STANDARD LIFE UK SMALLER COMPANIES TRUST PLC

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

Legal Entity Identifier (LEI): 213800UUKA68SHSJBE37

Investment Objective
To achieve long-term capital growth by investment in UK-quoted smaller companies

Reference Index
The Company's reference index is the Numis Smaller Companies plus AIM (ex investment companies) Index.

Website
Up to date information can be found on the Company's website: standardlifeuksmallercompaniestrust.co.uk

COMPANY OVERVIEW - FINANCIAL HIGHLIGHTS

Net asset total return A*		**Share price total return A***		**Discount to net asset value A***	
2020	-0.5%	2020	-0.1%	2020	8.7%
2019	-1.1%	2019	-0.3%	2019	8.9%
Total dividends per share		**Revenue return per share**		**Ongoing charges ratio A***	
2020	7.70p	2020	6.74p	2020	0.88%
2019	7.70p	2019	8.80p	2019	0.90%

A Considered to be an Alternative Performance Measure.

* A Key Performance Indicator ("KPI").

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Please note that past performance is not necessarily a guide to the future and that the value of investments and the income from them may fall as well as rise. Investors may not get back the amount they originally invested.

STRATEGIC REPORT – CHAIRMAN'S STATEMENT

Introduction

It gives me great pleasure to address shareholders for the first time as Chairman following my appointment on 31 March 2020. Shareholders will all be aware of the excellent long term track record of the Company, and I would like to pay tribute to the role played by my predecessor, Allister Langlands, in leading the Company and, in particular, leading the merger with Dunedin Smaller Companies Investment Trust in October 2018.

COVID-19

Assuming the role of Chairman can be a challenge, but it is hard to envisage a more complex time to do so than eight days after the FTSE All-Share Index experienced its most abrupt four week fall since November 1987, in the wake of the COVID-19 pandemic. In our industry, we tend to focus on the economic impact of an unforeseen event, but as shareholders will fully appreciate, COVID-19 is much more far reaching in its impact. In the short term it has changed the way we live and work in a myriad of ways. The unanswerable question is to what extent and how quickly we will revert to what we knew as "normal life" and what the impact will have been on both the global and national economies. Against such a backdrop, your Investment Manager will have a task on its hands identifying the companies that will be able to adapt successfully to this new norm. The onset of the crisis in the UK, which occurred in late February, came eight months into your Company's year and so the impact on the Revenue Account was softened given much of the investment income had already been received. But clearly the 2021 Revenue Account will also be affected as a number of companies have cut or suspended their dividends.

During this period, the Board liaised closely with the Manager to receive updates on performance and to obtain confirmations that the operations of the Manager and those of other third party service providers were operating effectively.

Performance

For the year ended 30 June 2020, the Company's Net Asset Value ("NAV") total return, calculated on the basis that all dividends received are reinvested in additional shares, was -0.5%. The share price total return, calculated on the same basis, was -0.1%. By contrast, the total return of the Company's reference index, the Numis Smaller Companies plus AIM (ex-investment companies) Index, was significantly worse at -10.7%. This is, regrettably, the second year in a row that we have had to report negative absolute returns to you albeit also a second year of meaningful outperformance against the reference index. However, given the market collapse in March, when the portfolio lost almost over 40% of its value, the fact that we are reporting a NAV total return that is down only 0.5% underlines the pace of the recovery in share prices from the initial severe market reaction to the pandemic. I would also observe that one year numbers can be volatile; had the year end of the Company been in May, then we would have reported positive numbers both in 2019 and this year.

Earnings and Dividends

The basic revenue return per share for the year ended 30 June 2020 was 6.74p (2019: 8.80p). The net decline of over 23% is a consequence of dividend cuts and suspensions that were announced by a raft of investee companies largely in March and April.

This decline in earnings means that the portfolio has not generated sufficient income, after costs, to cover fully a dividend of the same amount as in 2019. The understandable reaction to the COVID crisis by a number of the investee companies of cutting their dividends is the root cause of the shortfall in distributable income. The Board discussed at length the implications of this shortfall on its options for the dividend-and concluded that it should recognise one of the key benefits of investment trusts, that of being able to use revenue reserves to smooth dividends when the need arises, as in the current exceptional circumstances. In arriving at its decision, the Board considered a range of factors, including the investment objective of the Company, the likely shape of the wider recovery and the Investment Manager's outlook for the Revenue Account in 2021 and 2022. The Board also considered the implications on the revenue reserves and concluded that it was prudent to hold the dividend at the same level as in 2019, given the uncertainty in the timing of a sufficient recovery or in case there is a set back in the recovery of dividend distributions by investee companies. The Board is therefore proposing a final dividend of 5.00p per share, which will make a total dividend payment for the year of 7.70p per share, the same level as in 2019. This will require that £959,000, or 0.96p per share, is drawn from revenue reserves.

Subject to approval by shareholders at the Annual General Meeting to be held on 21 October 2020, the final dividend will be paid on 30 October 2020 to shareholders on the register on 2 October 2020 with an associated ex-dividend date of 1 October 2020.

Ongoing Charges
The ongoing charges ratio for the year ended 30 June 2020 was 0.88% (2019: 0.90%). The Company has benefited from the management fee reduction put in place from July 2018 and economies of scale following the merger with Dunedin Smaller Companies Investment Trust PLC in October 2018. The ongoing charges figure for the year is the lowest that it has been over the lifetime of the Company.

Discount Control and Buy Backs
At the year end the discount of the share price to the cum-income NAV was 8.7% (2019: 8.9%).

The discount was more volatile than in previous years, even before the events of March. Over late summer and early autumn in 2019 it traded around the 8% limit where the Board has indicated that it will intervene and buy back shares. In August and September, the Company bought back 485,640 shares. However, from then until the end of 2019, the share price outperformed the NAV and the Company ended the calendar year on a 1.8% premium. While the Board could have issued shares, it concluded that the thin volumes over the Christmas period were not representative of the balance between supply and demand. The premium did not endure into the new year. During March, the volatility of the share price and NAV increased to the point where in five trading days the share price moved from trading at a premium of 5% to a discount of 16%. The Board considered that the Company was not operating in "normal market conditions" and did not look to issue or buy back shares until markets became more stable, and the Company then bought back a small number of shares in May.

Over the year, the Board bought back 520,213 shares, equating to 0.5% of the Company's issued share capital, at a total cost of £2.4 million and a weighted average price of 466.15p per share. The weighted average discount was 8.8%. The Board calculates that this has added 0.2p per share to the NAV for remaining shareholders.

The Board aims to ensure that the discount to the cum-income net asset value does not exceed 8% in normal market conditions. The timing and scale of share buy-backs will be at the discretion of the Board. Full details of the Board's Discount Control Policy can be found in the Overview of Strategy. The average discount for the year as a whole was 5.6%.

Gearing
The Board has given the Investment Manager discretion to vary the level of gearing between 5% net cash and 25% net gearing (at the time of drawdown). During the year, £25 million of fixed-rate borrowing was deployed at a fixed cost of 2.349%. The £20 million revolving credit facility was drawn in full in December 2019. However, as the impact of COVID-19 became apparent, the facility was repaid in full towards the end of March 2020. At the year end, the gross level of borrowings was offset by cash and cash equivalents of £26.5 million so that the Company had net cash of 0.3% (2019: net gearing 1.5%).

Board Succession
As previously announced, Allister Langlands retired from the Board on 31 March 2020. Allister had been a Director of the Company for 5½ years, including 2½ years as Chairman during which time he oversaw the merger with Dunedin Smaller Companies Investment Trust which has helped consolidate the position of the Company. The Board wishes him well in his retirement.

AGM and Investment Manager's Presentation
The Board intends to hold the Annual General Meeting ("AGM") of the Company at the offices of the Manager, Aberdeen Standard Investments, 6 St Andrew Square, Edinburgh EH2 2BD at 12 noon on 21 October 2020.

The Board has been considering how best to deal with the potential impact of the COVID-19 pandemic on arrangements for the Company's AGM. The Company is required by law to hold an AGM and the Board had been working on the basis that the Company's AGM would be held on 21 October 2020 as previously scheduled. Given the possibility that some measure of restriction on public gatherings and maintaining social distancing may remain in place in October, the Board has resolved to amend the format of the AGM for this year. Therefore, whilst the formal business of the AGM (as set out in the Notice of AGM) will be considered, the meeting will be functional only, and will follow the minimum legal requirements for an AGM. There will be no physical presentation from the investment managers and no refreshments will be offered. If the guidance on public gatherings remain in place in October, shareholders are strongly discouraged from attending the meeting and indeed entry may be refused if the law and/or Government guidance so requires. In such circumstances, arrangements will be made by the Company to ensure that the minimum number of shareholders required to form a quorum will attend the meeting in order that the meeting may proceed and the business concluded. The Board considers these revised arrangements to be in the best interests of shareholders in the current circumstances.

A presentation from the Investment Manager, along with the AGM results, will be made available to shareholders on the Company's website shortly after the AGM.

In light of the developing situation and the revised format of this year's meeting, shareholders are encouraged to raise any questions in advance of the AGM with the Company Secretary at standardlife.smaller@aberdeenstandard.com (please include 'SLS AGM' in the subject heading). Questions must be received by 5.00pm on 19 October 2020. Any questions received will be replied to by either the Manager or Board via the Company Secretary.

In light of the outbreak and evolving government guidance, the Company will continue to keep arrangements for the AGM under review and it is possible the arrangements will need to change. We will keep shareholders updated of any changes through the Company's website (standardlifeuksmallercompaniestrust.co.uk) and announcements to the London Stock Exchange. We trust that shareholders will be understanding of this approach.

The Board strongly encourages all shareholders to exercise their votes in respect of the meeting in advance by completing the enclosed form of proxy, or letter of direction for those who hold shares through the Aberdeen Standard Investments savings plans. This should ensure that your votes are registered in the event that physical attendance at the AGM is not possible or restricted. Further details on how to attend and vote at Company Meetings for holders of shares via other share plans and platforms can be found on the AIC's website at: theaic.co.uk/aic/shareholder-voting-consumer-platforms.

Amendments to the Articles of Association

The Board is proposing that the Company adopts amended Articles of Association at the Annual General Meeting. The proposed amendments being introduced primarily relate to changes in law and regulation and developments in market practice since the existing Articles of Association were adopted, and principally include:

- provisions enabling the Company to hold shareholder meetings using electronic means (as well as physical shareholder meetings or hybrid meetings); and
- changes in response to the introduction of international tax regimes requiring the exchange of information.

While the new Articles of Association (if adopted) would permit shareholder meetings to be conducted using electronic means, these provisions will only be used where the Directors consider it is in the best of interests of shareholders for a hybrid or virtual-only meeting to be held. Nothing in the new Articles of Association will prevent the Company from holding physical shareholder meetings.

The amendments in relation to holding shareholder meetings using electronic means are being sought in response to challenges posed by government restrictions on social interactions as a result of the COVID-19 pandemic, which have made it impossible for shareholders to attend physical general meetings. The Board recognises that the AGM is an important occasion where shareholders can meet and question the Manager and the Board.

The Board is committed to ensuring that future general meetings (including AGMs) incorporate a physical meeting where shareholders can meet with the Board, face to face, and where law and regulation permits. The potential to hold a general meeting through wholly electronic means is intended as a solution to be adopted as a last resort to ensure the continued smooth operation of the Company in extreme operating circumstances where physical meetings are effectively prohibited.

The Directors have no present intention of holding a virtual-only general meeting.

Outlook

While the future is always, by its very nature, uncertain, visibility is particularly foggy at present. The outcome of the US presidential election in November will inevitably have far-reaching implications for geopolitics given the very different stances of the two candidates. Closer to home, the Brexit negotiations appear to be making slow progress and given the limited time to complete them, the possibility of a hard Brexit remains. These events are coming on the back of the COVID crisis, which caused much of the global economy to come to a sudden halt. The level and speed of the return of economic activity in many sectors is unpredictable given that the virus has not been overcome, there is no vaccine and there is a great deal of concern about the likelihood and impact of a second wave.

Against such a backdrop, it must be assumed that the UK's path to recovery will be patchy and may suffer setbacks before it is fully established. But, as is clear from the Investment Manager's Review, the COVID crisis has affected different sectors in different ways. Some areas of the economy effectively stopped and will remain fragile for some time, while others have been beneficiaries from the move to homeworking. The Board takes comfort from the fact that the Investment Manager's process has been effective in identifying the companies that have had the resilience to weather the storm thus far. The portfolio has recovered strongly since the nadir in mid-March, outperforming the reference index, the FTSE All-Share Index and most of the peer group and, at the time of writing, has generated positive total returns over the last twelve months.

In line with the likely path of the recovery, it is eminently possible that the Company will face set backs in the short term, and the Investment Manager has stressed that the portfolio often underperforms in times of sharp recovery, when the share prices of companies most affected by a downturn often bounce very quickly from the depressed levels at which they had been trading, however the Board remains confident that the Investment Manager's process is robust and should continue to deliver outperformance over the long term.

Liz Airey
Chairman
8 September 2020

STRATEGIC REPORT – OVERVIEW OF STRATEGY

Business
The Company is an investment trust with a premium listing on the London Stock Exchange.

Investment Objective
The Company's objective is to achieve long-term capital growth by investment in UK-quoted smaller companies.

Investment Policy
The Company intends to achieve its investment objective by investing in a diversified portfolio consisting mainly of UK-quoted smaller companies. The portfolio will normally comprise around 50 individual holdings representing the Investment Manager's highest conviction investment ideas. In order to reduce risk in the Company without compromising flexibility, no holding within the portfolio should exceed 5% of total assets at the time of acquisition.

The Company may use derivatives for portfolio hedging purposes (i.e. only for the purpose of reducing, transferring or eliminating the investment risks in its investments in order to protect the Company's portfolio).

Within the Company's Articles of Association, the maximum level of gearing is 100% of net assets. The Directors have set parameters of between 5% net cash and 25% net gearing (at the time of drawdown) for the level of gearing that can be employed in normal market conditions. The Directors have delegated responsibility to the Investment Manager for the operation of the gearing level within the above parameters.

Board Investment Limits
The Directors have set additional guidelines in order to reduce the risk borne by the portfolio:

- Companies with a market capitalisation of below £50 million should not represent more than 5% of total assets.
- Companies involved in "Blue Sky" products should not represent more than 5% of total assets.
- No more than 50% of the portfolio should be invested in companies that are constituents of the FTSE AIM All-Share Index.

Investment Process
The Investment Manager's investment process combines asset allocation, stock selection, portfolio construction, risk management, and dealing. The investment process has evolved out of the Investment Manager's 'Focus on Change' philosophy and is led by Quality, Growth and Momentum. The Investment Manager's stock selection led investment process involves compiling a shortlist of potential investments using a proprietary screening tool known as "The Matrix" which reflects Quality, Growth and Momentum based factor analysis. The final portfolio is research intensive and includes face to face meetings with senior management of these potential investments. This disciplined process has been employed for many years and has delivered a consistency of performance through economic and market cycles.

Reference Index
The Company's reference index is the Numis Smaller Companies plus AIM (ex investment companies) Index.

Delivering the Investment Objective
The Directors are responsible for determining the Company's investment objective and investment policy. Day-to-day management of the Company's assets has been delegated, via the Alternative Investment Fund Manager (the "AIFM"), to the Investment Manager.

Promoting the Success of the Company
The Board's statement below describes how the Directors have discharged their duties and responsibilities over the course of the financial year under section 172 (1) of the Companies Act 2006 and how they have promoted the success of the Company. That statement forms part of the Strategic Report.

Key Performance Indicators ("KPIs")
The Board assesses the performance of the Company against the range of KPIs shown below over a variety of timeframes, but has particular focus on the long term, which the Board considers to be at least five years.

KPI	Description
Net asset value ("NAV") total return performance	The Board measures the Company's NAV total return performance against the total return of the reference index (the Numis Smaller Companies plus AIM (ex investment companies) Index) and its peer group of investment trusts. The NAV total return has outperformed the reference index and peer group weighted average over all of these time periods.

KPI	Description
Share price total return performance	The Board measures the Company's share price total return performance against the total return of the reference index and its peer group of investment trusts. The share price total return has outperformed the reference index and peer group weighted average over all of these time periods.
Discount/premium to NAV	The Board compares the discount or premium of the Ordinary share price to the NAV per share to the discount of the peer group and also to the threshold of the Company's discount target on a rolling 12 month basis. The average discount for the year as a whole was 5.6%.
Ongoing charges	The Board monitors the Company's ongoing charges ratio against prior years and other similar sized companies in the peer group. The ongoing charges ratio of 0.88% for the year ended 30 June 2020 is the lowest that it has been over the lifetime of the Company.

Principal Risks and Uncertainties

The Board carries out a regular review of the risk environment in which the Company operates, changes to the environment and individual risks. The Board also considers emerging risks which might affect the Company. During the year, the most significant risk was the emergence of the COVID-19 virus during the first part of 2020 which has impacted dramatically on public health and mobility, but has also had a significant adverse influence on global financial markets and the future economic outlook.

There are a number of other risks which, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects. The Board has carried out a robust assessment of the Company's principal and emerging risks, which include those that would threaten its business model, future performance, solvency, liquidity or reputation.

The principal risks and uncertainties faced by the Company are reviewed by the Audit Committee in the form of a risk matrix and the Committee also gives consideration to the emerging risks facing the Company.

The principal risks and uncertainties facing the Company at the current time, together with a description of the mitigating actions the Board has taken, are set out in the table below.

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

Risk	Mitigating Action
Strategy - the Company's objectives or the investment trust sector as a whole become unattractive to investors, leading to a fall in demand for the Company's shares.	Through regular updates from the Manager, the Board monitors the discount/ premium at which the Company's shares trade relative to the NAV. It also holds an annual strategy meeting and receives feedback from the Company's broker and updates from the Manager's investor relations team at Board meetings.
Investment performance - the appointment or continuing appointment of an investment manager with inadequate resources, skills or experience, or the adoption of inappropriate strategies in pursuit of the Company's objectives could result in poor investment performance, a loss of value for shareholders and a widening discount.	The Board meets the Manager on a regular basis and keeps investment performance under close review. Representatives of the Investment Manager attend all Board meetings and a detailed formal appraisal of the Manager is carried out by the Management Engagement Committee on an annual basis. The Board sets and monitors the investment restrictions and guidelines and receives regular reports which include performance reporting on the implementation of the investment policy, the investment process, risk management and application of the guidelines.
Key person risk - a change in the key personnel involved in the investment	The Board discusses key person risk and succession planning with the Manager and Investment Manager on a periodic basis.

Risk	Mitigating Action
management of the portfolio could impact on future investment performance and lead to loss of investor confidence.	The Investment Manager employs a standardised investment process for the management of the portfolio. The well-resourced smaller companies team has grown in size over a number of years. These factors mitigate against the impact of the departure of any one member of the investment team.
Share price - failure to manage the discount effectively or an inappropriate marketing strategy could lead to a fall in the share price relative to the NAV per share.	The Company operates a discount control mechanism and aims to maintain a discount level of less than 8% to the cum-income NAV under normal market conditions. Details of the discount control mechanism are contained within the Overview of Strategy. The Directors undertake a programme of inviting major shareholders to discuss issues of governance or strategy with the Chairman or Senior Independent Director. In addition, the Company participates in the Manager's investment trust promotional programme where the Manager has an annual programme of meetings with institutional shareholders and reports back to the Board on these meetings.
Financial instruments - insufficient oversight or controls over financial risks, including market price risk, liquidity risk and credit risk could result in losses to the Company.	As stated above, the Board sets investment guidelines and restrictions which are reviewed regularly and the Manager reports on compliance with them at Board meetings. Further details of the Company's financial instruments and risk management are included in note 16 to the financial statements.
Financial obligations - inadequate controls over financial record keeping and forecasting, the setting of an inappropriate gearing strategy or the breaching of loan covenants could result in the Company being unable to meet its financial obligations, losses to the Company and its ability to continue trading as a going concern.	At each Board meeting, the Board reviews management accounts and receives a report from the Depositary detailing any breaches during the period under review. The Board sets gearing limits and monitors the level of gearing and compliance with the main financial covenants at Board meetings. The Company's annual financial statements are audited by the Independent Auditor. The Audit Committee meets a representative from the Manager's Internal Audit team on an annual basis.
Regulatory - failure to comply with relevant laws and regulations could result in fines, loss of reputation and potential loss of investment trust status.	The Board receives updates on relevant changes in regulation from the Manager, industry bodies and external advisers and the Board and Audit Committee monitor compliance with regulations by review of checklists and internal controls reports from the Manager. Directors are encouraged to attend relevant external training courses.
Operational - the Company is dependent on third parties for the provision of all systems and services (in particular those of the Manager and the Depositary) and any control failures and gaps in their systems and services could result in a loss or damage to the Company.	The Audit Committee receives reports from the Manager on its internal controls and risk management (including an annual ISAE Report) and receives assurances from all its other significant service providers on at least an annual basis, including on matters relating to business continuity and cyber security. The Audit Committee meets a representative from the Manager's Internal Audit team on an annual basis. Written agreements are in place with all third party service providers. The Manager monitors closely the control environments and quality of services provided by third parties, including those of the Depositary, through service level agreements, regular meetings and key performance indicators. A formal appraisal of the Company's main third party service providers is carried out by the Management Engagement Committee on an annual basis. The operational requirements of the Company have been subject to rigorous testing and application during the COVID-19 pandemic, including increased use of online communication and out of office working and reporting, which to date have proved to be robust.
Exogenous risks such as health, social,	The Board discusses current issues with the Manager (including the

Risk	Mitigating Action
financial, economic and geopolitical - the effects of instability or change arising from these risks could have an adverse impact on stock markets and the value of the investment portfolio. Political risks include the terms of the UK's exit from the European Union, any regulatory changes resulting from a different political environment, and wider geo-political issues.	UK's exit from the European Union) and the steps that the Manager is taking to limit the impact on the Company's portfolio. The Board is conscious of the recent impact on financial markets caused by the outbreak of the COVID-19 virus around the world since the beginning of 2020. The Board considers that this is a risk that could have further implications for global financial markets, economies and on the operating environment of the Company, the impact of which is difficult to predict at the current juncture. During this period, the Board liaised closely with the Manager to receive updates on performance and to obtain confirmations that the operations of the Manager and those of other third party service providers were operating effectively.

Promotional Activities
The Board recognises the importance of promoting the Company to prospective investors both for improving liquidity and enhancing the rating of the Company's shares. The Board believes one effective way to achieve this is through subscription to, and participation in, the promotional programme run by Aberdeen Standard Investments on behalf of a number of investment trusts under its management. The Company's financial contribution to the programme is matched by Aberdeen Standard Investments. The Company also supports Aberdeen Standard Investments' investor relations programme which involves regional roadshows, promotional and public relations campaigns. Aberdeen Standard Investments' promotional and investor relations teams report to the Board on a quarterly basis giving analysis of the promotional activities as well as updates on the shareholder register and any changes in the make up of that register.

The Board recognises the importance of communicating effectively with existing shareholders and prospective investors. The promotional programme includes commissioning independent paid for research on the Company, most recently from Edison Investment Research Limited. A copy of the latest research note is available from the Latest News section of the Company's website.

Board Diversity Policy
The Board recognises the importance of having a range of skilled, experienced individuals with the right knowledge represented on the Board in order to allow it to fulfil its obligations. The Board also recognises the benefits and is supportive of the principle of diversity in its recruitment of new Board members. The Board will not display any bias for age, gender, race, sexual orientation, religion, ethnic or national origins, or disability in considering the appointment of its Directors. In view of its size, the Board will continue to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment and the Board does not therefore consider it appropriate to set measurable objectives in relation to its diversity.

At 30 June 2020, there were two male and three female Directors on the Board.

Modern Slavery Act
Due to the nature of its business, being a company that does not offer goods and services to customers, the Board considers that the Company is not within the scope of the Modern Slavery Act 2015 because it has no turnover. The Company is therefore not required to make a slavery and human trafficking statement. In any event, the Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

Environmental, Social and Human Rights Issues
The Company has no employees as the Board has delegated the day to day management and administrative functions to the Manager. There are therefore no disclosures to be made in respect of employees. The Company's socially responsible investment policy is set out below.

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

The Investment Manager aims to make the best possible investments for the Company, by understanding the whole picture of the investments - before, during and after an investment is made. That includes understanding the ESG risks and opportunities they present, and how these could affect longer-term performance. ESG considerations underpin all investment activities. With more than 1,000 investment professionals, the Investment Manager is able to take account of

ESG factors in its company research, stock selection and portfolio construction, supported by more than 50 asset class specific ESG specialists around the world.

Responsible Investment
The Board is aware of its duty to act in the interests of the Company. The Board acknowledges that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner and has noted the Investment Manager's policy on social responsibility. The Investment Manager considers social, environmental and ethical factors which may affect the performance or value of the Company's investments as part of its investment process. In particular, the Investment Manager encourages companies in which investments are made to adhere to best practice in the areas of ESG stewardship. The Investment Manager believes that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies.

The Company's ultimate objective is to deliver long term growth on its investments for its shareholders which the Board and Investment Manager believes will be produced on a sustainable basis by investments in companies which adhere to best practice in ESG. Accordingly, the Investment Manager will seek to favour companies which pursue best practice.

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

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

The Investment Manager aims for better risk-adjusted returns by actively undertaking informed and constructive engagement and asset management to generate better performance from its investments. Comprehensive assessment of ESG factors, combined with constructive company engagement, should lead to better client outcomes.

Stewardship
The Company supports the UK's Stewardship Code, and seeks to play its role in supporting good stewardship of the companies in which it invests. Responsibility for actively monitoring the activities of portfolio companies has been delegated by the Board to the Manager which has sub-delegated that authority to the Investment Manager. Standard Life Aberdeen plc is a tier 1 signatory of the UK Stewardship Code which aims to enhance the quality of engagement by investors with investee companies in order to improve their socially responsible performance and the long term investment return to shareholders. While delivery of stewardship activities has been delegated to the Manager, the Board acknowledges its role in setting the tone for the effective delivery of stewardship on the Company's behalf.

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

Global Greenhouse Gas Emissions
The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Discount Control Policy
The Board operates a discount control mechanism which targets a maximum discount of the share price to the cum-income net asset value of 8% under normal market conditions. In pursuit of this objective, the Board closely monitors the level of the discount and buys back shares in the market when it believes it is in the best interests of shareholders as a whole to do so. At each Annual General Meeting, the Board seeks shareholder approval to buy back up to 14.99% of the Company's share capital. Share buy-backs will only be made where the Board believes it to be in the best interests of shareholders as a whole and the making and timing of share buy-backs will be at the discretion of the Board.

The Company has a tender offer mechanism in place and the Board intends to continue to seek shareholder approval at each Annual General Meeting to enable it to carry out tender offers on a discretionary basis in circumstances where the Board believes that share buy-backs are not sufficient to maintain the discount at an appropriate level, although it expects that buy-backs should be the primary mechanism for managing the discount.

Viability Statement
The Board considers that the Company, which does not have a fixed life, is a long term investment vehicle and, for the purposes of this statement, has decided that five years is an appropriate period over which to consider its viability. The

Board considers that this period reflects a balance between looking out over a long term horizon and the inherent uncertainties of looking out further than five years.

Taking into account the Company's current financial position and the potential impact of its principal risks and uncertainties, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of five years from the date of this Report.

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

- The principal risks and uncertainties detailed above and the steps taken to mitigate these risks.
- The Company is invested in readily-realisable listed securities in normal market conditions and there is a spread of investments held.
- The Company is closed ended in nature and therefore it is not required to sell investments when shareholders wish to sell their shares.
- The Company's long term performance record.
- The Company's level of gearing. The Company had a net cash balance of 0.3% of net assets as at 30 June 2020. The Company has a £45 million unsecured loan facility agreement with The Royal Bank of Scotland International Limited which matures on 31 October 2022. The Board has set overall limits for borrowing and reviews regularly the Company's level of gearing, cash flow projections and compliance with banking covenants. The Board has also performed stress testing and liquidity analysis.
- The Company typically has cash balances which, including money market funds, at 30 June 2020 amounted to £26.5 million. These balances allow the Company to meet liabilities as they fall due.
- The level of ongoing charges.
- There are no capital commitments currently foreseen that would alter the Board's view.
- Current market conditions caused by the global spread of the COVID-19 virus. In particular, the Board has considered the operational ability of the Company to continue in the current environment, which has been impacted by the global COVID-19 pandemic and the ability of the key third-party suppliers to continue to provide essential services to the Company.

In assessing the Company's future viability, the Board has assumed that shareholders will wish to continue to have exposure to the Company's activities in the form of a closed ended entity, performance will continue to be satisfactory, and the Company will continue to have access to sufficient capital.

In making its assessment, the Board is also aware that there are other matters that could have an impact on the Company's prospects or viability in the future, including a greater than anticipated economic impact of the spread of the COVID-19 virus, economic shocks or significant stock market volatility caused by other factors, and changes in regulation or investor sentiment.

Future Strategy
The Board intends to maintain the strategic policies set out in the Strategic Report for the year ending 30 June 2021 as it is believed that these are in the best interests of shareholders.

On behalf of the Board
Liz Airey
Chairman
8 September 2020

STRATEGIC REPORT – PROMOTING THE SUCCESS OF THE COMPANY

How the Board Meets its Obligations under Section 172 of the Companies Act

The Board is required to describe to the Company's shareholders how the Directors have discharged their duties and responsibilities over the course of the financial year under section 172 (1) of the Companies Act 2006 (the "Section 172 Statement"). This statement provides an explanation of how the Directors have promoted the success of the Company for the benefit of its members as a whole, taking into account the likely long term consequences of decisions, the need to foster relationships with all stakeholders and the impact of the Company's operations on the environment.

The Purpose of the Company and Role of the Board

The purpose of the Company is to act as an investment vehicle to provide, over time, financial returns (both income and capital) to its shareholders. Investment trusts, such as the Company, are long-term investment vehicles and are typically externally managed, have no employees, and are overseen by an independent non-executive board of directors.

The Board, which at the end of the year, comprised five independent non-executive Directors with a broad range of skills and experience across all major functions that affect the Company, retains responsibility for taking all decisions relating to the Company's investment objective and policy, gearing, corporate governance and strategy, and for monitoring the performance of the Company's service providers.

The Board's philosophy is that the Company should operate in a transparent culture where all parties are treated with respect and provided with the opportunity to offer practical challenge and participate in positive debate which is focused on the aim of achieving the expectations of shareholders and other stakeholders alike. The Board reviews the culture and manner in which the Manager and Investment Manager operate at its meetings and receives regular reporting and feedback from the other key service providers. The Board is very conscious of the ways it promotes the Company's culture and ensures as part of its regular oversight that the integrity of the Company's affairs is foremost in the way that the activities are managed and promoted. The Board works very closely with the Manager and Investment Manager in reviewing how stakeholder issues are handled, ensuring good governance and responsibility in managing the Company's affairs, as well as visibility and openness in how the affairs are conducted.

The Company's main stakeholders have been identified as its shareholders, the Manager (and Investment Manager), service providers, investee companies and debt providers. More broadly, the environment and community at large are also stakeholders in the Company.

How the Board Engages with Stakeholders

The Board considers its stakeholders at Board meetings and receives feedback on the Manager's interactions with them.

Stakeholder	How We Engage
Shareholders	Shareholders are key stakeholders and the Board places great importance on communication with them. The Board welcomes all shareholders' views and aims to act fairly to all shareholders. The Manager and Company's broker regularly meet with current and prospective shareholders to discuss performance and shareholder feedback is discussed by the Directors at Board meetings. In addition, Directors meet shareholders at the Annual General Meeting. The Company subscribes to Aberdeen Standard Investments' investor relations programme in order to maintain communication channels with the Company's shareholder base. Regular updates are provided to shareholders through the Annual Report, Half Yearly Report, monthly factsheets, Company announcements, including daily net asset value announcements, and the Company's website. The Company's Annual General Meeting usually provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Manager. Typically, the Board encourages as many shareholders as possible to attend the Company's Annual General and to provide feedback on the Company. This year, due to the uncertainties caused by the COVID-19 pandemic and, in particular, the restrictions on public gatherings and requirements to socially distance, it is likely that the Annual General Meeting will be held on a functional only basis, satisfying the minimum legal requirements. Instead, shareholders are encouraged to submit questions to the Board and the Manager. Further details can be found in the Chairman's Statement.

Stakeholder	How We Engage
Manager (and Investment Manager)	The Investment Manager's Review details the key investment decisions taken during the year. The Investment Manager has continued to manage the Company's assets in accordance with the mandate provided by shareholders, with oversight provided by the Board. The Board regularly reviews the Company's performance against its investment objective and the Board undertakes an annual strategy review meeting to ensure that the Company is positioned well for the future delivery of its objective for its stakeholders. The Board receives presentations from the Investment Manager at every Board meeting to help it to exercise effective oversight of the Investment Manager and the Company's strategy. The Board, through the Management Engagement Committee, formally reviews the performance of the Manager at least annually.
Service Providers	The Board seeks to maintain constructive relationships with the Company's suppliers and the regulator either directly or through the Manager with regular communications and meetings. The Management Engagement Committee conducts an annual review of the performance, terms and conditions of the Company's main service providers to ensure they are performing in line with Board expectations, carrying out their responsibilities and providing value for money.
Investee Companies	Responsibility for monitoring the activities of portfolio companies has been delegated by the Board to the Manager which has sub-delegated that authority to the Investment Manager. The Board has also given discretionary powers to the Manager to exercise voting rights on resolutions proposed by the investee companies within the Company's portfolio. The Manager reports on a quarterly basis on stewardship (including voting) issues. Through engagement and exercising voting rights, the Investment Manager actively works with companies to improve corporate standards, transparency and accountability. The Board monitors investments made and divested and questions the rationale for investment and voting decisions made.
Debt Providers	On behalf of the Company, the Manager maintains a positive working relationship with The Royal Bank of Scotland International Limited, the provider of the Company's loan facility, and provides regular updates on business activity and compliance with its loan covenants.

Specific Examples of Stakeholder Consideration During the Year
While the importance of giving due consideration to the Company's stakeholders is not a new requirement, and is considered during every significant Board decision, the Directors were particularly mindful of stakeholder considerations during the following decisions undertaken during the year ended 30 June 2020. Each of these decisions was made after taking into account the short and long term benefits for stakeholders. Time was also spent in ensuring the Board met corporate governance requirements which continue to evolve, including the introduction of the new AIC Code of Corporate Governance.

Portfolio
The Investment Manager's Review details the key investment decisions taken during the year. The overall shape and structure of the investment portfolio is an important factor in delivering the Company's stated investment objective. As explained in the Directors' Report, during the year, the Management Engagement Committee decided that the continuing appointment of the Manager was in the best interests of shareholders.

Dividends
Following the payment of the final dividend for the year, of 5.0p per Ordinary share, total dividends for the year will amount to 7.7p per Ordinary share, unchanged from the previous year.

Share Buy Backs
In accordance with the discount control policy included within the Overview of Strategy, during the year the Company bought back 520,213 Ordinary shares to be held in treasury, providing a small accretion to the NAV per share and a degree of liquidity to the market at times when the discount to the NAV per share has widened in normal market conditions. It is the view of the Board that this policy is in the interest of all shareholders.

At the end of December 2019, the Company's shares were trading at a premium of 1.8%. While the Board could have issued shares, it concluded that the thin volumes over the Christmas period were not representative of the balance between supply and demand. The premium did not endure into the new year.

Amendments to the Articles of Association
The Board is proposing that the Company adopt amended Articles of Association (the "New Articles") at the Annual General Meeting this year. The proposed amendments being introduced in the New Articles primarily relate to changes in law and regulation and developments in market practice since the existing Articles of Association were adopted, and principally include:

- provisions enabling the Company to hold shareholder meetings using electronic means (as well as physical shareholder meetings or hybrid meetings); and
- changes in response to the introduction of international tax regimes requiring the exchange of information.

A summary of the principal amendments being introduced in the New Articles which the Board considers will be of most interest to shareholders is set out in the appendix to the Notice of AGM.

Directorate
The Board progressed its succession plans during the year resulting in the decision to appoint Liz Airey as an independent non-executive Director on 21 August 2019 and Chairman with effect from 31 March 2020. Further details are provided in the Directors' Report. The Board considers that shareholders' interests are best served by ensuring a smooth and orderly refreshment of the Board which serves to provide continuity and maintain the Board's open and collegiate style.

STRATEGIC REPORT - RESULTS

Financial Highlights

	30 June 2020	30 June 2019	% change
Capital return			
Total assets	£553.0m	£567.6m	(2.6%)
Equity shareholders' funds	£528.1m	£542.7m	(2.7%)
Market capitalisation [A]	£482.3m	£494.4m	(2.4%)
Net asset value per share	527.73p	539.54p	(2.2%)
Share price	482.00p	491.50p	(1.9%)
Discount to NAV [B]	8.7%	8.9%	
Net cash/(gearing) [B]	0.3%	-1.5%	
Reference index	4,653.87	5,321.09	(12.5%)
Dividends and earnings			
Revenue return per share [C]	6.74p	8.80p	(23.4%)
Total dividends per share [D]	7.70p	7.70p	-
Operating costs			
Ongoing charges ratio [B]	0.88%	0.90%	

A Represents the number of Ordinary shares in issue in the Company multiplied by the Company's share price.

B Considered to be an Alternative Performance Measure.

C Measures the revenue earnings for the year divided by the weighted average number of Ordinary shares in issue (see Statement of Comprehensive Income).

D The figures for dividend per share reflect the years in which they were earned (see note 7).

STRATEGIC REPORT - PERFORMANCE

Performance (total return)

	1 year return %	3 years return %	5 years return %	10 years return %
Net asset value [A B]	-0.5	+23.0	+69.0	+297.5
Share price [B]	-0.1	+17.3	+74.6	+313.7
Reference Index	-10.7	-10.2	+8.3	+144.0
Peer Group weighted average (NAV)	-12.4	-5.7	+15.5	+192.1
Peer Group weighted average (share price)	-12.4	-0.5	+20.1	+221.4

[A] Cum-income NAV with debt at fair value.
[B] Considered to be an Alternative Performance Measure
Source: Thomson Reuters Datastream

Ten Year Financial Record

Year to 30 June	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Per Ordinary share (p)										
Net revenue return	4.35	3.50	4.58	5.05	6.76	6.76	6.42	7.24	8.80	6.74
Ordinary dividends paid/proposed	2.75	3.10	4.05	4.50	5.80	6.60	6.70	7.00	7.70	7.70
Special dividends paid/proposed	1.00	-	-	-	-	-	-	-	-	-
Net asset value [A]	240.65	215.61	281.58	298.92	336.89	345.43	456.60	552.93	539.54	527.73
Share price	237.00	203.00	280.50	281.25	300.00	316.00	431.00	500.00	491.50	482.00
Discount(%) [A]	1.5	5.8	0.4	5.9	10.9	8.5	5.6	9.6	8.9	8.7
Ongoing charges ratio (%) [B]	1.00	0.96	1.28	1.19	1.19	1.13	1.08	1.04	0.90	0.88
Gearing ratio (%) [C]	8.8	5.8	8.8	(4.6)	4.1	3.6	1.7	3.6	1.5	(0.3)
Shareholders' funds (£m) [D]	155	140	193	219	243	241	324	408	543	528
Revenue reserves (£m) [E]	2.96	2.80	3.69	4.34	5.83	6.50	6.26	8.30	10.87	8.80

A Calculated with debt at par value and diluted for the effect of Convertible Unsecured Loan Stock conversion from 31 March 2011 until 30 June 2017. From 30 June 2018, net asset value is calculated with debt at par value.

B Calculated as an average of shareholders' funds throughout the year.

C Net gearing ratio calculated as debt less cash invested in AAA-rated money market funds and short-term deposits divided by net assets at the year end.

D Increase in 2018 included the effect of the merger with Dunedin Smaller Companies Investment Trust PLC.

E Revenue reserves are reported prior to paying the final dividend for the year.

STRATEGIC REPORT – INVESTMENT MANAGER'S REVIEW

The Company generated a net asset value total return ("NAV TR") for the year to 30 June 2020 of -0.5%, while the share price fell by 0.1% on a total return basis. By comparison, the UK smaller companies sector as represented by the Numis Smaller Companies plus AIM (ex Investment Companies) Index fell by 10.7% on a total return basis. Over the same period, the FTSE 100 Index of the UK's largest listed companies fell by 13.8% on a total return basis. Since the appointment of Aberdeen Standard Investments to manage the Company at the end of August 2003, the share price total return of the Company has been 1,199%, while the reference index has returned 347% and the FTSE 100 Index has returned 177%.

Equity Markets

Equities, and more especially smaller companies equities, were extremely volatile during the year in question. Although the Company's share price remained almost unchanged from the start of the financial year, it fell by just over 50% in the month following 20 February 2020 when the impact of the COVID-19 pandemic took hold in investors' minds. In a few short weeks, euphoria turned to the depths of despair, reaching its nadir on 19 March. Thankfully, a semblance of stability has since returned to markets.

During 2019, markets fell from June to August as concern about a recession in the USA took hold, with a yield inversion occurring in August, whereby short interest rates were higher than long rates; normally a sure sign of impending recession. In addition, a trade war between the USA and China loomed large. It also felt like a disorderly Brexit was on the cards. Then the Federal Reserve reversed its policy and cut rates and a stage one trade treaty was signed. It then became less likely that a potential disastrous "no deal" Brexit would happen. An emphatic Conservative victory at the General Election in December 2019 provided enough constitutional clarity to afford the promise that consumers and businesses in the UK would be happier to spend and invest. Top-down global macro investors took this as a signal to increase their exposure to UK mid-cap companies, in particular, as an investable way of accessing the recovery in the UK economy. This led to a euphoric bounce in UK mid-cap markets in the last three weeks of the calendar year.

2020, however, brought the advent of COVID-19. By late February, particularly once Italy was impacted, governments across the world introduced radical containment measures. Unprecedented "lock down" measures and "social distancing" resulted in an immediate economic slump across the world of unprecedented proportions. Markets, particularly UK smaller companies, fell dramatically over the next month. The FTSE 250 Mid-Cap Index collapsed by 41% while the FTSE 100 Index fell by 33% between mid-February and mid-March. This is the swiftest monthly fall in UK markets that we have ever seen. National Monetary authorities were quick to introduce wide-ranging financial support ranging from interest rate cuts, furloughing, loan support for businesses and the deferral of taxes. Markets responded quickly and have made significant recoveries with the FTSE 250 Index rising 33% by 30 June 2020 but it is still 21% below its level at the start of the crisis. It is notable that the technology-heavy Nasdaq Index rose dramatically, led by the so called FAANG stocks that are actual beneficiaries of "working from home". It is also relevant that the Alternative Investment Market ("AIM") stocks have performed well during the recovery. The FTSE AIM Index is only 9% below the level it was at on 21 February 2020.

The tone of company trading statements was generally negative during the six months to 31 December 2019. This was particularly the case for building, construction and retail sectors. Industrials were also generally weak, as were financial services, oil services, personal goods and healthcare. Auto dealers were a particularly negative feature. Media and real estate strengthened while software weakened, particularly data services related companies that were seen as potentially impacted by Brexit concerns. This latter group were to see a dramatic recovery in the post-election closing weeks of the year. In the two days after the election the FTSE 250 Index rose by 6%.

Following the outbreak of the COVID-19 pandemic, smaller companies responded quickly to the emergency, where necessary furloughing staff, shoring up balance sheets, cutting dividends, taking pay cuts, working from home where possible and keeping investors in touch by conference calls. Some sectors were effectively closed down, such as transport, restaurants, leisure and retailers. Others saw substantial declines in activity, including industrials, construction, oil & gas, some real estate and some media. Others were unchanged, such as some media, asset managers, speciality financials and other real estate. Certain sectors actually benefitted from working from home, such as leisure goods, on-line retailing and food manufacturing.

Unlike during the banking crisis, the Company saw significant numbers of holdings cut or suspend their dividends, perhaps as much as 40%. Although latterly a number have reinstated dividend payments as the outlook has generally improved from the extreme pessimism of late March.

The weakest part of smaller companies was the cyclical heavy FTSE SmallCap Index while the growth rich AIM market recovered strongly in the April to June period.

The oil price as measured by Brent oscillated between $82 per barrel in January 2020 and $19 in March. Indeed the West Texas Intermediate version fell into negative territory for a brief period as storage in the US ran out and demand collapsed. Copper started the year at $285, fell to $218 in March 2020 before rising to $291 by the year end. The gold price rose steadily by 35% from $1,409 per oz to $1,901, representing a flight to safety.

Acquisition & Merger activity in smaller company markets was subdued, with no holdings in the portfolio bid for. However, in the post COVID rally, fund raising by the issue of new equity was very buoyant. Listed companies were either shoring up their balance sheets to see them through what is expected to be a tough time, economically, or raising war chests in anticipation of good value purchases in the economic fallout to come. Not surprisingly, the hard hit travel and leisure sector was at the forefront of fund raising activity with fully 17 members of this sector raising money. This included travel companies Dart Group (Jet2), On the Beach, National Express and Air Partner and pub companies, Whitbread, JD Wetherspoon, Revolution Bars, Loungers and City Pub Co.

Performance

The portfolio out-performed its benchmark in five of the six months of the second half of calendar 2019 with October and November being particularly strong. July was the only month of underperformance. Performance either tended to be driven by stock-specific events or where there was a perception about exposure to Brexit. For example, data service companies such as Kainos and FDM were weak on Brexit concerns, only to recover sharply after the General Election.

In uncertain economic and geopolitical times our focus on Quality, Growth and Momentum has been beneficial pretty much throughout the year. The removal of uncertainty with the General Election also led to a very strong finish to the calendar year both in relative and absolute terms. While the absolute value of the portfolio fell almost 22% during March 2020, the month of COVID panic, the NAV total return in the month outperformed the index by over 3%. The matrix factor "Altman Z Scores", a composite measure of balance sheet and cash flow strength, came into its own with a dramatic flight to quality in the market. Our view that our investment process provides resilience in difficult market conditions was vindicated.

In 2020, the best sector performers were either defensive or actual beneficiaries of the impact of COVID, notably working from home. These were leisure goods, food manufacturers and telecoms. Lock down helped Games Workshop, Team 17 and Focusrite as young people required their attention to be diverted during the long hours stuck indoors. Cranswick (pork) and Hilton Foods (beef, fish) benefited from increased supermarket shopping. Gamma Communications was a major beneficiary of working at home. Interestingly, a couple of media stocks performed strongly. They both have adapted well to the provision of advertising and market research in the digital world; Future, in special interest verticals, and GlobalData in online sector specific market research. Asset managers performed reasonably well. In general they adapted well to working from home and benefited from rising equity values from April onwards. An example of this included AJ Bell. Electronics stocks also performed well (XP Power & discoverIE); the semiconductor cycle turning up and the early start to manufacturing recovery in China was helpful. Software was mixed; those with recurring revenues did well (Aveva, GB Group) while those without (FDM) did less well. First Derivatives struggled following the unexpected death of the CEO and founder, Brian Conlan, while the other Ulster business, Kainos, benefited strongly from digitalisation trends hastened by COVID-19. The real estate companies did surprisingly well, particular Safestore and Big Yellow in self-storage. Both of them managed a dividend increase.

On the negative side, transport and leisure, restaurants and food to go, traditional retailers and more cyclical sectors like construction, building materials and resources were savaged. The story of Dart Group is of note. This high-quality value-for-money, customer-focused airline soared from £8 per share when Thomas Cook went into administration to £20 per share at the end of 2019, only to collapse to £3 per share in the teeth of the COVID panic. The shares were 835p per share on 30 June 2019 and 842p per share on 30 June 2020; a roller coaster of a year. The company raised equity in May and is in good shape to see out the crisis.

One theme that did not work well was that of buying standout companies in difficult sectors. The COVID emergency put paid to that. Stocks held that fitted that category included Dart Group, Morgan Sindall (construction), Robert Walters (recruitment), Greggs (food to go) and Motorpoint (used car retailing).

The five leading performers for the period were as follows:-

Games Workshop (closing weight: 4.6%), the table-top hobby games (Warhammer) company traded strongly post COVID. Prodigious operating margins of 36% helped along with their growing world market position.

Hilton Foods (closing weight 4.1%) saw healthy demand as supermarkets saw a surge in demand as COVID struck.

Future (closing weight 3.8%), the special interest magazine and on-line title operator led by the redoubtable Zillah Byng-Thorne, continued to make strong progress.

Cranswick (closing weight 3.4%) saw strong growth in demand as restaurants remained closed with supermarkets soaking up the demand. Pork prices were robust as African swine flu caused havoc in Chinese pigsties where more than half the world's pigs live.

XP Power (closing weight 3.2%) has recovered strongly to new highs as the semiconductor cycle turned up and factories in China and Vietnam opened up quickly.

On the negative side, Fevertree Drinks lost its fizz as it struggled to make progress in the USA. Next15 Communications was seen as risky as a media stock exposed to the advertising cycle. Robert Walters in recruitment lost momentum as the economy turned down. Midwich, the audio-visual display company, suffered from a loss of capital investment amongst its customer base. Retail brand **Joules** saw demand sag. James Fisher, the diversified marine engineering company, has a modicum of exposure to offshore oil and gas which was negative. Finally, Ricardo, the diversified auto engineering consultant, saw a post COVID slump in demand.

Dealing and Activity
The five largest additions to the portfolio were as follows:-

Greggs. We bought back into Greggs. The company continues to trade ahead of expectations following some particularly effective PR with the launch of the vegan sausage roll and steak bake, alerting potential customers to changes at the company that made it worthwhile giving the baker turned “food-to-go” company another try. However, Greggs now faces serious post-COVID challenges as it grapples with social distancing and quiet high streets, shopping centres and travel hubs.

Boohoo Group. A new holding was added as the company thrives in the post COVID world of fast fashion, test and repeat and the rejuvenation of high street names in an online world. However, accusations of sweat shop conditions amongst some of their suppliers and of the initial tardy response of management to the institution of an external investigation suggested that ESG concerns were not being taken as seriously as they should. Aggressive share price led senior management bonus plans were also of concern. The shares have been sold since the year end.

Trainline is a recent new issue. It is the train and bus booking website and app that is very popular in the UK but also performing strongly on the continent. Post COVID, however, means that demand will be sluggish until confidence in rail travel returns.

Focusrite is a worldwide leader in the manufacture and marketing of electronic and techno music equipment that can be used at home and professionally. Increasingly, high quality electronic music is being made at home. The COVID-19 emergency has given Focusrite a demand boost. Focusrite is a new holding.

GlobalData. More was added to this holding. It is the research company with the chief executive we know well from his days at Datamonitor. GlobalData is just the same except it is enabled for on-line delivery.

Apart from those mentioned above, five other new holdings were added to the portfolio. They were Liontrust Asset Management, Avon Rubber, a gasmasks and body-armour company for the US military, AB Dynamics, a specialist advanced auto testing equipment company, Sumo, a developer of video games software, and Alpha FX, a currency trading platform for small and medium sized businesses. The latter has been sold. A number of other significant additions were made, including Games Workshop, Alpha Financial Markets, the consultant to the asset management industry, AJ Bell, the wealth management platform, and Cranswick, the pork products company.

The key sales were as follows:-

Five holdings that had become too large to be described as smaller companies were substantially sold down. They were Intermediate Capital Group, Dechra Pharmaceuticals, JD Sports Fashion, Abcam and Fevertree Drinks. The latter four have returned more than three times their original book values.

Eight holdings have been sold completely. These are Ted Baker, Accesso, the theme park software company, ECO Animal Health, the animal antibiotics company, Nucleus Financial, the wealth management platform, Hostelworld, the hostel booking platform and Joules, the branded retailer. These holdings failed to comply with our investment process. Fevertree Drinks and Alpha FX were also sold completely.

Other significant holdings sold down included Morgan Sindall, the diversified construction company, Robert Walters, Greggs (post the start of COVID), FDM, the IT training company, and RWS, the high level language translation and localisation company.

Sector Exposures
The key sector exposures include software, support services, speciality financials, leisure goods, media, real estate, food manufactures, telecoms and electronics. Specialty financials, real estate, leisure goods and media showed significant increases. For the Company, the sectors that increased in weighting were generally the most resilient in the COVID emergency, such as wealth management platforms (AJ Bell) and fund administration platforms (JTC, Sanne), leisure goods (Games Workshop, Focusrite, Team17), self storage (Safestore, Big Yellow) and media (Future, GlobalData).

There are no holdings in the mining, or oil & gas sectors. There are also no materials stocks such as paper & packaging, industrial minerals or chemicals sectors. The Company remains light in the more cyclical sectors such as house building, building materials, transport and leisure.

Outlook
It is disappointing to see that this is the second year of negative net asset value total returns for the Company, albeit only by 1.1% last year and 0.5% this year. Given the turmoil of the last couple of years we would say that this is actually a good result. The chaos over Brexit and the political instability of the post-election May government has been almost forgotten in contrast to the real and immediate dangers of COVID-19.

Our view is that we have passed the worst in stock market terms and that 19 March 2020 might have been the low point. However, with the potential for further spikes in COVID outbreaks, a vaccine some way off, and a difficult negotiation on Brexit ahead, the recovery may be punctuated by setbacks.

We are of the view that the COVID emergency has accelerated change in what has always been a dynamic business environment. This means that the internet of things, cloud computing and all the other technological breakthroughs will continue to increase the level of Corporate Darwinism evident in the world. This encourages our thinking that growth, along with quality and momentum, must remain central to the process. There is the possibility that we will see a "dash for trash" rally at some point as we adapt to the new world order. Were this to occur, there may be a period where we see significant outperformance for cyclical, slow growth industries where companies are on low traditional valuations. They, however, can be traps for the unwary.

Last year we introduced the strong companies in difficult sectors theme. This theme failed to deliver as sector leaders like Dart Group and Motorpoint were dragged down by circumstance. These companies, however, are the ones with the balance sheets and market presence to see it through to the other side and prosper at the expense of weaker competitors.

We actually feel more confident about smaller companies now. The downturn that we have been predicting for at least five years now has arrived. The sector as a whole has under-performed for the last couple of years in anticipation of the downturn, as in 2007 and 2008 in the lead up to the banking crisis. The first half of the next upturn is normally positive for the smaller companies sector relative to larger companies. The AIM market has come of age with a preponderance of profitable growth businesses and wide sector dispersion. We feel the pipeline of new listings will improve from current low levels as markets recover. There are still a wide range of UK companies coming through that match our investment criteria, with a number of new smaller names having been added in the recent past.

As we have said before, our process remains unchanged. Our emphasis on risk aversion, resilience, growth and momentum still feels right for the future. Caution should be the watch-word however.

Investing in smaller companies should be viewed as a long-term investment and we have no doubt that patient investors will be rewarded in the longer term. Our stable process has been seasoned by four full economic cycles. We remain very optimistic about the prospects for the portfolio and the Company in the long term.

Harry Nimmo, Abby Glennie and Amanda Yeaman
Aberdeen Standard Investments
8 September 2020

PORTFOLIO – TEN LARGEST INVESTMENTS
As at 30 June 2020

Games Workshop

Games Workshop designs, manufactures and sells fantasy miniatures and related products.

Gamma Communications
Gamma Communications is a mid-sized telecoms company that supplies voice, data and mobile products and services in the UK. It provides fixed telephony, IP telephony, hosted phone systems, broadband and data connections, mobile services and unified communication solutions.

Hilton Food Group
Hilton Food Group is a founder run beef and fish packer. It works closely with food retailers across Europe and Australia.

Kainos
Kainos is a digital services company offering information technology products and services to clients in a range of markets, including government, healthcare and financial services.

Future
Future publishes special-interest consumer magazines, applications and websites.

Diploma
Diploma is an international group of businesses supplying specialised technical products and services. Its subsidiaries distribute an assortment of scientific and lab equipment and telecommunications products.

Cranswick
Cranswick is a high quality vertically intergrated pork and chicken products company operating in the United Kingdom.

XP Power
XP Power is a designer and manufacturer of low power, low noise, highly efficient electric motors and electronic systems. It manufactures in China and Vietnam.

RWS
RWS provides intellectual property support services (patent translations, international patent filing solutions and searches), in life sciences translations and linguistic validation.

Marshalls
Marshalls manufactures and sells a variety of building materials for construction, home improvement and garden landscaping sectors.

INVESTMENT PORTFOLIO
As at 30 June 2020

Company	Sector	Valuation 2020 £'000	Total portfolio %	Valuation 2019 £'000
Games Workshop	Leisure Goods	24,212	4.6	13,452
Gamma Communications	Mobile Telecommunications	23,451	4.4	20,987
Hilton Food Group	Food Producers	21,709	4.1	16,625
Kainos	Software & Computer Services	20,058	3.8	17,460
Future	Media	19,885	3.8	14,429
Diploma	Support Services	18,517	3.5	15,804
Cranswick	Food Producers	17,896	3.4	11,627
XP Power	Electronic & Electrical Equipment	16,731	3.2	12,124
RWS	Support Services	16,471	3.1	20,958
Marshalls	Construction & Materials	15,024	2.9	19,085
Top ten investments		**193,954**	**36.8**	
Safestore Holdings	Real Estate Investment Trusts	14,917	2.8	11,016
GlobalData	Media	13,803	2.6	5,070
GB Group	Software & Computer Services	13,408	2.6	11,166
Trainline	Travel & Leisure	12,455	2.4	4,628
Team 17	Leisure Goods	12,199	2.3	6,551
First Derivatives	Software & Computer Services	12,032	2.3	17,880
4imprint Group	Media	11,704	2.2	14,135
Hill & Smith Holdings	Industrial Engineering	11,667	2.2	10,982
Boohoo.com	General Retailers	11,167	2.1	-
Telecom Plus	Fixed Line Telecommunications	10,745	2.0	10,644
Top twenty investments		**318,051**	**60.3**	
AJ Bell	Financial Services	10,578	2.0	9,642
discoverIE Group	Electronic & Electrical Equipment	9,335	1.8	7,658
Dechra Pharmaceuticals	Pharmaceuticals & Biotechnology	9,322	1.8	20,462
Big Yellow	Real Estate Investment Trusts	9,277	1.7	9,152
Dart Group	Travel & Leisure	8,942	1.7	11,893
Fisher (James) & Sons	Industrial Transportation	8,826	1.7	12,411
Sanne Group	Support Services	8,784	1.7	12,406
Workspace	Real Estate Investment Trusts	8,755	1.6	13,242
Midwich	Support Services	8,473	1.6	12,938
Intermediate Capital Group	Financial Services	8,301	1.6	15,277
Top thirty investments		**408,644**	**77.5**	
Greggs	Food & Drug Retailers	8,043	1.5	-
JTC	Financial Services	8,015	1.5	5,526
Aveva Group	Software & Computer Services	7,423	1.4	12,221
Alpha Financial Markets	Support Services	6,847	1.3	5,955
JD Sports Fashion	General Retailers	6,409	1.2	15,728
Mattioli Woods	Financial Services	6,118	1.2	6,904
Focusrite	Technology Hardware & Equipment	5,931	1.2	-
Boot (Henry)	Construction & Materials	5,865	1.1	5,795
Sirius Real Estate	Real Estate Investment & Services	5,683	1.1	-
Next 15 Communications	Media	5,429	1.0	9,754
Top forty investments		**474,407**	**90.0**	
Liontrust Asset Management	Financial Services	5,341	1.0	-

FDM Group	Software & Computer Services	5,312	1.0	-
Avon Rubber	Aerospace & Defense	5,231	1.0	-
Paypoint	Support Services	5,084	1.0	10,105
Gooch & Housego	Electronic & Electrical Equipment	4,970	0.9	5,080
Motorpoint	General Retailers	4,787	0.9	4,927
Paragon	Financial Services	4,567	0.9	10,228
Robert Walters	Support Services	3,787	0.7	10,965
Morgan Sindall Group	Construction & Materials	3,272	0.6	5,324
Gear4Music	Leisure Goods	3,072	0.6	903
Top fifty investments		**519,830**	**98.6**	
Hotel Chocolat	Food Producers	2,520	0.5	2,545
Ricardo	Support Services	2,080	0.4	5,878
AB Dynamics	Industrial Engineering	1,858	0.4	-
Sumo Group	Leisure Goods	752	0.1	-
Total portfolio		**527,040**	**100.0**	

All investments are equity investments.

PORTFOLIO – SECTOR DISTRIBUTION OF INVESTMENTS

	Portfolio weighting 2020 %	2019 %
Consumer Goods	15.6	12.0
Beverages	-	2.6
Food Producers	8.0	5.5
Household Goods & Home Construction	-	-
Leisure Goods	7.6	3.9
Personal Goods	-	-
Consumer Services	19.4	15.8
Food & Drug Retailers	1.5	-
General Retailers	4.2	4.9
Media	9.6	7.8
Travel & Leisure	4.1	3.1
Financials	15.4	15.2
Financial Services	8.2	9.2
Real Estate Investment Trusts	6.1	6.0
Real Estate Investment & Services	1.1	-
Health Care	1.8	7.0
Health Care Equipment & Services	-	3.7
Pharmaceuticals & Biotechnology	1.8	3.3
Industrials	29.1	31.3
Aerospace & Defense	1.0	-
Construction & Materials	4.6	5.5
Electronic & Electrical Equipment	5.9	4.4
Industrial Engineering	2.6	1.9
Industrial Transportation	1.7	2.3
Support Services	13.3	17.2
Technology	12.3	13.0
Software & Computer Services	11.1	13.0
Technology Hardware & Equipment	1.2	-
Telecommunications	6.4	5.7
Fixed Line Telecommunications	2.0	1.9
Mobile Telecommunications	4.4	3.8
Total	**100.0**	**100.0**

DIRECTORS' REPORT (EXTRACT)

The Directors present their report and the audited financial statements of the Company for the year ended 30 June 2020.

Results and Dividends
The financial statements for the year ended 30 June 2020 are contained below. An interim dividend of 2.70p per Ordinary share was paid on 10 April 2020 and the Directors recommend a final dividend of 5.00p per Ordinary share, payable on 30 October 2020 to shareholders on the register on 2 October 2020. The ex-dividend date is 1 October 2020.

Principal Activity and Status
The Company is registered as a public limited company in Scotland under company number SC145455, is an investment company within the meaning of Section 833 of the Companies Act 2006 and carries on business as an investment trust.

The Company has applied for and has been accepted as an investment trust under Sections 1158 and 1159 of the Corporation Tax Act 2010 and Part 2 Chapter 1 of Statutory Instrument 2011/2999. This approval relates to accounting periods commencing on or after 1 July 2012. The Directors are of the opinion that the Company has conducted its affairs so as to be able to retain such approval.

The Company intends to manage its affairs so that its Ordinary shares continue to be a qualifying investment for inclusion in the stocks and shares component of an Individual Savings Account.

Capital Structure and Voting Rights
The Company's issued share capital at 30 June 2020 consisted of 100,065,198 (2019: 100,585,411) Ordinary shares of 25 pence each and there were 4,099,224 (2019: 3,579,011) Ordinary shares held in treasury, representing 4.1% of the issued share capital as at that date (excluding treasury shares).

During the year, 520,213 Ordinary shares were bought back into treasury.

Since the year end, the Company has bought back a further 20,355 Ordinary shares into treasury. Accordingly, as at the date of this Report, the Company's issued share capital consisted of 100,044,843 Ordinary shares of 25 pence each and 4,119,579 Ordinary shares held in treasury.

Each ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every Ordinary share held.

Management Agreement
The Company has appointed Aberdeen Standard Fund Managers Limited ("ASFML"), a wholly owned subsidiary of Standard Life Aberdeen plc, as its Alternative Investment Fund Manager (the "Manager"). ASFML has been appointed to provide investment management, risk management, administration and company secretarial services, and promotional activities to the Company. The Company's portfolio is managed by Standard Life Investments Limited (the "Investment Manager") by way of a group delegation agreement in place between it and ASFML. In addition, ASFML has sub-delegated administrative and secretarial services to Aberdeen Asset Management PLC and promotional activities to Aberdeen Asset Managers Limited.

Administration and company secretarial services have been provided by Aberdeen Asset Management PLC since 6 September 2019. Prior to that date these services were provided by Maven Capital Partners UK LLP.

The management fee is calculated as 0.85% per annum applying to the first £250 million of the Company's net assets, 0.65% per annum applying to net assets above this threshold until £550 million, and 0.55% applying to net assets above this threshold. In addition, the Manager is entitled to a secretarial and administration fee of £110,000 per annum, as uprated by movements in RPI. A fee of 0.02% of the net asset value of the Company in excess of £70 million is also payable. Such secretarial and administration fees are not to exceed £150,000 plus VAT in total per annum. The Manager also receives a separate fee for the provision of promotional activities to the Company, amounting to £100,000 plus VAT for the year ended 30 June 2020.

Further details of the fees payable to the Manager are shown in notes 3 and 4 to the financial statements.

The management agreement is terminable on not less than six months' notice. In the event of termination by the Company on less than the agreed notice period, compensation is payable to the Manager in lieu of the unexpired notice period.

External Agencies
The Board has contractually delegated to external agencies, including the Manager and other service providers, certain services including: the management of the investment portfolio, the day-to-day accounting and company secretarial requirements, the depositary services (which include cash monitoring, the custody and safeguarding of the Company's financial instruments and monitoring the Company's compliance with investment limits and leverage requirements) and the share registration services. Each

of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered in so far as they relate to the affairs of the Company. In addition, ad hoc reports and information are supplied to the Board as requested.

Substantial Interests
Information provided to the Company by major shareholders pursuant to the FCA's Disclosure, Guidance and Transparency Rules are published by the Company via a Regulatory Information Service.

The table below sets out the interests in 3% or more of the issued share capital of the Company, of which the Board was aware as at 30 June 2020.

Shareholder	Number of Ordinary shares	% held
Brewin Dolphin	10,957,399	10.9
Hargreaves Lansdown	9,737,287	9.7
Interactive Investor	7,758,455	7.8
Aberdeen Standard Investments Retail Plans	6,871,689	6.9
Aberdeen Standard Investments	6,773,418	6.8
Investec Wealth & Investment	5,671,620	5.7
Rathbones	5,302,413	5.3
M&G Investment Management	4,313,234	4.3

The Company has not been notified of any changes to these holdings as at the date of this Report.

Directors
Liz Airey was appointed to the Board on 21 August 2019 and stood for election at the Annual General Meeting on 23 October 2019. Allister Langlands retired as a Director on 31 March 2020. In accordance with stewardship guidelines, Allister Langlands was not involved in the process for appointing his successor.

Each of the Directors is considered by the Board to be independent of the Company and the Manager and free of any relationship which could materially interfere with the exercise of their independent judgement on issues of strategy, performance, resources and standards of conduct. Liz Airey is the Chairman and Tim Scholefield is the Senior Independent Director.

The Board has carried out an annual review of its own performance and effectiveness which it undertook through individually completed questionnaires and follow up discussion. It concluded that the Board continues to operate well and effectively and is focussing on the right issues in its work to promote the success of the Company and that each Director makes a significant contribution to the Board.

The Directors attended scheduled Board and Committee meetings during the year ended 30 June 2020 as follows (with their eligibility to attend the relevant meetings in brackets):

	Board Meetings	Audit Committee Meetings	Management Engagement Committee Meetings	Nomination Committee Meetings
Liz Airey	4 (5)[A]	2 (2)	2 (2)	1 (1)
Ashton Bradbury	5 (5)	2 (2)	2 (2)	1 (1)
Alexa Henderson	4 (5)[B]	2 (2)	2 (2)	1 (1)
Allister Langlands	4 (4)	- (-)	2 (2)	- (-)
Caroline Ramsay	5 (5)	2 (2)	2 (2)	1 (1)
Tim Scholefield	5 (5)	2 (2)	2 (2)	1 (1)

[A] Was unable to attend Board meeting due to a conflict with an arrangement made prior to appointment to the Board.
[B] Was unable to attend Board meeting for personal reasons.

The Board meets more frequently when business needs require. During the year ended 30 June 2020 this included two Nomination Committee meetings and a Board meeting to approve the appointment of a new Director, and Board Committee meetings to approve the annual and half yearly financial statements. All Directors attended the Annual General Meeting held on 23 October 2019.

All of the Directors will retire and, being eligible, will offer themselves for re-election at the Annual General Meeting.

The Board believes that all the Directors seeking re-election remain independent of the Manager and free from any relationship which could materially interfere with the exercise of their judgement on issues of strategy, performance, resources and standards of conduct. The Board believes that each Director has the requisite high level and range of business, investment and financial experience which enables the Board to provide clear and effective leadership and proper governance of the Company. Following formal performance evaluations, each Director's performance continues to be effective and demonstrates commitment to the role, and their individual performances contribute to the long-term sustainable success of the Company. In addition, all Directors have demonstrated that they have sufficient time to fulfil their directorial roles with the Company. The Board therefore recommends the re-election of each of the Directors at the Annual General Meeting.

Board's Policy on Tenure
In normal circumstances, it is the Board's expectation that Directors will not serve beyond the Annual General Meeting following the ninth anniversary of their appointment. However, the Board takes the view that independence of individual Directors is not necessarily compromised by length of tenure on the Board and that continuity and experience can add significantly to the Board's strength. The Board believes that recommendation for re-election should be on an individual basis following a rigorous review which assesses the contribution made by the Director concerned, but also taking into account the need for regular refreshment and diversity.

It is the Board's policy that the Chairman of the Board will not normally serve as a Director beyond the Annual General Meeting following the ninth anniversary of his or her appointment to the Board. However, this may be extended in certain circumstances or to facilitate effective succession planning and the development of a diverse Board. In such a situation the reasons for the extension will be fully explained to shareholders and a timetable for the departure of the Chairman clearly set out.

The Role of the Chairman and Senior Independent Director
The Chairman is responsible for providing effective leadership to the Board, by setting the tone of the Company, demonstrating objective judgement and promoting a culture of openness and debate. The Chairman facilitates the effective contribution and encourages active engagement by each Director. In conjunction with the Company Secretary, the Chairman ensures that Directors receive accurate, timely and clear information to assist them with effective decision-making. The Chairman acts upon the results of the Board evaluation process by recognising strengths and addressing any weaknesses and also ensures that the Board engages with major shareholders and that all Directors understand shareholder views.

The Senior Independent Director acts as a sounding board for the Chairman and acts as an intermediary for other Directors, when necessary. Working closely with the Nomination Committee, the Senior Independent Director takes responsibility for an orderly succession process for the Chairman, and leads the annual appraisal of the Chairman's performance. The Senior Independent Director is also available to shareholders to discuss any concerns they may have.

Directors' and Officers' Liability Insurance
The Company's Articles of Association provide for each of the Directors to be indemnified out of the assets of the Company against any liabilities incurred by them as a Director of the Company in defending proceedings, or in connection with any application to the Court in which relief is granted. Directors' and Officers' liability insurance cover has been maintained throughout the financial year at the expense of the Company.

Management of Conflicts of Interest
The Board has a procedure in place to deal with a situation where a Director has a conflict of interest. As part of this process, each Director prepares a list of other positions held and all other conflict situations that may need to be authorised either in relation to the Director concerned or his or her connected persons. The Board considers each Director's situation and decides whether to approve any conflict, taking into consideration what is in the best interests of the Company and whether the Director's ability to act in accordance with his or her wider duties is affected. Each Director is required to notify the Company Secretary of any potential, or actual, conflict situations that will need authorising by the Board. Authorisations given by the Board are reviewed at each Board meeting.

No Director has a service contract with the Company although all Directors are issued with letters of appointment. There were no contracts during, or at the end of the year, in which any Director was interested.

The Company has a policy of conducting its business in an honest and ethical manner. The Company takes a zero-tolerance approach to bribery and corruption and has procedures in place that are proportionate to the Company's circumstances to prevent them. The Manager also adopts a group-wide zero-tolerance approach and has its own detailed policy and procedures in place to prevent bribery and corruption. Copies of the Manager's anti-bribery and corruption policies are available on its website.

In relation to the corporate offence of failing to prevent tax evasion, it is the Company's policy to conduct all business in an honest and ethical manner. The Company takes a zero-tolerance approach to facilitation of tax evasion whether under UK law or under the law of any foreign country and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships.

Corporate Governance
The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and this statement describes how the Company has applied the principles identified in the UK Corporate Governance Code as published in July 2018 (the "UK Code"), which is available on the Financial Reporting Council's (the "FRC") website: frc.org.uk.

The Board has also considered the principles and provisions of the AIC Code of Corporate Governance as published in February 2019 (the "AIC Code"). The AIC Code addresses the principles and provisions set out in the UK Code, as well as setting out additional provisions on issues that are of specific relevance to the Company. The AIC Code is available on the AIC's website: theaic.co.uk. It includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the FRC, provides more relevant information to shareholders.

The Board confirms that, during the year, the Company complied with the principles and provisions of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- interaction with the workforce (provisions 2, 5 and 6);
- the role and responsibility of the chief executive (provisions 9 and 14);
- previous experience of the chairman of a remuneration committee (provision 32); and
- executive directors' remuneration (provisions 33 and 36 to 40).

The Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

The full text of the Company's Corporate Governance Statement can be found on its website.

Matters Reserved for the Board
The Board sets the Company's objectives and ensures that its obligations to its shareholders are met. It has formally adopted a schedule of matters which are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues.

These matters include:

- the maintenance of clear investment objectives and risk management policies;
- the monitoring of the business activities of the Company ranging from analysis of investment performance through to review of quarterly management accounts;
- monitoring requirements such as approval of the Half-Yearly Report and Annual Report and financial statements and approval and recommendation of any dividend;
- setting the range of gearing in which the Manager may operate;
- major changes relating to the Company's structure including share buy-backs and share issuance;
- Board appointments and removals and the related terms;
- authorisation of Directors' conflicts or possible conflicts of interest;
- terms of reference and membership of Board Committees;
- appointment and removal of the Manager and the terms and conditions of the Management Agreement relating thereto; and
- London Stock Exchange/Financial Conduct Authority - responsibility for approval of all circulars, listing particulars and other releases concerning matters decided by the Board.

Full and timely information is provided to the Board to enable it to function effectively and to allow the Directors to discharge their responsibilities.

Board Committees
The Board has appointed a number of Committees, as set out below. Copies of their terms of reference, which clearly define the responsibilities and duties of each Committee, are available on the Company's website, or upon request from the Company. The terms of reference of each of the Committees are reviewed and re-assessed by the Board for their adequacy on an ongoing basis.

Management Engagement Committee

The Management Engagement Committee comprises the full Board and is chaired by Tim Scholefield. The main responsibilities of the Committee include:

- monitoring and evaluating the performance of the Manager;
- reviewing at least annually the continued retention of the Manager;
- reviewing, at least annually, the terms of appointment of the Manager including, but not limited to, the level and method of remuneration and the notice period of the Manager; and
- reviewing the performance and remuneration of the other key service providers to the Company.

The Committee met twice during the year to 30 June 2020 and, following a review of performance and the terms of appointment of the Manager, recommended to the Board that the continuing appointment of the Manager was in the best interests of the shareholders and the Company as a whole. In reaching this decision, the Committee considered the Company's long-term performance record and concluded that it remained satisfied with the capability of the Standard Life Aberdeen Group to deliver satisfactory investment performance, that its investment screening processes are thorough and robust and that it employs a well-resourced team of skilled and experienced fund managers. In addition, the Committee is satisfied that the Standard Life Aberdeen Group has the secretarial, administrative and promotional skills required for the effective operation and administration of the Company.

Nomination Committee

The Nomination Committee comprises the full Board and is chaired by Liz Airey. The main responsibilities of the Committee include:

- regularly reviewing the structure, size and composition (including the skills, knowledge, experience, diversity and gender) of the Board;
- undertaking succession planning, taking into account the challenges and opportunities facing the Company and identifying candidates to fill vacancies;
- recruiting new Directors, undertaking open advertising or engaging external advisers to facilitate the search, as appropriate, with a view to considering candidates from a wide range of backgrounds, on merit, and with due regard for the benefits of diversity on the Board, taking care to ensure that appointees have enough time available to devote to the position;
- ensuring that new appointees receive a formal letter of appointment and suitable induction and ongoing training;
- arranging for annual Board performance evaluations to ensure that Directors are able to commit the time required to properly discharge their duties;
- making recommendations to the Board as to the position of Chairman, Senior Independent Director and Chairmen of the Nomination, Audit and Management Engagement Committees;
- assessing, on an annual basis, the independence of each Director;
- approving the re-election of any Director, subject to the UK Code, the AIC Code, or the Articles of Association, at the Annual General Meeting, having due regard to their performance, ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board; and
- determining the Directors' remuneration policy and level of remuneration, including for the Chairman.

During the year, an independent search consultancy firm, Fletcher Jones Limited, was used to assist in the selection of a new Director, resulting in the appointment of Liz Airey on 21 August 2019. Fletcher Jones Limited has no other relationship with the Company or with any of the Directors.

Going Concern

The Company's assets consist mainly of equity shares in companies listed on recognised stock exchanges and are considered by the Board to be realisable within a short timescale under normal market conditions. The Board has set overall limits for borrowing and reviews regularly the Company's level of gearing, cash flow projections and compliance with banking covenants. The Board has also performed stress testing and liquidity analysis.

As at 30 June 2020, the Company had a £45 million unsecured loan facility agreement with The Royal Bank of Scotland International Limited which matures on 31 October 2022. This consists of a five year, fixed-rate term loan facility of £25 million and a five year revolving credit facility of £20 million.

The Directors are mindful of the Principal Risks and Uncertainties disclosed in the Strategic Report and they believe that the Company has adequate financial resources to continue its operational existence for a period of not less than 12 months from the date of approval of this Report. They have arrived at this conclusion having confirmed that the Company's diversified portfolio of realisable securities is sufficiently liquid and could be used to meet short-term funding requirements were they to arise, including in current market conditions caused by the COVID-19 pandemic. The Directors have also reviewed the revenue and ongoing expenses forecasts for the coming year. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Accountability and Audit
The respective responsibilities of the Directors and the Independent Auditor in connection with the financial statements appear below.

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Independent Auditor was unaware, and that each Director has taken all the steps that they might reasonably be expected to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Independent Auditor was aware of that information.

Independent Auditor
Shareholders approved the re-appointment of KPMG LLP as the Company's Independent Auditor at the AGM on 23 October 2019 and resolutions to approve its re-appointment for the year to 30 June 2021 and to authorise the Directors to determine its remuneration will be proposed at the AGM on 21 October 2020.

Financial Instruments
The financial risk management objectives and policies arising from financial instruments and the exposure of the Company to risk are disclosed in note 16 to the financial statements.

Relations with Shareholders
The Directors place a great deal of importance on communications with shareholders. Shareholders and investors may obtain up to date information on the Company through its website and the Manager's Customer Services Department.

The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the management group (including the Company Secretary or the Manager) in situations where direct communication is required, and representatives from the Manager meet with major shareholders on at least an annual basis in order to gauge their views, and report back to the Board on these meetings. In addition, the Company Secretary only acts on behalf of the Board, not the Manager, and there is no filtering of communication. At each Board meeting the Board receives full details of any communication from shareholders to which the Chairman responds personally as appropriate.

The Company's Annual General Meeting usually provides a forum for communication primarily with private shareholders and is attended by the Board. The Manager makes a presentation to the meeting and all shareholders have the opportunity to put questions to both the Board and the Manager at the meeting. The Manager also hosts a regular 'Meet the Manager' session at which members of the Board are present and to which all shareholders are invited.

The notice of the Annual General Meeting is sent out at least 20 working days in advance of the meeting. All shareholders have the opportunity to put questions to the Board and Manager at the meeting.

Additional Information
Where not provided elsewhere in the Directors' Report, the following provides the additional information required to be disclosed by Part 15 of the Companies Act 2006.

There are no restrictions on the transfer of Ordinary shares in the Company issued by the Company other than certain restrictions which may from time to time be imposed by law (for example, the Market Abuse Regulation). The Company is not aware of any agreements between shareholders that may result in a transfer of securities and/or voting rights.

The rules governing the appointment of Directors are set out in the Directors' Remuneration Report. The Company's Articles of Association may only be amended by a special resolution passed at a general meeting of shareholders.

The Company is not aware of any significant agreements to which it is a party that take effect, alter or terminate upon a change of control of the Company following a takeover. Other than the management agreement with the Manager, further details of which are set out above, the Company is not aware of any contractual or other agreements which are essential to its business which could reasonably be expected to be disclosed in the Directors' Report.

Annual General Meeting
The Annual General Meeting will be held on Wednesday, 21 October 2020.

This year, due to the uncertainties caused by the COVID-19 pandemic and, in particular, the restrictions on public gatherings and requirements to socially distance, it is likely that the Annual General Meeting will be held on a functional only basis, satisfying the minimum legal requirements. Instead, shareholders are encouraged to submit questions to the Board and the Manager. Further details can be found in the Chairman's Statement.

By order of the Board
Aberdeen Asset Management PLC
Company Secretary
1 George Street
Edinburgh EH2 2LL

8 September 2020

STRATEGIC REPORT – STATEMENT OF DIRECTORS' RESPONSIBILITEIS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland'.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, but not for the content of any information included on the website that has been prepared or issued by third parties. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that to the best of their knowledge:

- the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Annual Report taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's position and performance, business model and strategy; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

On behalf of the Board
Liz Airey
Chairman
8 September 2020

STATEMENT OF COMPREHENSIVE INCOME

		Year ended 30 June 2020			Year ended 30 June 2019		
		Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
	Notes	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Net losses on investments held at fair value	9	-	(6,556)	(6,556)	-	(7,037)	(7,037)
Realised foreign exchange gains		-	-	-	-	2	2
Income	2	8,744	-	8,744	10,002	-	10,002
Investment management fee	3	(985)	(2,953)	(3,938)	(891)	(2,673)	(3,564)
Other administrative expenses	4	(811)	-	(811)	(699)	-	(699)
Net return before finance costs and taxation		6,948	(9,509)	(2,561)	8,412	(9,708)	(1,296)
Finance costs	5	(201)	(604)	(805)	(184)	(552)	(736)
Return before taxation		6,747	(10,113)	(3,366)	8,228	(10,260)	(2,032)
Taxation	6	-	-	-	4	-	4
Return after taxation		**6,747**	**(10,113)**	**(3,366)**	**8,232**	**(10,260)**	**(2,028)**
Return per Ordinary share (pence)	8	**6.74**	**(10.10)**	**(3.36)**	**8.80**	**(10.97)**	**(2.17)**

The total column of this statement represents the profit and loss account of the Company. The 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies.

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

The accompanying notes are an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2020 £'000	As at 30 June 2019 £'000
Non-current assets			
Investments held at fair value through profit or loss	9	527,040	550,909
Current assets			
Debtors	10	879	1,847
Investments in AAA-rated money market funds		26,465	15,911
Cash and short term deposits		49	668
		27,393	18,426
Current liabilities			
Creditors: amounts falling due within one year	11	(1,443)	(1,764)
Net current assets		25,950	16,662
Total assets less current liabilities		552,990	567,571
Creditors: amounts falling due after more than one year			
Bank loan	12	(24,914)	(24,877)
Net assets		**528,076**	**542,694**
Capital and reserves			
Called-up share capital	13	26,041	26,041
Share premium account		170,146	170,146
Special reserve		28,534	30,977
Capital reserve	14	294,551	304,664
Revenue reserve		8,804	10,866
Equity shareholders' funds		**528,076**	**542,694**
Net asset value per Ordinary share (pence)	15	**527.73**	**539.54**

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 June 2019	26,041	170,146	30,977	304,664	10,866	542,694
Return after taxation	-	-	-	(10,113)	6,747	(3,366)
Buyback of Ordinary shares into Treasury (see note 13)	-	-	(2,443)	-	-	(2,443)
Dividends paid (see note 7)	-	-	-	-	(8,809)	(8,809)
Balance at 30 June 2020	**26,041**	**170,146**	**28,534**	**294,551**	**8,804**	**528,076**

For the year ended 30 June 2019

	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 June 2018	19,071	29,693	36,311	314,924	8,275	408,274
Return after taxation	-	-	-	(10,260)	8,232	(2,028)
Issue of Ordinary shares following merger with Dunedin Smaller Companies Investment Trust PLC (see note 22)	6,970	140,453	-	-	-	147,423
Buyback of Ordinary shares into Treasury (see note 13)	-	-	(5,334)	-	-	(5,334)
Dividends paid (see note 7)	-	-	-	-	(5,641)	(5,641)
Balance at 30 June 2019	**26,041**	**170,146**	**30,977**	**304,664**	**10,866**	**542,694**

The capital reserve at 30 June 2020 is split between realised of £139,823,000 and unrealised of £154,728,000 (30 June 2019 - realised £122,984,000 and unrealised £181,680,000).

The revenue reserve and realised element of the capital reserve represents the amount of the Company's retained reserves distributable by way of dividend.

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

STATEMENT OF CASHFLOWS

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Operating activities		
Net return before taxation	(3,366)	(2,032)
Adjustment for:		
Losses on investments	6,556	7,037
Decrease/(increase) in accrued dividend income	880	(340)
Decrease/(increase) in accrued interest income	5	(8)
Foreign exchange gains	-	(2)
Finance costs	805	736
(Increase)/decrease in other debtors	(2)	3
Increase in other creditors	19	221
Overseas withholding tax received/(paid)	21	(10)
Net cash inflow from operating activities	4,918	5,605
Investing activities		
Purchases of investments	(84,429)	(79,496)
Sales of investments	101,466	89,594
Purchases of AAA-rated money market funds	(99,397)	(74,729)
Sales of AAA-rated money market funds	88,843	68,377
Net cash inflow from investing activities	6,483	3,746
Financing activities		
Bank and loan interest paid	(768)	(647)
Net cash acquired following merger	-	2,524
Repurchase of Ordinary shares	(2,443)	(5,334)
Drawdown of loan	20,000	-
Repayment of loan	(20,000)	-
Equity dividends paid	(8,809)	(5,641)
Net cash outflow from financing activities	(12,020)	(9,098)
(Decrease)/increase in cash	**(619)**	**253**
Analysis of changes in cash during the year		
Opening balance	668	415
(Decrease)/increase in cash as above	(619)	253
Closing balance	**49**	**668**

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

1. Accounting policies

a) Basis of accounting and going concern. The financial statements have been prepared in accordance with Financial Reporting Standard 102 and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in October 2019. They have also been prepared on the assumption that approval as an investment trust will continue to be granted.

The Company's assets consist mainly of equity shares in companies listed on recognised stock exchanges and in most circumstances, including in the current market environment, are considered to be realisable within a short timescale. The Board has reviewed the results of stress testing prepared by the Manager in relation to the ability of the assets to be realised in the current market environment.

The Company does not have a fixed life and, under the Articles of Association, there is no requirement for a continuation vote.

The Company has a fixed term loan facility of £25 million in place until 31 October 2022 and a revolving loan facility of £20 million in place until 31 October 2022. The Board has set limits for borrowing and regularly reviews the Company's gearing levels and its compliance with bank covenants. A replacement option would be sought in advance of the expiry of the facility on 31 October 2022, or, should the Board decide not to renew this facility, any outstanding borrowing would be repaid through the proceeds of equity sales as required.

The Board has considered the impact of COVID-19 and believe that this will have a limited financial impact on the Company's operational resources and existence. The results of stress testing prepared by the Manager, which models a sharp decline in market levels and income, demonstrated that the Company had the ability to raise sufficient funds so as to remain within its debt covenants and pay expenses.

Taking the above factors into consideration, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements. Accordingly, the Board continues to adopt the going concern basis in preparing the financial statements.

The accounting policies applied are unchanged from the prior year and have been applied consistently.

b) Investments. Investments have been designated upon initial recognition as fair value through profit or loss in accordance with IAS 39. As permitted by FRS 102, the Company has elected to apply the recognition and measurement provisions of IAS 39 Financial Instruments (as adopted for use in the EU). This is done because all investments are considered to form part of a group of financial assets which is evaluated on a fair value basis, in accordance with the Company's documented investment strategy, and information about the grouping is provided internally on that basis.

Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery to be made within the timeframe established by the market concerned, and are measured initially at fair value. Subsequent to initial recognition, investments are valued at fair value. For listed investments, this is deemed to be bid market prices or closing prices for SETS stocks sourced from the London Stock Exchange. SETS is the London Stock Exchange electronic trading service covering most of the market including all the FTSE All-Share and the most liquid AIM constituents.

Gains and losses arising from changes in fair value are included in net profit or loss for the period as a capital item in the Statement of Comprehensive Income and are ultimately recognised in the capital reserve.

c) AAA-rated money market funds. The AAA money market funds are used by the Company to provide additional short term liquidity. Due to their short term nature, they are recognised in the Financial Statements as a current asset and are included at fair value through profit and loss.

d) Income. Income from equity investments (other than special dividends), including taxes deducted at source, is included in revenue by reference to the date on which the investment is quoted ex-dividend. Special dividends are credited to revenue or capital in the Statement of Comprehensive Income, according to the circumstances of the underlying payment. Foreign income is converted at the exchange rate applicable at the time of receipt. Interest receivable on short-term deposits and money market funds is accounted for on an accruals basis.

e) Expenses and interest payable. Expenses are accounted for on an accruals basis. Expenses are charged to the capital column of the Statement of Comprehensive Income when they are incurred in connection with the maintenance or enhancement of the value of investments. In this respect, the investment management fee and relevant finance costs are allocated 25% to revenue and 75% to the capital columns of the Statement of Comprehensive Income in line with the Board's expectation of returns from the Company's investments over the long term in the form of revenue and capital respectively (see notes 3 and 5).

Transaction costs incurred on the purchase and disposal of investments are recognised as a capital item in the Statement of Comprehensive Income.

f) Dividends payable. Dividends are recognised in the period in which they are paid.

g) Nature and purpose of reserves

Called-up share capital. The Ordinary share capital on the Statement of Financial Position relates to the number of shares in issue and in treasury. Only when the shares are cancelled, either from treasury or directly, is a transfer made to the capital redemption reserve. This reserve is not distributable.

Share premium account. The balance classified as share premium includes the premium above nominal value from the proceeds on issue of any equity share capital comprising Ordinary shares of 25p. This reserve is not distributable.

Special reserve. The special reserve arose following court approval for the cancellation of the share premium account balance at 24 June 1999 and on 13 October 2009, Court of Session approval was granted for the cancellation of the Company's entire share premium account and capital redemption reserve and subsequent creation of a special distributable capital reserve. The special reserve is used to fund share purchases of its own Ordinary shares by the Company.

Capital reserve. Gains or losses on disposal of investments and changes in fair values of investments are transferred to the capital reserve. The capital element of the management fee and relevant finance costs are charged to this reserve. Any associated tax relief is also credited to this reserve. The part of this reserve represented by realised capital gains is available for distribution by way of dividend.

Revenue reserve. Income and expenses which are recognised in the revenue column of the Statement of Comprehensive Income are transferred to the revenue reserve. The revenue reserve is available for distribution by way of dividend.

h) Taxation. Tax expense represents the sum of tax currently payable and deferred tax. Any tax payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the year end date.

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

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

i) Foreign currency. Non-monetary assets and liabilities denominated in foreign currency carried at fair value through profit or loss are converted into Sterling at the rate of exchange ruling at the year end date. Transactions during the year involving foreign currencies are converted at the rate of exchange ruling at the transaction date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the Statement of Comprehensive Income.

j) Judgements and key sources of estimation uncertainty. Disclosure is required of judgements and estimates made by management in applying the accounting policies that have a significant effect on the Financial Statements. There are no significant estimates or judgements which impact these Financial Statements.

k) Cash and cash equivalents. Cash comprises bank balances and cash held by the Company. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

l) Bank borrowing. Interest bearing bank loans and overdrafts are recorded initially at fair value, being the proceeds received, net of direct issue costs. They are subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Statement of Comprehensive Income using the straight line method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

m) Treasury shares. When the Company purchases its Ordinary shares to be held in treasury, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effect, and is recognised as a deduction from the special reserve. When these shares are sold subsequently, the amount received is recognised as an increase in equity, and any resulting surplus on the transaction is transferred to the share premium account and any resulting deficit is transferred from the capital reserve.

n) **Merger with Dunedin Smaller Companies Investment Trust PLC ("Dunedin") – Basis of accounting.** On 8 October 2018, the Company acquired all the assets and liabilities of Dunedin in exchange for shares in the Company. The transaction was accounted for using the purchase method as required by FRS 102 and further details are set out in note 22. The income and costs for the period to 7 October 2018 reflect the activities of the Company before the acquisition and after that date reflect those of the enlarged Company.

2. Income

	2020 £'000	2019 £'000
Income from investments		
UK dividend income	6,675	7,672
Property income distributions	1,143	841
Overseas dividend income	466	818
Special dividends	288	472
	8,572	9,803
Other income		
Interest from AAA-rated money market funds	172	199
Total income	**8,744**	**10,002**

3. Investment management fee

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Investment management fee	**985**	**2,953**	**3,938**	**891**	**2,673**	**3,564**

The balance due to Aberdeen Standard Fund Managers Limited ("ASFML") at the year end was £983,000 (2019 - £1,007,000). For further details see note 20.

4. Administrative expenses (inclusive of VAT)

	2020 £'000	2019 £'000
Secretarial fees [A]	180	180
Promotional activities [A]	120	28
Directors' fees	150	133
Auditor's remuneration:		
- fees payable to the Company's Independent Auditor for the audit of the annual accounts (excluding VAT)	26	22
- VAT on audit fees	5	4
Registrar's fees	26	30
Professional fees	46	60
Custody fees	25	23
Depositary fees	101	91
Other expenses	132	128
	811	**699**

[A] The Company has an agreement with ASFML for the provision of secretarial services and promotional activities. Secretarial fees payable during the year, inclusive of VAT, were £180,000 (2019 - £180,000) and the amount due to ASFML at the year end was £90,000 (2019 - £45,000). Costs relating to promotional activities during the year, inclusive of VAT, were £120,000 (2019 - £28,000) and the amount due to ASFML at the year end was £42,000 (2019 - £72,000). The Company joined the Manager's promotional activities programme in January 2019.

5. Finance costs

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Bank loan interest	171	514	685	147	442	589
Non-utilisation fees	21	62	83	28	82	110
Amortisation of loan arrangement expenses	9	28	37	9	28	37
	201	**604**	**805**	**184**	**552**	**736**

6. Taxation

(a) Analysis of charge for year

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Overseas taxation	**-**	**-**	**-**	**(4)**	**-**	**(4)**

(b) **Provision for deferred taxation**. At 30 June 2020, the Company had unutilised management expenses and loan relationship losses of £64,228,000 (2019 - £60,033,000). A deferred tax asset has not been recognised on the unutilised management expenses and loan relationship losses as it is unlikely there will be suitable future taxable profits against which these tax losses could be deducted.

(c) **Factors affecting current tax charge for the year**. The UK corporation tax rate is 19% (2019 - same). The tax charge for the year is lower (2019 - lower) than the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained in the following table.

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Net return before taxation	6,747	(10,113)	(3,366)	8,228	(10,260)	(2,032)
Corporation tax at a rate of 19% (2019 - 19%)	1,282	(1,922)	(640)	1,563	(1,949)	(386)
Effects of:						
Non-taxable UK dividend income	(1,323)	-	(1,323)	(1,547)	-	(1,547)
Non-taxable overseas dividend income	(89)	-	(89)	(155)	-	(155)
Currency losses not taxable	-	-	-	-	(1)	(1)
Excess management expenses and loan relationship losses	130	676	806	139	613	752
Non-taxable gains on investments	-	1,246	1,246	-	1,337	1,337
Irrecoverable overseas withholding tax	-	-	-	(4)	-	(4)
Total tax charge	**-**	**-**	**-**	**(4)**	**-**	**(4)**

7. Dividends

	2020 £'000	2019 £'000
Amounts recognised as distributions to equity holders in the period:		
2019 final dividend of 6.10p per share (2018 - 5.50p) paid on 31 October 2019	6,106	4,032
2020 interim dividend of 2.70p per share (2019 - 1.60p) paid on 10 April 2020	2,703	1,609
	8,809	**5,641**

The proposed 2020 final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these Financial Statements.
Set out below are the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Section 1158-1159 of the Corporation Taxes Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £6,747,000 (2019 - £8,232,000).

	2020 £'000	2019 £'000
Interim dividend 2020 of 2.70p per share (2019 - 1.60p) paid on 10 April 2020	2,703	1,609
Proposed final dividend 2020 of 5.0p per share (2019 - 6.10p) payable on 30 October 2020	5,002	6,117
	7,705	**7,726**

The amount payable for the proposed final dividend is based on the Ordinary shares in issue as the date of approval of this Report, 8 September 2020, which satisfies the requirement of Section 1159 of the Corporation Tax Act 2010.

8. Return per Ordinary share

	2020 p	2020 £000	2019 p	2019 £000
Basic				
Revenue return	6.74	6,747	8.80	8,232
Capital return	(10.10)	(10,113)	(10.97)	(10,260)
Total return	**(3.36)**	**(3,366)**	**(2.17)**	**(2,028)**
Weighted average number of Ordinary shares in issue		**100,172,276**		**93,561,542**

9. Investments held at fair value through profit or loss

	2020 £'000	2019 £'000
Opening book cost	369,229	217,812
Opening investment holdings gains	181,680	206,382
Opening fair value	550,909	424,194
Transfer of investments from Dunedin at market value	-	144,899
Additions at cost	84,089	78,773
Disposals - proceeds	(101,402)	(89,920)
Losses on investments	(6,556)	(7,037)
Closing fair value	**527,040**	**550,909**

	2020 £'000	2019 £'000
Closing book cost	372,312	369,229
Closing investment holding gains	154,728	181,680
Closing fair value	**527,040**	**550,909**

All investments are in equity shares listed on the London Stock Exchange.

The Company received £101,402,000 (2019 - £89,920,000) from investments sold in the period. The book cost of these investments when they were purchased was £81,006,000 (2019 - £72,255,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

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

	2020 £'000	2019 £'000
Purchases	297	368
Sales	68	66
	365	**434**

10. Debtors

	2020 £'000	2019 £'000
Amounts due from brokers	262	326
Dividends receivable	593	1,473
Tax recoverable	-	21
Other debtors	24	27
	879	**1,847**

11. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Amounts payable to brokers	92	432
Interest payable	98	98
Investment management fee payable	983	1,007
Sundry creditors	270	227
	1,443	**1,764**

12. Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Bank loan	25,000	25,000
Unamortised loan arrangement expenses	(86)	(123)
	24,914	**24,877**

On 1 November 2017 the Company entered into a £45 million unsecured loan facility agreement arranged with The Royal Bank of Scotland International Limited. The facilities consist of a five year fixed-rate term loan facility of £25,000,000 (the "Term Loan") and a five year revolving credit facility of £20,000,000 (the "RCF"). The Term Loan has a maturity date of 31 October 2022.
The Company had drawn down £25 million of the Term Loan at the year end, at an interest rate of 2.349% (2019: same). The RCF was undrawn at the year end and at the end of the previous year.
The terms of the unsecured loan facility agreement contain covenants that the minimum net asset must not be less than £140 million, the percentage of borrowings against the nets assets shall not exceed 30%, and the portfolio contains a minimum of thirty eligible investments (investments made in accordance with the Company's investment policy). The Company complied with all covenants throughout the year.
The fair value of the Term Loan as at 30 June 2020 was £26,390,000 (2019 - £26,404,000), the value being calculated per the disclosure in note 19.

13. Called-up share capital

2020	2019

	Number	£'000	Number	£'000
Authorised	**150,000,000**	**37,500**	**150,000,000**	**37,500**
Issued and fully paid:				
Ordinary shares of 25p each	100,065,198	25,016	100,585,411	25,146
Held in treasury:	4,099,224	1,025	3,579,011	895
	104,164,422	**26,041**	**104,164,422**	**26,041**

	Ordinary shares Number	Treasury shares Number	Total Number
Opening balance	100,585,411	3,579,011	104,164,422
Share buybacks	(520,213)	520,213	-
Closing balance	**100,065,198**	**4,099,224**	**104,164,422**

During the year the Company repurchased 520,213 (2019 - 1,131,061) Ordinary shares to treasury at a cost of £2,443,000 (2019 - £5,334,000). Subsequent to the year end, a further 20,355 Ordinary shares were repurchased to treasury at a cost of £110,000.

14. Capital reserve

	2020 £'000	2019 £'000
Opening balance	304,664	314,924
Unrealised losses on investment holdings	(26,952)	(24,702)
Gains on realisation of investments at fair value	20,396	17,665
Currency gains	-	2
Management fee charged to capital	(2,953)	(2,673)
Finance costs charged to capital	(604)	(552)
Closing balance	**294,551**	**304,664**

The capital reserve includes investment holding gains amounting to £154,728,000 (2019 - gains of £181,680,000) as disclosed in note 9.
No currency gains arose during the year (2019 - £2,000 on cash deposits).

15. Net asset value per share. Total shareholders' funds have been calculated in accordance with the provisions of applicable accounting standards. The analysis of total shareholders' funds on the face of the Statement of Financial Position reflects the rights, under the Articles of Association, of the Ordinary shareholders on a return of assets.

	2020	2019
Net assets attributable (£'000)	**528,076**	**542,694**
Number of Ordinary shares in issue at year end{A}	**100,065,198**	**100,585,411**
Net asset value per share	**527.73p**	**539.54p**

{A} Excluding shares held in treasury.

16. Financial instruments. The Company's financial instruments comprise securities and other investments, cash balances, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The Company also has the ability to enter into derivative transactions for the purpose of managing currency and market risks arising from the Company's activities. No such transactions took place during the year

The main risks the Company faces from its financial instruments are i) market price risk (comprising interest rate risk, currency risk and other price risk), ii) liquidity risk and iii) credit risk. There was no material currency risk to the Company for the period.

The Board regularly reviews and agrees policies for managing each of these risks. The Manager's policies for managing these risks are summarised below and have been applied throughout the year.

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

Interest rate risk

Interest rate movements may affect:

- the level of income receivable on cash deposits and money market funds;

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

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

It is the Company's policy to increase its exposure to equity market price risk through the judicious use of borrowings. When borrowed funds are invested in equities, the effect is to magnify the impact on Shareholders' funds of changes - both positive and negative - in the value of the portfolio.

As at 30 June 2020, the Company had drawn down £25 million (2019 - £25 million) of the £45 million (2019 - £45 million) unsecured loan facility agreement arranged with The Royal Bank of Scotland International Limited. The facilities consist of a five year fixed-rate term loan facility of £25 million and a five year revolving credit facility of £20 million.

Interest risk profile. The interest rate risk profile of the portfolio of financial assets and liabilities at the year end date was as follows:

As at 30 June 2020	**Weighted average period for which rate is fixed Years**	**Weighted average interest rate %**	**Fixed rate £'000**	**Floating rate £'000**
Assets				
AAA-rated money market funds	-	0.34	-	26,465
Cash deposits	-	-	-	49
Total assets	**-**	**-**	**-**	**26,514**
Liabilities				
Bank loan	2.33	2.35	25,000	-
Total liabilities	**-**	**-**	**25,000**	**-**

As at 30 June 2019	**Weighted average period for which rate is fixed Years**	**Weighted average interest rate %**	**Fixed rate £'000**	**Floating rate £'000**
Assets				
AAA-rated money market funds	-	0.85	-	15,911
Cash deposits	-	-	-	668
Total assets	**-**	**-**	**-**	**16,579**
Liabilities				
Bank loan	3.33	2.35	25,000	-

Total liabilities	**-**	**-**	**25,000**	**-**

The weighted average interest rate is based on the current yield of each asset, weighted by its market value.
The floating rate assets consist of AAA-rated money market funds and cash deposits on call earning interest at prevailing market rates.
All financial liabilities are measured at amortised cost.

Interest rate sensitivity. The sensitivity analyses below have been determined based on the exposure to interest rates at the year end date and with the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.
If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Company's profit for the year ended 30 June 2020 and net assets would increase/decrease by £265,000 (2019 - increase/decrease by £166,000). This is mainly attributable to the Company's exposure to interest rates on its floating rate cash balances and money market funds.
Other price risk. Other price risks (ie changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments.
It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. The allocation of assets and the stock selection process both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are mainly listed on the London Stock Exchange.
Other price risk sensitivity. If market prices at the year end date had been 10% higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 30 June 2020 would have increased/decreased by £52,704,000 (2019 - increase/decrease of £55,091,000). This is based on the Company's equity portfolio held at each year end.

ii) **Liquidity risk**. This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.
Liquidity risk is not considered to be significant as the Company's assets comprise mainly readily realisable securities and AAA-rated money market funds, which can be sold to meet funding commitments if necessary. The maturity of the Company's existing borrowings is set out in the credit risk profile section of this note.

	Expected cash flows	**Due within 3 months**	**Due between 3 months and 1 year**	**Due after 1 year**
As at 30 June 2020	**£'000**	**£'000**	**£'000**	**£'000**
Bank loan	**26,370**	**148**	**439**	**25,783**

	Expected cash flows	**Due within 3 months**	**Due between 3 months and 1 year**	**Due after 1 year**
As at 30 June 2019	**£'000**	**£'000**	**£'000**	**£'000**
Bank loan	**26,957**	**148**	**439**	**26,370**

iii) **Credit risk**. This is failure of the counter party to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.
The risk is not significant, and is managed as follows:

- investment transactions are carried out with a number of brokers, whose credit-standing is reviewed periodically by the investment manager, and limits are set on the amount that may be due from any one broker;
- the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a monthly basis. In addition, both stock and cash reconciliations to the Custodians' records are performed on a daily basis to ensure discrepancies are investigated on a timely basis.

- cash is held only with reputable banks with high quality external credit enhancements.

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

Credit risk exposure. In summary, compared to the amounts in the Statement of Financial Position, the maximum exposure to credit risk at 30 June was as follows:

	2020		2019	
	Statement of		Statement of	
Current assets	**Financial Position £'000**	**Maximum exposure £'000**	**Financial Position £'000**	**Maximum exposure £'000**
Debtors	262	262	1,847	1,847
AAA-rated money markets funds	26,465	26,465	15,911	15,911
Cash and short term deposits	49	49	668	668
	26,776	**26,776**	**18,426**	**18,426**

None of the Company's financial assets is past due or impaired.

17. Analysis of changes in net debt

	At 30 June 2019 £'000	Cash flows £'000	Non-cash movements £'000	At 30 June 2020 £'000
Cash and cash equivalents	668	(619)	-	49
Investments in AAA-rated money market funds	15,911	10,554	-	26,465
Debt due after more than one year	(24,877)	-	(37)	(24,914)
	(8,298)	**9,935**	**(37)**	**1,600**

	At 30 June 2018 £'000	Cash flows £'000	Non-cash movements £'000	At 30 June 2019 £'000
Cash and cash equivalents	415	253	-	668
Investments in AAA-rated money market funds	9,559	6,352	-	15,911
Debt due after more than one year	(24,790)	-	(87)	(24,877)
	(14,816)	**6,605**	**(87)**	**(8,298)**

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

18. **Capital management**. The investment objective of the Company is to achieve long term capital growth by investment in UK quoted smaller companies.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to Shareholders through the optimisation of the debt and equity balance.

The Company's capital comprises the following:

	2020	2019

	£'000	£'000
Equity		
Equity share capital	26,041	26,041
Reserves	502,035	516,653
Liabilities		
Bank loan	24,914	24,877
	552,990	**567,571**

The Company's net gearing comprises the following:

	2020 £'000	2019 £'000
Bank loan	(24,914)	(24,877)
Cash and AAA-rated money market funds	26,514	16,579
Amounts due from brokers	262	326
Amounts payable to brokers	(92)	(432)
Net funds/(debt)	**1,770**	**(8,404)**
Net assets	**528,076**	**542,694**
Net cash/(gearing) (%)	**0.3**	**(1.5)**

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

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

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

The Company does not have any externally imposed capital requirements.

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

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

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

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

All of the Company's investments are in quoted equities (2019 - same) that are actively traded on recognised stock exchanges, with their fair value being determined by reference to their quoted bid prices at the reporting date. The total value of the investments (2020 - £527,040,000; 2019 - £550,909,000) have therefore been deemed as Level 1.

The investment in AAA rated money market funds of £26,465,000 (2019 - £15,911,000) is considered to be Level 2 under the fair value hierarchy of FRS 102 due to not trading in an active market.

The fair value of borrowings as at the 30 June 2020 has been estimated at £26,390,000 (2019 - £26,404,000) with a par value per Statement of Financial Position of £24,914,000 (2019 - £24,877,000) using the interest rate swap valuation technique. Under the fair value hierarchy in accordance with FRS 102, these borrowings can be classified at Level 2.

20. **Transactions with the Manager**. The Company has an agreement with Aberdeen Standard Fund Managers Limited for the provision of management services. The management fee is calculated at 0.85% per annum on the first £250 million of net assets, 0.65% on net assets between £250 million and £550 million and 0.55% on net assets above £550 million. The contract is terminable by either party on six months notice.

The Manager also receives a separate fee for the provision of secretarial services and promotional activities as disclosed in note 4. Company Secretarial and administrative services were provided by Maven Capital Partners UK LLP under a separate agreement with the Manager up to 6 September 2019 when the agreement between Aberdeen Standard Fund Managers Limited ("ASFML") and Maven Capital Partners UK LLP ("Maven") for the provision of these services was terminated and these services have since been provided by Aberdeen Asset Management PLC ("AAM") under a delegation agreement between ASFML and AAM.

21. **Related party transactions**. The Directors of the Company received fees for their services. Further details are provided in the Directors' Remuneration Report. The Directors' shareholdings are also detailed in the Directors' Remuneration Report.

Aberdeen Standard Fund Managers Limited received fees for its services as Manager and Company Secretary. Further details are provided in notes 3, 4 and 20.

22. **Merger with Dunedin Smaller Companies Investment Trust PLC ("Dunedin")**. On 8 October 2018, the Company announced that, in connection with the reconstruction of Dunedin, the Company acquired approximately £147.4 million of net assets from Dunedin under the terms of the reconstruction in consideration for the issue of 27,878,842 new Ordinary shares, based on the respective formula asset values.

Net assets acquired	**£'000**
Investments	144,899
Current assets: debtors and bank	3,823
Current liabilities	(1,299)
Net assets	**147,423**
Satisfied by new Ordinary shares issued	**147,423**

There were no fair value adjustments made to the above figures.

Included in the Statement of Comprehensive Income for the year ended 30 June 2019 are income of £4,344,000 and profit after tax of £3,286,000 attributable to Dunedin following the merger. These amounts are estimated and derived from an apportionment of the post-merger return, based on the ratio applied at the time of the merger.

ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures ("APMs") are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes FRS 102 and the AIC SORP.
The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies. Where the calculation of an APM is not detailed within the financial statements, an explanation of the methodology employed is provided below:
Discount. A discount is the percentage by which the market price is lower than the Net Asset Value ("NAV") per share.

	30 June 2020	30 June 2019
Share price	482.00p	491.50p
Net Asset Value per share	527.73p	539.54p
Discount	8.7%	8.9%

Net cash/(gearing). Net cash/(gearing) measures the total borrowings less cash and cash equivalents divided by shareholders' funds, expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes amounts due from and to brokers at the period end as well as cash and short-term deposits.

	30 June 2020	30 June 2019
	£'000	£'000
Total borrowings [A]	(24,914)	(24,877)
Cash and short term deposits	49	668
Investments in AAA-rated money market funds	26,465	15,911
Amounts due from brokers	262	326
Amounts payable to brokers	(92)	(432)
Total cash and cash equivalents [B]	26,684	16,473
Net cash/(gearing) (borrowings less cash & cash equivalents) [A-B]	**1,770**	**(8,404)**
Shareholders' funds	**528,076**	**542,694**
Net cash/(gearing)	**0.3%**	**-1.5%**

Ongoing charges ratio. The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC, which is defined as the total of investment management fees and recurring administrative expenses and expressed as a percentage of the average of daily net asset values throughout the year.

	30 June 2020	30 June 2019
	£'000	£'000
Investment management fee	3,938	3,564
Administrative expenses	811	699
Less: non-recurring charges [C]	(8)	-
Ongoing charges	**4,741**	**4,263**
Average daily net assets	**539,070**	**475,484**

Ongoing charges ratio	**0.88%**	**0.90%**

C Comprises professional fees not expected to recur.

The ongoing charges ratio differs from the other ongoing costs figure reported in the Company's Key Information Document calculated in line with the PRIIPs regulations, which includes the ongoing charges ratio and the financing and transaction costs.

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

NAV total return

Year ended 30 June 2020	**2020**	**2019**
Opening NAV (p)	539.54p	552.93p
Closing NAV (p)	527.73p	539.54p
Decrease in NAV (p)	-11.81	-13.39
% decrease in NAV	-2.2%	-2.4%
Uplift from reinvestment of dividends[A]	1.7%	1.3%
NAV total return decrease	-0.5%	-1.1%

A The uplift from reinvestment of dividends assumes that the dividends of 6.1p in October 2019 and 2.7p in April 2020 (5.5p and 1.6p in 2018/19) paid by the Company were reinvested in the NAV of the Company on the ex-dividend date.

Share price total return

Year ended 30 June 2020	**2020**	**2019**
Opening share price (p)	491.50p	500.00p
Closing share price (p)	482.00p	491.50p
Decrease in share price (p)	-9.50	-8.50
% decrease in share price	-1.9%	-1.7%
Uplift from reinvestment of dividends[A]	1.8%	1.4%
Share price total return decrease	-0.1%	-0.3%

A The uplift from reinvestment of dividends assumes that the dividends of 6.1p in October 2019 and 2.7p in April 2020 (5.5p and 1.6p in 2018/19) paid by the Company were reinvested in the shares of the Company on the ex-dividend date.

Additional Notes to the Annual Financial Report

The Annual General Meeting will be held at 12 noon on 21 October 2020 at 6 St Andrew Square, Edinburgh, EH2 2BD.

If approved at the Annual General Meeting, the final dividend of 5.0p per share will be paid on 30 October 2020 to holders of Ordinary shares on the register at the close of business on 2 October 2020. The relevant ex-dividend date is 1 October 2020.

The Annual Financial Report Announcement is not the Company's statutory accounts. The above results for the year ended 30 June 2020 have been agreed with the auditor and are an abridged version of the Company's full accounts, which have been approved and audited with an unqualified report. The 2019 and 2020 statutory accounts received unqualified reports from the Company's auditor and did not include any reference to matters to which the auditor drew attention by way of emphasis without qualifying the reports, and did not contain a statement under s.498(2) or 498(3) of the Companies Act 2006. The financial information for 2019 is derived from the statutory accounts for 2019 which have been delivered to the Registrar of Companies. The 2020 accounts will be filed with the Registrar of Companies in due course.

The Annual Report and Accounts will be posted to shareholders in September 2020. Copies will be available during normal business hours from the Secretary, Aberdeen Asset Management PLC, 1 George Street, Edinburgh EH2 2LL or from the Company’s website, www.standardlifeuksmallercompaniestrust.co.uk*.

Please note that past performance is not necessarily a guide to the future and that the value of investments and the income from them may fall as well as rise and may be affected by exchange rate movements. Investors may not get back the amount they originally invested.

By order of the Board
Aberdeen Asset Management PLC
Company Secretary
8 September 2020

** Neither the Company’s website nor the content of any website accessible from hyperlinks on it (or any other website) is (or is deemed to be) incorporated into, or forms (or is deemed to form) part of this announcement.*