Financial Reporting
IFRS 9	Financial Instruments
IFRS 15	Revenue from contracts with customers
IFRS 11	Accounting for depreciation and amortisation

Any required changes will be applicable to the financial statements of the Company and Group for the year ended 31 December 2016 and future years and are expected to impact the Company and Group’s accounting for financial assets and liabilities and the disclosures thereof.

The Directors do not believe that the adoption of the standards listed above will have a material impact on the financial statements of the Company or the Group in future years.

2 Summary of Significant Accounting Policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and Alliance Trust Services Limited as a result of the application of the 'Investment Entities' exemption from consolidation required by IFRS 10. All other entities controlled by the Company are recorded at fair value through the income statement. They are included within the 'Investments held at fair value' on the Consolidated Balance Sheet as they are no longer controlled on a line by line basis. Alliance Trust Services Limited acts as a payment agent and employer for all entities within the corporate structure and as such provides services that relate directly to the investment activities of the Company. All intragroup transactions, balances, income and expenses with the entity are eliminated on consolidation.

Presentation of income statement

In order to reflect the activities of an investment trust more accurately, and in accordance with guidance issued by the Association of Investment Companies ("AIC"), supplementary information which analyses the income statement between items of a revenue and capital nature have been presented alongside the income statement. Net capital returns are not generally distributed by way of a dividend but a dividend has been paid out of capital reserves in the current year (Note 17).

Revenue recognition

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

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

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

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

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

Underwriting commission is recognised as earned.

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

Foreign currencies

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

Expenses

All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the income statement, all expenses have been presented as revenue items except as follows:

- Expenses which are incidental to the acquisition of an investment are included within the cost of that investment.
- Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of that investment.
- Annual bonus and Long Term Incentive Plan costs which relate to the achievement of investment manager performance objectives, total shareholder return and net asset value performance objectives are allocated against capital profits and those that relate to the achievement of other corporate targets or job performance objectives against revenue profits save for those costs associated with the monthly income bond fund which are all allocated to revenue costs.
- The Directors have determined to allocate two thirds of the cost of bank indebtedness incurred to finance investment against capital profits with the balance being allocated against revenue profits save for those costs associated with the fixed income bond fund which are all allocated to revenue costs.

Operating leases

Charges for operating leases are debited to the income statement on an accruals basis. Note 26 "Operating lease commitments" discloses the commitments to pay charges for leases expiring within 1 year, between 2-5 years and over 5 years.

Share based payments

The Group operates two share based payment schemes, the All Employee Share Ownership Plan (AESOP) and the Long Term Incentive Plans (LTIP). The cost of the AESOP is recognised as a revenue cost in the year. The fair value of options granted to employees under the LTIP is recognised as staff costs, with a corresponding increase in equity, over the year in which the employees become unconditionally entitled to the options. The amount recognised as an expense may be adjusted to reflect the actual number of share options that vest. For share based compensation schemes settled by the Company a recharge equal to the cost during the year is made to subsidiary companies.

Investment incentive plan

The Equity Annual Incentive Plan is a discretionary plan for members of the investment team. It consists of matching awards which are based upon the proportion of annual bonus set aside in the scheme by the participants either in the form of cash or shares in the funds which they manage. The awards are settled in cash at the end of a three year performance period subject to meeting predefined performance targets.

2 Summary of Significant Accounting Policies

Pension costs

Employer contributions to pension arrangements for staff are charged to revenue costs.

Contributions in respect of the defined benefit pension scheme are calculated by reference to actuarial valuations carried out for the Trustees at intervals of not more than three years, and represent a charge to cover the accrued liabilities on a continuing basis.

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

Taxation

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

The tax expense predominantly represents the sum of the withholding tax suffered on foreign dividends.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

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

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

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

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

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

Neither the Company or the Group recognise deferred tax assets or liabilities on capital profits or losses on the basis that the investment trust status of the Company means no tax is due on the capital profits or losses of the Company.

Financial instruments

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

Derivative financial instruments

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

Derivative financial instruments are initially recorded at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. The fair value of the forward currency contract is calculated by reference to current forward exchange rates for contracts of similar maturity dates. Changes in fair value of derivatives financial instruments are recognised in the Income Statement. The effective portion of change in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Investments

Investments are recognised and derecognised on the trade date where a purchase or sale is made under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

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

Investments in property are initially recognised at cost and then valued at fair value based on an independent professional valuation at the reporting date, with changes in fair value recognised through the income statement. Disposals of investment property are recognised when contracts for sale have been exchanged and the sale has been completed.

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

2 Summary of Significant Accounting Policies

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

Valuation of mineral rights, included in unlisted investments is based upon the gross income received from the asset in the previous twelve months multiplied by appropriate factors for gas and oil. Mineral rights are included in unlisted investments.

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

Cash and cash equivalents

Cash and cash equivalents are defined as short term, highly liquid investments that are readily convertible to known amounts of cash.

Other receivables

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

Office premises

Office premises are valued annually by chartered surveyors on the basis of market value in accordance with the RICS Appraisal and Valuation Standards. No depreciation has been charged on these assets as, in the opinion of the Board, any provision for depreciation would be immaterial.

Intangible assets

The external costs associated with the development and procurement of significant technology systems are capitalised where it is probable that the expected future economic benefit of that system will flow to the entity. They are stated at cost less accumulated amortisation. On the completion of each project amortisation is charged so as to write off the value of these assets over periods up to five years.

Other fixed assets

Other fixed assets are held at cost less accumulated depreciation, which is charged to write off the value of the asset over three to five years.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to the recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment is treated as a revaluation decrease.

Financial liabilities and equity

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

Unsecured fixed rate loan notes and bank borrowings

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

Unsecured fixed rate loan notes are recorded at the proceeds received. After initial recognition, they are subsequently measured at amortised cost using the effective interest method. Finance charges are accounted for through the income statement on an accruals basis using the effective interest rate method.

Other payables

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

Buy backs and cancellation of shares

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

Realised and unrealised capital reserves

A description of each of the reserves follows:

Capital reserve

The following are recorded through this reserve:

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

2 Summary of Significant Accounting Policies

- Amounts recognised in relation to share based payments which are capital in nature
- Amounts by which other assets and liabilities valued at fair value differ from their book value
- Buy back and cancellation of own shares
- Amounts recognised in relation to the defined benefit pensions scheme

Revaluation reserve

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

Merger reserve

This reserve was created as part of the arrangements for the acquisition of the assets of SATL.

Capital redemption reserve

This reserve was created on the cancellation and repayment of the Company’s preference share capital. Further movements in this reserve reflects the nominal value of the buy back and cancellation of a portion of the share capital of the Company.

Revenue reserve

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

3 Revenue

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

	Group		Company	
£000	**Dec 15**	**Dec 14**	**Dec 15**	**Dec 14**
Income from investments *				
Listed dividends - UK	**19,464**	18,110	**19,464**	18,110
Distributions from Collective Investment Schemes	**8,161**	12,442	**8,161**	12,442
Unlisted dividends - Subsidiaries	**248**	8,000	**248**	8,000
Listed dividends - Overseas	**60,374**	51,600	**60,374**	51,600
Scrip dividends	**-**	256	**-**	256
	88,247	90,408	**88,247**	90,408
Other income				
Property rental income	**565**	710	**565**	710
Mineral rights income	**3,311**	4,548	**3,311**	4,548
Deposit interest	**17**	32	**6**	26
Other interest	**219**	15	**219**	15
Recharged costs**	**22,027**	14,404	**-**	-
	26,139	19,709	**4,101**	5,299
Total income	**114,386**	110,117	**92,348**	95,707
Investment income comprises				
Listed UK	**27,625**	30,552	**27,625**	30,552
Listed Overseas	**60,374**	51,600	**60,374**	51,600
Unlisted	**248**	8,000	**248**	8,000
Other	**-**	256	**-**	256
	88,247	90,408	**88,247**	90,408

* Designated at fair value through profit and loss on initial recognition.

**ATSL acts as paymaster company. In the previous year the staff costs for the two trading businesses, ATS and ATI, were included in the recharged costs figure noted above as these are recharged by ATSL. In the current year all costs, both staff costs and administrative costs, were recharged through ATSL resulting in a higher level of recharged costs compared to the previous year.

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

	Group			Group		
£000	**Dec 15 Revenue**	**Dec 15 Capital**	**Dec 15 Total**	**Dec 14 Revenue**	**Dec 14 Capital**	**Dec 14 Total**
Staff costs	**18,006**	**1,585**	**19,591**	19,014	1,154	20,168
Social security costs	**2,337**	**-**	**2,337**	2,351	-	2,351
Pension credit - defined benefit scheme*	**(207)**	**-**	**(207)**	(124)	-	(124)
Pension costs - defined contribution scheme	**1,643**	**-**	**1,643**	1,710	-	1,710
	21,779	**1,585**	**23,364**	22,951	1,154	24,105

ATSL acts as paymaster company and as such the staff costs for the two trading businesses, ATS and ATI, are included in the staff costs figure noted above and are then recharged by ATSL to the appropriate entity.

Auditor's remuneration						
Fee payable to the auditor for the audit of the Group's annual accounts	**62**	**-**	**62**	69	-	69
Fee payable to the auditor for subsidiary company audits	**17**	**-**	**17**	17	-	17
Total audit fees	**79**	**-**	**79**	86	-	86
Audit related assurance services	**3**	**-**	**3**	-	-	-

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

All other services	**4**	**-**	**4**	4	-	4
Total non-audit fees	**7**	**-**	**7**	4	-	4
Fees payable to the Group's auditor in respect of associated pension schemes audit	**4**	**-**	**4**	3	-	3
Total pension audit fees	**4**	**-**	**4**	3	-	3
Total remuneration	**90**	**-**	**90**	93	-	93
Operating lease charges						
Land and buildings	**111**	**-**	**111**	81	-	81
Other	**19**	**-**	**19**	23	-	23
Total operating lease charges	**130**	**-**	**130**	104	-	104
Other administrative costs	**22,461**	**-**	**22,461**	10,908	-	10,908
Total administrative costs	**44,460**	**1,585**	**46,045**	34,056	1,154	35,210

		Company			Company	
	Dec 15	**Dec 15**	**Dec 15**	**Dec 14**	**Dec 14**	**Dec 14**
£000	**Revenue**	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
Staff costs	**7,710**	**1,133**	**8,843**	7,588	1,090	8,678
Social security costs	**1,126**	**-**	**1,126**	993	-	993
Pension credit - defined benefit scheme*	**(207)**	**-**	**(207)**	(124)	-	(124)
Pension costs - defined contribution scheme	**594**	**-**	**594**	682	-	682
	9,223	**1,133**	**10,356**	9,139	1,090	10,229
Auditor's remuneration						
Fee payable to the auditor for the audit of the Company's annual accounts	**62**	**-**	**62**	69	-	69
Total audit fees	**62**	**-**	**62**	69	-	69
All other services	**4**	**-**	**4**	4	-	4
Total non-audit fees	**4**	**-**	**4**	4	-	4
Fees payable to the Company's auditors in respect of associated pension schemes audit	**4**	**-**	**4**	3	-	3
Total pension audit fees	**4**	**-**	**4**	3	-	3
Total remuneration	**70**	**-**	**70**	76	-	76
Operating lease charges						
Land and buildings	**111**	**-**	**111**	81	-	81
Other	**19**	**-**	**19**	23	-	23
Total operating lease charges	**130**	**-**	**130**	104	-	104
Other administrative costs	**13,412**	**-**	**13,412**	10,395	-	10,395
Total administrative costs	**22,835**	**1,133**	**23,968**	19,714	1,090	20,804

*As a result of the closure of the defined benefit pension scheme to future accrual in the period ended 31 December 2011, the Company and the Group benefited from a gain to the Income Statement.

As a result of the implementation of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) which is fully explained in the basis of accounting note, the Group financial statements no longer include all of the subsidiary entities and as such does not include all audit fees incurred. In addition to the audit fees paid by the Company and consolidated group disclosed above, fees payable to the company's auditors for the audit of the non-consolidated subsidiaries amounted to £176,000 (£165,000), with audit related services for these entities amounting to £70,000 (£31,000).

Total audit fees of £255,000 (£252,000), non-audit fees of £75,000 (£35,000) and fees payable in respect of associated pension schemes of £4,000 (£3,000) were paid to Deloitte LLP. Total remuneration paid to Deloitte LLP amounted to £334,000 (£290,000).

Total Directors' remuneration was £2.4m (£2.3m). Further details are given on pages 34 to 43. In the year the Group employed an average of 261 (254) full-time and 16 (14) part-time staff, excluding Directors. The average full time equivalents in the year was 272 (264).

Ongoing charges ratio (OCR) of the Company amounted to 0.59% (0.60%) of the average net assets. Including capital incentives, OCR of the Company amounted to 0.63% (0.64%) of the average net assets.

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

5 Finance costs

	Group			Group		
£000	Dec 15 Revenue	Dec 15 Capital	Dec 15 Total	Dec 14 Revenue	Dec 14 Capital	Dec 14 Total
Bank loans and unsecured fixed rate loan notes	**3,972**	**5,281**	**9,253**	3,575	4,163	7,738
Total finance costs	**3,972**	**5,281**	**9,253**	3,575	4,163	7,738

	Company			Company		
£000	Dec 15 Revenue	Dec 15 Capital	Dec 15 Total	Dec 14 Revenue	Dec 14 Capital	Dec 14 Total
Bank loans and unsecured fixed rate loan notes	**3,968**	**5,281**	**9,249**	3,575	4,163	7,738
Total finance costs	**3,968**	**5,281**	**9,249**	3,575	4,163	7,738

Finance costs include interest of £4.3m (£1.8m) on the £100m 4.28% unsecured fixed rate loan notes which were drawn down in July 2014 for 15 years.

6 Taxation

	Group			Group		
£000	Dec 15 Revenue	Dec 15 Capital	Dec 15 Total	Dec 14 Revenue	Dec 14 Capital	Dec 14 Total
UK corporation tax at 20.25% (21.5%)	**-**	**-**	**-**	(10)	-	(10)
Prior year adjustment	**(2)**	**-**	**(2)**	(21)	-	(21)
Overseas taxation	**5,460**	**-**	**5,460**	3,396	-	3,396
	5,458	**-**	**5,458**	3,365	-	3,365
Deferred taxation	**(96)**	**-**	**(96)**	301	-	301
Tax expense for the year	**5,362**	**-**	**5,362**	3,666	-	3,666

Corporation tax is calculated at the average rate of 20.25% (21.50%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The charge for the year can be reconciled to the profit per the income statement as follows:

	Group			Group		
£000	Dec 15 Revenue	Dec 15 Capital	Dec 15 Total	Dec 14 Revenue	Dec 14 Capital	Dec 14 Total
Profit before tax	**65,954**	**79,082**	**145,036**	72,486	156,039	228,525
Tax at the average UK corporation tax rate of 20.25 % (21.5%)	**13,356**	**16,014**	**29,370**	15,584	33,548	49,132
Non taxable income	**(14,574)**	**(219)**	**(14,793)**	(16,687)	-	(16,687)
Losses on investments not taxable	**-**	**(17,386)**	**(17,386)**	-	(35,232)	(35,232)
Prior year adjustment	**(2)**	**-**	**(2)**	(21)	-	(21)
Foreign exchange adjustments	**-**	**17**	**17**	-	592	592
Effect of changes in tax rates	**(100)**	**-**	**(100)**	-	-	-
Effect of overseas tax	**5,460**	**-**	**5,460**	3,396	-	3,396
Deferred tax assets not recognised	**1,383**	**1,288**	**2,671**	1,424	977	2,401
Fair value movement in office premises	**-**	**(35)**	**(35)**	-	(52)	(52)
Adjustments arising on the difference between taxation and accounting treatment of income and expenses	**(127)**	**164**	**37**	(141)	(18)	(159)
Utilisation of brought forward tax losses	**(272)**	**146**	**(126)**	-	-	-
Expenses not deductible for tax purposes	**326**	**11**	**337**	122	185	307
Expense relief for overseas tax	**(91)**	**-**	**(91)**	(11)	-	(11)
Group relief not paid for	**3**	**-**	**3**	-	-	-
Tax expense for the year	**5,362**	**-**	**5,362**	3,666	-	3,666

6 Taxation

£000	Company Dec 15 Revenue	Company Dec 15 Capital	Company Dec 15 Total	Company Dec 14 Revenue	Company Dec 14 Capital	Company Dec 14 Total
UK corporation tax at 20.25% (21.5%)	**(2)**	**-**	**(2)**	(10)	-	(10)
Prior year adjustment	**(2)**	**-**	**(2)**	(21)	-	(21)
Overseas taxation	**5,460**	**-**	**5,460**	3,396	-	3,396
	5,456	**-**	**5,456**	3,365	-	3,365
Deferred taxation	**(96)**	**-**	**(96)**	301	-	301
Tax expense for the year	**5,360**	**-**	**5,360**	3,666	-	3,666

Corporation tax is calculated at the average rate of 20.25% (21.50%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The charge for the year can be reconciled to the profit per the income statement as follows:

£000	Company Dec 15 Revenue	Company Dec 15 Capital	Company Dec 15 Total	Company Dec 14 Revenue	Company Dec 14 Capital	Company Dec 14 Total
Profit before tax	**65,545**	**81,731**	**147,276**	72,418	156,106	228,524
Tax at the average UK corporation tax rate of 20.25 % (21.5%)	**13,273**	**16,551**	**29,824**	15,570	33,563	49,133
Non taxable income	**(14,574)**	**-**	**(14,574)**	(16,673)	-	(16,673)
Losses on investments not taxable	**-**	**(17,831)**	**(17,831)**	-	(35,232)	(35,232)
Prior year adjustment	**(2)**	**-**	**(2)**	(21)	-	(21)
Foreign exchange adjustments	**-**	**17**	**17**	-	592	592
Effect of changes in tax rates	**(100)**	**-**	**(100)**	-	-	-
Effects of overseas tax	**5,460**	**-**	**5,460**	3,396	-	3,396
Deferred tax assets not recognised	**1,383**	**1,288**	**2,671**	1,226	977	2,203
Fair value movement in office premises	**-**	**(35)**	**(35)**	-	(52)	(52)
Adjustments arising on the difference between taxation and accounting treatment of income and expenses	**(20)**	**-**	**(20)**	57	(18)	39
Expenses not deductible for tax purposes	**28**	**10**	**38**	122	170	292
Expense relief for overseas tax	**(91)**	**-**	**(91)**	(11)	-	(11)
Group relief not paid for	**3**	**-**	**3**	-	-	-
Tax expense for the year	**5,360**	**-**	**5,360**	3,666	-	3,666

7 Dividends

£000	Dec 15	Dec 14
Fourth interim dividend for the year ended 31 December 2013 of 2.387p per share	**-**	13,338*
First interim dividend for the year ended 31 December 2014 of 2.4585p per share	**-**	13,658
Second interim dividend for the year ended 31 December 2014 of 2.4585p per share	**-**	13,581
Third interim dividend for the year ended 31 December 2014 of 2.4585p per share	**-**	13,577
Fourth interim dividend for the year ended 31 December 2014 of 2.4585p per share	**13,555***	-
First interim dividend for the year ended 31 December 2015 of 2.5325p per share	**13,962**	-
Second interim dividend for the year ended 31 December 2015 of 2.5325p per share	**13,965**	-
Third interim dividend for the year ended 31 December 2015 of 2.5325p per share	**13,464**	-
	54,946	54,154
Special dividend for the year ended 31 December 2013 of 1.282p per share	**-**	7,121
Special dividend for the year ended 31 December 2014 of 2.546p per share	**14,036***	-
Special dividend for the year ended 31 December 2015 of 1.463p per share	**7,779**	-
	76,761	61,275

We also set out below the total dividend payable in respect of the financial year, which is the basis on which the requirements of Section 1158/1159 of the Corporation Tax Act 2010 are considered.

7 Dividends

£000	Dec 15	Dec 14
First interim dividend for the year ended 31 December 2014 of 2.4585p per share	-	13,658
Second interim dividend for the year ended 31 December 2014 of 2.4585p per share	-	13,581
Third interim dividend for the year ended 31 December 2014 of 2.4585p per share	-	13,577
Fourth interim dividend for the year ended 31 December 2014 of 2.4585p per share	-	13,555*
First interim dividend for the year ended 31 December 2015 of 2.5325p per share	**13,962**	-
Second interim dividend for the year ended 31 December 2015 of 2.5325p per share	**13,965**	-
Third interim dividend for the year ended 31 December 2015 of 2.5325p per share	**13,464**	-
Fourth interim dividend for the year ended 31 December 2015 of 3.3725p per share	**17,570**	-
	58,961	54,371
Special dividend for the year ended 31 December 2014 of 2.546p per share	-	14,036*
Special dividend for the year ended 31 December 2015 of 1.46326p per share	**7,779**	-
	66,740	68,407

* 31 December 2013 and 31 December 2014 figures have been adjusted to reflect share buy backs.

8 Earnings per share

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

		Group			Group	
£000	Dec 15 Revenue	Dec 15 Capital	Dec 15 Total	Dec 14 Revenue	Dec 14 Capital	Dec 14 Total
Ordinary shares						
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	**60,592**	**79,082**	**139,674**	68,820	156,039	224,859
Number of shares						
Weighted average number of ordinary shares for the purpose of basic earnings per share			**548,480,531**			555,308,405
Weighted average number of ordinary shares for the purpose of diluted earnings per share			**549,465,141**			556,548,721

		Company			Company	
£000	Dec 15 Revenue	Dec 15 Capital	Dec 15 Total	Dec 14 Revenue	Dec 14 Capital	Dec 14 Total
Ordinary shares						
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	**60,185**	**81,731**	**141,916**	68,752	156,106	224,858
Number of shares						
Weighted average number of ordinary shares for the purpose of basic earnings per share			**548,480,531**			555,308,405
Weighted average number of ordinary shares for the purpose of diluted earnings per share			**549,465,141**			556,548,721

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

To arrive at the basic figure, the number of shares has been reduced by 886,173 (1,131,837) ordinary shares held by the Trustee of the Employee Benefit Trust. During the year the Trustee increased its holding by Nil (Nil) shares. 245,664 (206,396) shares were transferred from the Employee Benefit Trust to participants in the Long Term Incentive Plans in satisfaction of awards.

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

9 Non-current assets

£000	Group Dec 15	Group Dec 14	Company Dec 15	Company Dec 14
Investments designated at fair value through profit and loss:				
Investments listed on a recognised investment exchange	**2,930,872**	2,670,642	**2,930,872**	2,670,642
Unlisted investments	**47,778**	59,873	**47,778**	59,873
Investment in collective investment schemes (subsidiaries, note 10)	**158,009**	435,659	**158,009**	435,659
Investments in related and subsidiary companies (note 10)	**170,738**	172,658	**173,012**	172,736
	3,307,397	3,338,832	**3,309,671**	3,338,910
Investment property*	**-**	4,830	**-**	4,830
Total Investments	**3,307,397**	3,343,662	**3,309,671**	3,343,740

*The Company sold the investment property, which was held through a Limited Partnership, ATREP LP in December 2015.

December 2014 — **Group**

£000	Listed Investments	Investment Property	Related and Subsidiary Companies	Unlisted Investments	Total
Opening book cost at 1 January 2014	2,538,328	10,392	195,781	49,885	2,794,386
Opening unrealised appreciation/(depreciation)	478,356	(5,867)	(45,320)	(2,644)	424,525
Opening valuation as at 1 January 2014	3,016,684	4,525	150,461	47,241	3,218,911
Movements in the year					
Purchases at cost**	950,181	21	9,750	9,099	969,051
Sales - proceeds**	(991,176)	-	(9,615)	(7,377)	(1,008,168)
- realised gains/(losses)on sales	17,854	-	1,477	(1,326)	18,005
Increase in appreciation on assets held	112,758	284	20,585	12,236	145,863
Closing valuation as at 31 December 2014	3,106,301	4,830	172,658	59,873	3,343,662
Closing book cost	2,515,187	10,413	197,393	50,281	2,773,274
Closing appreciation/(depreciation) on assets held	591,114	(5,583)	(24,735)	9,592	570,388
Closing valuation as at 31 December 2014	3,106,301	4,830	172,658	59,873	3,343,662

December 2015 — **Group**

£000	Listed Investments	Investment Property	Related and Subsidiary Companies	Unlisted Investments	Total
Opening book cost at 1 January 2015	2,515,187	10,413	197,393	50,281	2,773,274
Opening unrealised appreciation/(depreciation)	591,114	(5,583)	(24,735)	9,592	570,388
Opening valuation at 1 January 2015	3,106,301	4,830	172,658	59,873	3,343,662
Movements in the year					
Purchases at cost**	1,160,828	-	39,100	3,808	1,203,736
Sales - proceeds**	(1,280,897)	(5,550)	(38,147)	(1,265)	(1,325,859)
- realised gains/(losses)on sales	156,042	(4,863)	5,904	(6,859)	150,224
(Decrease)/Increase in appreciation on assets held	(53,393)	5,583	(8,777)	(7,779)	(64,366)
Closing valuation at 31 December 2015	3,088,881	-	170,738	47,778	3,307,397
Closing book cost	2,551,160	-	204,250	45,965	2,801,375
Closing appreciation/(depreciation)on assets held	537,721	-	(33,512)	1,813	506,022
Closing valuation as at 31 December 2015	3,088,881	-	170,738	47,778	3,307,397

9 Non-current assets

December 2014			Company		
£000	Listed Investments	Investment Property	Related and Subsidiary companies	Unlisted Investments	Total
Opening book cost as at 1 January 2014	2,538,328	10,392	195,781	49,885	2,794,386
Opening unrealised appreciation/(depreciation)	478,356	(5,867)	(45,245)	(2,644)	424,600
Opening valuation as at 1 January 2014	3,016,684	4,525	150,536	47,241	3,218,986
Movements in the year					
Purchases at cost**	950,181	21	9,750	9,099	969,051
Sales - proceeds**	(991,176)	-	(9,615)	(7,377)	(1,008,168)
- realised gains/(losses) on sales	17,854	-	1,477	(1,326)	18,005
Increase in appreciation on assets held	112,758	284	20,588	12,236	145,866
Closing valuation as at 31 December 2014	3,106,301	4,830	172,736	59,873	3,343,740
Closing book cost	2,515,187	10,413	197,393	50,281	2,773,274
Closing appreciation/(depreciation) on assets held	591,114	(5,583)	(24,657)	9,592	570,466
Closing valuation as at 31 December 2014	3,106,301	4,830	172,736	59,873	3,343,740

December 2015			Company		
£000	Listed Investments	Investment Property	Related and Subsidiary companies	Unlisted Investments	Total
Opening book cost as at 1 January 2015	2,515,187	10,413	197,393	50,281	2,773,274
Opening unrealised appreciation/(depreciation)	591,114	(5,583)	(24,657)	9,592	570,466
Opening valuation as at 1 January 2015	3,106,301	4,830	172,736	59,873	3,343,740
Movements in the year					
Purchases at cost**	1,160,828	-	39,100	3,808	1,203,736
Sales - proceeds**	(1,280,897)	(5,550)	(38,147)	(1,265)	(1,325,859)
- realised gains/(losses) on sales	156,042	(4,863)	5,904	(6,859)	150,224
(Decrease)/Increase in appreciation on assets held	(53,393)	5,583	(6,581)	(7,779)	(62,170)
Closing valuation as at 31 December 2015	3,088,881	-	173,012	47,778	3,309,671
Closing book cost	2,551,160	-	204,250	45,965	2,801,375
Closing appreciation/(depreciation)on assets held	537,721	-	(31,238)	1,813	508,296
Closing valuation as at 31 December 2015	3,088,881	-	173,012	47,778	3,309,671

** Expenses incidental to the purchase or sale of investments are included within the purchase cost or deducted from the sale proceeds. These expenses amount to £2.0m (£1.4m) for purchases and £1.5m (£1.3m) for sales.

The investment property was sold in 31 December 2015. The historic cost of the investment property was £10.7m (£10.7m).

£000	Group and Company
	Office premises freehold / Heritable property
Valuation at 31 December 2013	4,125
Revaluation	240
Valuation at 31 December 2014	**4,365**
Revaluation	**175**
Valuation at 31 December 2015	**4,540**

At 31 December 2015 DTZ, an independent Chartered Surveyor, valued the office premises at 8 West Marketgait, Dundee at £4.54m on the basis of market value. The valuation was in accordance with RICS Appraisal and Valuation Standards. The historic cost of the building as at 31 December 2015 was £12.7m (£12.7m).

9 Non-current assets

£000	Group	Company
Other Fixed Assets		
Opening book cost at 1 January 2014	455	455
Additions	401	401
Disposals	-	-
Book cost at 31 December 2014	**856**	**856**
Additions	**25**	**25**
Disposals	**-**	**-**
Book cost at 31 December 2015	**881**	**881**
Opening depreciation at 1 January 2014	(206)	(206)
Depreciation charge	(183)	(183)
Disposals	-	-
Depreciation at 31 December 2014	**(389)**	**(389)**
Depreciation charge	**(193)**	**(193)**
Disposals	**-**	**-**
Depreciation at 31 December 2015	**(582)**	**(582)**
Net book value at 31 December 2014	467	467
Net book value at 31 December 2015	**299**	**299**

10 Subsidiaries and Related Companies

The Group results incorporate the Company and ATSL in full only. In 2014 ATSL acted as a paymaster company and employer for all entities within the corporate structure. In the current year all costs, both staff costs and administrative costs, were recharged through ATSL. ATSL provides services that relate directly to the investment activities of the Company, however it is not an investment entity itself. All intra-group transactions, balances, income and expenses within theses entities are eliminated on consolidation.

At 31 December 2015 the Company owned 100% of ATS, AT2006, ATREP, ATSL, ATI, and ATEPL, AVMGP, ATEP2008GP and ATEP2009GP. AT2006 owned 100% of SATL. A full list of investments in subsidiary entities is included in the basis of accounting note.

Investments in subsidiary companies are valued in the Group accounts at £170.7m (£172.7m) and Company's accounts at £173.0m (£172.7m) being the Directors' estimate of their fair value, using the guidelines and methodologies on valuation published by the International Private Equity and Venture Capital Association. This includes, the two main trading investments, ATS at £54.0m (£31.6m) and ATI at £19.8m (£24.3m). The key financial results are noted below for both.

Alliance Trust Investments Limited **£000**	**Year ended** **31 December 2015**	**Year ended** **31 December 2014**
Total income	**10,545**	10,153
Expenses	**(12,598)**	(13,412)
Loss before tax	**(2,053)**	(3,259)
Fair valuation	**19,800**	24,269

Alliance Trust Savings Limited **£000**	**Year ended** **31 December 2015**	**Year ended** **31 December 2014**
Total income	**13,695**	12,745
Expenses	**(18,922)**	(16,659)
Loss before tax	**(5,227)**	(3,914)
Fair valuation	**54,000**	31,573

The fair valuation represents the Directors' view of the amount for which the subsidiaries could be exchanged between knowledgeable willing parties in an arm's length transaction. This does not assume that the underlying business is saleable at the reporting date or that the Company has any current intention to sell the subsidiary business in the future.

10 Subsidiaries and Related Companies

The Directors have used several valuation methodologies as described in the guidelines to arrive at their best estimate of fair value, including discounted cash flow calculations, revenue and earnings multiples, recent market transactions where available and external valuations. Note 23.8 provides further information on the valuation methodologies applied, including that the Directors used an external valuation in their assessment of the 2015 fair value of ATS.

The Company has invested in the sub-funds of Alliance Trust Investment Funds ICVC (‘ATIF’), a UK domiciled Open Ended Investment Company (OEIC), in two sub-funds in Alliance Trust Sustainable Future ICVC ('ATSF'), a UK domiciled Open Ended Investment Company (OEIC), and in a sub-fund of Luxcellence, a Luxembourg domiciled Société d’Investissement à Capital Variable (SICAV). As at 31 December 2015 the Company held the following proportions of each fund. The value of the shares held by the Company is also given below:

	Dec 15 Proportion %	**Dec 15 Value £000**	**Dec 14 Proportion %**	**Dec 14 Value £000**
ATIF - Monthly Income Bond fund	**20**	**63,184**	37	122,887
ATIF - Global Thematic Opportunities Fund	**-**	**-**	99	183,152
ATIF - Dynamic Bond Fund	**75**	**10,143**	60	52,850
ATSF - Sustainable Future Cautious Managed Fund	**80**	**10,950**	97	10,600
ATSF - Sustainable Future Defensive Managed Fund	**80**	**10,830**	98	10,600
Luxcellence - Alliance Trust Sustainable Future Pan-European Equity Fund	**49**	**62,902**	50	55,570
	-	**158,009**	-	435,659

11 Intangible assets

£000	**Group Technology systems**	**Company Technology systems**
Opening book cost at 1 January 2014	3,185	3,185
Additions	551	551
Impairment	(1,654)	(1,654)
Book cost at 31 December 2014	**2,082**	**2,082**
Additions	**214**	**214**
Book cost at 31 December 2015	**2,296**	**2,296**
Opening amortisation at 1 January 2014	(2,371)	(2,371)
Amortisation	(333)	(333)
Impairment	1,654	1,654
Amortisation at 31 December 2014	**(1,050)**	**(1,050)**
Amortisation	**(329)**	**(329)**
Amortisation as at 31 December 2015	**(1,379)**	**(1,379)**
Carrying amount as at 31 December 2014	1,032	1,032
Carrying amount as at 31 December 2015	**917**	**917**

Amortisation is included within administrative expenses in the income statement.

12 Deferred tax

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

Group

£000	Retirement benefit obligations	Accelerated Tax Depreciation	Losses	Foreign Tax	Other	Total
At 1 January 2014 - (liability)/asset	(1,015)	-	1,015	-	-	-
Income statement - deferred tax credit	-	-	24	-	-	24
Income statement - deferred tax charge	(325)	-	-	-	-	(325)
Equity - deferred tax credit	301	-	-	-	-	301
At 31 December 2014 - (liability)/asset	(1,039)	-	1,039	-	-	-
Income statement - deferred tax credit	204	-	303	-	-	507
Income statement - deferred tax charge	(307)	-	(104)	-	-	(411)
Equity - deferred tax credit	4	-	-	-	-	4
Equity - deferred tax charge	(100)	-	-	-	-	(100)
At 31 December 2015 - (liability)/asset	(1,238)	-	1,238	-	-	-

At the balance sheet date, the Group had unused tax losses of £53.8m (£40.8m) available for offset against future profits.

There are unrecognised deferred tax assets of £9.7m (£8.2m) in relation to unused tax losses and £0.2m (£0.2m) in relation to fixed assets and other timing differences.

The Directors have not recognised the deferred tax asset due to uncertainty over the timing of future profits.

Company

£000	Retirement benefit obligations	Accelerated Tax Depreciation	Losses	Foreign Tax	Other	Total
At 1 January 2014 - (liability)/asset	(1,015)	-	1,015	-	-	-
Income statement - deferred tax credit	-	-	24	-	-	24
Income statement - deferred tax charge	(325)	-	-	-	-	(325)
Equity - deferred tax credit	301	-	-	-	-	301
At 31 December 2014 - (liability)/asset	(1,039)	-	1,039	-	-	-
Income statement - deferred tax credit	204	-	303	-	-	507
Income statement - deferred tax charge	(307)	-	(104)	-	-	(411)
Equity - deferred tax credit	4	-	-	-	-	4
Equity - deferred tax charge	(100)	-	-	-	-	(100)
At 31 December 2015 - (liability)/asset	(1,238)	-	1,238	-	-	-

At the balance sheet date, the Company had unused tax losses of £47.2m (£37.9m) available for offset against future profits.

There are unrecognised deferred tax assets of £9.3m (£7.6m) in relation to unused tax losses and £0.2m (£0.2m) in relation to fixed assets and other timing differences.

The Directors have not recognised the deferred tax asset due to uncertainty over the timing of future profits.

13 Outstanding settlements and other receivables

	Group		Company	
£000	Dec 15	Dec 14	Dec 15	Dec 14
Dividends receivable	**5,514**	4,636	**5,514**	4,636
Other income receivable	**544**	459	**544**	459
Amounts due from subsidiary companies	**797**	7,270	**1,529**	9,183
Other debtors	**5,270**	3,127	**1,841**	2,735
	12,125	15,492	**9,428**	17,013

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

Of the amounts due from subsidiary companies in 2014, £7.3m for the Group and £9.2m for the Company, £7.1m was due after more than one year relating to a perpetual subordinated loan from the Company to ATS. In January 2015 the ATS Board approved, subject to regulatory approval, repayment of the subordinated loan and the Company Board agreed to use the loan repayment proceeds to subscribe to additional share capital in ATS. Regulatory approval for cancellation and repayment of the subordinated loan and additional share capital was granted in November and the capital conversion was made in December 2015.

14 Outstanding settlements and other payables

	Group		Company	
£000	**Dec 15**	**Dec 14**	**Dec 15**	**Dec 14**
Purchases of investments awaiting settlement	**787**	3,892	**787**	3,892
Amounts due to subsidiary companies	**2,226**	624	**1,971**	664
Other creditors	**12,694**	5,252	**3,197**	3,396
Interest payable	**1,863**	2,216	**1,863**	2,216
	17,570	11,984	**7,818**	10,168

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

15 Bank loans and unsecured fixed rate loan notes

Bank loans	Group		Company	
£000	**Dec 15**	**Dec 14**	**Dec 15**	**Dec 14**
Bank loans repayable within one year	**290,000**	280,000	**290,000**	280,000
Analysis of borrowings by currency:				
Bank loans - sterling	**290,000**	280,000	**290,000**	280,000
The weighted average % interest rates payable:				
Bank loans	**1.33%**	1.49%	**1.33%**	1.49%
The Directors estimate the fair value of the borrowings to be:				
Bank loans	**290,000**	280,000	**290,000**	280,000

Unsecured fixed rate notes	Group		Company	
£000	**Dec 15**	**Dec 14**	**Dec 15**	**Dec 14**
Unsecured fixed rate loan notes	**100,000**	100,000	**100,000**	100,000
The effective interest rate payable:				
Unsecured fixed rate loan notes	**4.30%**	4.30%	**4.30%**	4.30%

£100m of unsecured fixed loan notes were drawn down in July 2014, over 15 years at 4.28%. The fair value at 31 December 2015 was £109.0m (£110.2m).

The total weighted average % interest rate	**2.09%**	2.23%	**2.09%**	2.23%

16 Share capital

	Group		Company	
£000	**Dec 15**	**Dec 14**	**Dec 15**	**Dec 14**
Allotted, called up and fully paid:				
- 526,340,897 ordinary shares of 2.5p each	**13,160**	13,835	**13,160**	13,835

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

The Employee Benefit Trust holds 886,173 (1,131,837) ordinary shares, acquired by its Trustee with funds provided by the Company. During the year the Trustee increased its holding by Nil (Nil) shares. 245,664 (206,396) shares were transferred from the Employee Benefit Trust to participants in the Long Term Incentive Plans in satisfaction of awards.

	Group		Company	
£000	**Dec 15**	**Dec 14**	**Dec 15**	**Dec 14**
Ordinary shares of 2.5p each				
Opening share capital	**13,835**	14,003	**13,835**	14,003
Share buy backs	**(675)**	(168)	**(675)**	(168)
Closing share capital	**13,160**	13,835	**13,160**	13,835

16 Share capital

Capital Management Policies and Procedures

The capital of the Company is managed in accordance with its investment policy in pursuit of its investment objective, both of which are detailed on page 5. This is undertaken by the Asset Allocation Committee within parameters set by the Board.

The Group, Company and the remaining financial services subsidiary investments comply with the capital requirements of their relevant regulators, including the Capital Requirements Directive and the Alternative Investment Fund Managers Directive.

17 Reserves

Group

£000	Share Capital	Capital Reserve	Merger Reserve	Capital Redemption Reserve	Revenue Reserve	Total
Net assets at 31 December 2013	14,003	2,108,441	645,335	4,995	113,381	2,886,155
Dividends	-	-	-	-	(61,275)	(61,275)
Unclaimed dividends returned	-	-	-	-	(10)	(10)
Profit for the year	-	156,039	-	-	68,820	224,859
Own shares purchased	(168)	(30,208)	-	168	-	(30,208)
Defined benefit plan net actuarial loss	-	(1,205)	-	-	-	(1,205)
Share based payments	-	848	-	-	-	848
Net assets at 31 December 2014	13,835	2,233,915	645,335	5,163	120,916	3,019,164
Dividends	**-**	**(7,779)**	**-**	**-**	**(68,982)**	**(76,761)**
Unclaimed dividends redistributed	**-**	**-**	**-**	**-**	**39**	**39**
Profit for the year	**-**	**79,082**	**-**	**-**	**60,592**	**139,674**
Own shares purchased	**(675)**	**(136,479)**	**-**	**675**	**-**	**(136,479)**
Defined benefit plan net actuarial loss	**-**	**(118)**	**-**	**-**	**-**	**(118)**
Share based payments	**-**	**521**	**-**	**-**	**-**	**521**
Net assets at 31 December 2015	**13,160**	**2,169,142**	**645,335**	**5,838**	**112,565**	**2,946,040**

Company

£000	Share Capital	Capital Reserve	Merger Reserve	Capital Redemption Reserve	Revenue Reserve	Total
Net assets at 31 December 2013	14,003	2,108,609	645,335	4,995	113,212	2,886,154
Dividends	-	-	-	-	(61,275)	(61,275)
Unclaimed dividends returned	-	-	-	-	(10)	(10)
Profit for the year	-	156,106	-	-	68,752	224,858
Own shares purchased	(168)	(30,208)	-	168	-	(30,208)
Defined benefit plan net actuarial loss	-	(1,205)	-	-	-	(1,205)
Share based payments	-	848	-	-	-	848
Net assets at 31 December 2014	13,835	2,234,150	645,335	5,163	120,679	3,019,162
Dividends	**-**	**(7,779)**	**-**	**-**	**(68,982)**	**(76,761)**
Unclaimed dividends redistributed	**-**	**-**	**-**	**-**	**39**	**39**
Profit for the year	**-**	**81,731**	**-**	**-**	**60,185**	**141,916**
Own shares purchased	**(675)**	**(136,479)**	**-**	**675**	**-**	**(136,479)**
Defined benefit plan net actuarial loss	**-**	**(118)**	**-**	**-**	**-**	**(118)**
Share based payments	**-**	**521**	**-**	**-**	**-**	**521**
Net assets at 31 December 2015	**13,160**	**2,172,026**	**645,335**	**5,838**	**111,921**	**2,948,280**

The revenue reserves distributable by way of a dividend are £111.9m (£120.7m). Realised capital reserves of £1,664m (£1,664m) can be distributed by way of a dividend as was the case this year. Unrealised capital reserves of £508m (£570m) relate to unrealised appreciation on investments. Total distributable reserves are £2,172m (£2,234m). Share buy backs are funded through realised capital reserves.

18 Net Asset Value per Ordinary Share

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

	Group		Company	
£000	**Dec 15**	**Dec 14**	**Dec 15**	**Dec 14**
Equity shareholder funds	**2,946,040**	3,019,164	**2,948,280**	3,019,162
Number of shares at year end - Basic	**525,454,724**	552,227,309	**525,454,724**	552,227,309
Number of shares at year end - Diluted	**526,340,897**	553,359,146	**526,340,897**	553,359,146

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

To arrive at the basic figure, the number of shares has been reduced by 886,173 (1,131,837) shares held by the Trustee of the Employee Benefit Trust. During the year the Trustee increased its holding by Nil (Nil) shares. 245,664 (206,396) shares were transferred from the Employee Benefit Trust to participants in the LTIP in satisfaction of awards.

19 Segmental Reporting

Alliance Trust PLC has identified a single operating segment, the investment trust, whose objective is to be a core investment for investors seeking increasing value over the long term. The accounting policies of the operating segment, which operates in the UK, are the same as those described in the summary of significant accounting policies. Alliance Trust PLC evaluates performance based on the total profit before tax which is shown in the Company Income Statement on page 53.

20 Related Party Transactions

Transactions between the Company and ATSL are eliminated on consolidation.

Other subsidiaries within the Corporate Group may purchase goods or services for other entities within the Group and recharge these costs directly to the appropriate entity to which the costs relate to.

There are no other related parties other than the members of the Corporate Group.

During the year the following amounts were reimbursed/(repaid) between ATSL and the other entities as it acts as paymaster and employer for all corporate entities. In the current year all costs were recharged through ATSL, both staff and administrative costs.

Alliance Trust Services	**Year ended**	**Year ended**
£000	**31 December 2015**	**31 December 2014**
Paid by Alliance Trust PLC (the Company)	**27,629**	21,450
Paid to Alliance Trust PLC (the Company)	**(15,787)**	(11,699)
Due from/(to)ATSL	**417**	1,956
Paid by Alliance Trust Savings Limited	**25,087**	20,913
Paid to Alliance Trust Savings Limited	**(1,983)**	(478)
Due from/(to)ATSL	**252**	9
Paid by Alliance Trust Investments Limited	**18,985**	16,639
Paid to Alliance Trust Investments Limited	**(2,890)**	(180)
Due from/(to)ATSL	**392**	(47)
Paid by Alliance Trust Equity Partners (Holdings) Limited	**20**	32
Paid to Alliance Trust Equity Partners (Holdings) Limited	**-**	(8)
Due from/(to)ATSL	**-**	-
Paid by Alliance Trust Equity Partners Limited	**20**	63
Paid to Alliance Trust Equity Partners Limited	**(1)**	(10)
Due from/(to)ATSL	**-**	-
Paid by Alliance Trust (Finance) Limited	**-**	4,001
Paid to Alliance Trust (Finance) Limited	**-**	(6,000)
Due from/(to)ATSL	**-**	-
Paid by Alliance Trust Real Estate Partners LP	**130**	240
Paid to Alliance Trust Real Estate Partners LP	**(3)**	(16)
Due from/(to)ATSL	**(74)**	-

Transactions with key management personnel

Details of the Non Executive Directors are disclosed on pages 22 to 23. The remuneration and other compensation including pension cost paid to the directors during the year is summarised below.

For the purpose of IAS 24 'Related Party Disclosures, key management personnel comprised the members of the Executive Committee (the Chief Executive and senior management) plus the Non Executive Directors of the Company.

20 Related Party Transactions

	Group		Company	
£000	Dec 15	Dec 14	Dec 15	Dec 14
Total emoluments	**2,847**	2,952	**2,089**	2,410
Payments to former key management personnel	**474**	-	**474**	-
Post retirement benefits	**61**	68	**27**	43
Equity compensation benefits	**538**	730	**423**	730
	3,920	3,750	**3,013**	3,183

21 Analysis of change in net cash/(debt)

Group

£000	Dec 13	Cash flow	Exchange gains	Dec 14	Cash flow	Exchange gains	Dec 15
Cash and cash equivalents	27,225	19,629	(2,752)	44,102	(18,865)	(84)	**25,153**
Bank loans and unsecured fixed rate loan notes	(380,000)	-	-	(380,000)	(10,000)	-	**(390,000)**
Net (debt)/cash	(352,775)	19,629	(2,752)	(335,898)	(28,865)	(84)	**(364,847)**

Company

£000	Dec 13	Cash flow	Exchange gains	Dec 14	Cash flow	Exchange gains	Dec 15
Cash and cash equivalents	25,236	18,201	(2,752)	40,685	(23,634)	(84)	**16,967**
Bank loans and unsecured fixed rate loan notes	(380,000)	-	-	(380,000)	(10,000)	-	**(390,000)**
Net (debt)/cash	(354,764)	18,201	(2,752)	(339,315)	(33,634)	(84)	**(373,033)**

22 Financial commitments

Financial commitments as at 31 December 2015, which have not been accrued, for the Group and the Company totaled £43.9m (£48.9m).

These were in respect of uncalled subscriptions in investments structured as limited partnerships (LP) of which £43.9m (£48.9m) relates to investments in our private equity portfolio. These LP commitments, which can include recallable distributions received, may be called at any time up to an agreed contractual date. The Company may choose not to fulfil individual commitments but may suffer a penalty should it do so, the terms of which vary between investments.

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

	Group and Company	
£000	Dec 15	Dec 14
< 1 year	**1,446**	215
1-5 years	**33,511**	29,792
5-10 years	**8,930**	18,882
	43,887	48,889

The Company has provided letters of comfort in connection with banking facilities made available to certain of its subsidiaries. The Company provided letters to ATS and ATI confirming ongoing support for at least 12 months from the date the annual financial statements were signed, to make sufficient funds available if needed to enable them to continue trading, meet commitments and not to seek repayment of any amounts outstanding.

On 25 March 2011 the Company granted a floating charge of up to £30.0m over its listed investments to the Trustees of the Alliance Trust Companies Pension Fund.

23 Financial instruments and Risk

The Strategic Report details the Company's approach to investment risk management on pages 18 and 19 and the accounting policies on pages 57 to 62 explain the basis on which currencies and investments are valued for accounting purposes.

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

Capital Risk Management

The Group manages its capital to ensure that entities in the Group and the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the use of debt and equity balances. The Group's and Company's overall strategy remains unchanged from the year ended 31 December 2014.

The capital structure of the Group and the Company consists of debt, which includes the borrowings disclosed in Note 15, cash and cash equivalents and equity attributable to equity holders of the Company comprising issued capital, reserves and retained earnings as disclosed in Note 17 to the financial statements.

The Board reviews the capital structure of the Company and the Group on an at least semi-annual basis. The Group and the Company have decided that net gearing should at no time exceed 30% of the net assets of either the Group or the Company.

	Group		Company	
£000	**Dec 15**	**Dec 14**	**Dec 15**	**Dec 14**
Debt	**(390,000)**	(380,000)	**(390,000)**	(380,000)
Cash and cash equivalents	**25,153**	44,102	**16,967**	40,685
Net (debt)	**(364,847)**	(335,898)	**(373,033)**	(339,315)
Net (debt) as % of net assets	**(12.4)%**	(11.1)%	**(12.7)%**	(11.2)%

Risk management policies and procedures

As an investment trust the Company invests in equities, private equity, financial instruments and its subsidiary businesses for the long term in order to achieve the investment objectives set out on page 5. In pursuing these objectives the Company is exposed to a variety of risks that could result in a reduction in the Company's net assets or a reduction in the profits available for payment as dividends.

The principal financial instruments at risk comprise those in the Company's investment portfolio and this note addresses these risks below. The Group has certain additional risks, and these are detailed in the appropriate sections below.

These risks and the Directors' approach to managing them are set out below under the following headings: market risk (comprising currency risk, interest rate risk, and other price risk), credit risk, liquidity risk, and gearing risk.

The Group has a risk management framework in place which is described in detail on pages 18 to 19. The objectives, policies and processes for managing the risks, and the methods used to measure the risks have not changed from the previous accounting year.

23.1 Market Risk

Market risk embodies the potential for both losses and gains and includes currency risk (see note 23.2), interest rate risk (see note 23.3) and other price risk (see note 23.4). Market risk is managed on a regular basis by the Asset Allocation Committee. The purpose of this executive committee is to manage the capital of the Company within parameters set by the Directors on investment and asset allocation strategies and risk.

The Company's strategy on investment risk is outlined in our statement of investment objectives and policy on page 5.

Details of the investment portfolio at the balance sheet date are disclosed on pages 12 to 13.

23.2 Currency Risk

Some of the Group's assets, liabilities and transactions are denominated in currencies other than its functional currency of Sterling. Consequently the Group is exposed to the risk that movements in exchange rates may affect the Sterling value of those items.

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

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

23 Financial instruments and Risk

23.2 Currency Risk

Group and Company

Currency Exposure

£000	Overseas investments Dec 15	Net monetary assets Dec 15	Total currency exposure Dec 15	Overseas investments Dec 14	Net monetary assets Dec 14	Total currency exposure Dec 14
US dollar	**1,481,269**	**740**	**1,482,009**	1,328,147	5,560	1,333,707
Euro	**396,450**	**-**	**396,450**	418,567	2,110	420,677
Yen	**178,833**	**-**	**178,833**	53,519	-	53,519
Other non-sterling	**437,114**	**-**	**437,114**	377,814	205	378,019
	2,493,666	**740**	**2,494,406**	2,178,047	7,875	2,185,922

Sensitivity analysis

If Sterling had strengthened by 5% (5%) relative to all currencies, with all other variables held constant, the income statement and the net assets attributable to equity holders of the parent would have decreased by the amounts shown below. The analysis is performed on the same basis as for the year ended 31 December 2014. The revenue return impact is an estimated figure for 12 months based on the cash balances at the reporting date.

	Group		Company	
£000	Dec 15	Dec 14	Dec 15	Dec 14
Income Statement				
Revenue return	**(2,936)**	(2,688)	**(2,936)**	(2,688)
Capital return	**(124,683)**	(108,377)	**(124,683)**	(108,377)
Net Assets	**(127,619)**	(111,065)	**(127,619)**	(111,065)

A 5% (5%) weakening of Sterling against the above currencies would have resulted in an equal and opposite effect on the above amounts, on the basis that all other variables remain constant.

23.3 Interest Rate Risk

The Group is exposed to interest rate risk in a number of ways. A movement in interest rates may affect the fair value of investments in fixed interest rate securities, income receivable on cash deposits and interest payable on variable rate borrowings.

The Company finances part of its activities through borrowings at levels which are approved and monitored by the Board. The possible effects on fair value and cash flows as a result of an interest rate change are taken into account when making investment or borrowing decisions.

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

	Group		Company	
£000	Dec 15	Dec 14	Dec 15	Dec 14
Exposure to floating interest rates				
Cash at bank	**25,153**	44,102	**16,967**	40,685
Bank loans repayable within one year	**(290,000)**	(280,000)	**(290,000)**	(280,000)
	(264,847)	(235,898)	**(273,033)**	(239,315)

Sensitivity analysis

If interest rates had decreased by 0.25% (0.25%), with all other variables held constant, the income statement result and the net assets attributable to equity holders of the parent would have increased by the amounts shown below. The revenue return impact is an estimated figure for the year based on the cash balances at the reporting date.

	Group		Company	
£000	Dec 15	Dec 14	Dec 15	Dec 14
Income statement				
Revenue return	**431**	266	**451**	274
Capital return	**233**	344	**233**	344
Net Assets	**664**	610	**684**	618

23 Financial instruments and Risk

23.3 Interest Rate Risk

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

	Group		Company	
£000	**Dec 15**	**Dec 14**	**Dec 15**	**Dec 14**
Income statement				
Revenue return	**(429)**	(246)	**(449)**	(254)
Capital return	**(233)**	(344)	**(233)**	(344)
Net Assets	**(662)**	(590)	**(682)**	(598)

23.4 Other Price Risk

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

As the majority of the Group's financial assets are carried at fair value with fair value changes recognised in the income statement, all changes in market conditions will directly affect gains and losses on investments and net assets.

The Directors manage price risk by having a suitable investment objective for the Company. The Board reviews this objective and investment performance regularly. The risk is managed on a regular basis by the Asset Allocation Committee within parameters set by the Directors on investment and asset allocation strategies and risk.

Concentration of exposure to other price risks

A listing of the Company's equity investment portfolio is shown on pages 12 to 13. The largest amount of equity investments by value is in North America, with significant amounts also in Europe, Asia and the UK. It also shows the concentration of investments in various sectors.

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

	Group		Company	
£000	**Dec 15**	**Dec 14**	**Dec 15**	**Dec 14**
Investments at fair value through Profit & Loss				
Listed	**2,930,872**	2,670,642	**2,930,872**	2,670,642
Unlisted	**47,778**	59,873	**47,778**	59,873
Investments in Collective Investment Schemes	**158,009**	435,659	**158,009**	435,659
Investments in Related and Subsidiary Companies	**170,738**	172,658	**173,012**	172,736
Investment Property	**-**	4,830	**-**	4,830
	3,307,397	3,343,662	**3,309,671**	3,343,740

The Company held the investment property through a subsidiary Limited Partnership, ATREP LP.

Sensitivity analysis

93.3% (92.9%) of the Company's investment portfolio is listed on stock exchanges. If share prices had decreased by 10% with all other variables remaining constant, the income statement result and the net assets attributable to equity holders of the parent would have decreased by the amounts shown below. The analysis for last year assumed a share price decrease of 10%.

	Group		Company	
£000	**Dec 15**	**Dec 14**	**Dec 15**	**Dec 14**
Income statement				
Revenue return	**-**	-	**-**	-
Capital return	**(308,888)**	(310,630)	**(308,888)**	(310,630)
Net Assets	**(308,888)**	(310,630)	**(308,888)**	(310,630)

A 10% increase (10% increase) in share prices would have resulted in a proportionate equal and opposite effect on the above amounts, on the basis that all other variables remain constant.

23 Financial instruments and Risk

23.5 Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group.

This risk is managed as follows:

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

The Group minimises credit risk through banking polices which restrict banking deposits to highly rated financial institutions. The policies also set maximum exposure to individual banks.

The Group has adopted a policy of only dealing with credit worthy counterparties that have been approved by the Asset Allocation Committee and obtaining sufficient collateral where appropriate (cash and gilts) as a means of mitigating the risk of financial loss from defaults.

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

	Group		**Company**	
£000	**Dec 15**	**Dec 14**	**Dec 15**	**Dec 14**
Credit Rating				
Aa1	**15,248**	-	**15,248**	-
Aa2	**-**	40,426	**-**	40,426
A3	**9,905**	-	**1,719**	-
Baa	**-**	3,676	**-**	259
	25,153	44,102	**16,967**	40,685
Average maturity	**1 day**	1 day	**1 day**	1 day

The Company's UK listed equities and its overseas listed equities are held by Bank of New York Mellon as custodian. Bankruptcy or insolvency of the custodian may cause the Group's rights with respect to securities held by the custodian to be delayed or limited.

23.6 Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities.

This is not a significant risk for the Company as the majority of its assets are investments in quoted equities that are readily realisable. It also has the ability to borrow, which gives it access to additional funding when required. At the balance sheet date it had the following facilities:

£000	**Dec 15**	**Expires**	**Dec 14**	**Expires**
Committed multi currency facility - RBS	**100,000**	**31/12/2018**	-	
Amount drawn	**-**	-	-	-
Committed multi currency facility - RBS	**-**		100,000	31/12/2015
Amount drawn	**-**	-	40,000	-
Committed multi currency facility - RBS	**50,000**	**31/12/2016**	50,000	31/12/2016
Amount drawn	**-**	-	-	-
Committed multi currency facility - RBS	**100,000**	**31/03/2017**	100,000	31/03/2017
Amount drawn	**90,000**	-	90,000	-
Committed multi currency facility - Scotiabank	**100,000**	**27/03/2018**	-	
Amount drawn	**100,000**	**-**	-	-
Committed multi currency facility - Scotiabank	**-**		100,000	28/03/2015
Amount drawn	**-**	**-**	100,000	-
Committed multi currency facility - Scotiabank	**100,000**	**22/12/2017**	100,000	22/12/2017
Amount drawn	**100,000**	**-**	50,000	-
Unsecured fixed rate loan notes	**100,000**	**31/07/2029**	100,000	31/07/2029
Amount drawn	**100,000**	-	100,000	-
Total facilities	**550,000**		550,000	
Total drawn	**390,000**	**-**	380,000	-

23 Financial instruments and Risk

23.6 Liquidity Risk

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

23.7 Gearing Risk

This is the risk that the movement in the fair value of the assets of the Company is amplified by any gearing that the Company may have. The exposure to this risk and the sensitivity analysis is detailed below.

	Group		Company	
£000	**Dec 15**	**Dec 14**	**Dec 15**	**Dec 14**
Investments after gearing	**3,307,397**	3,343,662	**3,309,671**	3,343,740
Gearing	**(390,000)**	(380,000)	**(390,000)**	(380,000)
Investments before gearing	**2,917,397**	2,963,662	**2,919,671**	2,963,740

Sensitivity analysis

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

	Group		Company	
£000	**Dec 15**	**Dec 14**	**Dec 15**	**Dec 14**
Income Statement				
Revenue return	**-**	-	**-**	-
Capital return	**(39,000)**	(38,000)	**(39,000)**	(38,000)
Net Assets	**(39,000)**	(38,000)	**(39,000)**	(38,000)

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

23.8 Hierarchical Valuation of Financial Instruments

The Group refines and modifies its valuation techniques as markets develop. While the Group believes its valuation techniques to be appropriate and consistent with other market participants, the use of different methodologies or assumptions could result in different estimates of fair value at the balance sheet date.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The following table analyses the fair value measurements for the Group's and Company's assets and liabilities measured by the level in the fair value hierarchy in which the fair value measurement is categorised at 31 December 2015. All fair value measurements disclosed are recurring fair value measurements.

Group valuation hierarchy fair value through profit and loss

	As at 31 December 2015				As at 31 December 2014			
£000	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Listed investments	**3,088,881**	**-**	**-**	**3,088,881**	3,106,301	-	-	3,106,301
Unlisted investments								
Private equity	**-**	**-**	**125,254**	**125,254**	-	-	137,679	137,679
Alliance Trust Savings	**-**	**-**	**54,000**	**54,000**	-	-	31,573	31,573
Alliance Trust Finance (in liquidation)	**-**	**-**	**720**	**720**	-	-	8,865	8,865
Alliance Trust Investments	**-**	**-**	**19,800**	**19,800**	-	-	24,269	24,269
Mineral rights	**-**	**-**	**17,535**	**17,535**	-	-	29,891	29,891
Other	**-**	**-**	**1,207**	**1,207**	-	-	254	254
	3,088,881	**-**	**218,516**	**3,307,397**	3,106,301	-	232,531	3,338,832

23 Financial instruments and Risk

23.8 Hierarchical Valuation of Financial Instruments

Company valuation hierarchy fair value through profit and loss

£000	As at 31 December 2015 Level 1	Level 2	Level 3	Total	As at 31 December 2014 Level 1	Level 2	Level 3	Total
Listed investments	**3,088,881**	**-**	**-**	**3,088,881**	3,106,301	-	-	3,106,301
Unlisted investments								
Private equity	**-**	**-**	**125,254**	**125,254**	-	-	137,679	137,679
Alliance Trust Savings	**-**	**-**	**54,000**	**54,000**	-	-	31,573	31,573
Alliance Trust Finance (in liquidation)	**-**	**-**	**720**	**720**	-	-	8,865	8,865
Alliance Trust Investments	**-**	**-**	**19,800**	**19,800**	-	-	24,269	24,269
Mineral rights	**-**	**-**	**17,535**	**17,535**	-	-	29,891	29,891
Other	**-**	**-**	**3,481**	**3,481**	-	-	332	332
	3,088,881	**-**	**220,790**	**3,309,671**	3,106,301	-	232,609	3,338,910

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

Fair Value Assets in Level 1

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

Fair Value Assets in Level 2

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

Fair Value Assets in Level 3

Level 3, excluding the valuations of the subsidiaries, are reviewed at least annually by the Valuation Committee who are assigned responsibility by the Board of Alliance Trust PLC. The valuations of the subsidiaries are approved annually by the Audit Committee and then recommended to the Valuation Committee. The Valuation Committee considers the appropriateness of the valuation models, inputs, using the various valuation methods in accordance with the Group's valuation policy. The Committee will determine the appropriateness of any valuation of the underlying assets.

The following table shows the reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy.

£000	Group Dec 15	Group Dec 14	Company Dec 15	Company Dec 14
Balance at 1 January	**232,531**	197,702	**232,609**	197,777
Net (loss)/gain from financial instruments at fair value through profit or loss	**(16,556)**	32,821	**(14,360)**	32,824
Purchases at cost	**42,908**	18,849	**42,908**	18,849
Sales proceeds	**(38,175)**	(16,992)	**(38,175)**	(16,992)
Realised (loss)/gain on sale	**(2,192)**	151	**(2,192)**	151
Balance at 31 December	**218,516**	232,531	**220,790**	232,609

Investments in subsidiary companies (Level 3) are valued in the Group accounts at £170.7m (£172.7m) and in the Company's accounts at £173.0m (£172.7m) being the Directors' estimate of their fair value, using the guidelines and methodologies on valuation published by the International Private Equity and Venture Capital Association and where applicable external valuations. This includes ATS at £54.0m (£31.6m), ATI at £19.8m (£24.3m) and ATF at £0.7m (£8.9m). This represents the Directors' view of the amount for which the subsidiaries could be exchanged between knowledgeable willing parties in an arm's length transaction. This does not assume that the underlying business is saleable at the reporting date or that the Company currently has any intention to sell the subsidiary business in the future. The Directors have used several valuation methodologies as prescribed in the guidelines to arrive at their best estimate of fair value including discounted cash flow calculations, revenue and earnings multiples and recent market transactions where available.

23 Financial instruments and Risk

23.8 Hierarchical Valuation of Financial Instruments

The following key assumptions are relevant to the fair valuation of our investment in our subsidiary companies, and are consistent with prior years:

- Alliance Trust Savings - This is valued as a trading business. For the fair valuation of ATS at 31 December 2015 the Board has used an external valuation. A discounted cash flow, revenue multiple and an earnings before interest tax depreciation and amortisation multiple approach have been used for comparative purposes.
- Alliance Trust Investments - This is valued as a trading business. A discounted cashflow, revenue multiple and an earnings before interest tax depreciation and amortisation multiple valuation approach has been adopted.

The multiples applied in valuing our subsidiaries are derived from comparable companies sourced from market data.

Mineral rights are carried at fair value and are valued in the Company's accounts at £17.5m (£29.9m) being the Directors' estimate of their fair value, using the guidelines and methodologies on valuation published by the Oklahoma Tax Commission and for non-producing properties, the Lierle US Price Report.

The table below details how an increase or decrease in the respective input variables would impact the valuation disclosed for the relevant Level 3 assets.

£000 **Investment**	**Fair Value** **at Dec 15**	**Valuation Method**	**Unobservable inputs**	**Input**	**Input** **sensitivity +/-**	**Change in** **valuation +/-**
Alliance Trust Savings	**54,000**	Average of discounted cash flow methodology and comparable trading multiples.	DCF discount rate	**13.2%**	1%	6,000/(6,000)
			AUA growth	**1**	1	12,000/(12,000)
			EBITDA margin	**1**	1	6,300/(6,300)
Alliance Trust Investments	**19,800**	Average of discounted cash flow methodology and comparable trading multiples	DCF discount rate	**15%**	1%	(600)/600
			Revenue multiple	**2**	1	6,000/(6,000)
			EBITDA multiple	**6**	1	470/(470)
Mineral Rights	**17,535**	Oklahoma Tax Commission multiples and Lierle US Price report (for non-producing properties).	Revenue multiple - gas	**7**	1	1,300/(1,300)
			Revenue multiple - oil	**4**	1	860/(860)
			Revenue multiple - products/condensate	**4**	1	560/(560)
			Average bonus multiple non-producing	**1**	0.5	1,000/(1,000)

The change in valuation disclosed in the above table shows the direction an increase or decrease in the respective input variables would have on the valuation result. For Alliance Trust Savings, an increase in the assets under administration (AUA) growth multiple and EBITDA multiple or a decrease in the discount rate would lead to an increase in the estimated value. For Alliance Trust Investments, an increase in the revenue and EBITDA multiple or a decrease in the discount rate would lead to an increase in the estimated value. For Mineral rights, an increase in the revenue multiple and average bonus multiple would lead to an increase in the estimated value.

For the 31 December 2015 fair valuation of ATS the Board has used an independent and external valuation to verify the Directors fair valuation of the business. This approach has been taken subsequent to the purchase of Stocktrade and the decision to adopt an external valuation is to apply a degree of independence and external challenge into the valuation.

Private equity investments, both fund-to-fund and direct included under Level 3, are valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines issued in September 2009. Unlisted investments in private equity are stated at the valuation as determined by the Valuation Committee based on information provided by the General Partner. The General Partner's policy in valuing unlisted investments is to carry them at fair value. The General Partner will generally rely on the fund's investment manager's fair value at the last reported period, rolled forward for any cashflows. However if the General Partner does not feel the manager is reflecting a fair value they will select a valuation methodology that is most appropriate for the particular investments in that fund and generate a fair value. In those circumstances the General Partner believes the most appropriate methodologies to use to value the underlying investments in the portfolio are:

- Price of a recent investment
- Multiples
- Net assets
- Industry valuation benchmarks

An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (for example, when an entity uses prices from prior transactions or third-party pricing information without adjustment). Alliance Trust PLC receives information from the General Partner on the underlying investments which is subsequently reviewed by the Valuation Committee. Where Alliance Trust PLC does not feel that the valuation is appropriate, an adjustment will be made.

23 Financial instruments and Risk

23.8 Hierarchical Valuation of Financial Instruments

Unsecured fixed rate loan notes are initially recognised at a carrying value equivalent to the proceeds received net of issue costs associated with the borrowings. After initial recognition, unsecured fixed rate loan notes are subsequently measured at amortised cost using the effective interest rate method. The effective rate of interest is 4.30%.

No interrelationships between unobservable inputs used in the above valuations of Level 3 investments have been identified.

24 Share Based Payments

The Group operates two share based payment schemes:

All Employee Share Ownership Plan ('AESOP')

Employees may receive up to £3,600 of shares annually under the terms of the AESOP. This amount is pro rated for part time employees. Individuals receive these shares free of all restrictions after a period of 5 years. For the year ended 31 December 2015 awards of £1,500 (£2,000) per person will be made. The maximum cost of all awards for the year will be £318,000 (£435,000). The charge to the income statement in the year was £312,000 (£462,000).The total costs for the AESOP for all staff are borne by the Company for the year ended 31 December 2015 as the award is based on key performance metrics and criteria relating to the Company. On this basis the AESOP cost has not been recharged to subsidiary companies.

Long Term Incentive Plan ('LTIP')

The LTIP is a discretionary plan for Executive Directors and senior managers. It comprises two elements: first it provides for the grant of matching awards based on the proportion of annual bonus applied by participants in the purchase of shares in the Company and held by the Employee Benefit Trust; and second it provides for the grant of performance awards. Both awards, granted over shares in the Company, vest either in full or in part at the end of the three year performance period subject to meeting pre-defined targets.

In the year ended 31 December 2015, participating employees applied a proportion of their annual cash bonuses for the year ended 31 December 2014 to purchase 98,002 (108,007) shares of Alliance Trust PLC at a price of £5.10 (£4.55) per share. Matching awards of up to 317,880 (296,695) shares and performance awards of up to 552,263 (705,417) were granted.

Matching awards and performance awards made during the year were valued at £588,000 (£498,000) and £1,022,000 (£1,184,000) respectively.

The fair value of awards granted during the year was calculated using a binomial methodology. The assumptions used were a share price of £5.07 (£4.49), share price volatility of 11% (14%) based on a long term average (3 year weekly average), dividend yield of 2.08% (2.38%), a risk free interest rate of 0.94% (0.92%) and forfeiture of Nil (Nil).

The cumulative charge to the income statement during the year for the cost of the LTIP awards referred to above was £52,000 (£793,000). In addition, during the year a £473,000 credit (£55,000 debit) was recognised in the income statement in relation to equalisation of amounts carried forward from the prior year. These charges related to the Company only.

In accordance with IFRS 2 the costs of matching and performance awards for each plan are expensed over the three year performance period.

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

Movements in options

Movements in options granted under the LTIP are as follows:

	Group December 2015		Group December 2014	
£000	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at 1 January	**2,912,170**	£0.00	3,083,341	£0.00
Granted during year	**870,143**	£0.00	1,039,908	£0.00
Exercised during year	**(245,668)**	£0.00	(210,588)	£0.00
Forfeited during year	**(343,545)**	£0.00	(255,572)	£0.00
Expired during year	**(798,481)**	£0.00	(744,919)	£0.00
Outstanding at 31 December	**2,394,619**	£0.00	2,912,170	£0.00
Exercisable at 31 December	**Nil**	£0.00	98,726	£0.00

The weighted average remaining contractual life of the options outstanding at 31 December 2015 was 577 days (539 days).

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

25 Pension Scheme

The Group sponsors two pension arrangements. The following disclosures apply to both the Group and the Company.

The Alliance Trust Companies' Pension Fund (the 'Scheme') is a funded defined benefit pension scheme which was closed to future accrual on 2 April 2011.

Employees, other than Executive Directors, received contributions into their own Self Invested Personal Pension provided by ATS totalling £1.6m (£1.7m).

The disclosures which follow relate to the Scheme.

Participating Employer

ATSL is the sole Participating Employer and its pension obligations are guaranteed by the Company.

Valuation and Contributions

The last full actuarial valuation of the Scheme was carried out by a qualified independent actuary as at 1 April 2012 although for the purpose of these calculations the results of the 1 April 2012 valuation have been updated on an approximate basis to 31 December 2015. Valuations are on the projected unit credit method.

The contribution made by the Company over the financial year was £1.5m (£1.5m).

Risks

The Scheme typically exposes the Group to risks such as:

- Investment risk: The Scheme holds some of its investments in asset classes, such as equities, which have volatile market values and, while these assets are expected to provide the best returns over the long term, any short-term volatility could cause additional funding to be required if a deficit emerges.

- Interest rate risk: The Scheme's liabilities are assessed using market rates of interest to discount the liabilities and are therefore subject to any volatility in the movement of the market rate of interest. The net interest income or expense recognised in profit or loss is also calculated using the market rate of interest.

- Inflation risk: A significant proportion of the benefits under the Scheme are linked to inflation. Although the Fund's assets are expected to provide a good hedge against inflation over the long term, movements over the short term could lead to a deficit emerging.

- Mortality risk: In the event that members live longer than assumed the liabilities may turn out to have been understated originally, and a deficit may emerge if funding has not been adequately provided for the increased life expectancy.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

£000	31 December 2015	31 December 2014
Defined benefit obligation at start of year	**38,783**	33,907
Interest	**1,330**	1,492
Actuarial (gains)/losses	**(1,389)**	4,123
Benefits paid	**(1,605)**	(739)
Defined benefit obligation at end of year	**37,119**	38,783

The Group has no unfunded pension obligations.

Reconciliation of opening and closing balances of the fair value of plan assets

£000	31 December 2015	31 December 2014
Fair value of assets at start of year	**43,980**	38,986
Interest income	**1,537**	1,716
Actuarial (losses)/gains	**(1,411)**	2,617
Contributions by employer	**1,500**	1,500
Benefits paid	**(1,605)**	(739)
Administration costs	**-**	(100)
Fair value of assets at end of year	**44,001**	43,980

25 Pension Scheme

Total credit recognised in the income statement

£000	31 December 2015	31 December 2014
Interest on Scheme liabilities	**1,330**	1,492
Interest income	**(1,537)**	(1,716)
Operating cost	**-**	100
Total credit	**(207)**	(124)

Gains/(Losses) recognised in the statement of comprehensive income

£000	31 December 2015	31 December 2014
Difference between expected and actual return on the Scheme assets:		
Amount	**(1,411)**	2,617
Percentage of Scheme assets	**3%**	6%
Experience gains/(losses) arising on the Scheme liabilities:		
Amount	**4,857**	10
Percentage of present value of Scheme liabilities	**13%**	-%
Effects of changes in the financial assumptions underlying the present value of the Scheme liabilities:		
Amount	**(1,138)**	(4,446)
Percentage of present value of Scheme liabilities	**3%**	11%
Effects of changes in the demographic assumptions underlying the present value of the Scheme liabilities:		
Amount	**(2,330)**	313
Percentage of present value of Scheme liabilities	**6%**	1%
Total amount recognised in statement of comprehensive income:		
Amount	**(22)**	(1,506)
Percentage of present value of Scheme liabilities	**-%**	4%

Assets

£000	31 December 2015	31 December 2014	31 December 2013
Equities	**17,601**	22,395	15,813
Bonds	**21,120**	21,251	21,983
Other	**5,280**	334	1,190
	44,001	43,980	38,986

The assets are held independently of the assets of the Group in funds managed by Legal & General. None of the fair values of the assets shown above include any of the Group's own financial instruments or any property occupied by, or other assets used by, the Group.

Actual return on the Scheme assets

The actual return on the Scheme assets over the year ended 31 December 2015 was a gain of 0.3% (gain of 5%).

Assumptions

%	31 December 2015	31 December 2014	31 December 2013
Retail Price Index Inflation	**3.50**	3.00	3.40
Consumer Price Index Inflation	**2.60**	2.10	2.50
Rate of discount	**3.80**	3.50	4.40
Allowance for pension in payment increases of RPI (subject to a maximum increase of 5% p.a.)	**3.35**	2.90	3.30
Allowance for revaluation of deferred pension of RPI (subject to a maximum increase of 5% p.a.)	**2.20**	2.10	2.50

25 Pension Scheme

Assets

Statutory revaluation has used the Consumer Price Index (CPI) for the last four years rather than the Retail Price Index (RPI) which was previously used.

We have assumed that the long term CPI assumption is 0.9% lower than the corresponding RPI assumption. The mortality assumptions, adopted at 31 December 2015, follow the S2PA table, using 80% of the base table with CMI_2014 mortality projections with improvement subject to a 1% minimum to the annual improvement. The assumptions imply the following life expectancy from age 65.

The weighted average duration of the defined benefit obligation is around 25 years.

	31 December 2015	31 December 2014
Mortality assumptions	**Years**	**Years**
Male currently age 45 at 65	**26.8**	24.2
Female currently age 45 at 65	**29.0**	26.6
Male currently age 65	**24.6**	22.9
Female currently age 65	**26.7**	25.3

Sensitivities

An estimate of the sensitivities regarding the principal assumptions used to measure the Scheme's liabilities are set out below.

Assumption	Change in assumption	Estimated impact on scheme liabilities	Change in assumption	Estimated impact on scheme liabilities
	Increase	**(Decrease)/Increase**	**Decrease**	**Increase/(Decrease)**
Discount rate	0.5%	(£3,900,000)	0.5%	£4,600,000
RPI	0.5%	£3,700,000	0.5%	(£3,600,000)
Age of member	1 year	(£990,000)	1 year	£980,000

£000	31 December 2015	31 December 2014	31 December 2013
Present value defined benefit obligation	**37,119**	38,783	33,907
Fair value of Scheme assets	**44,001**	43,980	38,986
Surplus in Scheme	**6,882**	5,197	5,079

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income of the Company since adoption of IAS19 is a loss of £3.8m (£3.6m).

All actuarial gains and losses are recognised immediately.

Best estimate of contributions to be paid to scheme for the year ending 31 December 2016

The Scheme closed to accrual on 2 April 2011. The Company paid contributions in the year of £1.5m in line with the recovery plan and these will be paid annually until June 2016 and then, subject to company agreement, they will continue to be paid until 2026 as set out under the Scheme's secondary funding objective.

Amounts for the current and previous years

£000	Dec 15	Dec 14	Dec 13	Dec 12	Dec 11
Fair value of assets	**44,001**	43,980	38,986	34,616	31,781
Defined benefit obligation	**37,119**	38,783	33,907	30,311	28,631
Surplus in Scheme	**6,882**	5,197	5,079	4,305	3,150
Experience adjustment on Scheme liabilities	**4,857**	10	(41)	546	(374)
Experience adjustment on Scheme assets	**(1,411)**	2,617	1,973	383	575
Effects of changes in the demographic and financial assumptions underlying present value of the Scheme liabilities	**(3,468)**	(4,133)	(2,807)	(1,334)	(968)

26 Operating lease commitments

As at 31 December 2015 the Group and Company had total future minimum lease payments under non cancellable operating leases as follows:

Group £000	31 December 2015 Land and buildings	31 December 2015 Other	31 December 2014 Land and buildings	31 December 2014 Other
Lease commitments due				
< 1 year	**-**	**3**	-	6
Between 2-5 years	**787**	**1**	956	8
After 5 years	**2,084**	**-**	2,084	-

Company £000	31 December 2015 Land and buildings	31 December 2015 Other	31 December 2014 Land and buildings	31 December 2014 Other
Lease commitments due				
Within 1 year	**-**	**3**	-	1
Between 2-5 years	**787**	**1**	956	8
After 5 years	**2,084**	**-**	2,084	-

Information for shareholders

Incorporation

Alliance Trust PLC is incorporated in Scotland with the registered number 1731.

The Company's Register of Members is held at

Computershare Investor Services PLC,
Leven House, 10 Lochside Place,
Edinburgh Park, Edinburgh EH12 9DF

General Enquiries

If you have an enquiry about the Company, or wish to receive a paper copy of our Annual Report, please contact the Company Secretary at our registered office:

8 West Marketgait,
Dundee DD1 1QN
Tel: 01382 321000 Fax: 01382 321185
Email: investor@alliancetrust.co.uk

For security and compliance monitoring purposes telephone calls may be recorded.

Investor Relations

Our Director of Investor Relations can be contacted at our registered office (detailed above).

Our website www.alliancetrust.co.uk contains information about the Company, including daily share price and net asset value.

Registrars

Our registrars are:

Computershare Investor Services PLC
PO Box 82, The Pavilions,
Bridgwater Road, Bristol BS99 7NH

Change of address notifications and registration enquiries for shareholdings registered in your own name should be sent to the Company's registrars at the above address. You should also contact the registrars if you would like the dividends on shares registered in your own name to be sent to your bank or building society account. You may check your holdings and view other information about Alliance Trust shares registered in your own name at www.computershare.com.

Data Protection

The Company is a data controller as defined under the Data Protection Act 1998. Information received from or about shareholders or investors (for example from a stockbroker), whether by telephone or in writing, by fax or by any other electronic or digital means of communication may be processed.

Information held on the Company's Register of Members is, by law, information to which the public may, for a proper purpose, have access and the Company cannot prevent any person inspecting it or having copies of it for such purpose, on payment of the statutory fee.

Annual Report and Electronic Communications

We only send paper Annual Reports to shareholders who have asked us to do so. All shareholders receive notices of our meetings and information on how to access our Annual Report. Shareholders can opt to receive all notifications electronically by going to www.alliancetrust.co.uk/ec.htm which will provide a link to our registrars' website.

Taxation

If you are in any doubt about your liability to tax arising from a shareholding in the Company you should seek professional advice.

Income Tax

Dividends paid by the Company carry a tax credit at 10% of the gross dividend. Dividends are paid net of the tax credit.

If you hold your shares in your own name, the tax voucher which you need for your tax records will be sent to the address we have for you on the register maintained by Computershare. The Registrar will send a consolidated tax voucher to members after the final dividend during the tax year is paid.

If your dividends are received by a nominee, such as your stockbroker's nominee, you must contact that person for the tax voucher. If you invest in the Company through Alliance Trust Savings, it will automatically supply you with a consolidated income tax voucher for income received for you in the Investment Dealing Account.

Capital Gains Tax

For investors who purchased shares prior to 31 March 1982, the cost of those shares for capital gains tax purposes is deemed to be the price of the share on that date. The market value of each Alliance Trust PLC ordinary 25p share on that date was £2.85 which, when adjusted for the split on a 10 for 1 basis on 21 June 2006, gives an equivalent value of £0.285 per share. The market value of each Second Alliance Trust PLC ordinary 25p share on 31 March 1982 was £2.35. Holders of Second Alliance Trust PLC shares received 8.7453 ordinary 2.5p shares for each 25p ordinary share they held on 20 June 2006 and are treated as though they acquired these shares at the same time and at the same cost as the Second Alliance Trust shares they previously held. This gives an equivalent value of £0.269 per share.

Share investment

Alliance Trust PLC invests primarily in equities and aims to generate capital growth and a progressively rising dividend from its portfolio of investments.

Alliance Trust currently conducts its affairs so that its shares can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

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

The shares in Alliance Trust may also be suitable for institutional investors who seek a combination of capital and income return. Private investors should consider consulting an independent financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares.

Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

Risks

If you wish to acquire shares in the Company, you should take professional advice as to whether an investment in our shares is suitable for you. You should be aware that:

- Investment should be made for the long term.
- The price of a share will be affected by the supply and demand for it and may not fully represent the underlying value of the assets of the Company. The price generally stands below the net asset value of the Company ('at a discount') but it may also stand above it ('at a premium'). Your capital return will depend upon the movement of the discount/premium over the period you own the share, as well as the capital performance of the Company's own assets.
- The assets owned by the Company may have exposure to currencies other than Sterling. Changes in market movements and in rates of exchange may cause the value of your investment to go up or down.
- Past performance is not a guide to the future. What you get back will depend on investment performance. You may not get back the amount you invest.

Bogus telephone calls

We have become aware of a numbers of telephone calls being made to shareholders wherein the caller offers to buy the recipient's shares at a price significantly above the current market price. We are prohibited from advising shareholders on whether to buy or to sell shares in Alliance Trust PLC, but recommend that if you wish to sell your shares you only deal with a financial services firm that is authorised by the FCA.

Annual General Meeting

The 128th Annual General Meeting of the Company will be held at 11.00am on Friday 6 May 2016 at the Gardyne Theatre, Dundee and Angus College, Gardyne Road, Dundee DD5 1NY. The Notice of Meeting, detailing the business of the meeting, is sent to all shareholders.

Financial calendar

Proposed dividend payment dates for the financial year to 31 December 2016 are on or around:

- 30 June 2016
- 30 September 2016
- 30 December 2016
- 31 March 2017

Dividend Tax Allowance

From April 2016 dividend tax credits will be replaced by an annual £5,000 tax-free allowance across an individual's entire share portfolio. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. Our Registrars will continue to provide registered shareholders with a confirmation of the dividends paid by Alliance Trust PLC and this should be included with any other dividend income received when calculating and reporting total dividend income received. It is the Shareholder's responsibility to include all Dividend Income when calculating tax requirements.

This change was announced by the Chancellor, as part of the UK government Budget, in July 2015. If you have any Tax queries, please contact your Financial Advisor.

Common Reporting Standards

From January 2016 you may receive requests from our Registrar for personal information to comply with new legal obligations introduced to reduce tax evasion. To provide HMRC with information on shareholders. While it is not compulsory that you complete and return these requests we are required by law to make these requests and to report on the responses received.

Please note that only a small number of our shareholders fall into the category where we have to make theses requests and only those shareholders will receive the request. If you have any queries on the validity of any document received from our registrars you can contact them directly on 0870 889 3187.

10 year record

A ten year record of the Company's Financial Performance is provided below. Prior to the financial year ended 31 January 2007 there were two trusts, The Alliance Trust and The Second Alliance Trust, and the figures are therefore not directly comparable.

Ten year record

Assets £m as at	31 Jan 2007	31 Jan 2008	31 Jan 2009	31 Jan 2010	31 Jan 2011	31 Dec 2011	31 Dec 2012	31 Dec 2013	31 Dec 2014	31 Dec 2015
Total assets	2,844	2,894	2,211	2,704	3,268	2,676	2,702	3,478	3,415	3,351
Loans	0	(159)	(50)	(160)	(339)	(249)	(200)	(380)	(380)	(390)
Net assets	2,832	2,699	2,123	2,513	2,895	2,400	2,491	2,886	3,019	2,948
Net asset value (p)										
NAV per share	421.5	402.3	316.8	377.7	439.0	405.8	444.9	516.5	546.8	562.4
NAV return on 100p – 10 years*									153.2	160.2
Share price (p)										
Closing price per share	365.5	338.0	268.0	313.0	364.0	342.8	375.3	450.1	478.9	517.0
Share price High	380.7	386.2	353.7	337.0	377.9	392.7	383.5	464.2	481.1	528.5
Share price Low	316.2	321.2	218.0	233.0	293.5	310.2	337.0	375.3	426.0	440.1
Total shareholder return on 100p – 10 years*									160.0	175.63
Gearing/net cash (%)										
Gearing	-	5	-	5	11	7	7	12	11	13
Net cash	7	-	11	-	-	-	-	-	-	-

Revenue	Year ended 31 January					11 mths to 31 Dec	Year ended 31 December			
	2007	2008	2009	2010	2011	2011	2012	2013	2014	2015
Profit after tax	£52.5m	£61.5m	£69.5m	£61.1m	£63.8m	£61.9m	£55.6m	£60.6m	£68.8m	£60.2m
Earnings per share[#]	8.66p	9.17p	10.37p	9.14p	9.67p	9.87p	9.74p	10.83p	12.38p	12.43p[†]
Dividends per share	7.575p	7.90p	8.00p	8.15p	8.395p	9.00p	9.27p	9.55p	9.83p	10.97p
Special dividend	-	-	0.50p	-	-	-	0.36p	1.28p	2.546p	1.46p[Δ]

Performance (rebased at 31 Jan 2007) as at	31 Jan 2007	31 Jan 2008	31 Jan 2009	31 Jan 2010	31 Jan 2011	31 Dec 2011	31 Dec 2012	31 Dec 2013	31 Dec 2014	31 Dec 2015
NAV per share	100	95	75	90	104	96	106	123	130	133
Closing price per share	100	92	73	86	100	94	103	123	131	141
Earnings per share	100	106	120	106	112	117	112	125	143	143
Dividends per share (excluding special)	100	104	106	108	111	119	122	126	130	145

Cost of running the Company	Year ended 31 January					11 mths 31 Dec	Year ended 31 December			
	2007	2008	2009	2010	2011	2011	2012	2013	2014	2015
Administrative expenses	£10.1m	£15.0m	£16.8m	£16.0m	£17.0m	£16.0m	£18.7m	£21.5m	£20.8m	£23.9m
Ongoing charges ratio (excluding capital incentives***)	0.36%	0.42%	0.60%	0.64%	0.53%	0.56%**	0.67%	0.75%	0.60%	0.59%
Capital incentives	0.02%	0.03%	0.07%	0.05%	0.07%	0.04%	0.04%	0.05%	0.04%	0.04%
Ongoing charges ratio (including capital incentives***)	0.38%	0.45%	0.67%	0.69%	0.60%	0.60%**	0.71%	0.80%	0.64%	0.63%

* Source: Morningstar UK Ltd
\# 2007 is not adjusted for Second Alliance Trust income prior to merger in June 2006
† Includes capital dividend paid December 2015
[Δ] Capital dividend paid December 2015
** Administrative expenses have been annualised given the financial reporting period was for 11 months, except for incentives which were on an actual basis
*** The AIC's recommended methodology for the calculation of an Ongoing Charges figure states that for self-managed companies costs relating to compensation schemes which are linked directly to investment performance should be excluded from the calculation of the principal Ongoing Charges figure.

Contact

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