DUNEDIN INCOME GROWTH INVESTMENT TRUST PLC
Legal Entity Identifier (LEI): 549300PPXLZPR5JTL763

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31 JANUARY 2021

Investment Objective
The Company's objective is to achieve growth of income and capital from a portfolio invested mainly in companies listed or quoted in the United Kingdom.

Benchmark
The Company's benchmark is the FTSE All-Share Index (total return). Performance is measured on a net asset value total return basis over the long-term.

Management
The Company's Manager is Aberdeen Standard Fund Managers Limited ("ASFML", the "AIFM" or the "Manager") which has delegated the investment management of the Company to Aberdeen Asset Managers Limited ("AAML" or the "Investment Manager"). Both companies are wholly owned subsidiaries of Standard Life Aberdeen plc. Aberdeen Standard Investments is a brand of the investment business of Standard Life Aberdeen plc.

COMPANY OVERVIEW – FINANCIAL HIGHLIGHTS

Net asset value total return [A B]		Earnings per share (revenue)		Share price total return [A]	
2021	**(0.3)%**	**2021**	**10.90p**	**2021**	**+0.1%**
2020	**+22.2%**	**2020**	**12.08p**	**2020**	**+28.8%**

Ongoing charges [A]		Discount to net asset value [A B]		Dividends per Ordinary share	
2021	**0.67%**	**2021**	**3.57%**	**2021**	**12.80p**
2020	**0.63%**	**2020**	**3.59%**	**2020**	**12.70p**

[A] Alternative Performance Measure.

[B] With debt at fair value, dividends reinvested.

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STRATEGIC REPORT - CHAIRMAN'S STATEMENT

Summary

Against a very challenging investment environment I am pleased to report another year of good progress for your Company. The net asset value ("NAV") declined by 0.3% on a total return basis, outperforming the FTSE All-Share Index which fell by 7.5%, also on a total return basis.

With the NAV total return exceeding that of the benchmark by 7.2%, the Company was ranked 4 from 23 in the AIC UK Equity Income Sector for the year. In addition, it produced a much more resilient income delivery than the wider market and, with the fourth interim dividend, the dividend increase for the year will be ahead of the rate of inflation.

With this further year of progress, the Company now has a strong track record of outperformance over the medium term. The NAV total return is 24.9% ahead of our benchmark over five years, a period during which the dividend per share has grown from 11.4p per share to 12.8p per share, an increase of 12.3%, compared with inflation of 9.2% as measured by the Consumer Price Index. The Company's NAV performance ranks 2 from 23 in the AIC UK Equity Income sector over five years.

Strong investment performance by the Investment Manager in line with the changes introduced in recent years has delivered both faster dividend growth and better capital performance. The tighter discount at which your Company's shares trade today, compared to the average of the past five years is, we believe, a continued recognition that the strategy we have pursued is the right one.

Market Background

We published the Company's results last year just as the full extent of the Covid-19 pandemic and its impact on economic activity, and the way we lived and worked, was beginning to sink in. For all the remarkable economic, market and social developments in 2020 as a result of the pandemic, UK equities were surprisingly resilient given the extraordinarily large falls in economic output and corporate earnings experienced across much of the world. After a very brief period of panic during late February and March, investors took comfort in the very significant amounts of monetary and fiscal support that were provided by both central banks and governments. The development of highly effective vaccines further supported markets towards the end of the year as did the outcome of the US presidential election. In the later part of the year, investors were also cheered by the conclusion of a trade agreement between the UK and the EU. All of this together helped markets to recover and deliver a much more robust return than may have been expected at this time last year. Nonetheless, our benchmark declined by 7.5% during the year compared with the stronger performance of other major markets, for example, the S&P 500, with its heavy weighting to technology companies, increasing by 12.6%, and Europe as measured by the MSCI Europe (ex UK) Index increased by 7.5%.

Last year we spoke of the difficulty of predicting the true impact of the pandemic on stock markets and economic activity. This year we look forward to a rebound in economic activity but remain uncertain what pace or trajectory that will take. There is still significant uncertainty and the role of central bank monetary policy and the fiscal policies of governments will be a major factor in the performance of markets and individual sectors. Across the major regions, the speed of rebound is likely to be fastest in the United States where the vaccination programmes have been rolled out relatively quickly and supplemented with very significant central bank support and additional fiscal stimulus. In Asia, management of Covid has generally been more robust than in much of the rest of the world and we can anticipate limited long-term damage to economies there. Indeed, the rebound in domestic demand in China has been very strong through the second half of 2020 already. Meanwhile, Continental Europe is somewhat lagging in its vaccination programme and likely to have less fiscal and monetary support than some other regions. That all said, as we begin to annualise the effects of the virus and economies progressively open up over this year and into 2022 then there is the possibility of a very vigorous rebound in activity levels globally.

In 2020, the UK economy was hit particularly hard by the impact of Covid as well as, to a lesser degree, by uncertainties arising from the UK's trading relationship with the EU. However, the rapid roll out of the vaccination programme coupled with significant fiscal support from the government has meant that the prospects for the domestic economy look brighter over the next few years than for many other markets. However, the long term costs of the pandemic are yet to be fully reckoned with.

Performance

Within the portfolio, the Company benefitted from good stock selection with strong operational and share price performances from precisely the kind of companies to which the Investment Manager has been seeking to expand our exposure. Namely, high quality businesses with cash flows and balance sheets capable of providing reasonable levels of dividend but, critically, combined with good long-term growth prospects.

The Company has also benefitted from the strong performance of a number of our overseas holdings, which once again have added value while further broadening the opportunity set for the Investment Manager to pick from, and diversifying our income stream. The Company also benefited from the contributions of a number of our mid-sized market cap investments.

With the Company's greater emphasis on growth, the Investment Manager now has more flexibility. The signs are encouraging that this will facilitate the delivery of consistent positive returns from stock selection over the medium term.

Earnings and Dividends
Income declined by 10.6% during the year, reflecting a number of dividend suspensions and cuts as a result of the impact of the Covid-19 pandemic as well as some modest re-cycling of capital away from higher yielding companies. However, a full year of reduced interest costs as a result of the debenture repayment in April 2019 and lower levels of withholding taxes meant that the revenue return per share declined slightly less, by 9.8%, to 10.9p. To set this in context, the decline in income from the companies in the FTSE All-Share Index was more than 30%.

Having paid three quarterly interim dividends of 3.0p, we are declaring a fourth interim dividend of 3.8p per share, payable on 28 May 2021 to shareholders on the register on 7 May 2021. This will make a total dividend of 12.8p per share for the year, an increase of 0.8% on last year and ahead of the rate of inflation for the year as measured by the Consumer Price Index. This will be the 37th year out of the past 41 that the Company has grown its dividend, with the distribution maintained in the other four years. The Board will put a resolution to shareholders at the AGM to approve the payment of four interim dividends in respect of the year. This will give shareholders the opportunity to ratify the dividend policy, if not the payment of the fourth interim dividend. The Board would propose to revert to a pattern of three interims and a final dividend in the next financial year.

Following payment of the fourth interim dividend, we will have utilised 1.9p of the Company's revenue reserves, meaning that 9.1p per share will be available to support future distributions, representing 71% of the current annual dividend cost, a level which we believe supports your Company's financial position and compares favourably with the level of reserves for most other investment trusts in our peer group. The Board believes this use of revenue reserves to enable us to increase the dividend following an exceptional period is sensible and proportionate. We recognise the importance shareholders attach to growth in the absolute level of their income.

Over the past five years your Investment Manager has been reducing the Company's dependence on higher yielding, lower growth companies and enhancing the Company's longer term potential for both faster dividend growth and better capital performance. That strategic shift has been completed and, while the pandemic represents a near term headwind to earnings, we expect that we should return to a position of a covered dividend in the medium term. Our distribution policy remains to grow the dividend faster than inflation over the medium term and, with the Company's revenue reserves and the healthy underlying dividend growth of the companies within the portfolio, that policy remains well supported.

Gearing
The Company currently employs two sources of gearing. The £30 million loan notes maturing in 2045, and a £15 million multi-currency revolving credit facility that expires in July 2021. Under the terms of the revolving credit facility, the Company has the option to increase the level of the commitment from £15 million to £30 million at any time, subject to the lender's credit approval. A Sterling equivalent of £13.8 million was drawn down at the year end.

Active changes to the levels of gearing were relatively modest during the year. With debt valued at par, the Company's net gearing increased from 5.1% to 8.8% during the year. This increase was due to the decline in net assets over the period as a result of market movements and the decision on the part of the Investment Manager to draw down £3 million of the revolving credit facility during the turmoil in March to take advantage of selective opportunities. The Board believes this remains a relatively conservative level of gearing and, with part of the revolving credit facility undrawn, this provides the Company with financial flexibility should opportunities to deploy additional capital arise.

Discount
The discount at which the price of the Company's shares trade relative to the NAV remained more or less constant over the period, moving from 3.59% at the beginning of the year to 3.57% as at 31 January 2021 (on a cum-income basis with borrowings stated at fair value).

The high level of market volatility during the first part of year saw the Company's shares trade at a relatively wide discount. During this time, the Company purchased 22,449 shares to hold in treasury, at a cost of £56,000, providing a small accretion to the NAV per share. As the year progressed the discount tightened to similar levels to which it had begun the period.

The Board believes that the successful continued implementation by the Investment Manager of the investment strategy should enhance the Company's longer term potential for improved performance. We believe that this, in turn, should lead to a sustained re-rating of the Company's shares relative to its peers.

We will again seek shareholders' permission at the forthcoming Annual General Meeting to buy back shares and are prepared to continue to use this measure in the light of both the Company's absolute level of discount and that relative to those of its peer group.

Proposed Introduction of an Enhanced Environmental, Social and Governance ("ESG") Framework
As we commented last year, there has been a continued focus from investors on ESG issues. In fact the pandemic has only served to sharpen that interest. Many companies exposed to the positive aspects of this trend have outperformed, while companies whose activities are deemed to be harmful to both society and the environment have generally underperformed. We believe that this is the start of a much longer term development.

The Board has therefore been discussing with the Investment Manager how best to further integrate ESG factors into investment decisions. The Board considers that adopting an enhanced ESG approach is consistent with the existing strategic objectives of the Company, represents a natural evolution of the current investment approach and should broaden the appeal of the Company's shares.

Our Investment Manager has historically integrated certain ESG considerations into stock selection. Good governance, and high social and environmental standards are important considerations in selecting investments and the Company's portfolio has a focus on quality companies. Whilst the Investment Manager has not specifically excluded companies with less good ESG metrics, our current approach steers us away from companies that screen poorly for these factors. For example, the portfolio is significantly under-weight the fossil fuel and mining sectors, despite these sectors accounting for a significant proportion of the dividend income in the UK market.

The Board believes that a more formal and rigorous adoption of ESG considerations as outlined below is therefore a natural development of our approach and is consistent with investing in companies that can pay growing, reliable dividends over many years which supports the dependability of the Company's dividends to its shareholders. This approach should furthermore reduce exposure to the long-term risks associated with companies that fail to meet environmental and sustainability standards.

Whilst recognising that ESG is a complex area, changing quickly, with often confusing terminology and acronyms, the Board retains a clear view that our mandate is to continue to deliver income and capital growth to shareholders, by investing in a diversified portfolio of predominantly UK companies, and, importantly, to maintain our strong performance record.

We therefore propose that the Company seeks shareholder approval by way of an ordinary resolution at the forthcoming AGM to change the investment objective to the following (changes underlined): *"To achieve growth of income and capital from a portfolio invested mainly in companies listed or quoted in the United Kingdom <u>that meet the Company's Sustainable and Responsible investing criteria as set by the Board.</u>"*

In adopting this objective, we propose to exclude companies from the portfolio that:

<u>General Exclusions</u>

- have failed to uphold one or more principles of the UN Global Compact;
- are state-owned enterprises in countries subject to international sanctions or that materially violate universal basic principles;
- fail to meet various ESG scoring criteria adopted by the Manager;

<u>Tobacco</u>

- have a revenue contribution of 10% or more from tobacco or are tobacco manufacturers;

<u>Weapons</u>

- are involved in controversial weapons including cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, depleted uranium ammunition and blinding lasers;
- have a revenue contribution of 10% or more from the manufacture or sale of conventional weapons or weapons support systems;

<u>Environment</u>

- have any revenue contribution from thermal coal extraction;
- have a revenue contribution of 10% or more from unconventional oil and gas extraction or are investing in new unconventional extraction capacity in their own operations;
- are primarily involved in conventional oil and gas extraction and do not have a significant revenue contribution from natural gas or renewable alternatives;
- are directly involved in electricity generation which has a carbon emission intensity inconsistent with the Paris Agreement 2 degrees scenario;
- are directly investing in new thermal coal or nuclear electricity generation capacity in their own operations.

The Company will target a carbon intensity at least 20% lower than the FTSE All-Share Index.

Stewardship and engagement will be an important part of our ESG approach. The Manager will engage with company management to influence behaviour and benchmark progress, will use the Company's voting power in support of our ESG objectives and ultimately divest from companies that fail to improve or reform.

The Board recognises the importance of the dividend to investors. As we have stated previously, it is an advantage of investment trusts that they have the flexibility to meet their aims through periods of severe economic disruption, such as the pandemic, but also to be able to adapt their investment approaches to changing markets. The Investment Manager is confident that any loss of income from divesting from companies as a consequence of the changes proposed will be made up from allocating capital to new investments. Furthermore, the Board believes that the objective of growing the dividend ahead of the rate of inflation over the medium term continues to be appropriate.

The Board expects that, over time, more broadly accepted standards and benchmarks against which to measure the outcomes from more rigorous consideration of ESG factors will develop across the asset management sector, therefore our reporting framework to shareholders is likely to evolve. Our benchmark of the FTSE All-Share Index will not change.

As stated above, shareholders will be asked to approve the change to the investment objective at the AGM.

Board Composition

Having served as a Director since January 2012, Elisabeth Scott will retire from the Board at the AGM. Elisabeth has been an excellent colleague on the Board, bringing wide experience of investment management and of the investment trust sector. On behalf of the Board I would like to thank Elisabeth for her significant contribution to the Company during her time as a Director.

The Board is in the process of seeking to recruit a new independent non-executive Director and expects to make an appointment later in the year.

Annual General Meeting

The Board has been monitoring closely the ongoing impact of the Covid-19 pandemic upon the arrangements for the Company's upcoming AGM on 10 June 2021. It is very difficult to predict the extent to which regulations limiting public gatherings will be relaxed in the near future and travel will be permitted again. Therefore, in order to provide certainty, whilst encouraging and promoting interaction and engagement with our shareholders, the Board has decided to hold an interactive Online Shareholder Presentation which will be held at 12 noon on Tuesday 25 May 2021. At the presentation, shareholders will receive updates from the Chairman and Investment Manager and there will be the opportunity for an interactive question and answer session. The online presentation is being held ahead of the AGM to allow shareholders to submit their proxy votes prior to the meeting and I would encourage all shareholders to lodge their votes in advance in this manner. Full details on how to register for the online event can be found at: www.workcast.com/register?cpak=4452924160843928. Details are also contained on the Company's website.

The AGM on 10 June 2021 will be a functional only AGM due to prevailing guidance and social distancing measures, including the restrictions on public gatherings and travel, and the possibility that these measures will remain in place during most of June. The AGM will follow the minimum legal requirements for an AGM and arrangements will be made by the Company to ensure that the minimum number of shareholders required to form a quorum will attend the meeting in order that the meeting may proceed and the business be concluded. The Board considers these arrangements to be in the best interests of shareholders given the current circumstances.

The Board strongly discourages shareholders from attending the AGM and entry will be refused if guidance so requires or if the Chairman considers it to be necessary. Instead, shareholders are encouraged to exercise their votes in respect of the meeting in advance. Any questions from shareholders who are unable to join the Online Shareholder Presentation may be submitted to the Company Secretary at: **Dunedin.Income@aberdeenstandard.com** (please include 'DIGIT AGM' in the subject heading). The Board and/or the Manager will seek to respond to all such questions received either before or after the AGM.

On behalf of the Board I should like to thank shareholders in advance for their co-operation and understanding and we very much look forward to presenting to as many shareholders as possible at the Online Shareholder Presentation.

Outlook

The Company has undergone a significant shift in its portfolio over the past few years. We believe this leaves us relatively well positioned for the longer term amidst an uncertain economic environment. In the near term, the outlook is one of increasing optimism amidst the roll out of vaccines and the reopening of economies. Undoubtedly, 2021 may see some of the highest levels of economic and earnings growth that we will have witnessed in our investing lifetimes. However, quite how the picture unfolds as we move through into 2022 and beyond is unclear and reasonable arguments can be made for a wide range of potential outcomes.

Our investment approach has delivered significant outperformance compared to the broader market in recent years and we are now less concerned with the weighting of a particular company in the benchmark and more on the quality and prospects of the individual companies we invest in. There will, however, be periods when the types of companies we invest in perform less well than other companies which perform well in certain stages of an economic cycle. However, the Board believes that the Company is well-placed. We are sufficiently large to appeal to a wide group of investors yet nimble enough to be flexible and address new opportunities.

The Board is focussed on the Company continuing to deliver relative total return outperformance over the medium and long-term which, combined with a demonstration of the portfolio's income growth potential, should enable the Company's shares to continue to trade close to NAV. To deliver this, we believe that being reasonably well balanced in our portfolio positioning makes good sense and gives us the capacity to participate in, if not outpace, strong markets and to remain resilient should things prove to be more challenging than many participants currently expect.

The proposed changes to the investment objective are an important evolution of the Company's approach. They provide an important point of differentiation for the Company and enhance our ability to deliver the returns shareholders expect.

Our ambition remains to deliver capital and income performance that our shareholders can rely on. We believe we have continued to make good progress on this journey but there is much more to deliver.

David Barron
Chairman
26 April 2021

STRATEGIC REPORT – OVERVIEW OF STRATEGY

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

Investment Objective
The Company's objective is to achieve growth of income and capital from a portfolio invested mainly in companies listed or quoted in the United Kingdom.

Investment Policy
In pursuit of its objective, the Company's investment policy is to invest in high quality companies with strong income potential and providing an above-average portfolio yield.

The Company may only make material changes to its investment policy (including the level of gearing set by the Board) with the approval of shareholders in the form of an ordinary resolution.

Risk Diversification
The Company maintains a diversified portfolio consisting, substantially, of equity or equity-related securities, and it can invest in other financial instruments. The Company is invested mainly in companies listed or quoted in the United Kingdom and can invest up to 20% of its gross assets overseas.

It is the policy of the Company to invest no more than 15% of its gross assets in other listed investment companies and no more than 15% of its gross assets in any one company.

Gearing
The Board is responsible for determining the gearing strategy for the Company, with day-to-day gearing decisions being made by the Manager within the remit set by the Board. The Board has set its gearing limit at a maximum of 30% of the net asset value at the time of draw down. Gearing is used selectively to leverage the Company's portfolio in order to enhance returns where and to the extent considered appropriate.

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

Investment Process
The Investment Manager believes that company fundamentals ultimately drive stock prices but are often priced inefficiently. It believes that in-depth company research delivers insights that can be used to exploit these market inefficiencies.

Benchmark
The Company's benchmark is the FTSE All-Share Index (total return). Performance is measured on a net asset value total return basis over the long-term.

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

Key Performance Indicators ("KPIs")
The Board uses a number of financial performance measures to assess the Company's success in achieving its objective and determining the progress of the Company in pursuing its investment policy. The main KPIs are shown in the table below.

KPI	Description
Performance	The Board considers the Company's NAV total return figures to be the best single indicator of performance over time.
Performance of NAV against benchmark index and comparable investment trusts	The Board measures the Company's NAV total return performance against the total return of the benchmark index – the FTSE All-Share Index. The Board also monitors performance relative to a peer group of investment trusts which have similar objectives, policies and yield characteristics.
Revenue return per Ordinary share	The Board monitors the Company's net revenue return.

KPI	Description
Dividend per Ordinary share	The Board monitors the Company's annual dividends per Ordinary share.
Share price performance	The Board monitors the performance of the Company's share price on a total return basis.
Discount/premium to NAV	The discount/premium of the share price relative to the NAV per share is monitored by the Board.
Ongoing charges	The Board monitors the Company's operating costs carefully.

Principal Risks and Uncertainties

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

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

The principal and emerging risks and uncertainties faced by the Company are reviewed by the Audit Committee in the form of risk matrices.

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

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

Risk	Mitigating Action
Investment objectives - a lack of demand for the Company's shares due to its objectives becoming unattractive to investors could result in a widening of the discount of the share price to its underlying NAV and a fall in the value of its shares.	Board review. The Board formally reviews the Company's objectives and strategies for achieving them on an annual basis, or more regularly if appropriate. Shareholder communication. The Board is cognisant of the importance of regular communication with shareholders. Directors attend meetings with the Company's largest shareholders and meet other shareholders at the Annual General Meeting and, as explained in the Chairman's Statement, the Company will hold an online shareholder presentation in advance of the Annual General Meeting this year including the opportunity for an interactive question and answer session. The Board reviews shareholder correspondence and investor relations reports and also receives feedback from the Company's stockbroker. Discount monitoring. The Board, through the Manager, keeps the level of discount under constant review. The Board is responsible for the Company's share buy back policy and is prepared to authorise the use of share buy backs to provide liquidity to the market and try to limit any widening of the discount.
Investment strategies - the Company adopts inappropriate investment strategies in pursuit of its objectives which could result in investors avoiding the Company's shares, leading to a widening of the discount and poor investment performance.	Adherence to investment guidelines. The Board sets investment guidelines and restrictions which the Manager follows, covering matters such as asset allocation, diversification, gearing, currency exposure, use of derivatives etc. These guidelines are reviewed regularly and the Manager reports on compliance with them at

Board meetings.

In order to ensure adequate diversification, the Board has set absolute limits on maximum holdings and exposures in the portfolio at the time of investment, which are in addition to the limits contained in the Company's investment policy, including the following:

- No more than 10% of gross assets to be invested in any single stock; and
- The top five holdings should not account for more than 40% of gross assets.

Regular shareholder communication and discount monitoring, as above.

Investment performance - the appointment or continuing appointment of an investment manager with inadequate resources, skills or expertise or which makes poor investment decisions. This could result in poor investment performance, a loss of value for shareholders and a widening discount.

Monitoring of performance. The Board meets the Manager on a regular basis and keeps under close review (inter alia) its resources, adherence to investment processes, the adequacy of risk controls, and investment performance.

Management Engagement Committee. A detailed formal appraisal of the Manager is carried out annually by the Management Engagement Committee.

Income/dividends - the Company adopts an unsustainable dividend policy resulting in cuts to or suspension of dividends to shareholders, or one which fails to meet investor demands.

Revenue forecasting and monitoring. The Manager presents detailed forecasts of income and expenditure covering both the current and subsequent financial years at Board meetings. Dividend income received is compared to forecasts and variances analysed. As referred to in the Chairman's Statement and Investment Manager's Review, the Company's level of investment income during the year was adversely impacted by the Covid-19 pandemic.

Use of reserves. The Company has built up revenue reserves which are available to smooth dividend distributions to shareholders should there be a shortfall in revenue returns.

Financial/market - insufficient oversight or controls over financial risks, including market risk, foreign currency risk, liquidity risk and credit risk could result in losses to the Company.

Management controls. The Manager has a range of procedures and controls relating to the Company's financial instruments, including a review of investment risk parameters by its Investment Risk department and a review of credit worthiness of counterparties by its Counterparty Credit Risk team.

Foreign currency hedging. It is not the Company's policy to hedge foreign currency exposure but the Company may, from time to time, partially mitigate it by drawing down borrowings in foreign currencies.

Board review. As stated above, the Board sets investment guidelines and restrictions which are reviewed regularly and the Manager reports on compliance with them at Board meetings.

Further details of the Company's financial instruments and risk management are included in note 19 to the financial statements.

Gearing - gearing accentuates the effect of rises or

Gearing restrictions. The Board sets gearing limits within which the falls in the market value of the Company's investment portfolio on its NAV. An inappropriate level of gearing at a time of falling values could result in a significant fall in the value of the Company's net assets and share price. Such a fall in the value of the Company's net assets could result in a breach of loan covenants and trigger demands for early repayment or require investments to be sold to meet any shortfall. This could result in further losses.

Manager can operate.

Monitoring. Both the limits and actual levels of gearing are monitored on an ongoing basis by the Manager and at regular Board meetings. In the event of a possible impending covenant breach, appropriate action would be taken to reduce borrowing levels.

Scrutiny of loan agreements. The Board takes advice from the Manager and the Company's lawyers before approving details of loan agreements. Care is taken to ensure that covenants are appropriate and unlikely to be breached.

Limits on derivative exposure. The Board has set limits on derivative exposures and positions are monitored at regular Board meetings.

Regulatory - changes to, or failure to comply with, relevant regulations (including the Companies Act, The Financial Services and Markets Act, The Alternative Investment Fund Managers Directive, accounting standards, investment trust regulations, the Packaged Retail and Insurance-based Investment Product Regulations, the Listing Rules, Disclosure Guidance and Transparency Rules and Prospectus Rules) could result in fines, loss of reputation, reduced demand for the Company's shares and potentially loss of an advantageous tax regime.

Board awareness. The Directors have an awareness of the more important regulations and are provided with information on changes by the Association of Investment Companies. In terms of day to day compliance with regulations, the Board is reliant on the knowledge and expertise of the Manager. However, where necessary, the Board engages the service of external advisers.

Management controls. The Manager's company secretariat and accounting teams use checklists to aid compliance and these are backed by the Manager's compliance monitoring programme and risk based internal audit investigations.

Operational - the Company is reliant on services provided by third parties (in particular those of the Manager and the Depositary) and any control gaps and failures in their operations could expose the Company to loss or damage.

Agreements. Written agreements are in place defining the roles and responsibilities of all third party service providers.

Internal control systems of the Manager. The Board receives reports on the operation and efficacy of the Manager's IT and control systems, including those relating to cyber-crime, and its internal audit and compliance functions. During the first part of the year these were supplemented by regular and frequent updates on the implications for the Manager's operations of the Covid-19 pandemic.

Safekeeping of assets. The Depositary is ultimately responsible for the safekeeping of the Company's assets and its records are reconciled to those of the Manager on a regular basis. Through a delegation by the Depositary, the Company's investments and cash balances are held in segregated accounts by the Custodian.

Monitoring of other third party service providers. The Manager monitors closely the control environments and quality of services provided by third parties, including those of the Depositary. This includes controls relating to cyber-crime and is conducted through service level agreements, regular meetings and key performance indicators. The Directors review reports on the Manager's monitoring of third party service providers on a periodic basis.

Operational changes caused by Covid-19. The operational requirements of the Company have been subject to rigorous testing during the Covid-19 pandemic, including increased use of online communications and out of office working and reporting.

Promotional Activities
The Board recognises the importance of promoting the Company to prospective investors both for improving liquidity and enhancing the rating of the Company's shares. The Board believes one effective way to achieve this is through subscription to, and participation in, the promotional programme run by Aberdeen Standard Investments on behalf of a number of investment trusts under its management. The Company's financial contribution to the programme is matched by Aberdeen Standard Investments. The Company also supports Aberdeen Standard Investments' investor relations programme which involves regional roadshows, promotional and public relations campaigns. During the Covid-19 pandemic, a number of events that are usually held physically have been substituted with virtual events. Aberdeen Standard Investments' promotional and investor relations teams report to the Board on a quarterly basis giving analysis of the promotional activities as well as updates on the shareholder register and any changes in the make-up of that register.

The purpose of the promotional and investor relations programmes is both to communicate effectively with existing shareholders and to gain new shareholders, with the aim of improving liquidity and enhancing the value and rating of the Company's shares. Communicating the long-term attractions of the Company is key. The promotional programme includes commissioning independent paid for research on the Company, most recently from Kepler Trust Intelligence. A copy of the latest research note is available from the Latest News section of the Company's website.

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

At 31 January 2021, there were three male and two female Directors on the Board.

Environmental, Social and Human Rights Issues
The Company has no employees as the Board has delegated the day to day management and administrative functions to the Manager. There are therefore no disclosures to be made in respect of employees.

Modern Slavery Act
Due to the nature of its business, being a company that does not offer goods and services to customers, the Board considers that the Company is not within the scope of the Modern Slavery Act 2015. The Company is therefore not required to make a slavery and human trafficking statement. In any event, the Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

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

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

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

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

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

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

- The principal risks and uncertainties detailed above and the steps taken to mitigate these risks.
- The relevance of the Company's investment objective, especially in the current low yield environment.
- The Company is invested in readily-realisable listed securities.
- Share buy backs carried out in the past have not resulted in significant reductions to the capital of the Company.
- Although the Company's stated investment policy contains a maximum gearing limit of 30% of the net asset value at the time of draw down, the Board's policy is to have a relatively modest level of equity gearing and the financial covenants attached to the Company's borrowings provide for significant headroom.
- Current market conditions caused by the global spread of the Covid-19 pandemic. In particular, the Board has considered the operational ability of the Company to continue in the current environment, which has been impacted by the global Covid-19 pandemic and the ability of key third party suppliers to continue to provide essential services to the Company.

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

Outlook
The Board's view on the general outlook for the Company can be found in the Chairman's Statement whilst the Investment Manager's views on the outlook for the portfolio are included in its statement.

On behalf of the Board
David Barron
Chairman
26 April 2021

STRATEGIC REPORT – PROMOTING THE SUCCESS OF THE COMPANY

Introduction

Section 172 (1) of the Companies Act 2006 (the "Act") requires each Director to act in the way he/she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

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

The Purpose of the Company and Role of the Board

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

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

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

The Company's main stakeholders are its Shareholders, the Manager (and Investment Manager), Service Providers, Investee Companies, Debt Providers and, more broadly, the Environment and Community.

How the Board Engages with Stakeholders

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

Stakeholder	How We Engage
Shareholders	Shareholders are key stakeholders and the Board places great importance on communication with them. The Board welcomes all shareholders' views and aims to act fairly between all shareholders. The Manager and Company's stockbroker regularly meet with current and prospective shareholders to discuss performance and shareholder feedback is discussed by the Directors at Board meetings. Such meetings have been held virtually during the Covid-19 pandemic. In addition, the Manager meets with analysts who cover the investment trust sector and the Directors attend meetings with the Company's largest shareholders and meet other shareholders at the Annual General Meeting, although such physical meetings have not been possible in the current circumstances. The Company subscribes to Aberdeen Standard Investments' investor relations programme in order to maintain communication channels, in particular, with the Company's institutional shareholder base. Regular updates are provided to shareholders through the Annual Report, Half Yearly Report, monthly factsheets, Company announcements, including daily net asset value announcements, and the Company's website. The Company's Annual General Meeting usually provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Manager. The Board encourages as many shareholders as possible to attend the Company's Annual General and to provide feedback on the Company.

Manager (and Investment Manager)	The Investment Manager's Review details the key investment decisions taken during the year. The Investment Manager has continued to manage the Company's assets in accordance with the mandate provided by shareholders, with the oversight of the Board. The Board regularly reviews the Company's performance against its investment objective and the Board undertakes an annual strategy review meeting to ensure that the Company is positioned well for the future delivery of its objective for its stakeholders. The Board receives presentations from the Investment Manager at every Board meeting to help it to exercise effective oversight of the Investment Manager and the Company's strategy. The Board, through the Management Engagement Committee, formally reviews the performance of the Manager at least annually..
Service Providers	The Board seeks to maintain constructive relationships with the Company's suppliers either directly or through the Manager with regular communications and meetings. The Management Engagement Committee conducts an annual review of the performance, terms and conditions of the Company's main service providers to ensure they are performing in line with Board expectations and providing value for money.
Investee Companies	Responsibility for actively monitoring the activities of portfolio companies has been delegated by the Board to the Manager which has sub-delegated that authority to the Investment Manager. The Board has also given discretionary powers to the Manager to exercise voting rights on resolutions proposed by the investee companies within the Company's portfolio. The Manager reports on a quarterly basis on stewardship (including voting) issues. Through engagement and exercising voting rights, the Investment Manager actively works with companies to improve corporate standards, transparency and accountability. The Manager reports regularly to the Board on investment and engagement activity.
Debt Providers	On behalf of the Board, the Manager maintains a positive working relationship with Scotiabank, the provider of the Company's multi-currency loan facility, and provides regular updates on business activity and compliance with its loan covenants on a monthly basis. The Manager also provides monthly covenant compliance certificates to the holders of the Company's £30 million Loan Notes.
Environment and Community	The Board and Manager are committed to investing in a responsible manner and the Investment Manager embeds Environmental, Social and Governance ("ESG") considerations into the research and analysis as part of the investment decision-making process.

Specific Examples of Stakeholder Consideration During the Year

While the importance of giving due consideration to the Company's stakeholders is not a new requirement, and is considered during every Board decision, the Directors were particularly mindful of stakeholder considerations during the following decisions undertaken during the year ended 31 January 2021. Each of these decisions was made after taking into account the short and long term benefits for stakeholders.

Portfolio, Investment Objective and Consideration of ESG Factors
The Investment Manager's Review details the key investment decisions taken during the year. Over the past few years, the Investment Manager has executed its strategy of reducing the Company's dependence on higher yielding, lower growth companies with the aim of enhancing the Company's longer term potential for faster dividend growth and better capital performance.

As explained in the Chairman's Statement, the Board has been discussing with the Investment Manager how best to further integrate ESG factors into investment decisions. The Board considers that adopting an enhanced ESG approach is consistent with the existing strategic objectives of the Company, represents a natural evolution of the current investment approach and should broaden the appeal of the Company's shares. However, the Board retains a clear view that the Company's mandate is to continue to deliver income and capital growth to shareholders, by investing in a diversified portfolio of predominantly UK companies and, importantly, to maintain the strong performance record.

A resolution to change the Company's investment objective will be proposed to shareholders at the forthcoming Annual General Meeting.

Dividend
Following the payment of the fourth interim dividend for the year, of 3.8p per Ordinary share, total dividends for the year will amount to 12.8p per Ordinary share. This represents an increase of 0.8% compared to the previous year and compares to the rate of inflation of 0.7% for the 12 month period to 31 January 2021 as measured by the Consumer Price Index. This will be the 37th year out of the past 41 that the Company has grown its dividend, and is in accordance with its policy to grow total annual dividends in real terms over the medium term.

Through meetings with shareholders and feedback from the Manager and the Company's stockbroker, the Board is conscious of the importance that shareholders place on the level of dividends paid by the Company.

Share Buy Backs
During the year the Company bought back 22,449 Ordinary shares to be held in treasury, providing a small accretion to the NAV per share and a degree of liquidity to the market at times when the discount to the NAV per share has widened in normal market conditions. It is the view of the Board that this policy is in the interest of all shareholders.

Directorate
The Board has continued to progress its succession plans during the year and, as explained in the Chairman's Statement, in light of the retirement of Elisabeth Scott at the forthcoming AGM, the Board is in the process of seeking to recruit a new independent non-executive Director and expects to make an appointment later in the year. Shareholders' interests are best served by ensuring a smooth and orderly refreshment of the Board which serves to provide continuity and maintain the Board's open and collegiate style.

Online Shareholder Presentation
As explained in the Chairman's Statement, the Annual General Meeting on 10 June 2021 will be a functional only meeting, due to prevailing guidance and social distancing measures, including the restrictions on public gatherings and travel, and the possibility that these measures will remain in place in most of June.

Therefore, to encourage and promote interaction and engagement with the Company's shareholders, the Board has decided to hold an interactive Online Shareholder Presentation which will be held at 12 noon on Tuesday 25 May 2021. At the presentation, shareholders will receive updates from the Chairman and Investment Manager and there will be the opportunity for an interactive question and answer session. The online presentation is being held ahead of the AGM to allow shareholders to submit their proxy votes prior to the meeting.

STRATEGIC REPORT – RESULTS

FINANCIAL HIGHLIGHTS

	31 January 2021	31 January 2020	% change
Total assets	£491,819,000	£510,537,000	(3.67)
Equity shareholders' funds	£448,293,000	£469,806,000	(4.58)
Market capitalisation	£425,233,000	£446,043,000	(4.67)
Net asset value per Ordinary share	302.56p	317.04p	(4.56)
Net asset value per Ordinary share with debt at fair value [A]	297.64p	312.22p	(4.67)
Share price (mid)	287.00p	301.00p	(4.65)
FTSE All-Share Index	3,641.93	4,057.47	(10.24)
Discount (difference between share price and net asset value)			
Discount where borrowings are deducted at fair value [A]	3.57%	3.59%	
Gearing			
Net gearing [A]	8.82%	5.08%	
Dividends and earnings			
Total return per share	(1.81)p	58.57p	
Revenue return per share	10.90p	12.08p	(9.77)
Total dividend per share for the year	12.80p	12.70p	+0.79
Dividend cover [A]	0.85	0.95	
Revenue reserves			
Prior to payment of third and fourth interim dividends [B]	15.87p	17.64p	
After payment of third and fourth interim dividends [B] [C]	9.07p	10.94p	
Operating costs			
Ongoing charges [A]	0.67%	0.63%	

[A] Considered to be an Alternative Performance Measure.

[B] Calculated by dividing the revenue reserve per the Statement of Financial Position by the number of shares in issue at the reporting date per note 14.

[C] Third interim dividend for the year ended 31 January 2021 of 3.00p per share (2020 - 3.00p). Fourth interim dividend for the year ended 31 January 2021 of 3.80p per share (2020 - 3.70p). See note 16 for further details.

PERFORMANCE

	1 year % return	3 year % return	5 year % return
Total return (Capital return plus net dividends reinvested)			
Net asset value[A][B]	(0.3)%	+17.2%	+56.4%
Share price[B]	+0.1%	+27.8%	+66.3%
FTSE All-Share Index	(7.5)%	(1.6)%	+31.5%
Capital return			
Net asset value[A]	(4.7)%	+2.4%	+25.3%
Share price	(4.7)%	+10.4%	+30.5%
FTSE All-Share Index	(10.2)%	(12.0)%	+9.2%

[A] Cum-income NAV with debt at fair value.
[B] Considered to be an Alternative Performance Measure
Source: Aberdeen Standard Investments, Factset & Morningstar

TEN YEAR FINANCIAL RECORD

Year ended 31 January	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Total revenue (£'000)	19,173	18,866	20,750	20,994	20,359	21,963	22,317	22,263	20,518	18,346
Per share (p)										
Revenue return	11.00	10.77	11.89	11.90	12.11	12.55	12.64	12.68	12.08	10.90
Dividends paid/proposed	10.65	10.75	11.10	11.25	11.40	11.70	12.10	12.45	12.70	12.80
Revenue reserve [A]	7.42	7.45	8.22	8.89	9.63	10.51	11.16	11.54	10.94	9.07
Net asset value [B]	222.88	251.48	262.34	279.66	237.48	270.34	290.57	266.83	312.22	297.64
Total return [C]	6.50	41.30	22.24	27.76	(28.94)	43.83	30.83	(11.95)	58.57	(1.81)
Shareholders' funds (£'000)	341,280	385,605	403,526	428,702	368,041	415,810	442,384	401,731	469,806	448,293

[A] After payment of third interim and fourth interim dividends (see note 16 for further details).
[B] With debt at fair value.
[C] per Statement of Comprehensive Income.

DIVIDENDS

Dividend per share	Rate	xd date	Record date	Payment date
Fourth interim dividend 2021	3.80p	6 May 2021	7 May 2021	28 May 2021
Third interim dividend 2021	3.00p	4 February 2021	5 February 2021	26 February 2021
Second interim dividend 2021	3.00p	5 November 2020	6 November 2020	27 November 2020
First interim dividend 2021	3.00p	6 August 2020	7 August 2020	28 August 2020
Total dividend 2021	**12.80p**			

Dividend per share	Rate	xd date	Record date	Payment date
Fourth interim dividend 2020	3.70p	7 May 2020	11 May 2020	29 May 2020
Third interim dividend 2020	3.00p	6 February 2020	7 February 2020	28 February 2020
Second interim dividend 2020	3.00p	7 November 2019	8 November 2019	29 November 2019
First interim dividend 2020	3.00p	1 August 2019	2 August 2019	23 August 2019
Total dividend 2020	**12.70p**			

STRATEGIC REPORT – INVESTMENT MANAGER'S REVIEW

Introduction
It goes without saying that this has been a turbulent year for markets but we are pleased that our efforts over the last few years to focus on both capital and income growth have continued to pay off. Even in a difficult year like this, we are delighted to demonstrate the portfolio's resilience through another year of strong relative performance and income preservation.

Performance
From a relative return perspective the portfolio outperformed the FTSE All-Share Index by 8.1%, delivering a broadly flat return of 0.6% against a benchmark decline of 7.5%. The higher quality, relatively defensive positioning of the portfolio as well as the underweight position in oil and gas was supportive in these volatile markets but we also saw a good number of the holdings continue to deliver strong performance. Notable outperformers included Weir Group, which announced the sale of its oil & gas business which was well received by the market. This not only reinforces its balance sheet but also leaves a much more compelling business centred on its Minerals division that has a solid aftermarket proposition, greater resilience and higher margins. Genus also delivered strong operational results with minimal impact from the virus and strong growth in its markets, particularly its Porcine business in China where it is benefiting from significant restocking on the back of last year's African Swine Flu outbreak. ASML, which develops and produces semiconductor chips, also performed well, reflecting the significant increase in product demand in its Logic division and better than expected cyclical recovery in its Memory business. This positive mix and increasing pricing led to an increase in both revenue and margin guidance.

The Company's continued underweight position in oil and gas which helped performance is driven by a combination of lacklustre dividend growth, weaker ESG credentials and the relatively capital intensive and cyclical nature of the industry. Given high yields, we retain some exposure to Total but exited Royal Dutch Shell during the year after it cut its dividend. We continue to prefer other companies in keeping with our quality tilt where we have benefitted from exposure to commodity names such as Rio Tinto and BHP Group which have superior returns and margins and much better cash flow dynamics.

Performance was further enhanced by the overseas holdings which made a useful contribution while also diversifying the portfolio. Notable overseas holdings include Dutch-listed holding company, Prosus, Swiss med tech and diagnostics company, Tecan, and Danish pharmaceutical company Novo-Nordisk.

In terms of income performance, while it has been a year flooded with dividend cuts and suspensions, the Company's total income declined by just over 10% compared to the broader market where dividends were down by more than 30%. At the beginning of the year, we saw many companies take a more prudent approach to dividend distributions, with a significant number of delays, reductions or suspensions of payments. As the year progressed and visibility improved, we saw the likes of Close Brothers, Euromoney Institutional Investor, Marshalls, Countryside Properties, Standard Chartered and Weir Group all restore some of their dividend, while the resilient trading and balance sheet support from the likes of Diageo, Rio Tinto and Coca-Cola Hellenic Bottling Company led to small increases. Similarly, having already significantly reduced the Company's exposure to higher yielding companies with weaker prospects, we felt less of an impact from cuts to a number of the very large dividend paying companies within the market. Looking forward, we expect a mid-single digit increase in dividends for the Company's holdings in this coming year, likely lower relative to the market given the outperformance this year, but nevertheless helpful in our efforts to rebuild dividend cover in the future. Option writing contributed just over 9% of the total income for the year. This higher level than previous years reflects the higher volatility and therefore higher premiums on offer in the market for writing options as well as the effect of lower dividend distributions.

Portfolio Activity
One of our main focuses during the year was to concentrate the holdings further, bringing the position sizes up to a minimum of 1% of total assets to make them more impactful. This resulted in exiting a number of smaller positions, both on valuation grounds, with companies such as Experian, Tecan and Rightmove, or where conviction had waned, for example in **Mowi**, **Amadeus** and **Schroders**.

Against this, as detailed in the Half Yearly Report, we initiated new positions in Coca-Cola Hellenic Bottling Company, Hannover Re, Intermediate Capital Group, Pets at Home, Prosus and SSE, all of which we continued to add to over the year, reflecting increased confidence in the investment prospects. We believe all these businesses offer resilient long term growth potential and, importantly, add further differentiated exposures to the portfolio.

Activity in the second half of the year was then driven more by increasing position sizes in existing companies that offer an attractive combination of a strong business model and high implied future total returns, particularly where we saw temporary pandemic-induced weakness but recognised the attractive recovery potential for when things normalise. As a result, we increased the holding in specialist emerging market fund manager Ashmore, where we see the potential for increased allocations to its asset class, and Marshalls, where the accelerated cost savings coupled with potential market recovery appeared underappreciated by the market. We also bought more of Coca-Cola Hellenic Bottling Company which we believe will benefit from a gradual reopening in its end markets, and added to Euromoney Institutional Investor where its Events business has been dragging on the share price due to Covid restrictions but where the well run Financial Data and Media business still demonstrates underlying strength and attractive growth.

The holding in AstraZeneca was also increased further, reflecting the positive long term growth potential of its innovation pipeline, and we also increased the holding in Diageo**,** whose strong portfolio of brands and business agility position it well to capture the ongoing US momentum and, in time, the recovery of the on-trade business. Finally, in efforts to maximise income, we added to **Direct Line Insurance** following a good set of interim results and the confirmation of a return to both ordinary and special dividends and, following strong relative performance, we switched some capital from primary healthcare facilities owner Assura into Sirius Real Estate, a higher yielding and faster growing German industrial real estate landlord.

Corporate Engagement and Environmental, Social and Governance ("ESG") Matters

A central part of the responsibility of share ownership is corporate stewardship and engagement. Addressing the governance and risk controls of the companies we hold is an aspect of investing that we embrace at Aberdeen Standard Investments and it aligns well with our long term investment horizon. The investment team takes full responsibility, with dedicated on-desk resource and helped by expert advisers within the business. In addition to the hundreds of visits each year with executive teams, we frequently engage with non-executive board members, risk officers and other relevant personnel from the companies in which we invest. Environmental and Social analysis is embedded in our day to day investment process and is the responsibility of the investment team supported by dedicated ESG resources. Our assessment of a company's strength in managing its environmental and social impact is incorporated into our assessment of its quality and, as a result, we only invest in companies that rate highly in this respect. We are increasingly finding that companies which manage these issues well and place high importance on their environmental impact and responsible business practices are those that are setting themselves up best to produce positive long term financial results.

Outlook

The development of vaccines for Covid-19 with high levels of potential efficacy and the roll out of large scale inoculation programmes represent a significant change to the prospects for both economies and equity markets. They allow investors to look through the current highly negative near term economic impact and instead focus on the middle of 2021, where a significant and sustained rebound in global aggregate demand is now forecast alongside a substantial recovery in corporate earnings. To add to that, we now have a UK/EU trade deal and further significant fiscal expansion coming in the United States.

However, the outlook for markets as we move into 2022 and beyond remains uncertain and we are somewhat cautious on what may lie ahead, especially given the very strong rebound we have seen so far, and how equity markets digest what may be a period of rising bond yields and higher near term inflation. As a result, we are happy to retain a balance to our overall positioning; committed to a long term perspective, where we focus on holding high quality businesses with robust market positions, competitive advantages, growth prospects and balance sheets, while also owning companies with attractive recovery opportunities. This creates the potential to perform in a range of market environments, looking to protect capital on the downside while participating in any upside that may develop.

Ben Ritchie and Georgina Cooper
Aberdeen Asset Managers Limited
26 April 2021

DIRECTORS' REPORT (EXTRACT)

The Directors present their report and the audited financial statements for the year ended 31 January 2021.

Results and Dividends
The financial statements for the year ended 31 January 2021 are contained below. First, second and third interim dividends, each of 3.0p per Ordinary share, were paid on 28 August 2020, 27 November 2020 and 26 February 2021 respectively. The Directors have declared a fourth interim dividend of 3.8p per Ordinary share, payable on 28 May 2021 to shareholders on the register on 7 May 2021. The ex-dividend date is 6 May 2021. The Board will put an ordinary resolution to shareholders at the Annual General Meeting for the approval of the payment of four interim dividends in respect of the year.

Investment Trust Status
The Company is registered as a public limited company (registered in Scotland No. SC000881) and is an investment company within the meaning of Section 833 of the Companies Act 2006. The Company has been approved by HM Revenue & Customs as an investment trust subject to it continuing to meet the relevant eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of Part 2 Chapter 3 Statutory Instrument 2011/2999 for all financial years commencing on or after 1 February 2012. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 January 2021 so as to enable it to comply with the ongoing requirements for investment trust status.

Individual Savings Accounts
The Company has conducted its affairs in such a way as to satisfy the requirements as a qualifying security for Individual Savings Accounts. The Directors intend that the Company will continue to conduct its affairs in this manner.

Capital Structure
The issued Ordinary share capital at 31 January 2021 consisted of 148,164,670 Ordinary shares of 25p and 5,513,265 Ordinary shares held in treasury. During the year, the Company purchased 22,449 Ordinary shares to be held in treasury. There have been no share buy backs since the end of the year.

Voting Rights
Each Ordinary share holds one voting right and shareholders are entitled to vote on all resolutions which are proposed at general meetings of the Company. The Ordinary shares, excluding treasury shares, carry a right to receive dividends. On a winding up or other return of capital, after meeting the liabilities of the Company, the surplus assets will be paid to Ordinary shareholders in proportion to their shareholdings.

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.

Management Agreement
The Company has appointed Aberdeen Standard Fund Managers Limited ("ASFML"), a wholly owned subsidiary of Standard Life Aberdeen plc, as its alternative investment fund manager. ASFML has been appointed to provide investment management, risk management, administration and company secretarial services and promotional activities to the Company. The Company's portfolio is managed by Aberdeen Asset Managers Limited ("AAML") by way of a group delegation agreement in place between ASFML and AAML. In addition, ASFML has sub-delegated administrative and secretarial services to Aberdeen Asset Management PLC and promotional activities to AAML. Details of the management fees and fees payable for promotional activities are shown in notes 4 and 5 to the financial statements.

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

Substantial Interests
As at 31 January 2021, the following interests in the issued Ordinary share capital of the Company had been disclosed in accordance with the requirements of the FCA's Disclosure Guidance and Transparency Rules:

Shareholder	**Number of shares held**	**% held**[B]
Aberdeen Asset Managers Limited Retail Plans[A]	35,148,598	23.7
1607 Capital Partners, LLC	9,823,594	6.6

[A] Non-beneficial interest
[B] Based on 148,164,670 Ordinary shares in issue as at 31 January 2021
Since the year end, 1607 Capital Partners, LLC has notified the Company of a reduced holding of 7,322,167 Ordinary shares (4.9%). There have been no other changes notified to the Company as at the date of approval of this Report.

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

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

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

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

The UK Code includes provisions relating to:

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

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

Further details of the Company's compliance with Corporate Governance can be found on its website.

Directors
At the end of the year, the Board comprised five non-executive Directors, each of which is considered by the Board to be independent of the Company and the Manager. David Barron is the Chairman and Howard Williams is the Senior Independent Director.

Christine Montgomery was appointed as an independent non-executive Director on 1 February 2020 and Catherine Claydon retired as a Director on 16 July 2020.

The Directors attended scheduled Board and Committee meetings during the year ended 31 January 2021 as follows (with their eligibility to attend the relevant meetings in brackets):

	Board Meetings	**Audit Committee Meetings**	**Management Engagement Committee Meetings**	**Nomination and Remuneration Committee Meetings**
David Barron	4 (4)	- (-)	1 (1)	2 (2)
Catherine Claydon	2 (2)	1 (1)	- (-)	1 (1)
Jasper Judd	4 (4)	2 (2)	1 (1)	2 (2)
Christine Montgomery	4 (4)	2 (2)	1 (1)	2 (2)
Elisabeth Scott	4 (4)	2 (2)	1 (1)	2 (2)
Howard Williams	4 (4)	2 (2)	1 (1)	2 (2)

The Board meets more frequently when business needs require and, since the year end, has met formally on two occasions to discuss the proposed new investment objective.

Under the terms of the Company's Articles of Association, Directors are subject to election at the first Annual General Meeting after their appointment and are required to retire and be subject to re-election at least every three years thereafter. However, the Board has decided that all Directors will retire annually.

Jasper Judd, Howard Williams, Christine Montgomery and David Barron will retire at the Annual General Meeting and, being eligible, offer themselves for re-election. As explained in more detail in the Chairman's Statement, Elisabeth Scott will retire at the Annual General Meeting and will not seek re-election.

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

Board's Policy on Tenure

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

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

The Role of the Chairman and Senior Independent Director

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

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

Directors' and Officers' Liability Insurance

The Company maintains insurance in respect of Directors' and Officers' liabilities in relation to their acts on behalf of the Company. Each Director is entitled to be indemnified out of the assets of the Company to the extent permitted by law against any loss or liability incurred by him or her in the execution of his or her duties in relation to the affairs of the Company. These rights are included in the Articles of Association of the Company.

Management of Conflicts of Interest

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

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

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

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

Going Concern
The Company's assets consist mainly of equity shares in companies listed on the London Stock Exchange and in most circumstances, including in the current market environment caused by the Covid-19 pandemic, are considered to be realisable within a short timescale. The Board has set limits for borrowing and derivative contract positions and regularly reviews actual exposures, cash flow projections and compliance with loan covenants. The Board has also performed stress testing and liquidity analysis. In addition, the Board has considered the ability of the Company to refinance its £15 million multi-currency revolving credit facility which is due to mature in July 2021.

The Directors believe that the Company has adequate financial resources to continue in operational existence for the foreseeable future and for at least twelve months from the date of this Report. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Accountability and Audit
Each Director confirms that, so far as he or she is aware, there is no relevant audit information of which the Company's auditor is unaware, and they have taken all the steps that they could reasonably be expected to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditor
The Company's auditor, Deloitte LLP, has indicated its willingness to remain in office. The Board will propose resolutions at the Annual General Meeting to re-appoint Deloitte LLP as auditor for the ensuing year and to authorise the Directors to determine its remuneration.

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

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

Directors attend meetings with the Company's largest shareholders and meet other shareholders at the Annual General Meeting and, as explained in the Chairman's Statement, the Company will hold an online shareholder presentation in advance of the Annual General Meeting this year including the opportunity for an interactive question and answer session.

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

Disclosures in Strategic Report
In accordance with Section 414 C (11) of the Companies Act 2006, the following information otherwise required to be set out in the Directors' Report has been included in the Strategic Report: risk management objectives and policies and likely future developments in the business.

Annual General Meeting
The Annual General Meeting will be held at 1 George Street, Edinburgh EH2 2LL on Thursday 10 June 2021 at 12 noon. Given the risks posed by the spread of the Covid-19 virus and in accordance with the provisions of the Articles of Association and Government guidance, the Annual General Meeting will be functional only and physical attendance at the meeting may not be possible. If the law or Government guidance so requires at the time of the meeting, the Chairman will limit, in his sole discretion, the number of individuals in attendance at the meeting. If restrictions are in place at the time of the meeting, such attendance will be limited to two persons. Should the Government measures be relaxed by the time of the meeting, the Company may still impose entry restrictions on certain persons wishing to attend the Annual General Meeting in order to ensure the safety of those attending the meeting.

By order of the Board
Aberdeen Asset Management PLC

Company Secretary
1 George Street
Edinburgh EH2 2LL
26 April 2021

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 the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland'.

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

In preparing these financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonableand prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the 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 Statement of Corporate Governance that comply with that law and those regulations.

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

The Directors confirm that to the best of their knowledge:

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

On behalf of the Board
David Barron
Chairman
26 April 2021

STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 January 2021			Year ended 31 January 2020		
		Revenue	Capital	Total	Revenue	Capital	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
(Losses)/gains on investments	10	-	(16,360)	(16,360)	-	70,552	70,552
Currency (loss)/profit		-	(676)	(676)	-	505	505
Income	3	18,346	-	18,346	20,518	-	20,518
Investment management fee	4	(663)	(994)	(1,657)	(688)	(1,031)	(1,719)
Administrative expenses	5	(986)	-	(986)	(875)	-	(875)
Net return before finance costs and taxation		16,697	(18,030)	(1,333)	18,955	70,026	88,981
Finance costs	6	(540)	(800)	(1,340)	(752)	(1,119)	(1,871)
Return before taxation		16,157	(18,830)	(2,673)	18,203	68,907	87,110
Taxation	7	-	-	-	(300)	-	(300)
Return after taxation		**16,157**	**(18,830)**	**(2,673)**	**17,903**	**68,907**	**86,810**
Return per Ordinary share (pence)	9	**10.90**	**(12.71)**	**(1.81)**	**12.08**	**46.49**	**58.57**

The column of this statement headed "Total" represents the profit and loss account of the Company.

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

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

STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 January 2021 £'000	As at 31 January 2020 £'000
Non-current assets			
Investments at fair value through profit or loss		487,430	492,115
Current assets			
Debtors	11	1,053	5,106
Cash and cash equivalents		4,002	13,754
		5,055	18,860
Creditors: amounts falling due within one year			
Bank loan	12	(13,802)	(11,013)
Other creditors	12	(666)	(438)
		(14,468)	(11,451)
Net current (liabilities)/assets		(9,413)	7,409
Total assets less current liabilities		478,017	499,524
Creditors: amounts falling due after more than one year	13	(29,724)	(29,718)
Net assets		**448,293**	**469,806**
Capital and reserves			
Called-up share capital	14	38,419	38,419
Share premium account		4,619	4,619
Capital redemption reserve		1,606	1,606
Capital reserve		380,142	399,028
Revenue reserve	16	23,507	26,134
Equity shareholders' funds		**448,293**	**469,806**
Net asset value per Ordinary share (pence)	17	**302.56**	**317.04**

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 January 2021

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2020		38,419	4,619	1,606	399,028	26,134	469,806
Return after taxation		-	-	-	(18,830)	16,157	(2,673)
Dividends paid	8	-	-	-	-	(18,784)	(18,784)
Buyback of Ordinary shares for treasury		-	-	-	(56)	-	(56)
Balance at 31 January 2021		**38,419**	**4,619**	**1,606**	**380,142**	**23,507**	**448,293**

For the year ended 31 January 2020

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2019		38,419	4,619	1,606	330,402	26,685	401,731
Return after taxation		-	-	-	68,907	17,903	86,810
Dividends paid	8	-	-	-	-	(18,454)	(18,454)
Buyback of Ordinary shares for treasury		-	-	-	(281)	-	(281)
Balance at 31 January 2020		**38,419**	**4,619**	**1,606**	**399,028**	**26,134**	**469,806**

The Revenue reserve and the part of the Capital reserve represented by realised capital gains represent the amount of the Company's reserves distributable by way of dividend.
The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH FLOWS

	Notes	Year ended 31 January 2021 £'000	Year ended 31 January 2020 £'000
Operating activities			
Net return before finance costs and taxation		(1,333)	88,981
Adjustment for:			
Losses/(gains) on investments		16,360	(70,552)
Currency losses/(gains)		676	(505)
Decrease in accrued dividend income		318	1,007
Stock dividends included in dividend income		(1,325)	(930)
Amortisation of fixed income book cost		-	154
Decrease/(increase) in other debtors excluding tax		18	(18)
Increase/(decrease) in other creditors		227	(90)
Net tax received/(paid)		599	(658)
Net cash flow from operating activities		15,540	17,389
Investing activities			
Purchases of investments		(114,507)	(83,350)
Sales of investments		107,274	125,856
Net cash (used in)/from investing activities		(7,233)	42,506
Financing activities			
Interest paid		(1,332)	(2,445)
Dividends paid	8	(18,784)	(18,454)
Buyback of Ordinary shares for treasury		(56)	(281)
Repayment of Debenture Stock		-	(28,600)
Loan repayment		(1,274)	-
Loan drawdowns		3,501	-
Net cash used in financing activities		(17,945)	(49,780)
(Decrease)/increase in cash and cash equivalents		**(9,638)**	**10,115**
Analysis of changes in cash and cash equivalents during the year			
Opening balance		13,754	3,548
Effect of exchange rate fluctuations on cash held		(114)	91
(Decrease)/increase in cash as above		(9,638)	10,115
Closing balance		**4,002**	**13,754**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021

1. **Principal activity.** The Company is a closed-end investment company, registered in Scotland No. SC000881, with its Ordinary shares being listed on the London Stock Exchange.

2. **Accounting policies**

(a) **Basis of preparation and going concern.** The financial statements have been prepared in accordance with Financial Reporting Standard 102 and with the AIC ("Association of Investment Companies") Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in October 2019. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000. They have also been prepared on the assumption that approval as an investment trust will continue to be granted.

The Company's assets consist substantially of equity shares in companies listed on recognised stock exchanges and in most circumstances are realisable within a short timescale. The Board has set limits for borrowing and regularly reviews actual exposures, cash flow projections and compliance with banking covenants. The Board has also performed stress testing and liquidity analysis. The Company has a £15 million multi-currency revolving loan facility which expires in July 2021 and the Board has considered the ability of the Company to refinance it. Having taken these factors into account as well as the impact of Covid-19 and having assessed the principal risks and other matters set out in the Viability Statement, the Directors believe that, after making enquiries, the Company has adequate resources to continue in operational existence for the foreseeable future and has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of this Report. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is included in the Directors' Report (unaudited).

Critical accounting judgements and key sources of estimation uncertainty. The preparation of financial statements requires the use of certain significant accounting judgements, estimates and assumptions which requires management to exercise its judgement in the process of applying the accounting policies and are continually evaluated. The Board considers that there are no accounting judgements, estimates and assumptions which would significantly impact the financial statements.

(b) **Revenue, expenses and interest payable.** 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 and expenses are accounted for on an accruals basis. Income from underwriting commission is recognised as earned. Interest payable is calculated on an effective yield basis. Stock lending income is recognised on an accruals basis.

The fixed returns on debt securities are recognised on a time apportionment basis so as to reflect the effective yield on the debt securities.

Underwriting commission is taken to revenue, unless any shares underwritten are required to be taken up, in which case the proportionate commission received is deducted from the cost of the investment.

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, including the amortisation of expenses, are allocated between revenue and capital in line with the Board's expectation of returns from the Company's investments over the long-term of 40% to revenue and 60% to capital.

(c) **Investments.** Investments have been designated upon initial recognition as fair value through profit or loss. Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are measured initially at fair value. Subsequent to initial recognition, investments are recognised 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 All-Share and the most liquid AIM constituents. Gains or losses arising from changes in fair value are included in net profit or loss for the period as a capital item in the Statement of Comprehensive Income.

(d) **Dividends payable.** Final dividends payable to equity shareholders are recognised in the financial statements when they have been approved by Shareholders and become a liability of the Company. Interim dividends are recognised in the financial statements in the period in which they are paid.

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

Called-up share capital. The Ordinary share capital on the Statement of Financial Position relates to the number of shares in issue and in treasury. Only when the shares are cancelled, either from treasury or directly, is a transfer made to the capital redemption reserve.

Share premium account. The balance classified as share premium includes the premium above the nominal value from the proceeds on issue of any equity share capital comprising Ordinary shares of 25p.

Capital redemption reserve. The capital redemption reserve is used to record the amount equivalent to the nominal value of any of the Company's own shares purchased and cancelled in order to maintain the Company's capital.

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

The costs of share buybacks to be held in treasury are also deducted from this reserve.

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

(f) **Taxation.** The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Owing to the Company's status as an investment trust, 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.

(g) **Foreign currency.** Monetary assets and liabilities and non-monetary assets held at fair value denominated in foreign currencies are converted into sterling at the rate of exchange ruling at the reporting date. Transactions during the year involving foreign currencies are converted at the rate of exchange ruling at the transaction date. Gains or losses arising from a change in exchange rates subsequent to the date of a transaction are included as a currency gain or loss in revenue or capital in the Statement of Comprehensive Income, depending on whether the gain or loss is of a revenue or capital nature. The Company receives a proportion of its investment income in foreign currency. These amounts are translated at the rate ruling on the date of receipt.

(h) **Traded options.** The Company may enter into certain derivative contracts (e.g. options). Option contracts are accounted for as separate derivative contracts and are therefore shown in other assets or other liabilities at their fair value. The initial fair value is based on the initial premium, which is recognised upfront. The premium received and fair value changes in the open position which occur due to the movement in underlying securities are recognised in the revenue column, losses realised on the exercise of the contracts are recorded in the capital column of the Statement of Comprehensive Income.

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

(i) **Borrowings.** Borrowings are measured initially at the fair value of the consideration received, net of any issue expenses, and subsequently at amortised cost using the effective interest method. The finance costs of such borrowings are accounted for on an accruals basis using the effective interest rate method and are charged 40% to revenue and 60% to capital in the Statement of Comprehensive Income to reflect the Company's investment policy and prospective income and capital growth.

3. Income

	2021 £'000	2020 £'000
Income from investments		
UK dividend income	13,411	14,213
Overseas dividends	1,840	3,650
Fixed income	-	105
Stock dividends	1,325	931
	16,576	18,899
Other income		
Income on derivatives	1,748	1,605
Deposit interest	1	2

Interest received on withholding tax refunds	21	-
Interest from money market funds	-	12
	1,770	1,619
Total income	**18,346**	**20,518**

During the year, the Company earned premiums totalling £1,748,000 (2020 - £1,605,000) in exchange for entering into derivative transactions. The Company had no open positions in derivative contracts at 31 January 2021 (2020 - no open positions). Losses realised on the exercise of derivative transactions are disclosed in note 10.

4. Management fee

	2021			2020		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Management fee	**663**	**994**	**1,657**	**688**	**1,031**	**1,719**

The Company has an agreement with Aberdeen Standard Fund Managers Limited ("ASFML") for the provision of investment management, risk management, accounting, administrative and secretarial services. The management fee is calculated and charged, on a monthly basis, at 0.45% per annum on the first £225 million, 0.35% per annum on the next £200 million and 0.25% per annum on amounts over £425 million of the net assets of the Company, with debt at par and excluding commonly managed funds. The balance due at the year end was £291,000 (2020 – £151,000). The management fee is allocated 40% to revenue and 60% to capital. There were no commonly managed funds held in the portfolio during the year to 31 January 2021 (2020 – none).
The management agreement may be terminated by either party on six months' written notice.

5. Administrative expenses

	2021	2020
	£'000	**£'000**
Directors' fees	150	133
Auditor's remuneration (excluding irrecoverable VAT):		
- fees payable to the Company's auditor for the audit of the Company's annual accounts	24	21
- fees payable to the Company's auditor for other services:		
- interim review	8	7
Promotional activities	361	372
Registrar's fees	51	53
Share plan fees	129	1
Printing and postage	50	47
Other expenses	213	241
	986	**875**

Expenses of £361,000 (2020 - £372,000) were paid to ASFML in respect of the promotion of the Company. The balance outstanding at the year end was £20,000 (2020 - £31,000). All amounts are inclusive of VAT.
All of the expenses above, with the exception of auditor's remuneration, include irrecoverable VAT where applicable. The VAT charged on the auditor's remuneration is disclosed within other expenses.

6. Finance costs

	2021			2020		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Bank loan	51	78	129	46	69	115
Debenture Stock	-	-	-	223	335	558
Amortised Debenture Stock premium and issue expenses	-	-	-	1	2	3
Loan Notes - repayable after more than five years	479	718	1,197	479	718	1,197
Amortised Loan Notes issue expenses	2	4	6	(3)	(5)	(8)
Bank overdraft	8	-	8	6	-	6
	540	**800**	**1,340**	**752**	**1,119**	**1,871**

Finance costs (excluding bank overdraft interest) are allocated 40% to revenue and 60% to capital.

7. Taxation

	2021			2020		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
(a) Analysis of charge for the year						
Overseas tax suffered	248	-	248	586	-	586
Overseas tax reclaimable	(107)	-	(107)	(286)	-	(286)
Overseas tax refunded	(141)	-	(141)	-	-	-
Total tax charge for the year	**-**	**-**	**-**	**300**	**-**	**300**

(b) Factors affecting the tax charge for the year. The UK corporation tax rate is 19% (2020 - 19%). The tax assessed for the year is lower than the rate of corporation tax. The differences are explained below:

	2021			2020		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Return before taxation	16,157	(18,830)	(2,673)	18,203	68,907	87,110
Corporation tax at 19% (2020 - 19%)	3,070	(3,577)	(507)	3,459	13,092	16,551
Effects of:						
Non-taxable UK dividend income	(2,548)	-	(2,548)	(2,701)	-	(2,701)
Non-taxable stock dividends	(217)	-	(217)	(143)	-	(143)
Capital losses/(gains) on investments not taxable	-	3,108	3,108	-	(13,405)	(13,405)
Expenses not deductible for tax purposes	-	-	-	1	-	1

Currency losses/(gains) not taxable	-	128	128	-	(96)	(96)
Overseas taxes	141	-	141	300	-	300
Overseas taxes refunded	(141)	-	(141)	-	-	-
Non-taxable overseas dividends	(314)	-	(314)	(609)	-	(609)
Excess management expenses	9	341	350	(7)	409	402
Total tax charge	**-**	**-**	**-**	**300**	**-**	**300**

(c) **Factors that may affect future tax charges.** At the year end, the Company has, for taxation purposes only, accumulated unrelieved management expenses and loan relationship deficits of £130,381,000 (2020 - £128,536,000). A deferred tax asset in respect of this has not been recognised and these unrelieved expenses will only be utilised if the Company has profits chargeable to corporation tax in the future.
On 3 March 2021 the UK government announced an intention to increase the UK corporation tax rate to 25% with effect from 1 April 2023. If enacted this will impact the value of UK deferred tax balances, and the tax charged on UK profits generated in 2023 and thereafter. The impact of these proposed changes has yet to be assessed.

8. Ordinary dividends on equity shares

	2021 £'000	2020 £'000
Amounts recognised as distributions paid during the year:		
Third interim dividend for 2020 - 3.00p (2019 - 3.00p)	**4,446**	4,449
Fourth interim dividend for 2020 - 3.70p (2019 - final - 3.45p)	**5,483**	5,113
First interim dividend for 2021 - 3.00p (2020 - 3.00p)	**4,446**	4,446
Second interim dividend for 2021 - 3.00p (2020 - 3.00p)	**4,445**	4,446
Return of unclaimed dividends	**(36)**	-
	18,784	**18,454**

A third interim dividend of 3.00p per Ordinary share was declared on 3 December 2020, payable on 26 February 2021 to shareholders on the register on 5 February 2021 and has not been included as a liability in these financial statements. The fourth interim dividend of 3.80p per Ordinary share was approved by the Board on 26 April 2021, payable on 28 May 2021 to shareholders on the register on 7 May 2021 and has not been included as a liability in the financial statements.
The table below sets out the total dividends paid and proposed in respect of the financial year, which is the basis upon which the requirements of Sections 1158-1159 of the Corporation Tax Act 2010 are considered. The net revenue available for distribution by way of dividend for the year is £16,157,000 (2020 - £17,903,000).

	2021 £'000	2020 £'000
First interim dividend for 2021 - 3.00p (2020 - 3.00p)	4,446	4,446
Second interim dividend for 2021 - 3.00p (2020 - 3.00p)	4,445	4,446
Third interim dividend for 2021 - 3.00p (2020 - 3.00p)	4,445	4,446
Fourth interim dividend for 2021 - 3.80p (2020 - 3.70p)	5,630	5,483
	18,966	**18,821**

The fourth interim dividend is based on the latest share capital of 148,164,670 Ordinary shares excluding those held in treasury.

9. Return per Ordinary share

	2021		2020	
	£'000	p	£'000	p
Revenue return	16,157	10.90	17,903	12.08
Capital return	(18,830)	(12.71)	68,907	46.49
Total return	**(2,673)**	**(1.81)**	**86,810**	**58.57**
Weighted average number of Ordinary shares in issue		**148,179,575**		**148,211,835**

10. Investments at fair value through profit or loss

	2021	2020
	£'000	£'000
Opening book cost	380,538	408,635
Investment holdings gains	111,577	56,687
Opening fair value	492,115	465,322
Analysis of transactions made during the year		
Purchases	115,832	84,127
Sales - proceeds	(104,157)	(127,886)
(Losses)/gains on investments	(16,360)	70,552
Closing fair value	**487,430**	**492,115**
Closing book cost	410,222	380,538
Closing investment holdings gains	77,208	111,577
Closing fair value	**487,430**	**492,115**

The Company received £104,157,000 (2020 - £127,886,000) from investments sold in the year. The book cost of these investments when they were purchased were £86,148,000 (2020 - £112,225,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

The realised gains figure above includes losses realised on the exercise of traded options of £936,000 (2020 - £48,000). Premiums received of £1,748,000 (2020 - £1,605,000) are included within income per note 3.

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

	2021	2020
	£'000	£'000

Purchases	436	366
Sales	62	52
	498	418

The above transaction costs are calculated in line with the AIC SORP. The transaction costs in the Company's Key Information Document are calculated on a different basis and in line with the PRIIPs regulations.

11. Debtors: amounts falling due within one year

	2021	**2020**
	£'000	**£'000**
Net dividends and interest receivable	558	876
Tax recoverable	473	1,073
Amounts due from brokers	-	3,117
Other loans and receivables	22	40
	1,053	**5,106**

12. Creditors: amounts falling due within one year

	2021	**2020**
(a) Bank loan	**£'000**	**£'000**
EUR 13,100,000 - 17 February 2020	-	11,013
EUR 15,600,000 - 15 February 2021	13,802	-
	13,802	**11,013**

The Company has a multi-currency revolving credit facility agreement (which expires 13 July 2021) with Scotiabank for £15,000,000, with the ability to increase to £30,000,000. At 31 January 2021 €15,600,000 had been drawn down at a rate of 0.9% (2020 - €13,100,000 at a rate of 0.9%), which matured on 15 February 2021. At the date this Report was approved €15,600,000 had been drawn down at a rate of 0.9%, maturing on 14 May 2021. The terms of the loan facility contain covenants that the adjusted asset coverage is not be less than 4.00 to 1.00 and that the minimum net assets of the Company are £200 million.

	2021	**2020**
(b) Other creditors	**£'000**	**£'000**
Loan Notes and bank loan interest	183	182
Sundry creditors	483	256
	666	**438**

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

	2021	**2020**
	£'000	**£'000**

3.99% Loan Notes 2045	30,000	30,000
Unamortised Loan Note issue expenses	(276)	(282)
	29,724	**29,718**

The 3.99% Loan Notes were issued in December 2015 and are due to be redeemed at par on 8 December 2045. Interest is payable in half-yearly instalments in June and December. The Loan Notes are secured by a floating charge over the whole of the assets of the Company. The Company has complied with the Loan Note Trust Deed covenant that total net borrowings (ie. after the deduction of cash balances) should not exceed 33% of the Company's net asset value and that the Company's net asset value should not be less than £200 million.
The fair value of the Loan Notes as at 31 January 2021 was £37,017,000 (2020 - £36,851,000), the value being calculated per the disclosure in note 19. The effect on the net asset value of deducting the Loan Notes at fair value rather than at par is disclosed in note 17.

14. Called-up share capital

	2021	2020
	£'000	£'000
Allotted, called up and fully paid:		
148,164,670 (2020 - 148,187,119) Ordinary shares of 25p each - equity	37,041	37,047
Treasury shares:		
5,513,265 (2020 - 5,490,816) Ordinary shares of 25p each - equity	1,378	1,372
	38,419	**38,419**

The Ordinary share capital on the Statement of Financial Position relates to the number of shares in issue and in treasury. Only when the shares are cancelled, either from treasury or directly, is a transfer made to the capital redemption reserve.
During the year the Company repurchased 22,449 Ordinary shares (2020 - 105,550) at a cost of £56,000 including expenses (2020 - £281,000). All of these shares were placed in treasury.

15. Analysis of changes in financing during the year

	2021		2020		
	Equity share capital (including premium) £'000	Loan Notes £'000	Equity share capital (including premium) £'000	Loan Notes £'000	Debenture stock £'000
Opening balance at 31 January 2020	43,038	29,718	43,038	29,725	28,597
Movement in unamortised Debenture Stock discount and issue expenses	-	-	-	-	3
Movement in unamortised Loan Notes issue expenses	-	6	-	(7)	-
Redemption of Debenture loan stock	-	-	-	-	(28,600)
Closing balance at 31 January 2021	**43,038**	**29,724**	**43,038**	**29,718**	**-**

16. **Revenue reserve per share.** The following information is presented supplemental to the financial statements to show the Companies Act position at the year end.

		2021	2020
Revenue reserve (£'000)		**23,507**	**26,134**
Number of Ordinary shares in issue at year end		**148,164,670**	**148,187,119**
Revenue reserve per Ordinary share		15.87p	17.64p
Less:	- third interim dividend	(3.00)p	(3.00)p
	- fourth interim dividend	(3.80)p	(3.70)p
Revenue reserve per Ordinary share		**9.07p**	**10.94p**

17. **Net asset value per share.** Equity shareholders' funds have been calculated in accordance with the provisions of FRS 102. The analysis of equity shareholders' funds on the face of the Statement of Financial Position does not reflect the rights under the Articles of Association of the Ordinary shareholders on a return of assets. These rights are reflected in the net asset value and the net asset value per share attributable to Ordinary shareholders at the year end, adjusted to reflect the deduction of the Loan Notes at par. A reconciliation between the two sets of figures is as follows:

	2021	2020
Net assets attributable (£'000)	448,293	469,806
Number of Ordinary shares in issue at year end [A]	148,164,670	148,187,119
Net asset value per Ordinary share	302.56p	317.04p

[A] Excluding shares held in treasury.

Adjusted net assets	**2021**	**2020**
Net assets attributable (£'000) as above	448,293	469,806
Unamortised Loan Note issue expenses (note 13)	(276)	(282)
Adjusted net assets attributable (£'000)	**448,017**	**469,524**
Number of Ordinary shares in issue at year end [A]	**148,164,670**	**148,187,119**
Adjusted net asset value per Ordinary share	**302.38p**	**316.85p**

[A] Excluding shares held in treasury.

Net assets - debt at fair value	**£'000**	**£'000**
Net assets attributable	448,293	469,806
Amortised cost Loan Notes	29,724	29,718
Market value Loan Notes	(37,017)	(36,851)
Net assets attributable	**441,000**	**462,673**
Number of Ordinary shares in issue at the period end [A]	**148,164,670**	**148,187,119**
Net asset value per Ordinary share (debt at fair value)	**297.64p**	**312.22p**

[A] Excluding shares held in treasury.

18. Analysis of changes in net debt

	At 31 January 2020 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 January 2021 £'000
Cash and cash equivalents	13,754	(114)	(9,638)	-	4,002
Debt due within one year	(11,013)	(562)	(2,227)	-	(13,802)
Debt due after more than one year	(29,718)	-	-	(6)	(29,724)
	(26,977)	**(676)**	**(11,865)**	**(6)**	**(39,524)**

	At 31 January 2019 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 January 2020 £'000
Cash and cash equivalents	3,548	91	10,115	-	13,754
Debt due within one year	(40,024)	414	28,600	(3)	(11,013)
Debt due after more than one year	(29,725)	-	-	7	(29,718)
	(66,201)	**505**	**38,715**	**4**	**(26,977)**

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

19. **Financial instruments and risk management.** The Company's investment activities expose it to various types of financial risk associated with the financial instruments and markets in which it invests. The Company's financial instruments 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 in the form of option contracts for the purpose of generating income and futures/options for hedging market exposures.

During the year, the Company entered into certain options contracts for the purpose of generating income. Positions closed during the year realised a loss of £936,000 (2020 - £48,000). As disclosed in note 3, the premium received and fair value changes in respect of options written in the year was £1,748,000 (2020 - £1,605,000). The largest position in derivative contracts held during the year at any given time was £931,000 (2020 - £1,716,000). The Company had no open positions in derivative contracts at 31 January 2021 (2020 - none).

The Board relies on Aberdeen Standard Fund Managers Limited ("ASFML" or the "Manager") for the provision of risk management activities under the terms of its management agreement with ASFML (further details of which are included under note 4). The Board regularly reviews and agrees policies for managing each of the key financial risks identified with the Manager. The types of risk and the Manager's approach to the management of each type of risk, are summarised below. Such approach has been applied throughout the year and has not changed since the previous accounting period. The numerical disclosures exclude short-term debtors and creditors on the grounds that they are not considered to be material.

The Company's Manager has an independent Investment Risk department for reviewing the investment risk parameters of all core equity, fixed income and alternative asset classes on a regular basis. The department reports to the Manager's Performance Review Committee which is chaired by the Manager's Chief Investment Officer. The department's responsibility is to review and monitor ex-ante (predicted) portfolio risk and style characteristics using best practice, industry standard multi-factor models.

Risk management framework. The directors of ASFML collectively assume responsibility for ASFML's obligations under the AIFMD including reviewing investment performance and monitoring the Company's risk profile during the year.

ASFML is a fully integrated member of the Standard Life Aberdeen Group (the "Group") which provides a variety of services and support to ASFML in the conduct of its business activities, including in the oversight of the risk management framework for the Company. ASFML has delegated the day to day administration of the investment policy to Aberdeen Asset Managers Limited, which is responsible for ensuring that the Company is managed within the terms of its investment guidelines and the limits set out in its pre-investment disclosures to investors (details of which can be found on the Company's website). ASFML has retained responsibility for monitoring and oversight of investment performance, product risk and regulatory and operational risk for the Company.

The Manager conducts its risk oversight function through the operation of the Group's risk management processes and systems which are embedded within the Group's operations. The Group's Risk Division supports management in the identification and mitigation of risks and provides independent monitoring of the business. The Division includes Compliance, Business Risk, Market Risk, Risk Management and Legal. The team is headed up by the Group's Head of Risk, who reports to the Chief Executive Officers of the Group. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group's operational risk management system ("SHIELD").

The Group's Internal Audit Department is independent of the Risk Division and reports directly to the Group's Chief Executive Officers and to the Audit Committee of the Group's Board of Directors. The Internal Audit Department is responsible for providing an independent assessment of the Group's control environment.

The Group's corporate governance structure is supported by several committees to assist the board of directors of Standard Life Aberdeen, its subsidiaries and the Company to fulfil their roles and responsibilities. The Group's Risk Division is represented on all committees, with the exception of those committees that deal with investment recommendations. The specific goals and guidelines on the functioning of those committees are described on the committees' terms of reference.

Risk Management. The main risks the Company faces from its financial instruments are (i) market risk (comprising interest rate risk, currency risk and other price risk), (ii) liquidity risk and (iii) credit risk.

The Board regularly reviews and agrees policies for managing each of these risks. The Group's policies for managing these risks are summarised below and have been applied throughout the year. The numerical disclosures exclude short-term debtors and creditors, other than for currency disclosures.

(i) Market risk. Market risk comprises three elements - interest rate risk, currency risk and price risk.

(a) 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; and
- interest payable on the Company's variable rate borrowings.

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

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Borrowings comprise fixed rate, revolving, and uncommitted facilities. Details of borrowings at 31 January 2021 are shown in notes 12 and 13.

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

At 31 January 2021	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Sterling	-	-	-	4,002
Total assets	**-**	**-**	**-**	**4,002**
Liabilities				
Bank loans	0.08	0.90	(13,802)	-
Loan Notes	24.87	3.99	(29,724)	-

Total liabilities	**-**	**-**	**(43,526)**	-

At 31 January 2020	**Weighted average period for which rate is fixed Years**	**Weighted average interest rate %**	**Fixed rate £'000**	**Floating rate £'000**
Assets				
Sterling	-	-	-	13,754
Total assets	**-**	**-**	**-**	**13,754**

	Weighted average period for which rate is fixed Years	**Weighted average interest rate %**	**Fixed rate £'000**	**Floating rate £'000**
Liabilities				
Bank loans	0.08	0.90	(11,013)	-
Loan Notes	25.87	3.99	(29,718)	-
Total liabilities	**-**	**-**	**(40,731)**	-

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The weighted average interest rate on bank loans is based on the interest rate payable, weighted by the total value of the loans. The maturity dates of the Company's borrowings are shown in notes 12 and 13 to the financial statements.

The floating rate assets consist of cash deposits all earning interest at prevailing market rates.

The Company's equity portfolio and short-term debtors and creditors (excluding bank loans) have been excluded from the above tables. All financial liabilities are measured at amortised cost.

Interest rate sensitivity. Movements in interest rates would not significantly affect net assets attributable to the Company's shareholders and total profit.

(b) **Foreign currency risk**. A proportion of the Company's investment portfolio is invested in overseas securities whose values are subject to fluctuation due to changes in exchange rates. In addition, the impact of changes in foreign exchange rates upon the profits of investee companies can result, indirectly, in changes in their valuations. Consequently the Statement of Financial Position can be affected by movements in exchange rates.

Management of the risk. It is not the Company's policy to hedge this risk on a continuing basis but the Company may, from time to time, match specific overseas investment with foreign currency borrowings. A proportion of the Company's borrowings, as detailed in note 12, is in foreign currency as at 31 January 2021. The revenue account is subject to currency fluctuations arising on dividends received in foreign currencies and, indirectly, due to the impact of foreign exchange rates upon the profits of investee companies. The Company does not hedge this currency risk.

Foreign currency risk exposure by currency of denomination:

	31 January 2021	**31 January 2020**

	Investments £'000	Net monetary assets £'000	Total currency exposure £'000	Investments £'000	Net monetary assets £'000	Total currency exposure £'000
Euro	64,452	(13,662)	50,790	48,902	(9,211)	39,691
Swiss Francs	11,808	221	12,029	10,991	633	11,624
Danish Krone	9,783	100	9,883	12,490	61	12,551
Norwegian Krone	-	13	13	7,436	13	7,449
Sterling	401,387	(25,809)	375,578	412,296	(13,805)	398,491
Total	**487,430**	**(39,137)**	**448,293**	**492,115**	**(22,309)**	**469,806**

The asset allocation between specific markets can vary from time to time based on the Manager's opinion of the attractiveness of the individual stocks in these markets.

Foreign currency sensitivity. There is no sensitivity analysis included as the Board believes the amount exposed to foreign currency denominated monetary assets to be immaterial. Where the Company's equity investments (which are non-monetary items) are priced in a foreign currency, they have been included within the other price risk sensitivity analysis so as to show the overall level of exposure.

(c) **Price risk**. Price risks (i.e. changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments and traded options.

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

Price risk sensitivity. If market prices at the Statement of Financial Position date had been 10% higher while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 January 2021 would have increased by £48,743,000 (2020 - increase of £49,212,000) and equity reserves would have increased by the same amount. Had market prices been 10% lower the converse would apply.

(ii) **Liquidity risk.** This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities as they fall due in line with the maturity profile analysed below.

At 31 January 2021	**Within 1 year £'000**	**Within 1-2 years £'000**	**Within 2-3 years £'000**	**Within 3-4 years £'000**	**Within 4-5 years £'000**	**More than 5 years £'000**	**Total £'000**
Bank loans	13,802	-	-	-	-	-	13,802
Loan Notes	-	-	-	-	-	30,000	30,000
Interest cash flows on bank loans and loan notes	1,197	1,197	1,197	1,197	1,197	23,940	29,925
Cash flows on other creditors	483	-	-	-	-	-	483
	15,482	**1,197**	**1,197**	**1,197**	**1,197**	**53,940**	**74,210**

	Within	**Within**	**Within**	**Within**	**Within**	**More than**

At 31 January 2020	1 year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	4-5 years £'000	5 years £'000	Total £'000
Bank loans	11,013	-	-	-	-	-	11,013
Loan Notes	-	-	-	-	-	30,000	30,000
Interest cash flows on bank loans and loan notes	1,197	1,197	1,197	1,197	1,197	25,137	31,122
Cash flows on other creditors	256	-	-	-	-	-	256
	12,466	**1,197**	**1,197**	**1,197**	**1,197**	**55,137**	**72,391**

Management of the risk. The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Borrowings comprise Loan Notes and a revolving facility. The Loan Notes provide secure long-term funding while short term flexibility is achieved through the borrowing facility. It is the Board's policy to maintain a gearing level, measured on the most stringent basis of calculation after netting off cash equivalents, of less than 30% at all times. Details of borrowings at 31 January 2021 are shown in notes 12 and 13.

Liquidity risk is not considered to be significant as the Company's assets comprise mainly cash and listed securities, which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of loan and overdraft facilities, details of which can be found in note 12. Under the terms of the loan facility, the Manager provides the lender with loan covenant reports on a monthly basis, to provide the lender with assurance that the terms of the facility are not being breached. The Manager will also review the credit rating of a lender on a regular basis. Details of the Board's policy on gearing are shown in the interest rate risk section of this note.

Liquidity risk exposure. At 31 January 2021 and 31 January 2020 the amortised cost of the Company's Loan Notes was £29,724,000 and £29,718,000 respectively. At 31 January 2021 and 31 January 2020 the Company's bank loans amounted to £13,802,000 and £11,013,000 respectively. The facility is committed until 13 July 2021.

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

Management of the risk. 'Investment transactions are carried out with a large number of brokers, whose credit standing is reviewed periodically by the Manager, and limits are set on the amount that may be due from any one broker;

- the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a daily basis. In addition, both stock and cash reconciliations to the custodians' records are performed on a daily basis to ensure discrepancies are investigated on a timely basis. The Group's Compliance department carries out periodic reviews of the custodian's operations and reports its finding to the Aberdeen Group's Risk Management Committee. This review will also include checks on the maintenance and security of investments held;
- cash is held only with reputable banks whose credit ratings are monitored on a regular basis.

There are internal exposure limits to cash balances placed with counterparties. The credit worthiness of counterparties is also reviewed on a regular basis.

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

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

	2021		2020	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Non-current assets				
Investments at fair value through profit or loss	487,430	-	492,115	-

Current assets				
Cash and short term deposits	4,002	4,002	13,754	13,754
	491,432	**4,002**	**505,869**	**13,754**

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 has been calculated at £50,819,000 as at 31 January 2021 (2020 - £47,864,000) compared to an accounts value in the financial statements of £43,526,000 (2020 - £40,731,000) (notes 12 and 13). The fair value of each loan is determined by aggregating the expected future cash flows for that loan discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time and currency. All other assets and liabilities of the Company are included in the Statement of Financial Position at fair value.

20. **Fair value hierarchy.** FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following classifications:
Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.
Level 3: inputs are unobservable (ie for which market data is unavailable) for the asset or liability.
The financial assets and liabilities measured at fair value in the Statement of Financial Position are grouped into the fair value hierarchy at the reporting date as follows:

		Level 1	**Level 2**	**Level 3**	**Total**
As at 31 January 2021	**Note**	**£'000**	**£'000**	**£'000**	**£'000**
Financial assets at fair value through profit or loss					
Quoted equities	a)	487,430	-	-	487,430
Total		**487,430**	**-**	**-**	**487,430**

		Level 1	**Level 2**	**Level 3**	**Total**
As at 31 January 2020		**£'000**	**£'000**	**£'000**	**£'000**
Financial assets at fair value through profit or loss					
Quoted equities	a)	492,115	-	-	492,115
Total		**492,115**	**-**	**-**	**492,115**

a) **Quoted equities.** The fair value of the Company's investments in quoted equities has been determined by reference to their quoted bid prices at the reporting date. Quoted equities included in Fair Value Level 1 are actively traded on recognised stock exchanges.

21. **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 return to its equity shareholders through an appropriate balance of equity capital and debt.

The capital of the Company consists of equity, comprising issued capital, reserves and retained earnings.

The Board monitors and reviews the broad structure of the Company's capital. This review includes the nature and planned level of gearing, which takes account of the Manager's views on future expected returns and the extent to which revenue in excess of that which is required to be distributed should be retained. The Company is not subject to any externally imposed capital requirements.

22. Related party transactions and transactions with the Manager

Directors' fees and interests. Fees payable during the year to the Directors and their interest in shares of the Company are disclosed within the Directors' Remuneration Report.
Transactions with the Manager. The Company has an agreement with the Standard Life Aberdeen Group for the provision of management, secretarial, accounting and administration services and also for the provision of promotional activities. Details of transactions during the year and balances outstanding at the year end are disclosed in notes 4 and 5.

ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes FRS 102 and the AIC SORP. The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies.

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

The tables below provide information relating to the NAVs and share prices of the Company on the dividend reinvestment dates during the years ended 31 January 2021 and 31 January 2020.

2021	**Dividend rate**	**NAV**	**Share price**
31 January 2020	N/A	312.22p	301.00p
6 February 2020	3.00p	318.65p	302.00p
7 May 2020	3.70p	263.63p	248.00p
6 August 2020	3.00p	272.40p	254.50p
5 November 2020	3.00p	272.51p	253.00p
31 January 2021	N/A	297.64p	287.00p
Total return		**(0.3)%**	**+0.1%**

2020	**Dividend rate**	**NAV** A	**Share price**
31 January 2019	3.000p	263.83p	242.00p
2 May 2019	3.450p	287.09p	253.00p
1 August 2019	3.000p	300.63p	275.00p
7 November 2019	3.000p	293.84p	275.00p
31 January 2020	N/A	312.22p	301.00p
Total return		**+22.2%**	**+28.8%**

A 31 January 2019 Cum income NAV with debt at fair value, adjusted to exclude the third interim dividend for the year ended 31 January 2019 which went ex-dividend on 31 January 2019 but was not paid until 22 February 2019 due to the difference in recognition of dividends payable on an ex-dividend basis under AIC reporting guidelines and upon payment under accounting standards.

Discount to net asset value per share with debt at fair value. The discount is the amount by which the share price of 287.00p (2020 - 301.00p) is lower than the net asset value per share with debt at fair value of 297.64p (2020 - 312.22p), expressed as a percentage of the net asset value with debt at fair value.

Dividend cover. Revenue return per share of 10.90p (2020 - 12.08p) divided by dividends per share of 12.80p (2020 - 12.70p) expressed as a ratio.

Net gearing. Net gearing measures the total borrowings of £43,526,000 (2020 – £40,731,000) less cash and cash equivalents of £4,002,000 (2020 - £16,871,000) divided by shareholders' funds of £448,293,000 (2020 - £469,806,000), expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes net amounts due to and due from brokers at the year end of £nil (2020 - amounts due from brokers £3,117,000) as well as cash and short term deposits of £4,002,000 (2020 - £13,754,000).

Ongoing charges. The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of investment management fees and administrative expenses and expressed as a percentage of the average net asset values with debt at fair value throughout the year.

	2021	2020
Investment management fees (£'000)	1,657	1,719
Administrative expenses (£'000)	986	875
Less: non-recurring charges (£'000)	(11)	(36)
Ongoing charges (£'000)	**2,632**	**2,558**
Average net assets (£'000)	**414,454**	**434,571**
Ongoing charges ratio (excluding look-through costs)	**0.64%**	**0.59%**
Look-through costs [A]	**0.03%**	**0.04%**
Ongoing charges ratio (including look-through costs)	**0.67%**	**0.63%**

[A] Costs associated with holdings in collective investment schemes as defined by the Committee of European Securities Regulators' guidelines on the methodology for the calculation of the ongoing charges figure, issued on 1 July 2010.

The ongoing charges ratio provided in the Company's Key Information Document is calculated in line with the PRIIPs regulations which amongst other things, includes the cost of borrowings and transaction costs.

Additional Notes to Annual Financial Report
The Annual General Meeting will be held at 1 George Street, Edinburgh EH2 2LL on 10 June 2021.

The Annual Financial Report Announcement is not the Company's statutory accounts. The above results for the year ended 31 January 2021 are an abridged version of the Company's full accounts, which have been approved and audited with an unqualified report. The 2020 and 2021 statutory accounts received unqualified reports from the Company's auditor and did not include any reference to matters to which the auditor drew attention by way of emphasis without qualifying the reports, and did not contain a statement under S498 of the Companies Act 2006. The financial information for 2020 is derived from the statutory accounts for the year ended 31 January 2020 which have been delivered to the Registrar of Companies. The accounts for the year ended 31 January 2021 will be filed with the Registrar of Companies in due course.

The Annual Report and Accounts will be posted to shareholders in April 2021 and copies will be available from the registered office of the Company and on the Company's website, www.dunedinincomegrowth.co.uk.*

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

By order of the Board
Aberdeen Asset Management PLC
Company Secretary
26 April 2021

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