Standard Life Equity Income Trust PLC

Annual Report and Accounts
30 September 2014

Contents

Financial Calendar

17 November 2014	Announcement of Annual Financial Report for year ended 30 September 2014
17 December 2014	Annual General Meeting
19 December 2014	Payment of fourth quarterly dividend of 4.4p per ordinary share
May 2015	Announcement of Half Yearly Financial Report for six months ending 31 March 2015
March, June and September 2015	Payment of interim dividends for 2015

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your Ordinary shares in Standard Life Equity Income Trust PLC, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Corporate Summary

Investment Objective	The objective of Standard Life Equity Income Trust is to provide shareholders with an above average income from their equity investment while also providing real growth in capital and income.
Investment Policy	The Directors intend to achieve the investment objective by investing in a diversified portfolio consisting mainly of quoted UK equities. The portfolio will normally comprise between 50 and 70 individual equity holdings. In order to reduce risk in the Company without compromising flexibility: • no holding within the portfolio will exceed 10% of net assets; and • the top ten holdings within the portfolio will not in aggregate exceed 50% of net assets The Company may invest in convertible preference shares, convertible loan stocks, gilts and corporate bonds. The Directors have set parameters of between 5% net cash and 15% net gearing for the level of gearing that can be employed. The Directors have delegated responsibility to the Manager for the operation of the gearing level within the above parameters. The Manager's investment process combines asset allocation, stock selection, portfolio construction, risk management and dealing. The investment process is research-intensive and is driven by a distinctive focus on change which recognises that different factors drive individual stocks and markets at different times in the cycle. This flexible but disciplined investment process ensures that the Manager has the opportunity to perform in different market conditions.
Benchmark	The Company's benchmark is the FTSE All-Share Index.
Equity shareholders' funds	£166.5 million at 30 September 2014.
Market capitalisation	£159.6 million at 30 September 2014.
Capital structure	Standard Life Equity Income Trust is a conventional investment trust with Ordinary shares of 25p each. There were 40,505,994 Ordinary shares in issue at 30 September 2014. There were no Ordinary shares held in treasury as at 30 September 2014. There were also 6,817,773 Subscription shares of 0.01p, with no voting rights, in issue as at the same date.
Independent Board	The Directors, all of whom are independent of the management company, meet regularly with the Manager to consider investment strategy and monitor performance.
Alternative Investment Fund Manager	Standard Life Investments (Corporate Funds) Limited Portfolio Manager - Thomas Moore Head of Investment Companies - Gordon Humphries.
Management Fee	The management fee is calculated at 0.65% per annum of the Company's gross assets and there is no performance fee. The notice period is six months.
ISA status	The Company's shares are eligible for ISAs and ISA transfers.
Buying shares	The process of buying shares through the Standard Life Investments Share Plan or ISA is shown in 'How to invest in Standard Life Equity Income Trust PLC' on page 57 of this report.
AIC membership	The Company is a member of the Association of Investment Companies.
Website	The Company's website may be accessed from the Investment Manager's Investment Trust website, www.standardlifeinvestments.com/its. The website offers investors comprehensive information on the Company and its related products. Some of the available features are: • the latest share price and net asset value • performance figures, charts and commentary • product information • how to invest in the Company via the savings plan • strategic and economic reviews by the Investment Manager

Strategic Report

The Strategic Report comprises the Financial Highlights, Chairman's Statement, Manager's Report, Portfolio Investments, Sector Distribution of Investments, Business Review and Ten Year Record.

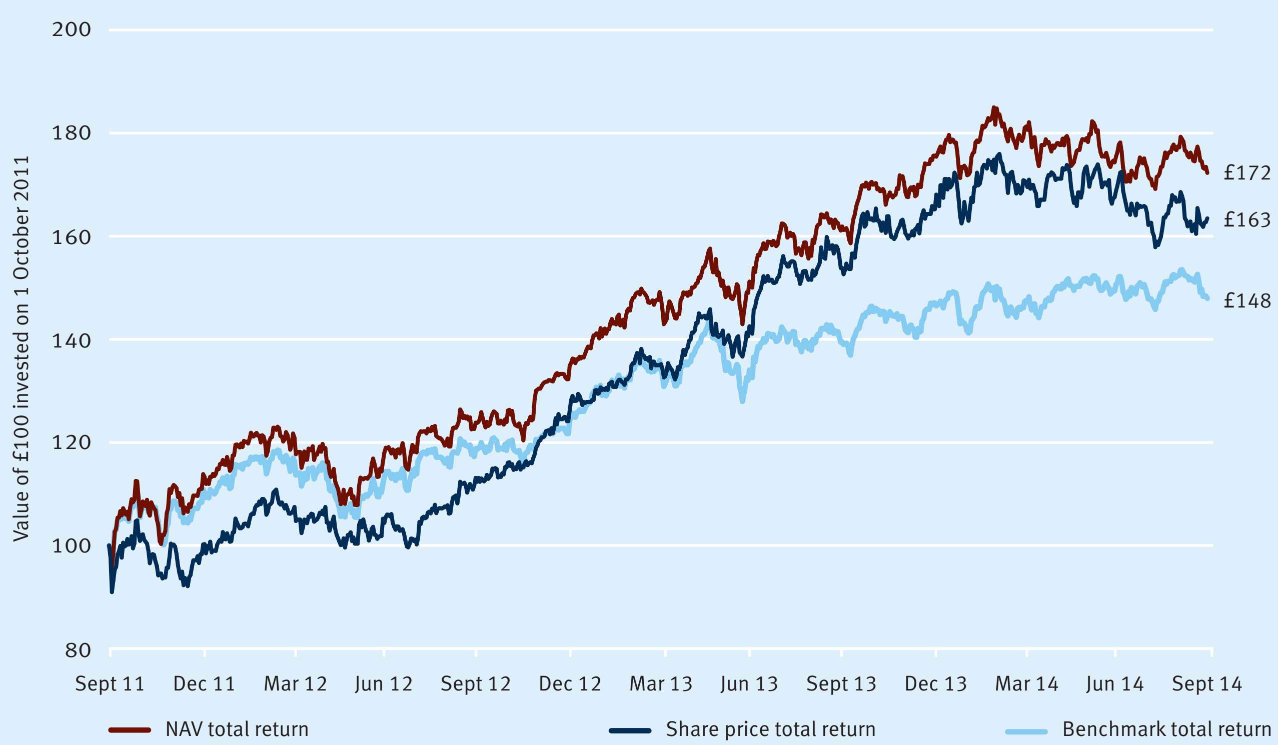
Financial Highlights

	Year to 30 September 2014
Share price total return	6.3%
Increase in total dividends	4.5%
Net asset value total return (diluted)	6.9%
Benchmark total return	6.1%

The benchmark is the FTSE All-Share Index

Total return assumes that the dividends paid to shareholders are re-invested in ordinary shares at the time the ordinary shares are quoted ex-dividend.

Three Years of Strong Performance



Ten Largest Positions Relative to the Benchmark at 30 September 2014

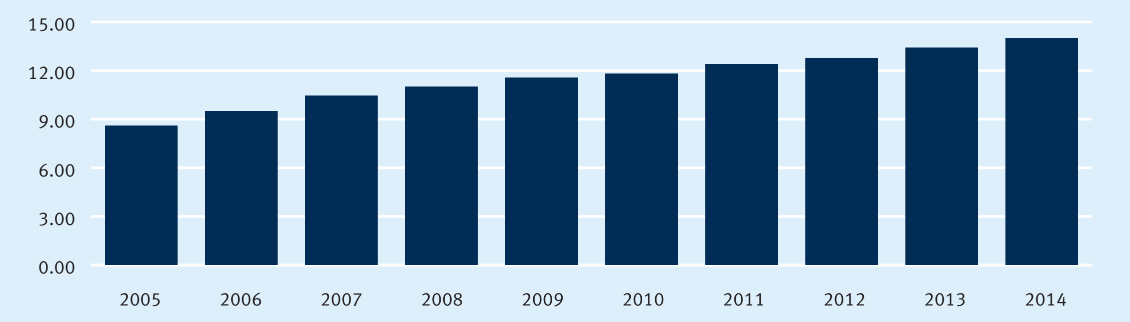
Overweight Stocks	Company %	B'mark %	Relative %	Overweight Stocks	Company %	B'mark %	Relative %
BT	3.9	1.5	2.4	Britvic	2.0	0.1	1.9
DS Smith	2.5	0.1	2.4	Inchcape	1.8	0.1	1.7
Close Brothers	2.4	0.1	2.3	Playtech	1.8	0.1	1.7
Howden Joinery	2.3	0.1	2.2	Tyman	1.7	0.0	1.7
Legal & General	2.6	0.6	2.0	GKN	1.9	0.3	1.6

Sources: Standard Life Investments and Thomson Datastream

Financial Highlights

	30 September 2014	30 September 2013	% change
Capital			
Net asset value per ordinary share			
Basic	411.0p	395.2p	4.0%
Diluted	397.9p	383.3p	3.8%
Ordinary share price	394.0p	383.0p	2.9%
Subscription share price	86.5p	89.0p	-2.8%
Benchmark capital return	3,533.9	3,443.9	2.6%
Discount of ordinary share price to net asset value			
Basic	-4.1%	-3.1%	
Diluted	-1.0%	-0.1%	
Total assets	£190.4m	£172.2m	10.6%
Shareholders' funds	£166.5m	£151.8m	9.7%
Ordinary shares in issue	40,505,994	38,419,941	5.4%
Gearing			
Gearing	13.2%	12.7%	
Earnings and Dividends			
Revenue return per ordinary share	15.69p	14.07p	11.5%
Total dividends for the year	14.00p	13.40p	4.5%
Dividend yield	3.6%	3.5%	
Expenses			
Ongoing charges	0.94%	0.97%	

Ten year dividend record (pence per share)



Chairman's Statement


Charles Wood OBE

Performance

In the year in which the Company was awarded the Best Investment Trust for Income Award by What Investment, I am pleased to report that the Company has delivered another year of relative outperformance. Over the reporting period the Company produced a diluted net asset value total return of 6.9% compared with the benchmark total return of 6.1%.

The Company's share price total return for the year was 6.3%. The share price represented a discount of 1.0% at the end of the year compared with the average discount for the peer group of 0.7%. At 12 November 2014 the share price was 406.8p, with the Company's shares offering a yield of 3.4%.

The revenue return per ordinary share for the year ended 30 September 2014 was 15.69p per share, representing an 11.5% increase over the return for the same period last year. The Company continues to see dividend growth in the underlying portfolio, including special dividends from easyJet, Hiscox and Lancashire.

The proportion of holdings in smaller and medium sized companies has again been increased, as shown in the table below. This change, which is now substantially complete, has helped investment performance as well as reducing the concentration risk of the top ten income contributors.

Portfolio spread	30 September 2014	30 September 2013	11 November 2011
FTSE 100	38.0%	53.1%	75.8%
FTSE 250	47.5%	42.5%	22.3%
FTSE SC/other	14.5%	4.4%	1.9%

Dividend concentration	30 September 2014	30 September 2013	11 November 2011
Top 10 investments	34.5%	36.2%	50.3%

Despite the volatility in the market, the UK corporate sector has proved resilient and can offer attractive valuations where balance sheets and dividend cover are strong. The Manager remains focused on the long term performance of the Company.

Your Company ranked 12th out of 21 peers in the UK Equity Income sector based on net asset value total return for the year ended 30 September 2014. The long term ranking against the peer group is shown in the table below:

Source: JP Morgan Cazenove, periods to 30 September 2014

UK Equity Income Peer Group	One Year Total Return	Three Year Total Return	Five Years Total Return
SLEIT	12/21	6/21	12/20

The Manager's Report on pages 6 and 7 provides further information on the UK economy and equity market as well as a review of the portfolio of investments and activity during the year.

Dividends

The Board has decided to recommend a fourth quarterly dividend of 4.4p per share bringing total dividends to 14.0p per share, an increase of 4.5% on last year. Subject to shareholder approval, the fourth quarterly dividend will be paid on 19 December 2014 to shareholders on the register on 28 November 2014 with an associated ex-dividend date of 27 November 2014.

It is the Board's intention to continue to provide real growth in dividends over the long term. Since launch in 1991, the Company has achieved a real growth in income, with dividends increasing by 306%. This compares with an increase of 90% in the Retail Price Index, and a 63% increase in the Consumer Price Index over the same period.

Gearing

The Company agreed a new £25m bank facility with Scotiabank (Ireland) Limited in February 2014 with a lower margin than the previous loan. The Manager increased actual borrowings to £23m in February reflecting a positive view on the outlook for the long term prospects for the portfolio and attractive stock specific opportunities. Gearing has had a positive impact on performance in this period of 0.4%.

Shareholder Relations

The Manager has continued to engage actively with existing and potential shareholders over the period. The UK Equity Income sector is very competitive but the Board is confident that the Manager's investment strategy and the advantages of the permanent capital structure will continue to produce outperformance.

The Manager meets regularly with private client and wealth managers. The Board welcomes private investors to the Company's AGM, to be held this year on Wednesday 17 December 2014, on the 34th floor of our Manager's London office at 30 St Mary Axe, London EC3A 8EP (the Gherkin). The meeting will start at 12 noon and will include a presentation on our investments from Thomas Moore, the Portfolio Manager.

Alternative Investment Fund Manager (AIFM)

The Board appointed Standard Life Investments as its AIFM on 7 July 2014 to undertake the management of the Company under the new regulatory regime which is now in operation. A new investment management agreement has been entered into and BNP Paribas has been appointed as depositary.

Subscription Shares

During the period the Company issued 378,725 new ordinary shares at 320p per share resulting from the exercise of subscription shares. As a reminder the new shares can be taken up at 320p per subscription share by giving notice each December and June. The last exercise date will be the last business day of December 2016.

Treasury Shares

During the period the Company re-issued all of the remaining 1,707,328 ordinary shares from treasury at a premium to net asset value at prices ranging from 403.8p to 420.0p per share.

Governance and Board

Your Board has again conducted a full annual review of strategy. It has also carried out an evaluation of itself, as it is required to do, but did not feel that an external assessment was required at this time. Your Board continues to consider that the main service providers to the Company perform well and are fairly rewarded.

I will be retiring from the Board at the AGM in December. Richard Burns will be appointed as chairman after the conclusion of the AGM and I wish the Company much continued success. I am delighted to welcome Jeremy Tigue as a director of the Company, appointed on 1 October 2014. He is the former lead fund manager of Foreign & Colonial Investment Trust, a former board member of the AIC and is an experienced director of a number of listed investment companies. The Board looks forward to Jeremy's contribution as a director.

Outlook

Concerns about global economic growth and corporate earnings, and the prospect of winding down the great monetary experiment, increased as our year ended. They have been clearly reflected in the recent weakness and increased volatility of markets.

For the year now finished, the Company has again outperformed the All Share Index, after a setback in the middle quarters. At the annual strategy meeting, the Board confirmed its intention to continue with the current strategy and re-affirmed its confidence in the Manager. Over the last three years your Company has gradually rebalanced the portfolio to reduce the weighting in FTSE100 holdings, developing greater exposure to selected medium sized companies. This has broadened the diversification of the portfolio which is expected to lead to relatively stronger growth in dividend income. Your Company remains focused solely on companies listed in the UK.

I wish to congratulate Thomas Moore, our Investment Manager, for his awards during the year. As noted above, the Company was awarded Best Investment Trust for Income Award from What Investment. Mr Moore also received recognition in other quarters, with an award from the Investment Adviser 100 Club.

This is my last Statement as Chairman of your Company. I would particularly like to thank Gordon Humphries, Thomas Moore and our management team for their commitment and hard work on our behalf. Finally I am delighted that the Board is recommending the appointment of Richard Burns as my successor. He has formidable experience in the industry. I would like to thank him and my other colleagues on the Board for their interest and active support.

Charles Wood OBE
Chairman

14 November 2014

Manager's Report

Thomas Moore

Market Review

UK equities, measured by the FTSE All-Share Index, performed reasonably well during the period, registering a total return of 6.1%, as investors responded to evidence of gradual economic recovery in the US and UK.

Global monetary conditions remained highly supportive throughout the period as central banks continued to run loose monetary policy in order to ensure that economic recovery is fully entrenched. Investors closely monitored the language of US Federal Reserve chair Janet Yellen and Bank of England Governor Mark Carney for any signs of a shift in monetary policy towards stimulus withdrawal. In the absence of inflationary pressures, both central bankers emphasised the priority of getting the economy operating at full capacity before tighter monetary conditions would be adopted.

Investor concerns around looming change in the monetary policy cycle caused a general sense of caution as the period ended. This nervousness was further compounded by geo-political tensions in Ukraine, the Middle East and Hong Kong. Investor de-risking caused a sharp sell-off in UK equities as well as a rotation within the market away from domestically-orientated cyclical stocks towards more defensive stocks.

Performance

For the year to 30 September 2014, the Company's diluted net asset value total return was 6.9%, outperforming the FTSE All-Share Index total return of 6.1%. Over the reporting period, the share price rose from 383p to 394p.

The Company outperformed the market during the period through a combination of the success of some of our high conviction smaller and medium sized company holdings and the avoidance of various poorly performing large company stocks. Overall this reflects the benefit of our index-agnostic approach, which allows us to focus on identifying the strongest ideas across the market, regardless of market capitalisation.

The Company benefited strongly from its holdings in two specialist financial companies, **Close Brothers** and **Beazley**. In both cases, the market responded favourably to evidence of strong growth in niche markets and the increasingly strong growth in dividends.

Performance also benefited from holdings in home improvement companies **Safestyle**, **Tyman** and **Howden Joinery**, all of which are strongly positioned to benefit from the ongoing improvement in the housing market and consumer confidence.

As well as the positive impact of its holdings in smaller and medium sized companies, the Company's performance benefited from avoiding shares in several under-performing large companies, most notably supermarket chain **Tesco**, which suffered from weak trading, heightened price competition and an accounting scandal. Not holding any **GlaxoSmithKline** shares also helped the Company's relative performance as the business struggled to cope with aggressive competition in some of its key drugs, at the same time as new product development proved disappointing.

Neither **Shire** nor **AstraZeneca** were held by the Company and both companies received takeover approaches during the period. The bids were partly motivated by the potential tax inversion benefit for US companies acquiring overseas companies. This detracted from relative performance during the period, although both takeover approaches have subsequently collapsed. The underweight position in **Royal Dutch Shell** also hurt relative performance, as the market responded favourably to the new CEO's turnaround plan.

The Company's holding in consumer credit business **International Personal Finance** detracted from performance due to regulatory uncertainty and potential economic weakness in Central and Eastern Europe. The holding in oil services firm **Petrofac** impacted performance due to operational problems in its Integrated Energy Services business, which offset progress elsewhere.

Activity

During the twelve month period, the Company started a new position in software company **MicroFocus**, which is a highly cash generative business that has a strong track record of migrating legacy IT systems onto modern platforms.

The Company acquired a new position in defence company **Cobham**, whose strong market position has helped underpin an enviable track record of unbroken dividend growth, while there is also the prospect that the market will turn its attention to higher growth parts of the business, which are likely to attract a valuation premium.

The Company built a position in chemicals company **Synthomer**, where market conditions appear to be bottoming out, and there is also scope for the valuation to respond to a potential increased dividend pay-out.

The Company reduced its holding in **Vodafone**, whose underlying earnings trends are under pressure from weak pricing trends in its core European markets, limiting the potential for rapid dividend growth.

The Company sold its long-standing and successful position in **easyJet**, where industry capacity additions have the potential to suppress pricing and yields going forward. The Company also sold out of its position in industrial business **Rolls-Royce**, whose high valuation left it vulnerable to any potential disappointments on trading.

Outlook

Despite increased volatility towards the end of the period, we remain confident in the outlook for the Company on the basis of a number of factors.

First, the Company's index-agnostic approach allows the portfolio to focus on our highest conviction ideas across the market. At a time of increased dispersion between sectors, this provides the flexibility to avoid areas of the market that may be at risk.

Second, we view the recent sharp decline in commodity prices and bond yields as providing an effective monetary stimulus to an already improving economic situation on both sides of the Atlantic.

Third, the rush into many large company stocks for their bond-like characteristics has stretched valuations, despite the same companies often experiencing deteriorating fundamentals, making such stocks vulnerable to underperformance. In contrast, the sharp sell-off in many domestically orientated, medium sized company stocks, in spite of ongoing improvement in their underlying fundamentals, has provided the Company with an opportunity to add to various attractively positioned stocks at lower valuations.

The Company remains focused on stocks that offer the strongest dividend growth potential. This continues to point us away from large companies and towards small and medium sized companies that tend to have stronger balance sheets and many more years of growth ahead of them. Whether or not the overall market makes progress in the year ahead is uncertain, particularly in the context of ongoing geo-political tensions. This said, we remain very confident about the outlook for earnings and dividends of the stocks in which the Company is invested, which we expect to provide a solid underpinning to the Company's total return prospects as the year progresses.

Thomas Moore
Portfolio Manager
Standard Life Investments

14 November 2014

Relative Performance Attribution*	%
Stock Selection	1.52
Gearing	0.42
Interest	-0.47
Expenses	-0.45
Total	**1.02**

* based upon capital return (excluding effect of current year revenue) for the year ended 30 September 2014

Top 5 Stock Level Contributors	Relative Position (%)#	Contribution (%)
Tesco†	-1.2	0.7
Safestyle	1.2	0.7
GlaxoSmithKline*	-2.9	0.4
Close Brothers	2.2	0.4
Beazley	1.5	0.4

Bottom 5 Stock Level Contributors	Relative Position (%)#	Contribution (%)
Shire†	-1.0	-0.8
Astrazeneca†	-2.4	-0.7
Royal Dutch Shell*	-5.6	-0.7
Petrofac*	1.4	-0.5
International Personal Finance	1.9	-0.5

based on average position for the year ended 30 September 2014

† Stocks not held by the Company

* Stocks sold during the year by the Company

Strategic Report
Portfolio Investments

As at 30 September 2014

Stock	Key Sector	Valuation as at 30 September 2014 £'000	Weight %	Valuation as at 30 September 2013 £'000
HSBC	Banks	7,794	4.1	8,333
BT	Fixed Line Telecommunications	7,294	3.9	6,580
Legal & General	Life Insurance/Assurance	4,972	2.6	4,262
BP	Oil & Gas Producers	4,825	2.6	4,776
DS Smith	General Industrials	4,628	2.5	5,004
Close Brothers	Financial Services	4,516	2.4	3,417
Howden Joinery	Support Services	4,333	2.3	3,725
Reed Elsevier	Media	3,724	2.0	1,884
Britvic	Beverages	3,665	1.9	2,767
GKN	Automobiles & Parts	3,538	1.9	3,791
Top ten investments		**49,289**	**26.2**	
Playtech	Travel & Leisure	3,454	1.8	1,922
Babcock International	Support Services	3,361	1.8	1,384
Inchcape	General Retailers	3,316	1.8	2,862
Rio Tinto	Mining	3,250	1.7	3,513
Barclays	Banks	3,241	1.7	3,083
Tyman	Construction & Materials	3,216	1.7	2,162
Prudential	Life Insurance/Assurance	3,210	1.7	2,106
Micro Focus International	Software & Computer Services	3,160	1.7	1,635
Galliford Try	Construction & Materials	3,160	1.7	971
Cobham	Aerospace & Defence	3,093	1.6	–
Top twenty investments		**81,750**	**43.4**	
IG	Financial Services	3,091	1.6	2,518
Rightmove	Media	3,006	1.6	2,078
British American Tobacco	Tobacco	2,990	1.6	2,813
International Personal Finance	Financial Services	2,966	1.6	3,709
Berendsen	Support Services	2,937	1.6	2,720
Cineworld	Travel & Leisure	2,936	1.6	2,628
Friends Life	Life Insurance/Assurance	2,914	1.5	2,631
WS Atkins	Support Services	2,894	1.5	1,679
Manx Telecom	Fixed Line Telecommunications	2,742	1.5	–
Provident Financial	Financial Services	2,713	1.4	2,526
Top thirty investments		**110,939**	**58.9**	
TUI Travel	Travel & Leisure	2,666	1.4	–
Hansteen	Real Estate Investment Trusts	2,635	1.4	1,090
Soco International	Oil & Gas Producers	2,610	1.4	1,418
NewRiver Retail	Real Estate Investment Trusts	2,609	1.4	–
Restaurant	Travel & Leisure	2,583	1.4	1,108
Beazley	Non-life Insurance	2,550	1.4	1,513
National Grid	Gas Water & Multiutilities	2,542	1.4	–
Bovis Homes	Household Goods & Home Construction	2,537	1.3	1,592
Safestyle	General Retailers	2,523	1.3	–
Travis Perkins	Support Services	2,490	1.3	–
Top forty investments		**136,684**	**72.6**	

As at 30 September 2014

Stock	Key Sector	Valuation as at 30 September 2014 £'000	Weight %	Valuation as at 30 September 2013 £'000
ITV	Media	2,466	1.3	2,592
Synthomer	Chemicals	2,434	1.3	–
Aviva	Life Insurance/Assurance	2,416	1.3	–
Jardine Lloyd Thompson	Non-life Insurance	2,372	1.3	2,304
Dixons Carphone	General Retailers	2,366	1.3	903
Daily Mail	Media	2,348	1.2	–
Standard Chartered	Banks	2,325	1.2	3,020
Qinetiq	Aerospace & Defence	2,289	1.2	1,684
Rathbone Brothers	Financial Services	2,279	1.2	1,493
River & Mercantile	Financial Services	2,263	1.2	–
Top fifty investments		**160,242**	**85.1**	
Hiscox	Non-life Insurance	2,258	1.2	2,140
Staffline	Support Services	2,255	1.2	–
Whitbread	Travel & Leisure	2,169	1.2	1,548
Paragon	Financial Services	2,111	1.1	–
Polar Capital	Financial Services	2,082	1.1	1,089
Game Digital	Leisure Goods	2,032	1.1	–
Bodycote	Industrial Engineering	1,924	1.0	1,806
Chesnara	Life Insurance/Assurance	1,909	1.0	–
Kier	Construction & Materials	1,746	0.9	1,789
Connect	Support Services	1,730	0.9	–
Hays	Support Services	1,718	0.9	1,548
Zoopla	Media	1,422	0.8	–
DX	Industrial Transportation	1,415	0.8	–
Senior	Aerospace & Defense	1,274	0.7	1,285
Vodafone	Mobile Telecommunications	1,027	0.5	7,101
Spectris	Electronic & Electrical Equipment	963	0.5	–
Total Portfolio		**188,277**	**100.0**	

All investments are listed equity investments.

Strategic Report
Sector Distribution of Investments

At 30 September 2014

	FTSE All-Share Index weightings 2014 %	Portfolio weighting 2014 %	Portfolio weighting 2013 %
Oil & Gas			
Oil & Gas Producers	14.1	4.0	5.4
Oil Equipment Services & Distribution	0.5	–	1.6
Basic Materials			
Chemicals	0.6	1.3	0.8
Forestry & Paper	0.2	–	1.4
Industrial Metals & Mining	–	–	–
Mining	7.0	1.7	2.1
Industrials			
Construction & Materials	0.8	4.3	3.7
Aerospace & Defense	2.2	3.5	3.6
General Industrials	0.7	2.5	4.1
Electronic & Electrical Equipment	0.4	0.5	–
Industrial Engineering	0.9	1.0	1.1
Industrial Transportation	0.3	0.8	–
Support Services	4.5	11.5	6.5
Consumer Goods			
Automobiles & Parts	0.3	1.9	2.2
Beverages	4.0	1.9	1.6
Food Producers	0.8	–	–
Household Goods & Home Construction	2.6	1.3	0.9
Leisure Goods	–	1.1	–
Personal Goods	2.0	–	–
Tobacco	4.4	1.6	1.7
Healthcare			
Health Care Equipment & Services	0.6	–	–
Pharmaceuticals & Biotechnology	8.0	–	1.9
Consumer Services			
Food & Drug Retailers	1.3	–	–
General Retailers	2.1	4.4	2.2
Media	3.2	6.9	6.7
Travel & Leisure	3.6	7.4	9.5
Telecommunications			
Fixed Line Telecommunications	1.7	5.4	3.8
Mobile Telecommunications	2.8	0.5	4.2
Utilities			
Electricity	0.9	–	–
Gas Water & Multiutilities	3.0	1.4	1.3
Financials			
Banks	11.3	7.0	8.5
Equity Investment Instruments	3.5	–	–
Non-life Insurance	1.1	3.9	5.5
Life Insurance/Assurance	4.6	8.1	5.3
Real Estate Investment & Services	0.6	–	–
Real Estate Investment Trusts	1.8	2.8	1.8
Financial Services	2.2	11.6	11.6
Technology			
Software & Computer Services	0.6	1.7	1.0
Technology Hardware & Equipment	0.8	–	–
	100.0	**100.0**	**100.0**

Introduction

This Business Review is intended to provide information about the Company's strategy and business needs, its results for the year, and the information and measures which the Directors use to assess, direct and oversee Standard Life Investments (Corporate Funds) Limited (the "Manager") in the management of the Company's activities.

The Company carries on business as an investment trust. Investment trusts are collective investment vehicles constituted as closed-ended public limited companies. The governance of the Company is the responsibility of a board of non-executive Directors. The management of the Company's investments and the day to day operation of the Company is delegated to the Manager.

The Board

The Board is responsible for setting strategy, investment policy and guidelines and monitoring performance against those criteria. The Board consists wholly of non-executive Directors. The Chairman is Mr Charles Wood OBE and as at 30 September 2014 other Board members were Mr Richard Burns, Ms Josephine Dixon, Mr Keith Percy and Mr Mark White. Mr Jeremy Tigue was appointed on 1 October 2014. As indicated in the Chairman's Statement, Mr Wood is retiring at the AGM and will be succeeded as Chairman by Mr Richard Burns. As at 30 September 2014, the Board consisted of four men and one woman. Following the appointment of Mr Tigue, the Board currently consists of five men and one woman. As the Company is an investment trust, all of its activities are outsourced and it does not have any employees.

Investment Objective

The objective of the Company is to provide shareholders with an above average income from their equity investment while also providing real growth in capital and income.

Business Model and Investment Policy

The Directors intend to achieve the investment objective by investing in a diversified portfolio consisting mainly of quoted UK equities which will normally comprise between 50 and 70 individual equity holdings.

In order to reduce risk in the Company without compromising flexibility:

- no holding within the portfolio will exceed 10% of aggregate net assets; and
- the top ten holdings within the portfolio will not exceed 50% of net assets

The Company may invest in convertible preference shares, convertible loan stocks, gilts and corporate bonds.

The Directors have set parameters of between 5% net cash and 15% net gearing for the level of gearing that can be employed. The Directors have delegated responsibility to the Manager for the operation of the gearing level within the above parameters.

Manager's Investment Process

The Manager's investment process combines asset allocation, stock selection, portfolio construction, risk management and dealing. The investment process is research intensive and is driven by the Manager's distinctive 'Focus on Change' which recognises that different factors drive individual stocks and markets at different times in the cycle. This flexible but disciplined investment process ensures that the Manager has the opportunity to perform in different market conditions.

Results and Dividend

Details of the Company's results are shown in the Financial Highlights on pages 2 and 3.

The total revenue return attributable to Ordinary shareholders for the year ended 30 September 2014 amounted to £6,214,000 (2012: £5,361,000).

Three quarterly dividends of 3.20 pence per share each were paid to eligible shareholders on 21 March 2014, 27 June 2014 and 26 September 2014 (2013 – three quarterly dividends of 3.20 pence each) and the Directors are now recommending to shareholders that a fourth quarterly dividend of 4.40 pence (2013 – fourth quarterly dividend of 3.80 pence) be paid on 19 December 2014 to shareholders on the share register as at the close of business on 28 November 2014. The ex-dividend date is 27 November 2014.

Dividends are paid on a quarterly basis, in March, June, September and December.

An outline of the Company's performance, market background, investment activity and portfolio strategy during the year under review, as well as the Manager's investment outlook, is provided in the Manager's Report which may be found on pages 6 and 7.

Monitoring Performance – Key Performance Indicators

The key performance indicators (KPIs) shown below have been identified by the Directors to determine the progress of the Company and a record of these measures, with comparatives, is disclosed in the Financial Highlights on page 2 and 3.

- Net asset value total return relative to the Company's benchmark (FTSE All-Share Index total return)
- Share price (capital return)
- Premium or Discount to net asset value

At each Board meeting the Directors consider a number of performance measures, including the KPIs and attribution analysis, to assess the Company's success in achieving its investment objective.

The Board considers the performance measures over various time periods and against similar funds.

Principal Risks and Uncertainties

The Board regularly reviews the principal risks and uncertainties facing the Company which the Board and the Manager have identified and the Board sets out delegated controls designed to manage those risks and uncertainties. Key risks within investment strategy, including inappropriate stock selection and gearing, are managed by the Board through a defined investment policy, with guidelines and restrictions, and by the process of oversight at each Board meeting. Operational disruption, accounting and legal risks are also covered at least annually and regulatory compliance is reviewed at each Board meeting.

The Directors have adopted a robust framework of internal controls which is designed to monitor the principal risks and uncertainties facing the Company and to provide a monitoring system to enable the Directors to mitigate these risks as far as possible.

The principal risks and uncertainties which give rise to specific risks which are associated with the Company, as identified by the Directors, are as follows:

- Objective and Strategy risk: the Company and its investment objective become unattractive to investors. The Directors review regularly the Company's investment objective and investment policy in light of investor sentiment and monitor closely whether the Company should continue in its present form. The Directors, through the Manager, hold regular discussions with major shareholders. A resolution to continue the Company in its present form will be next considered at the Annual General Meeting ("AGM") in 2016 and every fifth subsequent AGM.
- Resource risk: In common with most investment trusts, the Company has no employees. The Company therefore relies upon services provided by third parties. This particularly includes the Manager, to whom responsibility for the management of the Company has been delegated under an investment management agreement, further details of which may be found on page 17. The Directors review the performance of the Manager on a regular basis.
- Investment and market risk: The Company is exposed to the effect of variations in the share prices of the companies in which it invests. A fall in the value of its investment portfolio will have an adverse effect on the value of shareholders' funds.
- Currency risk: The Company invests in companies the shares of which are sterling denominated. These companies often have significant global activity and in some circumstances distribute profit in currencies other than sterling. As a result, the Company can be exposed to currency risk when it receives dividends in currencies other than sterling. The current policy is not to hedge this risk. This policy is kept under constant review.
- Capital structure and gearing risk: The Company's capital structure at 30 September 2014 consisted of equity share capital comprising Ordinary shares, Subscription shares and debt in the form of a £25 million sterling revolving credit facility (the "bank facility") with Scotiabank (Ireland) Limited. In rising markets, the effect of the borrowings would be beneficial but in falling markets the gearing effect would adversely affect returns to shareholders. The Manager is able to increase or decrease the gearing level by repaying or drawing down periodically from the bank facility subject to Directors' overall

restrictions on gearing. The bank facility is subject to regular monitoring by Scotiabank (Ireland) Limited. The Company self certifies compliance with the loan covenants to the bank on a monthly basis.

- Income and dividend risk: In view of the Company's investment objective, to provide for shareholders an above average income from their equity investment, the Manager is required to strike a balance more in favour of income return over capital growth. The Directors have adopted an accounting policy which permits 70% of the aggregate of the finance costs and investment management fees to be charged to the capital account within the Income Statement as opposed to the revenue account. This policy is reviewed regularly by the Directors in light of the expected long term split of returns between income and capital and the current policy is considered by the Directors to be appropriate. The Directors receive frequent updates as to the progress made by the Manager towards the achievement of the income requirements of the Company's investment objective.

- Regulatory risk: The Company operates in a regulated environment and faces a number of regulatory risks. A breach of sections 1158-1159 of the Corporation Tax Act 2010 would result in the Company being subject to capital gains tax on any portfolio investment gains. Breaches of other regulations, including the UKLA Listing Rules or the UKLA Disclosure and Transparency Rules, could lead to a number of detrimental outcomes and reputational damage. Breaches of controls by service providers such as the Manager and Company Secretary could also lead to reputational damage or loss.

  There is also a further regulatory risk in ensuring compliance with the Alternative Investment Fund Managers Directive ("AIFMD") which was fully implemented with effect from 22 July 2014. The AIFMD introduces a new authorisation and supervisory regime for all investment trust fund managers and investment companies in the European Union. In accordance with the requirements of the Alternative Investment Fund Managers ('AIFM') Directive, the Company has appointed Standard Life Investments (Corporate Funds) Limited as its AIFM and BNP Paribas Securities Services as its Depositary. The Board has put in place controls in the form of regular reporting from the AIFM and the depositary to ensure both are meeting their regulatory responsibilities in relation to the Company.

- Financial instruments and derivatives risk; further information relating to these risks may be found in Note 16 to the Financial Statements on pages 49 to 51.

Social, Community, Employee Responsibilities and Environmental Policy

As an investment trust, the Company has no direct social community, employee or environmental responsibilities. Its principal responsibility to shareholders is to ensure that the investment portfolio is properly managed and invested. The Company has no employees and accordingly no requirement to separately report in this area as the management of the portfolio has been delegated to the Manager. The Manager engages with the Company's underlying investee companies in relation to their corporate governance practices and in developing their policies on social, community and environmental matters and further information may be found in the Statement of Corporate Governance. In light of the nature of the Company's business there are no relevant human rights issues and the Company does not have a human rights policy.

Bank Facilities

As noted above, the Company has agreed a bank facility with Scotiabank (Ireland) Limited. During the year, funds were periodically repaid or drawn down from the facility as determined by the Manager. As at 30 September 2014, £23m was drawn down. Additional information may be found in the "Gearing" section of the Chairman's Statement on page 4.

Future Strategy

The Board and Manager intend to maintain the strategic policies set out above for the year ending 30 September 2015 as it is believed that these are in the best interest of shareholders.

Approval of the Strategic Report

The Strategic Report was approved by the Board of Directors on 14 November 2014 and signed on its behalf by:

Charles Wood OBE
Chairman

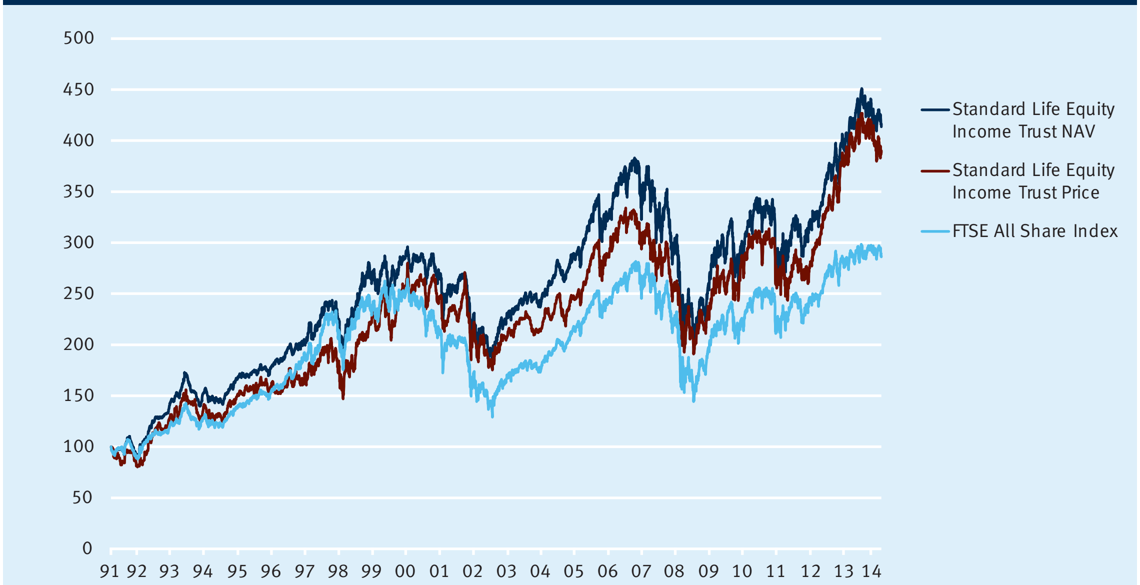
14 November 2014

Ten Year Record

	Gross revenue £'000	Revenue available for ordinary shareholders £'000	Revenue earnings per share p	Dividends per share p	Net asset value per share[3] p	Shareholders' funds £'000	Share price p	(Discount)/ premium %	Actual gearing ratio[4]	Potential gearing ratio[5]
2005[1]	4,917	3,992	10.04	8.60	286.2	113,718	256.0	(10.5)	1.01	1.06
2006[2]	4,843	4,161	10.47	9.50	325.1	129,171	297.5	(8.5)	1.07	1.08
2007	5,404	4,606	11.99	10.45	348.9	132,333	311.0	(10.9)	1.07	1.10
2008	5,479	4,782	12.61	11.00	262.5	99,573	241.0	(8.2)	0.96	1.15
2009	4,922	4,836	12.75	11.55	280.3	106,302	253.5	(9.6)	1.08	1.08
2010	4,715	4,189	11.04	11.80	299.8	113,701	286.8	(4.3)	1.10	1.11
2011	5,257	4,877	12.86	12.40	269.9	102,422	276.5	2.4	1.06	1.15
2012	5,780	5,136	13.53	12.75	314.2	119,273	294.0	(6.4)	1.06	1.13
2013	6,107	5,361	14.07	13.40	383.3	151,837	383.0	(0.1)	1.13	1.13
2014	7,084	6,214	15.69	14.00	397.9	166,472	394.0	(1.0)	1.13	1.14

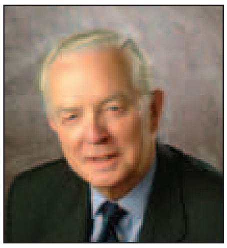
[1] The figures for 2005 for Shareholders' funds, Net Asset Value and premium/(discount) have been restated to reflect the changes in accounting policies arising from revisions to UK GAAP. The figures for dividends have not been restated and still reflect the dividends for the years in which they were earned.
[2] From 1 October 2005, the Directors have established that 70% (previously 30% - see (1) above) of the total of finance costs and investment management fees are charged against the realised capital reserve.
[3] Net Asset Values include net revenue for the period, and is diluted where applicable.
[4] Total assets less current liabilities excluding all debt being used for investment purposes (irrespective of how long the debt has to run until repayment) less all cash and fixed interest assets divided by shareholders' funds.
[5] Total assets less current liabilities excluding all debt being used for investment purposes (irrespective of how long the debt has to run until repayment) divided by shareholders' funds.

Historic Performance Analysis (rebased to 100 from 14 November 1991)



Source: Thomson Datastream

Board of Directors



Charles Wood OBE
Chairman

Appointed to the Board in 2003, he is also a director of Cazenove Capital Management Pension Trustee Limited.

Richard Burns
Director

Appointed to the Board in 2006, he is chairman of the Remuneration & Management Engagement Committee. He is currently a non-executive director of JPMorgan Indian Investment Trust plc, The Bankers Investment Trust PLC, Mid Wynd International Investment Trust PLC and a former non-executive director of The Baillie Gifford Japan Trust PLC. He was, until May 2006, Joint Senior Partner of Baillie Gifford. Mr Burns was designated as the Senior Independent Director on 5 September 2012.

Jeremy Tigue
Director *

Appointed to the Board on 1 October 2014, he is the Chairman of BACIT Limited (Battle against Cancer Investment Trust), and is a non-executive Director of Graphite Enterprise Trust PLC, The Mercantile Investment Trust plc and The Monks Investment Trust PLC. He was the Fund Manager of Foreign & Colonial Investment Trust PLC from 1997 to June 2014. Mr Tigue was a Director of the Association of Investment Companies ("AIC") from 2003 to 2013. During his time at the AIC, he was Deputy Chairman and Member of the Audit Committee 2006-2010, Chairman of the Remuneration Committee 2007-2012 and Chairman of the Institutional Shareholders' Committee from 2006-2008.

* Jeremy Tigue was appointed as a Director on 1 October 2014.

Josephine Dixon
Director

Appointed to the Board in 2011, she is a Chartered Accountant whose career includes a number of years in the Nat West Group, Finance Director of Newcastle United plc, Serco Group where she was Commercial Director of UK Europe and the Middle East, and on various advisory Boards in the education and charity sector. She is currently a director of Worldwide Healthcare Trust PLC, Baring Emerging Europe PLC, JPMorgan European Investment Trust plc, Strategic Equity Capital plc and Plutus Resources plc. Ms Dixon was appointed as chairperson of the Audit Committee on 5 September 2012.

Keith Percy
Director

Appointed to the Board in 1991, he is chairman of the Nomination Committee. He is chairman of Brunner Investment Trust PLC and also a non-executive director of JPMorgan Japanese Investment Trust PLC and The Henderson Smaller Companies Investment Trust PLC.

Mark White
Director

Appointed to the Board on 1st November 2013, he is chief executive of LGT Capital Partners (UK) Limited. He is also senior non-executive Director of Impax Asset Management Group Plc and chairs its Audit and Risk Committee. He is a non-executive Director of F&C Global Smaller Companies Plc and EB Asia Absolute Return Fund Ltd. He is also General Manager of Castle Alternative Invest AG. He was previously joint head of JP Morgan Asset Management in Europe and chief executive of Jardine Fleming Investment Management in Hong Kong.

Directors' Report

The Directors present their Report and the audited financial statements of the Company for the year ended 30 September 2014.

Principal Activity and Status

The Company was incorporated on 24 September 1991 and its Ordinary shares were listed on the London Stock Exchange on 14 November 1991. The Company is registered as a public limited company in England under company number 2648152. The Company 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 is a member of The Association of Investment Companies.

The Company has applied for and been accepted as an approved 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 October 2012. The Directors are of the opinion, under advice, 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.

Regulatory Status

As an investment trust pursuant to section 1158 of the Corporation Tax Act 2010, the FCA rules in relation to non-mainstream investment products do not apply to the Company.

Directors' Interests

The names and short biographies of the Directors of the Company at the date of this Report are shown on page 15. All of the Directors served throughout the year ended 30 September 2014 with two exceptions. Mr White was appointed to the Board on 1 November 2013 and Mr Tigue was appointed to the Board after the year end, on 1 October 2014.

The Directors' interests in the share capital of the Company at 30 September 2014 and 1 October 2013 are shown in the table on page 23.

Mr C.A. Wood, OBE, is retiring at the next AGM and will not seek re-election.

Mr R.R.J. Burns and Ms J. Dixon retire from the Board and offer themselves for re-election at the next AGM in accordance with the Company's Articles of Association which require that each Director shall retire from office at the third AGM after the AGM at which he or she was last elected.

Mr K.E. Percy, having served as a Director for more than nine years from the date of his first election, retires at the next AGM in accordance with the provisions of the AIC Code and, being eligible, offers himself for annual re-election. The other Directors have reviewed the skills and experience of Mr K.E. Percy, and have no hesitation in recommending to shareholders his re-election at the AGM. The relevant resolutions may be found in the Notice of AGM on page 58 of this report.

Mr J.J. Tigue was appointed to the Board on 1 October 2014 and, in accordance with the Articles of Association, offers himself for election to the Board at the AGM.

No contract or arrangement subsisted during the year in which any of the Directors is or was materially interested.

Directors' Indemnity

The Company maintains insurance in respect of Directors' and Officers' liabilities in relation to their acts on behalf of the Company. The Directors also have the benefit of the indemnity provision contained in the Company's Articles of Association. This provides, subject to UK legislation, for the Company to indemnify Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors in which judgement is given in their favour or they are acquitted. The Company has granted indemnities to the Directors on this basis.

Additional Information
The rules governing the appointment of Directors are set out in the Statement of Corporate Governance on pages 24 to 30. The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders.

The Company is not aware of any significant agreements to which it is a party which take effect, alter or terminate upon a change of control of the Company following a takeover.

Share Capital and Voting Rights

The total number of Ordinary shares of 25p of the Company in issue as at 30 September 2014 was 40,505,994 with each share holding one voting right. At that date, the Company did not hold any Ordinary Shares in treasury (2013 - 1,707,328). There were also 6,817,773 Subscription shares of 0.01p, with no voting rights, in issue as at the same date.

As a result of the re-issue of all of the 1,707,328 ordinary shares out of treasury during the course of the year, the Company did not hold any shares in treasury as at 30 September 2014.

During the year, shareholders exercised the rights attaching to 378,725 Subscription shares to allow them to subscribe for new Ordinary shares for a total consideration of £1,211,920.

Subscription shareholders are entitled to exercise their right to subscribe for one Ordinary share for every Subscription share held at a price of 320.00p per Ordinary share on the last business day of June and December up to December 2016.

Each shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every share held. There are no restrictions on the transfer of Ordinary shares in the Company other than certain restrictions which may from time to time be imposed by law (for example, insider trading law). The Company is not aware of any agreements between shareholders which may result in restriction in the transfer of securities and/or voting rights.

The Company did not buy back any shares into treasury or for cancellation during the year ended 30 September 2014 (2013: nil).

Investment Management Agreement
Since 24 November 2005, investment management services have been provided to the Company by Standard Life Investments (Corporate Funds) Limited. Up to 7 July 2014, this appointment was under the terms of an Investment Management Agreement ("IMA") dated 18 October 2005.

A new IMA was entered into on 7 July 2014, appointing Standard Life Investments (Corporate Funds) Limited as the Company's Alternative Investment Fund Manager ('AIFM'), as required by the Alternative Investment Fund Managers Directive ('AIFMD'). The commercial terms of the IMA remained unchanged and, as previously, the IMA is terminable by either party on not less than six months' notice.

Company secretarial and administrative services are provided by Maven Capital Partners UK LLP under a separate agreement with the Manager.

The investment management fee is calculated at 0.65% per annum of total assets at each quarter end date payable in arrears and is chargeable 30% to revenue. Further details of the fees are shown in Note 3 to the Financial Statements.

The Remuneration and Management Engagement Committee has reviewed both the terms of the IMA and the performance of the Manager for the year ended 30 September 2014 and is of the opinion that the continuing appointment of the Manager, on the terms set out in the IMA, is in the best interest of shareholders as a whole. The key factors taken into account in reaching this decision were the commitment, investment skills and experience of the Manager's personnel and the long-term record of its performance in managing UK equities.

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' Report) Regulations 2013.

Corporate Governance
The Statement of Corporate Governance which forms part of the Directors' Report is shown on pages 24 to 30.

Directors' Report

Going Concern

After enquiry, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In considering this, the Directors took into account the diversified portfolio of readily realisable securities which can be used to meet short-term funding commitments, and the ability of the Company to meet all of its liabilities and ongoing expenses. Accordingly, it is reasonable for the Financial Statements to continue to be prepared on a going concern basis.

Substantial Interests in Shares

Table 1 below sets out the declarations of interests in the voting rights of the Company, as at 30 September 2014, which have been notified to the Company under the UKLA's Disclosure and Transparency Regulations.

Table 1: Substantial interests

Name of shareholder	Number of Ordinary Shares	%
Brewin Dolphin	6,567,856	16.21
Company's Share Plan	5,178,550	12.78
Charles Stanley	5,139,517	12.69
Alliance Trust Savings	2,634,307	6.50
Investec Wealth & Investment	1,486,189	3.67
Hargreaves Lansdown	1,480,677	3.66
Smith & Williamson	1,247,150	3.08

The Board is aware of the following substantial interests in the shares of the Company as at the date of this report.

Name of shareholder	Number of Ordinary Shares	%
Brewin Dolphin	6,593,281	16.28
Company's Share Plan	5,207,120	12.86
Charles Stanley	5,174,754	12.78
Alliance Trust Savings	2,643,721	6.53
Hargreaves Lansdown	1,502,008	3.71
Investec Wealth & Investment	1,492,779	3.69

Independent Auditor

The Company's Independent Auditor, Grant Thornton UK LLP, is willing to continue in office and resolution 8 will be proposed at the Annual General Meeting to re-appoint the Auditor and to authorise the Directors to fix the Independent Auditor's remuneration. There were no non audit fees paid during the year to Grant Thornton UK LLP (2013: £nil). The Directors have received assurances from the Auditor that it remains independent and objective. The Directors review the Auditor's procedures in connection with the provision of any non-audit services and remain satisfied that objectivity and independence is being safeguarded by Grant Thornton UK LLP.

Directors' Disclosure of Information to the Auditor

The Directors who held office at the date of approval of this Report have confirmed that, so far as they are each aware, there is no relevant audit information needed of which the Company's Independent Auditor was unaware, and that each Director had 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.

Subsequent Events

There have been no events since 30 September 2014 requiring disclosure.

Annual General Meeting

The Notice of the AGM, which will be held this year at 12 noon on Wednesday 17 December 2014, may be found on pages 58 to 62.

Authority of Directors to allot shares (Ordinary Resolution 9)

The Directors cannot allot further shares in the capital of the Company without the prior authorisation of the shareholders in general meeting under section 551 of the Companies Act 2006. If resolution 9 is passed, the Directors will have the authority to allot unissued share capital up to a maximum nominal amount of £3,341,744 which represents approximately one third of the Company's issued share capital (excluding shares held in treasury) as at 14 November 2014 (the latest practicable date before the printing of this document).

As at the date of this report the Company did not hold any Ordinary shares in treasury. If given, this authority will expire at the conclusion of the next AGM of the Company, or, if earlier, on 16 March 2016.

The Directors intend to seek a renewal of such power at each AGM. The Directors consider that the authority proposed to be granted by resolution 9 is necessary to retain flexibility, although they do not at the present time have any intention of exercising such authority.

Disapplication of pre-emption rights (Special Resolution 10)

If the Directors wish to exercise the authority under resolution 9 and offer unissued shares for cash, the Companies Act 2006 requires that, unless shareholders have given specific authority for the waiver of the statutory pre-emption rights, the new shares are offered first to existing shareholders. In certain circumstances, it may be in the best interests of the Company to allot new shares, to grant rights over shares or to sell shares held in treasury for cash without first offering them to existing shareholders in proportion to their holdings. The passing of resolution 10 would disapply the strict statutory pre-emption provisions.

This would provide the Directors with a degree of flexibility to act in the best interests of the Company so that (i) the Company can follow normal practice in the event of a rights issue or other offer of securities in favour of the existing shareholders in proportion to their shareholdings; and (ii) shares may be issued for cash to persons other than existing shareholders up to a nominal value of £1,012,650 which represents approximately 10% of the Company's issued share capital as at 14 November 2014. The Directors could, if necessary, use this power to satisfy demand from participants in the Investment Trust Share Plan and Individual Savings Account managed by the Manager if they believe it advantageous to participants and the Company's shareholders to do so. Under no circumstances would the Directors use the power to issue shares at a price which is less than the net asset value per Ordinary share at the time of issue. If given, this authority will expire at the conclusion of the next AGM of the Company or, if earlier, on 16 March 2016.

The Directors intend to seek a renewal of such power at each AGM.

Authority for the Company to purchase its own shares (Special Resolutions 11 and 12)

The Company's Articles of Association permit the purchase by the Company of its own Ordinary and Subscription shares subject to shareholders' prior approval being obtained. The Company's buy back authority was last renewed at the AGM and General Meeting of the Company held on 18 December 2013. Resolutions 11 and 12, if passed, would authorise the Company to buy back up to 6,071,848 Ordinary shares and 1,021,984 Subscription shares which represents approximately 14.99% of the Company's issued Ordinary share capital (excluding shares held in treasury) and 14.99% of the Company's Subscription shares as at 14 November 2014 respectively. If given, these authorities will expire at the conclusion of the next AGM of the Company or, if earlier on 16 March 2016. The Directors intend to seek a renewal of such powers at each AGM.

The resolutions specify the maximum and minimum prices at which shares may be bought, reflecting the requirements of the Companies Act 2006 and the Listing Rules. Any buy back would only be made on the London Stock Exchange.

Any purchases of Ordinary shares will be made within guidelines established from time to time by the Directors, but they will only exercise the authority if, in their opinion, it would be in the interests of the Company to do so and would result in an increase in net asset value per Ordinary share for the remaining shareholders and if it is in the best interests of shareholders generally. Such purchases will only be made at prices below the prevailing net asset value per Ordinary share and within the price constraints set out in paragraphs (b) and (c) of the resolution.

Under the Companies Act 2006, the Company is allowed to hold its own Ordinary shares in treasury following a buy back, instead of cancelling them. This gives the Company the ability to re-issue treasury shares quickly and cost-effectively and provides the Company with additional flexibility in the management of its capital base. Shares held in treasury may be resold for cash but all rights attaching to them, including voting rights and any right to receive dividends, are suspended while they are held in treasury. If the Directors exercise the authority conferred by resolution 11 the Company will have the option of either holding in treasury or of cancelling any of its own shares purchased pursuant to the authority and will decide at the time of purchase which option to pursue. The Directors will have regard to any guidelines issued by investor groups at the time of any such purchase, holding or re-sale of treasury shares, but the Directors would not in any circumstances sell treasury shares at less than net asset value per Ordinary share prevailing at the time of sale.

Purchases of Subscription shares will only be made through the Market at prices where the Directors believe such purchases will enhance Ordinary shareholder value and within the price constraints set out in paragraphs (b) and (c) of the resolution. Any Subscription shares repurchased by the Company will be cancelled and will not be held in treasury for reissue or resale.

Recommendation

The Directors unanimously recommend that shareholders vote in favour of each resolution to be put to the AGM on 17 December 2014.

By order of the Board,

Maven Capital Partners UK LLP
Company Secretary

London, 14 November 2014

This report has been prepared in accordance with the requirements of SI 2008/410 (As Amended). An Ordinary resolution for the approval of this report will be put to shareholders at the AGM. The law requires the Company's auditor to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such and the auditor's audit opinion is included in its report to shareholders on pages 35 to 37.

The Directors have established a Remuneration and Management Engagement Committee comprising the full Board with Mr R.R.J. Burns as Chairman. The Company has six non-executive Directors at the date of this report.This total includes Mr J.J. Tigue, who was appointed to the Board with effect from 1 October 2014. Biographies of the Directors are shown in the Board of Directors section of the Annual Report on page 15. The names of the Directors who served during the year together with the fees paid during the year are shown in the table on page 23. As the Company is an investment trust and all its Directors are non-executive, the Company is not required to comply with the Principles of the UK Code on Corporate Governance in respect of executive directors' remuneration.

Remuneration Policy

The Company's remuneration policy provides that fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors and should be sufficient to enable candidates of high calibre to be recruited. Directors are remunerated in the form of fees payable quarterly in arrears or on a monthly basis. There are no long term incentive schemes, share option schemes or pension arrangements and the fees are not specifically related to the Directors' performance, either individually or collectively. Directors' remuneration comprises solely of Directors' fees.

The Board consists entirely of non-executive Directors whose appointments are reviewed formally every three years by the Board as a whole. None of the Directors has a service contract with the Company and any Director may resign by notice in writing to the Board at any time; there are no set notice periods and no compensation is payable to a Director on leaving office.

Policy is reviewed annually by the Remuneration and Management Engagement Committee regarding the level of fees of Directors. This includes consideration of the appropriate level of fees for each Director. In reviewing Directors' fees the Committee takes into account the time, commitment and Committee responsibilities of each Director. The Committee also takes into account the fees paid to Directors of companies within its peer group.

The Company's Articles of Association limit the fees payable to Directors to £150,000 per annum. The policy is for the Chairman of the Board and of each Committee to be paid a fee which is proportionate to the additional responsibilities involved in the position. It is intended that the above remuneration policy will continue to apply in the forthcoming financial year and subsequent years.

The Board will ensure that the remuneration policy will be put to a shareholders' vote at least once every three years. An Ordinary resolution for the approval of this policy was put to shareholders at the 2013 AGM.

During the year ended 30 September 2014 the Board carried out a review of the remuneration policy and the level of Directors' fees and recommended that, with effect from 1 May 2014, the rates of remuneration should be revised to: £27,500 for the Chairman (formerly £26,250), £23,500 for the Chairman of the Audit Committee (formerly £22,500), £20,500 for the Chairman of the Remuneration and Management Engagement Committee (formerly £19,500), £20,000 for the Chairman of the Nomination Committee (formerly £19,000) and £19,000 (formerly £18,000) for each other Director.

During the year ended 30 September 2014, the Board was not provided with advice or services by any person in respect of its consideration of the Directors' remuneration. However, in the application of the Board's policy on Directors' remuneration, the Committee expects, from time to time, to review the fees paid to directors of other investment trust companies.

Directors' Fees and Total Remuneration

The Company does not have any employees and Directors' remuneration comprises solely of Directors' fees, as stated above.

Directors' Remuneration Report

Directors do not have service contracts, but new Directors are provided with a letter of appointment. The terms of appointment provide that Directors should retire and be subject to re-election at the first Annual General Meeting after their appointment. The Company's Articles of Association require all Directors to retire by rotation at least every three years.

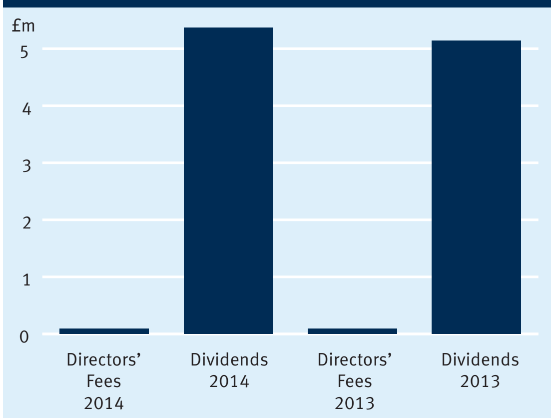
There is no notice period and no provision for compensation upon early termination of appointment, save for any arrears of fees which may be due.

During the year ended 30 September 2014, no communication has been received from shareholders regarding Directors' remuneration. The remuneration policy and the level of fees payable is reviewed annually by the Board and it is intended that the current policy will continue for the year ended 30 September 2015.

Relative Cost of Shareholders' Remuneration (audited)

The bar chart below shows the comparative cost of Directors' fees compared with the level of dividend distribution for 2013 and 2014.

Relative Cost of Directors' Remuneration (£'000)



As noted in the Strategic Report, all of the Directors are non-executive and therefore there is no Chief Executive Officer. The Company does not have any employees. In the absence of a CEO or employees, there is no CEO or employee information to disclose.

At the Annual General Meeting in December 2013 the results in respect of a resolution to approve the directors' remuneration were as follows:

Percentage of votes cast	Percentage of votes cast
For	Against
99.85	0.15

At the 2013 AGM, separate Resolutions were put to the Shareholders to approve the Directors' Remuneration Report for the year ended 30 September 2013 and the remuneration policy for the three year period ending 30 September 2016.

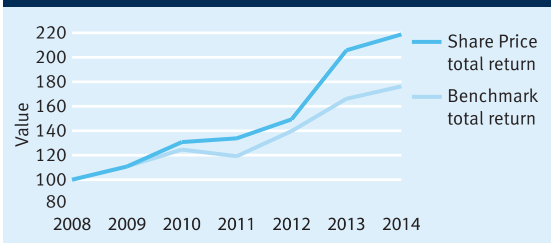
Directors' and Officers' Liability Insurance

The Company purchases and maintains liability insurance covering the Directors and Officers of the Company. This insurance is not a benefit in kind, and nor does it form part of the Directors' Remuneration.

Company Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Manager through the investment management agreement, as referred to in the Directors' Report. The graph below compares the Company's share price total return to ordinary shareholders with the total return on the FTSE All-Share Index over the last six years with the assumption that all dividends are reinvested on the ex-dividend date. This index was chosen for comparison purposes only as it is a widely used indicator for the equity market in which the Company invests.

Six year Total Return Performance (rebased to 30 September 2008)



Directors' Remuneration (audited)

The Directors who served during the year received the following emoluments in the form of fees:

	Year ended 30 September 2014 £	Year ended 30 September 2013 £
C.A. Wood, OBE	26,979	26,250
J. Dixon	22,917	22,500
R.R.J. Burns	20,083	19,500
K. E. Percy	19,583	19,000
M.B.E. White[1]	16,917	–
Total	**106,479**	**91,121**

Note[1] Mr White was appointed to the Board on 1 November 2013.

The above amounts exclude any employers' national insurance contributions, if applicable. No other forms of remuneration were received by the Directors and none of the Directors has received any taxable expenses, compensation for loss of office or non-cash benefit for the year ended 30 September 2014 (2013 – nil).

Directors' Interests (audited)

The Directors' Interests in the share capital of the company are shown in the table below. The Directors are not required to hold any shares in the Company.

	Ordinary Shares held at 30 September 2014	Ordinary Shares held at 1 October 2013
C.A. Wood, OBE	20,500	20,500
R.R.J. Burns	188,000	188,000
K. E. Percy	26,220	26,220
J. Dixon	4,050	4,050
M.B.E. White	10,000	–
Total	**248,770**	**238,770**

Mr Tigue, appointed as Director on 1 October 2014, holds 25,238 ordinary shares.

Approval

This Annual Report on Remuneration was approved by the Board of Directors on 14 November 2014 and signed on its behalf by:

Richard Burns
Director

London, 14 November 2014

Statement of Corporate Governance

Introduction

The Board is accountable to the Company's shareholders for high standards of corporate governance and this statement describes how the Company applies the main principles identified in the UK Corporate Governance Code ("the Governance Code") issued in September 2012 and which was first in effect for the Company's year ended 30 September 2013. The Governance Code is available from the website of the Financial Reporting Council at www.frc.org.uk. The Association of Investment Companies ("the AIC") has published its own Code on Corporate Governance ("the AIC Code"), by reference to the AIC Corporate Governance Guide for Investment Companies ("the AIC Guide"), both revised in February 2013, which provide a comprehensive guide to best practice in certain areas of governance where the specific characteristics of investment trusts suggest alternative approaches to those set out in the Governance Code. Both the AIC Code and AIC Guide are available from the AIC website at www.theaic.co.uk.

This Statement of Corporate Governance forms part of the Directors' Report.

Application of the Main Principles of the Governance Code and the AIC Code

This statement describes how the main principles identified in the Governance Code and the AIC Code ("the Codes") have been applied by the Company throughout the year as is required by the Listing Rules of the UK Listing Authority. In instances where the Governance Code and AIC Code differ, an explanation will be given as to which governance code has been applied, and the reason for that decision.

The Board is of the opinion that the Company has complied fully with the main principles identified in the Codes except as set out below:

- the role of the chief executive — Code provision A2.1; and
- executive directors' remuneration — Code provisions D2.1, D2.2, and D2.4.

For the reasons set out in the AIC Guide, and as explained in the Governance Code, the Board considers that these provisions are not relevant to the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

The Board

The names and biographies of those Directors who held office at 30 September 2014 and at the date of this Report appear on page 15 and indicate their range of investment, commercial and professional experience. Mr R.R.J. Burns is the Senior Independent Director and was appointed as such on 5 September 2012. All Directors are considered under the Codes to be independent of Standard Life Investments (Corporate Funds) Limited ("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.

The Board sets the Company's values and 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 matters.

These matters include:

- the maintenance of clear investment objectives and risk management policies;
- the monitoring of business activities of the Company ranging from analysis of investment performance through to review of quarterly management accounts;
- monitoring of Disclosure and Transparency Rules requirements such as approval of Interim Management Statements, the Half-Yearly Financial 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 Investment Management Agreement relating thereto; and
- Stock Exchange/UK Listing Authority/Financial Conduct Authority - responsibility for approval of all circulars, listing particulars and other releases concerning matters decided by the Board.

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, the Directors prepare a list of other positions held and all other conflict situations that may need authorising either in relation to the Director concerned or his/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 which require authorising by the Board. Authorisations given by the Board will be reviewed at each Board meeting.

Following implementation of the Bribery Act 2010, the Board adopted appropriate procedures.

There is an agreed procedure for Directors to take independent professional advice, if necessary, at the Company's expense. The Directors have access to the advice and services of the Company Secretary through its appointed representative who is primarily responsible to the Board:

- for ensuring that Board procedures are complied with;
- under the direction of the Chairman, for ensuring good information flows with the Board and its Committees, as well as facilitating induction and assisting with professional development as required; and
- for advising through the Chairman, on all corporate governance matters.

The Board meets formally at least five times a year, and more frequently where business needs require. The Board met on five occasions during the year ended 30 September 2014. Details of the attendance by each of the Directors and Committee members at these Board and other Committee meetings are shown in Table 2. Between meetings, the Board maintains regular contact with the Manager.

Table 2: Directors' attendance at Board and Committee meetings

	Board Meetings	Audit Committee Meetings	Nomination Committee	Remuneration & Management Engagement Committee
C.A. Wood, OBE	5 (5)	2 (2)	2 (2)	1 (1)
R.R.J. Burns	4 (5)	1 (2)	1 (2)	1 (1)
K. E. Percy	5 (5)	2 (2)	2 (2)	1 (1)
J. Dixon	4 (5)	2 (2)	2 (2)	1 (1)
M.B.E. White	5 (5)	2 (2)	2 (2)	1 (1)
J. J. Tigue[2]	–	–	–	–

Note 1. The number of meetings which the Directors were eligible to attend is in brackets.

[2] Mr Tigue was appointed to the Board on 1 October 2014.

The primary focus at regular Board meetings is a review of investment performance and associated matters including gearing, marketing and investor relations and industry issues. To enable the Board to function effectively and allow Directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board meetings this consists of a comprehensive set of papers including the Manager's report and discussion documents regarding specific matters.

External Agencies

The Board has contractually delegated the following services to external firms;

- shareholder registration services;
- custody services (which includes the safeguarding of assets);
- the management of the investment portfolio, and
- the day to day accounting, company secretarial and administration services of the Company.

The contracts, including the investment management agreement with the Manager, were entered into after full and proper consideration by the Directors of the quality and cost of services offered, including the financial control systems in operation in so far as they relate to the affairs of the Company. These contracts are also reviewed regularly by the Remuneration and Management Engagement Committee. Key staff from the Manager and the Company Secretary regularly attend appropriate Board meetings to brief the

Directors on the nature and extent of the risks facing the Company. Both written and oral reports are received throughout the year from the firms to which services are subcontracted, detailing, in each case, the internal control objectives and procedures adopted.

Board Committees

Copies of the terms of reference of the three Board Committees, which clearly define the responsibilities and duties of each Committee, are available on request from the Company Secretary or via the download area of the Company's webpage, hosted by the Manager, at www.standardlifeinvestments.com/its.

Audit Committee

Information regarding the composition, responsibilities and activities of the Audit Committee is detailed in the Report of the Audit Committee on pages 31 to 33.

Nomination Committee

The Directors have established a Nomination Committee comprising the full Board with Mr K.E. Percy as Chairman.

The main responsibilities of the Committee include:

- regularly reviewing the structure, size and composition (including the skills, knowledge, experience and diversity, including gender diversity) 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 range of backgrounds, on merit, and with due regard for the benefits of diversity on the Board, including gender, 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 on-going training;
- arranging for annual Board performance evaluation 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, Chairman of the Nomination Committee and Chairman of the Remuneration and Management Engagement Committee;
- assessing, on an annual basis, the independence of Directors; and approving the re-appointment of any Director or the re-election, subject to the Codes, or the Articles of Association, of any Director at the AGM, 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.

During the year, Mr. J.J. Tigue was appointed to the Board with effect from 1 October 2014. Exceptionally, on this occasion an independent search consultancy was not used to assist in the selection of a new Director. The Committee considered that Mr Tigue was an outstanding candidate and would bring a wealth of investment experience to the Board.

Although the Company does not have a formal policy on diversity, consideration of Board diversity forms part of the responsibilities of the Committee.

Remuneration and Management Engagement Committee

The Directors have established a Remuneration and Management Engagement Committee comprising the full Board with Mr R.R.J. Burns as Chairman.

The Committee meets at least annually to agree the remuneration of the Directors and also to review the contractual arrangements with external firms. The Committee reviews annually matters concerning the Investment Management Agreement ("IMA") between the Company and the Manager.

The Company Secretary, who also supplies accounting, secretarial and administrative services to the Company, provides comparative peer group information when the Committee considers the level of Directors' remuneration. The Directors also have access to independent advice where they consider it appropriate.

The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report on pages 21 to 23.

At its meeting on 8 May 2014, the Committee reviewed the performance of the Manager. The performance for the Company's financial year has also been reviewed and the Directors consider the Manager's performance satisfactory. Accordingly, it was agreed that the continued appointment of the Manager, on the present terms, was in the continued best interest of shareholders as a whole.

Tenure Policy

Directors' appointments are reviewed regularly by the Board as a whole. Any Director may resign by notice in writing to the Board at any time. None of the Directors has a service contract with the Company. There are no set notice periods and no compensation is payable to Directors on leaving office.

The Articles of Association and the terms of the Directors' appointment provide that a Director shall retire and be subject to election at the first AGM after appointment and at the third AGM after the AGM at which he/she was last elected. Accordingly, Mr R.R.J. Burns and Ms J. Dixon retire from the Board and offer themselves for re-election at the next AGM. Mr J.J. Tigue, who was appointed to the Board on 1 October 2014 offers himself for election to the Board at the AGM. The Board has reviewed the skills and experience of Mr Tigue and has no hesitation in recommending to shareholders his election at the AGM. Mr Tigue has an extensive investment background.

The Board's policy on tenure is that Directors need not serve on the Board for a limited period of time only. The Board does not consider that the length of service of a Director is as important as the contribution he or she has to make, and therefore the relevance of individual length of service will be determined on a case by case basis.

Pursuant to the UK Code Provision B.7.1, Mr K.E.Percy will stand for re-election as Director at the forthcoming AGM. Notwithstanding that Mr Percy has served as Director for more than nine years from the date of his first appointment, the other Directors are firmly of the view that his independence has not been compromised by this length of service. In considering Mr Percy's independence, the Nomination Committee (excluding Mr. Percy) considered a number of factors including his experience, integrity and judgement of character. The Committee also recognised that Mr Percy does not have any connection with the Manager, is not a professional adviser who has provided services to the Manager or the Board, does not serve on any other board of a company managed by the Manager or serve as a director on a company with any of the other directors of the Company. For these reasons the Nomination Committee (excluding Mr Percy) believes that Mr Percy remains independent and has no hesitation in recommending his re-election as Director.

Mr C.A. Wood, OBE, the Chairman, is retiring at the next AGM and will not seek re-election.

Performance Evaluation

A performance evaluation using questionnaires and discussion of the effectiveness of the Board as a whole, and of each individual Director, was carried out during the year. This sought to identify whether the Board demonstrates sufficient collective skill and experience, independence and knowledge of the Company and that each Director exhibits the commitment required for the Company to achieve its objectives. An evaluation of the Chairman, in his absence, was also carried out by the other Directors led by Mr R.R.J Burns as the Senior Independent Director. The Board is satisfied with the resulting performance evaluation of the Board, each individual Director and the Chairman.

Internal Control and Risk Management

The Board is ultimately responsible for the Company's system of internal controls and risk management and for reviewing its effectiveness.

Following publication by the Financial Reporting Council of "Internal Control: Revised Guidance for Directors on the Combined Code" ("the FRC Guidance"), the Board confirms that there is an on-going process for identifying, evaluating and managing the significant risks faced by the Company.

This process has been in place for the year under review and up to the date of approval of this Annual Report and Financial Statements and is regularly reviewed by the Board and accords with the FRC Guidance. Further information on the principal risks may be found in the Business Review Section of the Strategic Report on pages 11 to 13 and on page 31 of the Report of the Audit Committee.

The Board has delegated the investment management of the Company's assets to the Manager within overall guidelines and this embraces implementation of the system of internal control, including financial, operational and compliance controls and risk management.

Statement of Corporate Governance

The Board has reviewed the effectiveness of the Manager's system of internal control and risk management and, in particular, they have reviewed the process for identifying and evaluating the significant risks faced by the Company and the policies and procedures by which these risks are managed.

Risks are identified and documented through a risk management framework by each function within the Manager's activities. Risk is considered in the context of the FRC Guidance and includes financial, regulatory, market, operational and reputational risk.

This helps the internal audit risk assessment model identify those functions for review. Any weaknesses identified are reported to the Board and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Board. The key components designed to provide effective internal control for the year under review, and up to the date of this report, are outlined below:

- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its investment performance;
- the Directors and the Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board. The Manager's evaluation procedure and financial analysis of the companies concerned include detailed appraisal and due diligence;
- as a matter of course the compliance department of the Manager continually reviews the Manager's operations;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers; and
- twice a year the Board, via the Audit Committee, carries out an assessment of internal controls by considering documentation from the Manager and the Company Secretaries, including the internal audit and compliance functions and taking account of events since the relevant period end.

With effect from 7 July 2014, the Company entered into arrangements to comply with the Alternative Investment Fund Managers Directive ('AIFMD'). The Company appointed Standard Life Investments (Corporate Funds) Limited as its AIFM and BNP Paribas Securities Services as its Depositary.

The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments and monitoring the Company's compliance with investment limits and leverage requirements.

The AIFM has a permanent risk management function to ensure that effective risk management policies and procedures are in place to monitor compliance with risk limits. The AIFM has a risk policy which covers the risks associated with the management of the portfolio and the adequacy and appropriateness of this policy is reviewed at least annually.

The system of internal control and risk management is designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the system of internal control and risk is designed to manage, rather than eliminate the risk of failure to achieve business objectives and, by their nature, can provide reasonable but not absolute assurance against material misstatement or loss.

As the Company has no employees it does not have a formal policy concerning the raising in confidence of any concerns about possible improprieties, whether in matters of financial reporting or otherwise, for appropriate investigation. The Board reviews each year the Manager's and the Company Secretary's policies on this matter.

Communication with Shareholders

The Company reports formally to shareholders twice a year by way of the Half-Yearly Financial Report and the Annual Report which each include an analysis of the risks and uncertainties facing the Company. A monthly factsheet and monthly valuation report are also published on the website of the Manager and are available to all shareholders on request: see Key Contacts (page 53) for details. An Interim Management Statement is also published via the London Stock Exchange for the quarters ended 30 June and 31 December each year. The Company's net asset value is published each business day.

The Directors are always available to discuss issues of concern or areas of uncertainty with any shareholders.

The Company has adopted a process which ensures that, where notification has been received in advance, nominee operators will be provided with copies of shareholder communications for distribution to their customers. Nominee investors may attend general meetings and are entitled to speak at meetings.

Members of the Standard Life Investments Savings Share Plan or Individual Savings Account, whose shares are held in nominee names of the scheme or plan administrator, are given the opportunity to vote by means of an individual Form of Direction enclosed with the Annual Report. These Forms of Direction are forwarded to the scheme or plan administrator who counts the votes and prepares a proxy form on behalf of the scheme/plan member(s) which is forwarded to the Company's registrars for inclusion in the voting figures. Those members who attend the AGM and who wish to speak are entitled to do so provided that they are in possession of a representation letter issued by the scheme or plan administrator. Further information on how to obtain a representation letter may be found in the Form of Direction.

The Company's AGM provides a forum for communication primarily with private shareholders and is attended by the Chairman of the Board and by the Chairmen of the Audit, Remuneration and Management Engagement and Nomination Committees. The Manager makes a presentation to the meeting and the Chairman announces the level of proxies lodged on each resolution, and the balance for and against and votes withheld, where relevant, after the resolution has been put to a show of hands. Each person attending the AGM as a proxy is entitled to vote on a show of hands. A separate resolution is proposed in respect of each substantially separate issue. In order to ensure that detailed discussion of key issues is possible, the Company normally aims to circulate to shareholders the Annual Report and the notice of the AGM not less than 20 working days before the date of the meeting.

Corporate Governance, Stewardship and Proxy Voting

The Financial Reporting Council ("FRC") published the UK Stewardship Code ("the Code") for institutional shareholders on 2 July 2010. The Code was revised in September 2012. The purpose of the Code is to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and assist institutional investors with the efficient exercise of their governance responsibilities. The FRC is encouraging institutional investors to make a statement of their commitment to the Code.

The Board has reviewed the Manager's statement of compliance with the Code, which appears on the Manager's website, at http://www.standardlifeinvestments.com/governance_and_stewardship/the_uk_stewardship_code/index.html.

The Board has delegated responsibility for actively monitoring the activities of portfolio companies to the Manager. The board has reviewed and accepts the Manager's corporate governance principles and policies ("the Principles and Policies"), which may be found on the Manager's website at http://www.standardlifeinvestments.com/governance_and_stewardship/what_is_corporate_governance/principles_and_policies.html. These Principles and Policies set out the Manager's framework on corporate governance, proxy voting and shareholder engagement in relation to the companies in which the Manager has invested or is considering investing.

The Manager is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by portfolio companies and for attending company meetings. The Manager, in the absence of explicit instruction from the Board, is empowered to use discretion in the exercise of the Company's voting rights.

The Board recognises and supports the Manager's policy of active engagement with investee companies and the voting of all of the shares held by the Company. The Board receives from the Manager regular reports on the exercise by the Manager of the Company's voting rights and discusses with the Manager any issues arising. It is the Board's view that having an active voting policy and a process for the monitoring by the Board of the Manager's exercise of those votes, especially in relation to controversial issues, aids the efficient exercise of the Company's governance responsibilities.

The Board is aware of its duty to act in the interests of the Company. The Directors, through the Manager, encourage companies in which investments are made to adhere to best practice in the area of corporate governance. The

Statement of Corporate Governance

Manager believes that this can best be achieved by entering into a dialogue with company management, where practicable, to encourage them where necessary, to improve their policies in this area.

Socially Responsible Investment Policy

The Manager undertakes constructive engagement with investee companies on issues of social, community and environmental responsibility in order to influence positively developments in these areas.

The Manager's specific policies are outlined in their Corporate Governance UK Guidelines which may be found on the Manager's website at http://www.standardlifeinvestments.com/CG_Corporate_Governance_Booklet/getLatest.pdf.

The Manager believes that a company run in the long-term interests of its shareholders should manage its relationships with its employees, suppliers and customers and behave responsibly towards the environment and society as a whole. Companies that demonstrate a commitment to environmental and social responsibility are considered by the Manager to be likely to enjoy comparative advantage in the long run.

Accountability and Audit

The Statement of Directors' Responsibilities in respect of the Financial Statements is on page 34 and the Statement of Going Concern is included in the Directors' Report on page 18. The Independent Auditor's Report is on pages 35 to 37.

By order of the Board,
Maven Capital Partners UK LLP
Company Secretary

London, 14 November 2014

Audit Committee

The Directors have established an Audit Committee which consists of all of the Directors of the Company. Details of the experience and qualifications of the Directors are set out on page 15. The Board is satisfied that all members of the Committee have a sufficient level of recent and relevant financial experience. The Committee was chaired throughout the year by Josephine Dixon.

Responsibilities

The main responsibilities of the Committee are:

- monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, and reviewing significant financial reporting judgements contained in them;
- reviewing the Company's internal financial controls and the Company's internal controls and risk management systems; to assist in this the Committee receives reports from the internal audit and compliance department of the Manager;
- reviewing an annual statement from the Manager detailing the arrangements in place whereby the Manager's staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters;
- making recommendations to the Board, for it to put to shareholders for their approval in general meeting, in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- reviewing the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm;
- reporting to the Board, identifying any matters in respect of which the Committee considers that action or improvement is needed, and making recommendations as to the steps to be taken;
- where requested by the Board, providing advice on whether the annual report and accounts , taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Corporate Reporting Risks

As an equity income investment trust, the Company's main focus is to generate income from its equity investment while also providing real growth in capital and income. The investment portfolio is a significant element of the financial statements. The recognition, ownership and valuation of the investment portfolio is therefore an area of particular attention by the Committee. Specifically the risk is that investments are not recognised and measured in line with the Company's stated accounting policy on the valuation of quoted investments.

As investment income is the Company's major source of revenue and a significant item in the Income Statement, a key risk relates to the recognition of investment income. Specifically, the risk is that the Company does not recognise income in line with its stated policy on income recognition and/or incorrectly allocates dividend income as capital/revenue. Where there is a capital element of a special dividend, this is disclosed in Note 9 to the Financial Statements.

Valuation, existence and ownership of the investment portfolio

How the risk was addressed – The Company uses the services of an independent custodian (BNP Paribas Securities Services) to hold the assets of the Company. An annual internal control report is received from the Custodian which provides details of the Custodian's control environment. The investment portfolio is reconciled regularly by the Manager and the reconciliation is also reviewed by the Independent Auditor. The portfolio is reviewed and verified by the Manager on a regular basis and management accounts including a full portfolio listing are prepared quarterly and are considered at the quarterly meetings of the Board. The portfolio is also audited annually by the Independent Auditor.

The valuation of investments is undertaken in accordance with the accounting policies disclosed in notes 1(b) and (c) to the Financial Statements on page 42. The Committee satisfied itself that there were no issues associated with the valuation, existence and ownership of the investments which required to be addressed.

Report of the Audit Committee

Recognition of dividend income

How the risk was addressed – The recognition of dividend income is undertaken in accordance with accounting policy note 1(d) to the Financial Statements on page 42. Special dividends are allocated to the capital or revenue accounts according to the nature of the payment and the specific circumstances. The management accounts are reviewed by the Board on a quarterly basis and discussion takes place with the Manager regarding the allocation of any special dividends that have been received. The allocation of material special dividends is also reviewed by the Independent Auditor. The income resulting from special dividends is disclosed in Note 2 to the Financial Statements. The Committee concluded that there were no issues associated with the recognition of dividend income which required to be addressed.

Review of Risk Reporting

The Committee met twice during the year under review, on 8 November 2013 and 8 May 2014 and at each Meeting considered the key risks detailed above and the corresponding internal control and risk reports provided by the Manager and the Company Secretary. No significant weaknesses in the control environment were identified and it was also noted that there had not been any adverse comment from the Auditor and that the Auditor had not identified any significant issues in the audit report. The Committee, therefore, concluded that there were no significant issues which required to be reported to the Board.

At its meeting in May 2014 and again in November 2014, the Committee reviewed the Company's risk framework in light of AIFMD and the related changes to the relationship between the Company and its appointed AIFM. At its meeting in November 2014, the Committee reviewed, for recommendation to the Board, the amount of the fourth quarterly dividend for the year and reviewed the Audit Report from the Independent Auditor and the draft Annual Report and Financial Statements for the year ended 30 September 2014. Following due consideration, the Committee provided advice to the Board that it considered that the Annual Report and Financial Statements, taken as a whole, were fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's performance and strategy.

Review of the Effectiveness of the External Auditor - Reporting

After the year end, in November 2014, the Committee reviewed, for recommendation to the Board, the Audit Report from the Independent Auditor and the draft Annual Report and Financial Statements for the year ended 30 September 2014, together with the fourth quarterly dividend for the year then ended. At its meeting in May 2014 the Committee reviewed the Half-Yearly Report and also considered the performance of Grant Thornton UK LLP as Auditor.

As part of its annual review of auditor services, the Committee reviews the performance, cost effectiveness and general relationship with the external auditor. In addition, the Committee reviews the independence and objectivity of the external auditor.

Key elements of these reviews include: discussions with the Manager and the Administrator regarding the audit service provided; separate meetings with the Independent Auditor; consideration of the completeness and accuracy of Grant Thornton UK LLP's reporting and a review of the relationships that the Independent Auditor has with the Manager.

The Independent Auditor's Report is on pages 35 to 37. In accordance with regulatory requirements, the external auditor Grant Thornton UK LLP rotates the Senior Statutory Auditor responsible for the audit every five years and as a result the Senior Statutory Auditor is being changed this year. The Company appointed RSM Robson Rhodes LLP as auditor for the year ended 30 September 2004 and that firm merged with Grant Thornton UK LLP in 2007. There are currently no contractual obligations that restrict the Committee's choice of auditor. However, in light of recent EU regulation and FRC guidance on auditor tenders, the Board is mindful that the audit will require to be put out to tender in future. However, as the auditor tenure is currently less than 11 years, the Company has until at least 2026 before the rotation of the auditor is compulsory. The Committee continues to keep the matter of tenure of the auditor under review. Details of the amount paid to Grant Thornton UK LLP during the year for audit fees is set out in Note 4 to the Financial Statements.

The Company has in place a policy governing and controlling the provision of non-audit services by the external Auditor, so as to safeguard their independence and objectivity. Shareholders are asked to approve the re-appointment, and the Directors' responsibility for the remuneration, of the Auditor at each Annual General Meeting. Any non-audit work, other than interim reviews, requires the specific approval of the Committee in each case. Non-audit work, where independence may be compromised or conflicts arise, is prohibited. The Board has concluded that the external auditor is independent of the Company and that a resolution should be put to the shareholders at the AGM on 17 December 2014 for the re-appointment of Grant Thornton UK LLP as external auditor.

For and on behalf of the Committee

Josephine Dixon
Chairman

14 November 2014

Statement of Directors' Responsibilities

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 they have elected to prepare the Financial Statements in accordance with UK Accounting Standards. The Financial Statements are required by law to 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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements.

The Directors are responsible for keeping adequate accounting records that 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that 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 webpage hosted by the Manager. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors are also responsible for ensuring that the Annual Report and Financial Statements, taken as a whole are fair balanced and understandable and provide the information necessary to assess the Company's performance, business model and strategy.

Directors' Responsibility Statement

Each Director confirms, to the best of his or her knowledge, that:

- the Financial Statements have been prepared in accordance with UK Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit;
- the Strategic Report includes 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; and that
- the Annual Report and Financial Statements, taken as a whole are fair, balanced and understandable and provide the information necessary to assess the Company's performance, business model and strategy.

For and on behalf of the Board of Standard Life Equity Income Trust PLC

Charles Wood, OBE
Chairman

14 November 2014

Independent Auditor's Report to the Members of Standard Life Equity Income Trust PLC

Independent auditor's report to the members of Standard Life Equity Income Trust PLC

We have audited the financial statements of Standard Life Equity Income Trust PLC for the year ended 30 September 2014 which comprise the Income Statement, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, on page 34, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Auditor commentary

An overview of the scope of our audit

Our audit approach was based on a thorough understanding of the Company's business and is risk-based. The day-to-day management of the Company's investment portfolio, the custody of its investments and the maintenance of the Company's accounting records is outsourced to third-party service providers. Accordingly, our audit work is focussed on obtaining an understanding of, and evaluating, internal controls at the Company and relevant third-party service providers, and inspecting records and documents held by the Company and third-party service providers. This included a review of reports on the description, design and operating effectiveness of internal controls at relevant third-party service providers. We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the design effectiveness of controls over individual systems and the management of specific risks.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. For the purpose of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of a misstatement or an omission from the financial statements or related disclosures that would make it probable that the judgement of a reasonable person, relying on the information would have been changed or influenced by the misstatement or omission. We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

We established materiality for the financial statements as a whole to be £1,665,000 which is 1% of the Company's net asset value. For all items in the income statement, with the exception of net gains on investments at fair value and currency (losses) / gains, we determined that misstatements for a lesser amount than materiality for the financial statements as a whole would make it probable that the judgement of a reasonable person, relying on the information, would have been changed or influenced by a misstatement or omission. Accordingly, we established materiality for income to be £354,000 and for expenses comprising the investment management fee, administrative expenses, finance costs and taxation to be £94,000.

Independent Auditor's Report to the Members of Standard Life Equity Income Trust PLC

We have determined the threshold at which we communicate misstatements to the Audit Committee to be £83,250. In addition, we communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Our assessment of risk

Without modifying our opinion, we highlight the following matters that are, in our judgement, likely to be most important to users' understanding of our audit. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual transactions, balances or disclosures.

Existence, ownership and valuation of investments

The Company's business is investing in a diversified portfolio consisting mainly of quoted UK equities with a view to providing shareholders with an above average income while also providing real growth in capital and income. Accordingly, the investment portfolio of mainly quoted UK equities is a significant material item in the financial statements. We therefore identified the existence, ownership and valuation of the investment portfolio as risks that require particular audit attention.

Our audit work included, but was not restricted to, understanding management's process to recognise and measure the fair value of the investment portfolio of investments in order to confirm compliance with relevant accounting standards, and verification of the existence of those investments. We agreed the valuation of all the listed equity investments to an independent source of market prices. We obtained confirmation of the existence and ownership of the listed investments directly from the company's independent custodian, tested the reconciliation of the independent custodian's records to those records maintained by the Company's administrator, and tested a sample of listed investment additions and disposals shown in the Company's administrator's records to supporting documentation.

The Company's accounting policy on the valuation of investments is included in note 1, and its disclosures about investments held at the year-end are included in note 9.

Completeness and occurrence of investment income

Investment income is the Company's major source of revenue and a significant, material item in the Income Statement. Accordingly, we identified the completeness and occurrence of investment income as risks that require particular audit attention.

Our audit work included, but was not restricted to, assessing whether the Company's accounting policy for revenue recognition is in accordance with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts (issued January 2009)'; obtaining an understanding of the Company's administrator's process for recognising revenue in accordance with the stated accounting policy; testing whether a sample of revenue transactions had been recognised in accordance with the policy; and for a sample of investments held in the period confirming that revenue that should have been received has been received and recorded and assessing whether any of the dividends received should have been treated as capital receipts.

The Company's accounting policy on the recognition of revenue from investments and the components of that revenue are included in notes 1 and 2.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2014 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Other reporting responsibilities

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

Independent Auditor's Report to the Members of Standard Life Equity Income Trust PLC

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

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

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

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable, and whether the annual report appropriately discloses those matters that were communicated to the audit committee which we consider should have been disclosed.

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

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

Under the Listing Rules we are required to review:

- the directors' statement on page 18 in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Christopher Smith
Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

14 November 2014

Financial Statements
Income Statement

For the year ended 30 September

	Notes	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
Net gains on investments at fair value	9	—	6,706	6,706	—	33,671	33,671
Currency (losses)/gains		—	(4)	(4)	—	1	1
Income	2	7,084	—	7,084	6,107	—	6,107
Investment management fee	3	(373)	(870)	(1,243)	(303)	(707)	(1,010)
Administrative expenses	4	(353)	—	(353)	(329)	—	(329)
NET RETURN BEFORE FINANCE COSTS AND TAXATION		6,358	5,832	12,190	5,475	32,965	38,440
Finance costs	5	(118)	(276)	(394)	(92)	(216)	(308)
RETURN ON ORDINARY ACTIVITIES BEFORE TAXATION		6,240	5,556	11,796	5,383	32,749	38,132
Taxation	6	(26)	—	(26)	(22)	—	(22)
RETURN ON ORDINARY ACTIVITIES AFTER TAXATION		6,214	5,556	11,770	5,361	32,749	38,110
RETURN PER ORDINARY SHARE:	8						
Basic		15.69p	14.03p	29.72p	14.07p	85.94p	100.01p
Diluted		15.12p	13.52p	28.64p	13.88p	84.79p	98.67p

The total column of this statement represents the profit and loss account of the Company.

A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses are recognised in the Income Statement.

No operations were acquired or discontinued in the year.

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

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

Balance Sheet

As at 30 September

	Notes	2014 £'000	2014 £'000	2013 £'000	2013 £'000
FIXED ASSETS					
Investments designated at fair value through profit or loss	9		188,277		170,081
CURRENT ASSETS					
Debtors	10	1,103		1,423	
Money market funds		959		643	
Cash and short term deposits		54		96	
		2,116		2,162	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
Bank loan	11	(23,000)		(20,000)	
Other creditors	11	(921)		(406)	
		(23,921)		(20,406)	
NET CURRENT LIABILITIES			(21,805)		(18,244)
NET ASSETS			166,472		151,837
CAPITAL AND RESERVES					
Called-up share capital	12		10,127		10,033
Share premium account			24,084		21,576
Capital redemption reserve			12,615		12,615
Capital reserve			113,900		102,772
Revenue reserve			5,746		4,841
EQUITY SHAREHOLDERS' FUNDS			166,472		151,837
NET ASSET VALUE PER ORDINARY SHARE:	13				
Basic			410.98p		395.20p
Diluted			397.87p		383.34p

The financial statements on pages 38 to 52 were approved by the Board of Directors and authorised for issue on 14 November 2014 and were signed on its behalf by:

C A Wood OBE *Chairman*

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

Financial Statements
Reconciliation of Movements in Shareholders' Funds

For the year ended 30 September 2014

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 September 2013		10,033	21,576	12,615	102,772	4,841	151,837
Issue of ordinary shares on conversion of subscription shares	12	94	1,117	—	—	—	1,211
Issue of ordinary shares from treasury		—	1,391	—	5,572	—	6,963
Return on ordinary activities after taxation		—	—	—	5,556	6,214	11,770
Dividends paid	7	—	—	—	—	(5,309)	(5,309)
BALANCE AT 30 SEPTEMBER 2014		10,127	24,084	12,615	113,900	5,746	166,472

For the year ended 30 September 2013

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 September 2012		9,943	20,457	12,615	69,697	6,561	119,273
Issue of ordinary shares on conversion of subscription shares	12	90	1,064	—	—	—	1,154
Issue of ordinary shares from treasury		—	55	—	326	—	381
Return on ordinary activities after taxation		—	—	—	32,749	5,361	38,110
Dividends paid	7	—	—	—	—	(7,081)	(7,081)
BALANCE AT 30 SEPTEMBER 2013		10,033	21,576	12,615	102,772	4,841	151,837

The revenue and capital reserves represent the amount of the Company's reserves distributable by way of dividend.

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

Cash Flow Statement

For the year ended 30 September

	Notes	2014 £'000	2014 £'000	2013 £'000	2013 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	14		5,856		4,842
NET CASH OUTFLOW FROM SERVICING OF FINANCE			(390)		(307)
FINANCIAL INVESTMENT					
Purchases of investments		(83,562)		(72,202)	
Sales of investments		72,509		60,789	
NET CASH OUTFLOW FROM FINANCIAL INVESTMENT			(11,053)		(11,413)
EQUITY DIVIDENDS PAID			(5,309)		(7,081)
			(10,896)		(13,959)
MANAGEMENT OF LIQUID RESOURCES					
Purchase of money market funds		(58,626)		(43,683)	
Sale of money market funds		58,310		51,170	
NET CASH (OUTFLOW)/INFLOW FROM MANAGEMENT OF LIQUID RESOURCES			(316)		7,487
NET CASH (OUTFLOW) BEFORE FINANCING			(11,212)		(6,472)
FINANCING					
Proceeds from exercise of subscription shares		1,211		1,154	
Proceeds from issue of ordinary shares from treasury		6,963		381	
Repayment of loan		(20,000)		—	
Drawdown of loan		23,000		5,000	
NET CASH INFLOW FROM FINANCING			11,174		6,535
(DECREASE)/INCREASE IN CASH			(38)		63
RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET DEBT					
(Decrease)/increase in cash as above		(38)		63	
Net change in liquid resources		316		(7,487)	
Drawdown of loan		(3,000)		(5,000)	
Currency movements		(4)		1	
MOVEMENT IN NET DEBT IN YEAR			(2,726)		(12,423)
Opening net debt			(19,261)		(6,838)
CLOSING NET DEBT	15		(21,987)		(19,261)

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

Notes to the Financial Statements

For the year ended 30 September 2014

1. Accounting policies

(a) Basis of accounting

The financial statements have been prepared in accordance with the Companies Act 2006, the applicable UK Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (issued in January 2009).

They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The financial statements have been prepared on a going concern basis. The Directors believe this is appropriate for the reasons outlined in the Directors' Report on page 18.

All values are rounded to the nearest thousand pounds (£000) except where indicated otherwise.

(b) Valuation of investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the Company designates the investments 'at fair value through profit or loss'. They are included initially at fair value, which is taken to be their cost (excluding expenses incidental to the acquisition which are written off in the Income Statement, and allocated to 'capital' at the time of acquisition). Subsequent to initial recognition, investments are valued at fair value through profit or loss. 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 FTSE 100 constituents and most liquid FTSE 250 along with some other securities.

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 Income Statement and are ultimately recognised in the capital reserve.

(c) Money market funds

The money market funds are used by the Company to provide additional short term liquidity. As they are not listed on a recognised exchange and 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 or 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 according to the circumstances. Foreign income is converted at the exchange rate applicable at the time of receipt. Interest receivable on short term deposits is accounted for on an accruals basis.

(e) Expenses and interest payable

Expenses are accounted for on an accruals basis. Expenses are charged to capital 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 between revenue and capital 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 Income Statement.

(f) Dividends payable

In accordance with FRS21, "Events after the balance sheet date" dividends that are declared and approved by the Company after the Balance Sheet date are not recognised as a liability of the Company at the Balance Sheet date.

(g) Capital reserves

Gains or losses on realisation of investments and changes in fair values of investments are included within the capital reserve. The capital element of the management fee along with any associated irrecoverable VAT and relevant finance costs are charged to this reserve. Any associated tax relief is also credited to this reserve.

(h) Taxation

Deferred taxation is recognised in respect of all temporary differences that have originated but not reversed at the Balance Sheet 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 Balance Sheet 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 temporary differences can be deducted. Temporary differences are differences arising between the Company's taxable profits and its results as stated in the accounts 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.

2. Income

	2014 £'000	2013 £'000
Income from investments		
Franked investment income		
Ordinary dividends	5,146	4,799
Special dividends	456	59
	5,602	4,858
Overseas and unfranked investment income		
Ordinary dividends	896	690
Special dividends	534	405
	1,430	1,095
Stock dividends	25	129
	7,057	6,082
Other income		
Money market interest	17	25
Underwriting commission	10	–
	27	25
Total income	7,084	6,107

3. Investment management fee

	2014 £'000	2013 £'000
Charged to revenue reserve	373	303
Charged to capital reserve	870	707
	1,243	1,010

The Company has an agreement with Standard Life (Corporate Funds) Limited for the provision of management services. The contract is terminable by either party on not less than six months' notice.

The fee is based on 0.65% of total assets, payable quarterly in arrears and is chargeable 30% to revenue and 70% to capital (see note 1(e)).

Notes to the Financial Statements

4. Administrative expenses	2014 £'000	2013 £'000
Directors' fees	106	91
Fees payable to the Company's Auditor (excluding VAT):		
- for the audit of the annual financial statements	21	20
Professional fees	29	29
Other expenses	197	189
	353	329

With the exception of fees payable to the Company's auditor, irrecoverable VAT has been included under the relevant expense line above. Irrecoverable VAT on fees payable to the Company's auditor is included within other expenses.

Additional information concerning Directors' fees can be found in the Directors' Remuneration Report on pages 22 and 23.

5. Finance costs	2014 £'000	2013 £'000
On bank loans and overdrafts:		
Charged to revenue reserve	118	92
Charged to capital reserve	276	216
	394	308

Finance costs are chargeable 30% to revenue and 70% to capital (see note 1(e)).

6. Taxation	2014 £'000	2013 £'000
(a) Analysis of charge for the year		
Overseas withholding tax	26	22

(b) Factors affecting current tax charge for the year

The corporation tax rate was 23% until 31 March 2014 and 21% from 1 April 2014 giving an effective rate of 22%. The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK.

A reconciliation of the Company's current tax charge is set out below:

	2014 £'000	2013 £'000
Total return on ordinary activities before taxation	11,796	38,132
Return on ordinary activities at the UK standard rate of corporation tax 22% (2013 - 23.5%)	2,595	8,961
Effects of:		
Gains on investments not taxable	(1,475)	(7,913)
Non-taxable income	(1,513)	(1,387)
Excess management expenses and loan relationship debit expenses	393	339
Overseas withholding tax	26	22
Total taxation	26	22

At 30 September 2014, the Company had unutilised management expenses and loan relationship losses of £17,456,000 (2013 - £15,672,000). No deferred tax asset has been recognised on the unutilised management expenses and loan relationship losses as it is unlikely there will be suitable taxable profits from which the future reversal of the deferred tax asset could be deducted.

7. Dividends on Ordinary shares

	2014 £'000	2013 £'000
Amounts recognised as distributions to equity holders in the year:		
Fourth quarterly dividend for 2013 of 3.80p per share (2012 - final dividend of 9.00p)	1,473	3,416
First quarterly dividend for 2014 of 3.20p per share (2013 - 3.20p)	1,269	1,218
Second quarterly dividend for 2014 of 3.20p per share (2013 -3.20p)	1,271	1,218
Third quarterly dividend for 2014 of 3.20p per share (2013 - 3.20p)	1,296	1,229
	5,309	7,081

The proposed fourth quarterly dividend for 2014 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

We set out below the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Sections 1158-1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £6,214,000 (2013 - £5,361,000).

	2014 £'000	2013 £'000
First quarterly dividend for 2014 of 3.20p per share (2013 - 3.20p)	1,269	1,218
Second quarterly dividend for 2014 of 3.20p per share (2013 -3.20p)	1,271	1,218
Third quarterly dividend for 2014 of 3.20p per share (2013 - 3.20p)	1,296	1,229
Proposed final dividend for 2014 of 4.40p per share (2013 - 3.80p)	1,782	1,473
	5,618	5,138

8. Return per Ordinary share

	2014		2013	
	£'000	p	£'000	p
Basic				
Revenue return	6,214	15.69	5,361	14.07
Capital return	5,556	14.03	32,749	85.94
Total return	11,770	29.72	38,110	100.01
Weighted average number of Ordinary shares in issue[A]		39,609,718		38,105,315
Diluted				
Revenue return	6,214	15.12	5,361	13.88
Capital return	5,556	13.52	32,749	84.79
Total return	11,770	28.64	38,110	98.67
Number of dilutive shares		1,483,865		516,765
Diluted shares in issue		41,093,583		38,622,080

The calculation of the diluted total, revenue and capital returns per Ordinary share are carried out in accordance with Financial Reporting Standard No. 22, "Earnings per Share". For the purposes of calculating diluted total, revenue and capital returns per Ordinary share, the number of Ordinary shares is the weighted average used in the basic calculation plus the number of Ordinary shares deemed to be issued for no consideration on exercise of all Subscription shares by reference to the average share price of the Ordinary shares during the period.

[A] Calculated excluding shares held in Treasury where applicable.

Notes to the Financial Statements

9. Investments	2014 £'000	2013 £'000
Fair value through profit or loss		
Opening book cost	133,233	111,643
Opening fair value gains on investments held	36,848	13,560
Opening fair value	170,081	125,203
Movements in the year:		
Purchases at cost	83,692	71,476
Sales – proceeds	(72,202)	(60,269)
– realised gains	10,207	10,383
Current year fair value (losses)/gains on investments held	(3,501)	23,288
Closing fair value	188,277	170,081
Closing book cost	154,930	133,233
Closing fair value gains on investments held	33,347	36,848
Closing fair value	188,277	170,081
Gains on investments held at fair value through profit or loss		
Gains on sales	10,047	10,383
Gains on special dividends	160	—
(Decrease)/increase in fair value gains on investments held	(3,501)	23,288
	6,706	33,671

Transaction costs

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

	2014 £'000	2013 £'000
Purchases	397	386
Sales	77	84
Total	474	470

10. Debtors: amounts falling due within one year	2014 £'000	2013 £'000
Amounts due from brokers	368	675
Net dividends and interest receivable	654	690
Other debtors	81	58
	1,103	1,423

11. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Bank loan	23,000	20,000
Other creditors		
Amounts due to brokers	130	—
Investment management fee payable	623	282
Sundry creditors	168	124
	921	406

During the year, the Company entered into a new three year £25 million revolving credit facility with Scotiabank (Ireland) Limited, replacing the £20 million loan facility with The Royal Bank of Scotland plc.

As at 30 September 2014, the Company had drawn down £23 million (2013 - £20 million) of the £25 million loan facility arranged with Scotiabank (Ireland) Limited, £20 million maturing on 22 October 2014 and £3 million maturing on 27 October 2014 both at a fixed interest rate of 1.66%. Subsequent to the year end, the £20 million loan was rolled over from 22 October 2014 to 24 November 2014 at an interest rate of 1.6532% and the £3 million loan was rolled over from 27 October 2014 to 27 November 2014 at an interest rate of 1.6560%.

12. Called up share capital

	2014 £'000	2013 £'000
Issued and fully paid:		
Ordinary shares of 25p each		
Opening balance of 38,419,941 (2013 - 37,959,305) Ordinary shares	9,605	9,490
Issue of 378,725 (2013 - 360,636) Ordinary shares on conversion of Subscription shares	94	90
Issue of 1,707,328 (2013 - 100,000) Ordinary shares from Treasury	427	25
Closing balance of 40,505,994 (2013 - 38,419,941) Ordinary shares	10,126	9,605
Subscription shares of 0.01p each		
Opening balance of 7,196,498 (2013 - 7,557,134) Subscription shares	1	1
Conversion of 378,725 (2013 - 360,636) Subscription shares into Ordinary shares	—	—
Closing balance of 6,817,773 (2013 - 7,196,498) Subscription shares	1	1
Treasury shares		
Opening balance of 1,707,328 (2013 - 1,807,328) Treasury shares	427	452
Issue of 1,707,328 (2013 - 100,000) Ordinary shares from Treasury	(427)	(25)
Closing balance of nil (2013 - 1,707,328) Treasury shares	—	427
	10,127	10,033

Notes to the Financial Statements

On 17 December 2010 the Company issued 7,585,860 Subscription shares of 0.01p each by way of a bonus issue to the Ordinary shareholders on the basis of one Subscription share for every five Ordinary shares. Each Subscription share confers the right, but not the obligation, to subscribe for one Ordinary share on any subscription date, being the final business day of June and December in each year commencing June 2011 and finishing on the last business day of December in 2016, after which the rights under the Subscription shares will lapse. The conversion price has been determined as being 320p.

During the year, shareholders have exercised their right to convert 378,725 (2013 - 360,636) Subscription shares into ordinary shares for a total consideration of £1,211,000 (2013 - £1,154,000).

During the year, 1,707,328 (2013 - 100,000) Ordinary shares were issued from Treasury for a total consideration of £6,963,000 (2013 - £381,000).

There were no shares repurchased during the year. The total shares held in Treasury is nil (2013 - 1,707,328 shares held in Treasury representing 4.3% of the Company's total issued share capital at 30 September 2013). The number of Subscription shares in issue at 30 September 2014 is 6,817,773 (2013 - 7,196,498).

13. Net asset value per share

The net asset value per share and the net assets attributable to Ordinary shares at the end of the year calculated in accordance with the Articles of Association were as follows:

	2014	2013
Basic		
Total shareholders' funds (£'000)	166,472	151,837
Number of Ordinary shares in issue at year end[A]	40,505,994	38,419,941
Net asset value per share	410.98p	395.20p
Diluted		
Total shareholders' funds assuming exercise of Subscription shares (£'000)	188,289	174,866
Number of potential Ordinary shares in issue at year end[A]	47,323,767	45,616,439
Net assets per share	397.87p	383.34p

The diluted net asset value per Ordinary share has been calculated in accordance with guidelines issued by the Association of Investment Companies and assumes that all outstanding Subscription shares were converted into Ordinary shares at the year end.

[A] Excludes shares in issue held in Treasury where applicable.

14. Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities

	2014 £'000	2013 £'000
Net return before finance costs and taxation	12,190	38,440
Adjustments for:		
Net gains on investments at fair value	(6,706)	(33,671)
Net currency losses/(gains)	4	(1)
Decrease in accrued income	36	2
(Increase)/decrease in other debtors	(3)	1
Increase in other creditors	381	90
Net overseas tax paid	(46)	(19)
Net cash inflow from operating activities	5,856	4,842

15. Analysis of changes in net debt

	At 30 September 2013 £'000	Cashflow £'000	Currency movements £'000	At 30 September 2014 £'000
Cash at bank and in hand	96	(38)	(4)	54
Money market funds	643	316	–	959
Bank loan	(20,000)	(3,000)	–	(23,000)
Net debt	(19,261)	(2,722)	(4)	(21,987)

16. Financial instruments

Risk management

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.

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.

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 risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices.

This market risk comprises three elements - interest rate risk, currency risk and other price risk.

Interest rate risk
Interest rate movements may affect:

- the fair value of the investments in fixed interest rate securities;
- the level of income receivable on cash deposits;
- interest payable on the Company's variable rate borrowings.

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.

Interest rate profile
The interest rate risk profile of the portfolio of financial assets and liabilities at the Balance Sheet date was as follows:

As at 30 September 2014	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £000	Floating rate £000
Assets				
Money market funds	–	0.53	–	959
Cash deposits	–	–	–	54
Total assets	–	0.50	–	1,013
Liabilities				
Bank loans	0.1	1.66	23,000	–
Total liabilities	0.1	1.66	23,000	–
As at 30 September 2013				
Assets				
Money market funds	–	0.49	–	643
Cash deposits	–	–	–	96
Total assets	–	0.43	–	739
Liabilities				
Bank loans	0.1	1.74	20,000	–
Total liabilities	0.1	1.74	20,000	–

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The weighted average interest rate on bank loans is based on the interest rate payable, weighted by the total value of the loans.

The floating rate assets consist of money market funds and cash deposits on call earning interest at prevailing market rates.

All financial liabilities are measured at amortised cost.

Maturity profile

The Company did not hold any assets at 30 September 2014 or 30 September 2013 that had a maturity date. As detailed in note 11, the £20m and £3m loans drawn down had maturity dates of 22 October 2014 and 27 October 2014, respectively, at the Balance Sheet date. (2013 : £5m on 9 October 2013; £15m on 31 October 2013).

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates at the Balance Sheet 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 September 2014 would increase / decrease by £220,000 (2013: increase / decrease by £193,000). This is mainly attributable to the Company's exposure to interest rates on its fixed rate borrowings and floating rate cash balances.

Currency risk
All of the Company's investments are in Sterling. The Company can be exposed to currency risk when it receives dividends in currencies other than sterling. The current policy is not to hedge this risk but this policy is kept under constant review by the Board.

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, as detailed on page 11, both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on the London Stock Exchange.

Other price risk sensitivity
If market prices at the Balance Sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the year ended 30 September 2014 would have increased/decreased by £18,828,000 (2013 - increase/decrease of £17,008,000). 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, which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of loan and overdraft facilities (note 11).

(iii) Credit risk

This is failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.

The risk is not significant, and is managed as follows:

- where the investment manager makes an investment in a bond, corporate or otherwise, the credit rating of the issuer is taken into account so as to minimise the risk to the Company of default;
- investment transactions are carried out with a large number of brokers, whose credit-standing and credit rating is reviewed periodically by the investment manager, and limits are set on the amount that may be due from any one broker;
- cash and money invested in AAA money market funds are held only with reputable banks.

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

Credit risk exposure

In summary, compared to the amount in the Balance Sheet, the maximum exposure to credit risk at 30 September was as follows:

	2014		2013	
Current assets	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Debtors	1,103	1,103	1,423	1,423
Money market funds (indirect exposure)	959	959	643	643
Cash and short term deposits	54	54	96	96
	2,116	2,116	2,162	2,162

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

Fair values of financial assets and financial liabilities
The fair value of borrowings is not materially different to the accounts value in the financial statements of £23,000,000 (note 11).

17. Fair Value hierarchy

FRS 29 'Financial Instruments: Disclosures', requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (ie as prices) or indirectly (ie derived from prices); and
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The quoted equities and money market funds held by the Company at 30 September 2014 and 30 September 2013 were all Level 1.

18. Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and
- to maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt. The Board normally seeks to limit gearing to 15% of net assets. At the year end the Company had gearing of 13.2% of net assets (2013 - 12.7%)

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes the nature and planned level of gearing, which takes account of the Manager's views on the market and the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period. Any year end positions are presented in the Balance Sheet.

19. Contingent liabilities

As at 30 September 2014 there was an underwriting commitment of £2,200,000 (2013 - £500,000). This commitment was in relation to a placing by Assura Group. Subsequent to the year end, the Company was allocated £1,315,000 of shares in the placing.

Key Contacts

Investment Manager
Standard Life Investments
1 George Street
Edinburgh EH2 2LL
(Authorised and regulated by the Financial Conduct Authority)

Website Address:
www.standardlifeinvestments.com/its
Telephone: 0845 60 60 062

Savings Scheme and ISA Plan administrator
Standard Life Savings
PO Box 12116
Brentwood CM14 9NP
Telephone: 0845 60 24 247
(Monday to Friday, 9 a.m. – 5 p.m.)
(Authorised and regulated by the Financial Conduct Authority)

Company Secretary
Maven Capital Partners UK LLP
1st Floor
Kintyre House
205 West George Street
Glasgow G2 2LW
Telephone: 0141 306 7400

Registered Office
30 St Mary Axe
London EC3A 8EP
Registered in England & Wales No. 2648152

Independent Auditor
Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Depositary and Custodian
BNP Paribas Securities
55 Moorgate
London, EC2R 6PA

Lenders
Scotiabank (Ireland) Limited
I.F.S.C. House
Custom House Quay
Dublin I
Ireland

Stockbrokers
J.P.Morgan Cazenove
29th Floor
25 Bank Street
London E14 5JP

Registrars
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0870 707 1150
www.investorcentre.co.uk

Additional Information
Shareholder Information

Shareholders who hold their shares in certificated form can check their shareholding with the registrars, Computershare Investor Services PLC, via www.uk.computershare.com/investor

Please note that to gain access to your details on the Computershare site you will need the holder reference number on the top left hand corner of your share certificate or on your tax voucher.

Notifications of changes of address and all enquiries regarding certificates or dividend cheques should be sent in writing to the registrars.

Disability Act
Copies of this Annual Report or other documents issued by the Company are available from the Company Secretary.

If needed, copies can be made available in larger type.

Our registrars have installed text phones to allow speech and hearing impaired people who have their own text phone to contact them directly without the need for an intermediate operator. Specially trained operators are available during normal business hours to answer queries via this service. The number for this is 0870 702 0005.

Alternatively, you may use a "type talk" operator (provided by the Royal National Institute for the Deaf) on 0800 731 1888.

Share Information
The Company's shares are listed on the London Stock Exchange. Prices are quoted daily in the Financial Times and The Daily Telegraph.

Details of the Company may also be found on the Manager's website which can be found at:

www.standardlifeinvestments.com/its and on TrustNet, website address: www.trustnet.co.uk

Ordinary shares may be purchased or sold directly through a stockbroker or through your bank, solicitor, accountant, or other professional adviser or through the Company's registrars or the Company's Savings Plan or Individual Savings Account.

Regulatory Status
As an investment trust pursuant to section 1158 of the Corporation Taxes Act 2010, the FCA rules in relation to non-mainstream investment products do not apply to the Company.

The net asset value per ordinary share is calculated on a daily basis and is published on the London Stock Exchange where the latest live ordinary share price is also displayed, subject to a delay of 15 minutes. "SLET" is the Code for the ordinary shares which may be accessed at www.londonstockexchange.com

Capital Gains Tax
To assist those shareholders who invested in the Company at its launch in the calculation of capital gains, the apportionment of cost between ordinary shares and warrants on 6 December 1991, the first day on which dealing in ordinary shares and warrants took place separately, is 95.2% and 4.8% respectively.

The apportionment of cost between the ordinary shares and warrants arising out of the conversion of C shares on 14 February 1994, the first day on which dealings took place, is 93.1% and 6.9% respectively.

The apportionment of cost between the ordinary shares and subscription shares on the first day of dealing in the subscription shares (20 December 2010) is 97.5% and 2.5% respectively.

Alternative Investment Fund Managers ('AIFM') Directive
In accordance with the AIFM Directive, information in relation to the Company's leverage and the remuneration of the Company's AIFM, Standard Life Investments (Corporate Funds) Limited, is required to be made available to investors. In accordance with the Directive, the AIFM's remuneration policy is available from Standard Life Investments (Corporate Funds) Limited on request and the numerical remuneration disclosures in relation to the AIFM's first relevant accounting period (year ended 31 December 2015) will be made available in due course.

The Company's maximum and average actual leverage levels at 30 September 2014 are shown below

Leverage exposure	Gross method	Commitment method
Maximum limit	300.0%	200.0%
Actual	113.2%	113.8%

For the purposes of the AIFM Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a percentage of the Company's exposure to its net asset value and is calculated on both a gross and commitment method. Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

The leverage limits are set by the AIFM and approved by the Board and are in line with the maximum leverage levels permitted in the Company's Articles of Association. The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings

Other Information
The Company is a member of the Association of Investment Companies (AIC). The AIC publishes a Monthly Information Service which contains a wide range of detailed information including statistical and performance data on all its members. A sample copy can be obtained free of charge from The AIC, 9th Floor, 24 Chiswell Street, London EC1Y 4YY (telephone 020 7282 5555) along with full details of other publications available from the AIC. Alternatively, visit their website on www.theaic.co.uk

Dividend Reinvestment Plan
The Company, in conjunction with Computershare Investor Services PLC, the Company's registrars, has established a Dividend Reinvestment Plan through which shareholders who hold their shares outside our Savings Plan or ISA can use their dividends to purchase further shares in the Company. Full details of the Plan are available from the Company's registrars:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 7NH

Telephone: 0870 707 1150

Electronic Communications
The Company is now able to send you annual reports and notices of meetings electronically. Full details are given below.

Reports to shareholders are made available on the Manager's website as soon as they are published. As a result of new legislation, we are now allowed to send information, including our Annual Report, to registered shareholders by e-mail and over the internet, rather than in paper form.

How does this work?
Once you register for the electronic communication option an e-mail is sent to you when a document is available. The e-mail provides a link to a website where you will be able to access and download the document.

What documents are typically available?
The documents which are available include the Annual Report and Accounts, Half Yearly Report, notices of general meetings and any other notices to shareholders.

What are the advantages?
If your shares are held in a designated nominee account you can request that the nominee holder registers you to receive the information electronically. Advantages of this facility include documents which can be accessed quickly, nominees who currently receive excess unwanted copies of documents can eliminate waste and cost savings can be made through reduced use of paper handling and storage.

What about Terms and Conditions?
Before you register, you will be asked to agree to the Terms and Conditions for Electronic Communication with Shareholders which will be displayed on the registration screens. It is important that you read them carefully as they set out the basis on which electronic communications will be sent to you.

Do I have to use this service?
No. The use of electronic communications is voluntary. If you wish to continue to receive communications in paper form you should take no action.

What equipment will I need to make use of this service?
An internet-enabled PC with browser software (Internet Explorer or Firefox) and Adobe Acrobat Reader software to view PDFs. For any questions regarding your computer or your internet connection please refer to your product manuals and Internet Service Provider. Your browser must be configured to accept cookies.

Who will have access to my e-mail address?
Your e-mail address will not form part of the information that we are required to make public by law. It will be held separately and securely and will not be used by the Company or by its registrars for any purpose other than communication with you as a shareholder. Your details will not be given to any other party.

Shareholder Information

What about computer viruses?

Every precaution will be taken to ensure that all messages sent to you are free from computer viruses. However, it is possible for e-mail messages to be intercepted by someone else. In choosing to receive electronic communications you are agreeing that neither the Company nor the registrars will be under any liability for losses that may arise as a result of interference by a third party.

What happens if I do not receive a specific electronic communication?

It is possible that there will be a small number of cases where electronic communication is unsuccessful. Although the Company's obligation is satisfied by sending the e-mail to the address provided by you, the Company will make every effort to make sure that every delivery is successful. When a transmission failure is notified, a further attempt will be made at electronic delivery. If delivery is not successful details on how to re-register for electronic shareholder communications will be sent through the post within 48 hours of the original message.

Can I change my e-mail address?

Yes. As with your postal address you will need to inform the registrars of any changes to your e-mail address. This can be done at www-uk.computershare.com/investor

How do I register?

If you wish to receive notice of future communications by e-mail please log on to www-uk.computershare.com/investor and follow these four easy steps to complete the formal registration process. You will need to have your shareholder reference number, which can be found on your tax voucher or share certificate, available when you first log in:

1 Select the "Electronic Shareholder Communications" option

2 Select "STANDARD LIFE EQUITY INCOME TRUST PLC" from the Company list

3 Enter your shareholder details (Shareholder Reference Number and Postcode)

4 Select the Communication Details option

5 Enter your e-mail address.

How To Invest in Standard Life Equity Income Trust PLC

Introduction
Investors may subscribe to the Standard Life Equity Income Trust PLC through Standard Life's Savings Scheme, Individual Savings Account ('ISA') or Individual Savings Account transfer ('ISA transfer').

Alternatively, investors may buy shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or financial adviser.

Investment Trust Savings Scheme
Standard Life's Savings Scheme is a straightforward way to invest in the Standard Life Equity Income Trust PLC. The minimum investment through Standard Life's Savings Scheme is £100 per month or a £1,000 lump sum. 0.5% Government stamp duty, which is currently payable on all share purchases is deducted from each investment made. There is no maximum amount that can be invested in the Company through Standard Life's Savings Scheme and **there is no initial, exit or annual management charge.**

Investment Trust ISA
Standard Life's Stocks and Shares ISA is a tax efficient savings vehicle as investors pay no additional income tax or capital gains tax on any money generated by their investments. With effect from 1 July 2014. Investors have the opportunity to invest in the Company's ISA up to the annual New ISA (NISA) allowance of £15,000. Like the Savings Scheme, the minimum investment in Standard Life's ISA is a £1,000 lump sum or £100 per month. 0.5% Government stamp duty is deducted from each investment made, however, **there is no initial, exit or annual management charge.**

Investment Trust ISA Transfer
Investors may also gain access to the Company by transferring any existing ISA investments to a Standard Life ISA. As with the Standard Life ISA, 0.5% Government stamp duty is deducted from each investment made, however, **there is no initial, exit or annual management charge.**

How to invest
For further information on how to invest and an application pack containing full details of the products and their charges, please call Standard Life Investments on 0845 60 24 247. Lines are open from 9 a.m. to 5 p.m. Monday to Friday.

For information on Standard Life Investments' range of Investment Trusts and Standard Life's views on the markets, please call 0845 60 60 062.

This is not a recommendation to buy, sell or hold shares in Standard Life Equity Income Trust PLC. Shareholders who are unsure of what action to take should contact a financial adviser authorised under the Financial Services and Markets Act 2000. Share values may go down as well as up which may result in a shareholder receiving less than he/she originally invested.

Risk Warnings – General
- Past performance is no guarantee of future performance.
- The value of your investment and any income from it may go down as well as up and you may not get back the amount invested. This is because the share price is determined by the changing conditions in the relevant stockmarkets in which the Company invests and by the supply and demand for the Company's shares.
- As the shares in an investment trust are traded on a stockmarket, the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons, investors may not get back the original amount invested.
- Although the Company's Financial Statements are denominated in sterling, it may invest in stocks and shares that are denominated in currencies other than sterling and to the extent they do so, they may be affected by movements in exchange rates. As a result, the value of your investment may rise or fall with movements in exchange rates.
- Investors should note that tax rates and reliefs may change at any time in the future.
- The value of ISA tax advantages will depend on personal circumstances. The favourable tax treatment of ISAs may not be maintained.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the twenty-third Annual General Meeting of the Company will be held at 30 St Mary Axe, London EC3A 8EP on Wednesday 17 December 2014 at 12 noon for the purposes of considering and if thought fit passing the following resolutions, of which resolutions 1 to 9 inclusive will be proposed as ordinary resolutions, and resolutions 10 to 12 inclusive will be proposed as special resolutions:

1 To receive the report of the Directors and the audited accounts of the Company for the year ended 30 September 2014, together with the report of the auditor on those audited accounts and the auditable part of the Directors' Remuneration Report.

2 To receive and approve the Directors' Remuneration Report for the year ended 30 September 2014.

3 To approve a fourth quarterly dividend for the year ended 30 September 2014 of 4.40p per Ordinary share.

4 To re-elect Mr R.R.J. Burns, who retires pursuant to the UK Code Provision B.7.1 and who, being eligible, offers himself for re-election as a Director of the Company.

5 To re-elect Ms J. Dixon, who retires pursuant to the UK Code Provision B.7.1 and who, being eligible, offers herself for re-election as a Director of the Company.

6 To re-elect Mr K.E. Percy, who retires pursuant to the UK Code Provision B.7.1 and who, being eligible, offers himself for re-election as a Director of the Company.

7 To elect Mr J.J. Tigue as a Director of the Company.

8 To re-appoint Grant Thornton UK LLP as auditor of the Company to hold office from the conclusion of the meeting to the conclusion of the next meeting at which accounts are laid before the Company and to authorise the Directors to fix the remuneration of the auditor.

9 That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("Securities") provided that such authority shall be limited to the allotment of shares and the grant of rights in respect of shares with an aggregate nominal value of up to £3,341,744 which represents approximately one third of the Company's issued share capital, as at 14 November 2014, such authority to expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, unless previously revoked, varied or extended by the Company in a general meeting, save that the Company may at any time prior to the expiry of this authority make an offer or enter into an agreement which would or might require Securities to be allotted or granted after the expiry of such authority and the Directors shall be entitled to allot or grant Securities in pursuance of such an offer or agreement as if such authority had not expired.

10 That, subject to the passing of resolution number 9 above, and in substitution for any existing power but without prejudice to the exercise of any such power prior to the date hereof, the Directors of the Company be and they are hereby generally empowered, pursuant to Section 570 of the Companies Act 2006 (the "Act"), to allot equity securities (as defined in Section 560 of the Act), including the grant of rights to subscribe for, or to convert securities into Ordinary shares held by the Company as treasury shares (as defined in Section 573 of the Act) for cash pursuant to the authority given by resolution number 9 above as if Section 561(1) of the Act did not apply to any such allotment of equity securities, provided that this power:

(a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and

(b) shall be limited to the allotment of equity securities up to an aggregate nominal value of £1,012,650 being approximately 10% of the nominal value of the issued share capital of the Company, as at 14 November 2014.

11 That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of section 693(4) of the Act) of fully paid Ordinary shares of 25p each in the capital of the Company ("Ordinary shares") (either for retention as treasury shares for future reissue, resale, transfer or cancellation), provided that:

(a) the maximum aggregate number of Ordinary shares hereby authorised to be purchased is 6,071,848;

(b) the minimum price (excluding expenses) which may be paid for each Ordinary share is 25p;

(c) the maximum price (excluding expenses) which may be paid for each Ordinary share shall not be more than the higher of:

(i) 5% above the average closing price on the London Stock Exchange of an Ordinary share over the five business days immediately preceding the date of purchase; and

(ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange; and

(d) unless previously varied, revoked or renewed by the Company in a general meeting, the authority hereby conferred shall expire at the conclusion of the Company's next Annual General Meeting or on the expiry of 15 months from the passing of this Resolution, whichever is the earlier, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary shares pursuant to any such contract.

12 That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of section 693(4) of the Act) of fully paid Subscription shares of 0.01p each in the capital of the Company ("Subscription shares") for cancellation, provided that:

(a) the maximum aggregate number of Subscription shares hereby authorised to be purchased is 1,021,984;

(b) the minimum price (excluding expenses) which may be paid for each Subscription share is 0.01p;

(c) the maximum price (excluding expenses) which may be paid for each Subscription share shall not be more than the higher of:

(i) 5% above the average closing price on the London Stock Exchange of a Subscription share over the five business days immediately preceding the date of purchase; and

(ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange; and

(d) unless previously varied, revoked or renewed by the Company in a general meeting, the authority hereby conferred shall expire at the conclusion of the Company's next Annual General Meeting or on the expiry of 15 months from the passing of this Resolution, whichever is the earlier, save that the Company may, prior to such expiry, enter into a contract to purchase Subscription shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of Subscription shares pursuant to any such contract.

By order of the Board
Maven Capital Partners UK LLP
Company Secretary

Registered office:
30 St Mary Axe
London EC3A 8EP

14 November 2014

Notice of Annual General Meeting

Notes:

1 A member is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member. If a member wishes to appoint more than one proxy, the member should follow the instructions in the form of proxy accompanying this notice.

2 Any person receiving a copy of this notice as a person nominated by a member to enjoy information rights under the Companies Act 2006 (a "nominated person") should note that the provisions in this notice concerning the appointment of a proxy or proxies to attend the meeting in place of a member do not apply to a nominated person. However, a nominated person may have a right under an agreement between the nominated person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a nominated person has no such right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.

3 A form of proxy is provided with this notice for members. To be effective, the form of proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be deposited with the Company's registrars, Computershare Investor Services PLC, not less than 48 hours (excluding non-working days) before the time of the holding of the meeting or any adjournment thereof. Alternatively, a proxy may be appointed online at www.investorcentre.co.uk/eproxy by that time. Completion and submission of the form of proxy will not preclude shareholders from attending and voting at the meeting should they wish to do so.

   Legislation is in force which permits shareholders to submit proxy forms electronically.

   To submit a proxy form via the internet, an internet-enabled PC with browser software (Internet Explorer or Firefox) and Acrobat Reader software to view PDFs will be required. Shareholders will also need their shareholder reference number (SRN) and Personal Identification Number (PIN), which can be found on the personalised proxy form which accompanies this report, to access this service.

   Before a proxy can be appointed, shareholders will be asked to agree to the terms and conditions for electronic proxy appointment. The use of the electronic proxy appointment service offered through the Company's registrars is entirely voluntary. Shareholders can continue to submit their proxy form by post if they wish.

4 In the event of joint holders, where one or more of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of joint holders appear in the Company's register of members in respect of the joint holders (the first named being the most senior).

5 The statements of the rights of shareholders in relation to the appointment of proxies in Notes 1 and 3 above do not apply to nominated persons. These rights can only be exercised by members of the Company.

6 A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same store.

7 Pursuant to Regulation 41(1) of the Uncertificated Securities Regulations 2001 (SI 2001 No 3755), the Company has specified that only those members registered on the register of members of the Company at 6.00 p.m. on 15 December 2014 or, if the meeting is adjourned, at 6.00 p.m. on the day two days (excluding non-working days) prior to the adjourned meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the register of members after the relevant time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

8 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual and/or by logging on to www.euroclear.com/CREST.

   CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID 3RA50) by the latest time(s) for receipt of proxy appointments specified in Note 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

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

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

9 If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Rules and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Rules and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

10 If you wish to attend the meeting in person, there will be a Members' register for you to sign on arrival.

11 Information regarding the AGM, including information required by Section 311A of the Companies Act 2006, is available from www.standardlifeinvestments.com/its.

12 Members have the right to ask questions at the meeting in accordance with section 319A of the Companies Act 2006.

13 Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his or her proxy(ies) will need to ensure that both he or she and such proxy(ies) comply with their respective disclosure obligations under the UK Disclosure and Transparency Rules.

14 The members of the Company may require the Company to publish, on its website, without payment a statement which is also passed to the auditor setting out any matter relating to the audit of the Company's accounts, including the auditor's report and the conduct of the audit, which they intend to raise at the next meeting of the Company. The Company will be required to do so once it has received such requests from either (i) members representing at least 5% of the total voting rights of the Company or (ii) at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state the members full name and address and be sent to the Company Secretary, Maven Capital Partners UK LLP, 1st Floor, Kintyre House, 205 West George Street, Glasgow, G2 2LW.

15 Shareholders are advised that, unless otherwise stated, any telephone number, website or e-mail address which may be set out in this notice of AGM or in any related

documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

16 As at 14 November 2014 (the latest practicable date before the printing of this document), the Company's total capital consisted of 40,505,994 Ordinary shares of 25p each, all with voting rights.

17 No Director has a service agreement with the Company.

18 Copies of the letter of appointment of the non-executive directors of the Company will be available for inspection at the registered office of the Company from 14 November 2014 until the conclusion of the AGM and at the meeting venue itself for at least 15 minutes prior to the meeting until the conclusion of the meeting.

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Edinburgh EH2 2LL
Website: www.standardlifeinvestments.com/its
Investor Services: 0845 60 24 247
(Monday to Friday, 9 a.m. – 5 p.m.)

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