

This document is issued by Standard Life Private Equity Trust PLC (the "Company") and is made available by SL Capital Partners LLP (the "AIFM") solely in order to make certain particular information available to investors in the Company before they invest, in accordance with the requirements of the FCA rules implementing the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU) (the "AIFM Directive") in the United Kingdom. It is made available to investors in the Company by being made available at <https://www.slpet.co.uk/> (the "SLPET Website").

Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.

## STANDARD LIFE PRIVATE EQUITY TRUST PLC

### INVESTOR DISCLOSURE DOCUMENT

#### IMPORTANT INFORMATION

##### **Limited purpose of this document**

This document is not being issued for any purpose other than to make certain required regulatory disclosures to investors and, to the fullest extent permitted under applicable law and regulations, neither the Company and its directors nor the AIFM will be responsible to persons other than the Company's shareholders for their use of this document, nor will they be responsible to any person (including the Company's shareholders) for any use which they may make of this document other than to inform a decision to invest in shares in the Company.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to buy or sell, or otherwise undertake investment activity in relation to, the Company's shares.

**This document is not a prospectus and it is not intended to be an invitation or inducement to any person to engage in any investment activity. This document may not include (and it is not intended to include) all the information which investors and their professional advisers may require for the purpose of making an informed decision in relation to an investment in the Company and its shares.**

##### **No advice**

Neither the Company and its directors nor the AIFM are advising any person in relation to any investment or other transaction involving shares in the Company. Recipients must not treat the contents of this document or any subsequent communications from the Company or the AIFM, or any of their respective affiliates, officers, directors, partners, employees or agents, as advice relating to financial, investment, taxation, accounting, legal, regulatory or any other matters. Prospective investors must rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment in shares.

**Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.**

**Overseas investors**

The distribution of this document in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. The shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under any of the relevant securities laws of Canada, Australia or Japan. Accordingly, the shares may not (unless an exemption from such Act or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the USA, Canada, Australia or Japan. The Company is not registered under the United States Investment Company Act of 1940 (as amended) and investors are not entitled to the benefits of such Act.

Prospective investors must inform themselves as to (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of shares.

## THE COMPANY

### **The Company**

The Company is an 'alternative investment fund' ("AIF") for the purposes of the AIFM Directive and is incorporated as a public limited company in Scotland with registered number SC216638.

The Company invests in private equity funds and co-investments, a majority of which will have a European focus. It has the flexibility to invest a proportion of its gross assets in private equity funds and co-investments which invest principally outside Europe. There is, however, no restriction on the jurisdictions of the funds in which the Company may invest. Full details of the Company's investment policy are set out in the section entitled "Investment Policy" below.

The Company's shares are listed on the premium segment of the Official List of the UK Listing Authority and are admitted to trading on the main market of the London Stock Exchange. The applicable laws which govern the activities of the Company include the Listing Rules, the Disclosure Guidance and Transparency Rules, the UK Corporate Governance Code and the Companies Act 2006.

The Company's articles of association are binding on the Company and its shareholders and set out the respective rights and restrictions attaching to the Company's shares. These rights and restrictions apply equally to all shareholders. All shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the Company's articles of association. The Company's articles of association are governed by Scots law.

### **Investment objective**

The investment objective is to achieve long-term total returns through holding a diversified portfolio of private equity funds and direct investments into private companies alongside private equity managers ("co-investments"), a majority of which will have a European focus.

### **Investment Policy**

The principal focus of the Company is to invest in leading private equity funds and to manage exposure through the primary and secondary funds markets. The Company's policy is to maintain a broadly diversified portfolio by country, industry sector, maturity and number of underlying investments. In terms of geographic exposure, a majority of the Company's portfolio will have a European focus. The objective is for the portfolio to comprise around 50 "active" private equity fund investments; this excludes funds that have recently been raised, but have not yet started investing, and funds that are close to or being wound up. The Company may also invest up to 20% of its total assets in co-investments.

The Company may also hold direct private equity investments or quoted securities as a result of distributions in specie from its portfolio of investments. The Company's policy is normally to dispose of such assets where they are held on an unrestricted basis. This is in addition to the 20% that can be held in co-investments.

To maximise the proportion of invested assets it is the Company's policy to follow an over-commitment strategy by making fund commitments which exceed its uninvested capital. In making such commitments, the Manager, together with the Board, will take into account the uninvested capital, the quantum and timing of expected and projected cashflows to and from the portfolio and, from time to time, may use borrowings to meet draw downs. The Company's maximum borrowing capacity, defined in its articles of association, is an amount equal to the aggregate of the amount paid up on the issued share capital of the Company and the amount standing to the credit of the reserves of the Company.

However, it is expected that bank borrowings would not normally exceed 30% of the Company's net assets at the time of drawdown.

The Company's non-sterling currency exposure is principally to the euro and US dollar. The Company does not seek to hedge this exposure into sterling, although any borrowings in euros and other currencies in which the Company is invested would have such a hedging effect.

Cash held pending investment is invested in short dated government bonds, money market instruments, bank deposits or other similar investments. Cash held pending investment may also be invested in funds whose principal investment focus is listed equities or in listed direct private equity investment companies or trusts. These investments may be in sterling or such other currencies to which the Company has exposure.

The Company will not invest more than 15% of its total assets in other listed investment companies or trusts.

The investment limits described above are all measured at the time of investment.

### **Other investment restrictions**

In conducting its activities, the Company complies with the requirements of the Listing Rules. In particular, the Listing Rules require the Company not to conduct any trading activity which is significant in the context of the Company as a whole and at all times to invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy.

As an investment trust, the Company aims to comply with section 1158 of the Corporation Tax Act 2010, which imposes on the Company an obligation to spread investment risk.

### **Leverage**

The AIFM is required by the AIFM Directive to set a maximum level of leverage which it may employ on behalf of the Company.

The AIFM Directive defines "leverage" as "any method by which the AIFM increases the exposure of an AIF it manages whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means". Leverage is expressed as the ratio of the AIF's "exposure" to its net asset value. For these purposes, the "exposure" of an AIF is calculated by a "gross" and a "commitment" method. Under each method, "exposure" is calculated by aggregating the values of all positions of the AIF. However, whereas the exposure of an AIF calculated in accordance with the "gross" method is the sum of the absolute value of all positions, the "commitment" method allows certain investment positions to be excluded from the calculation if these aim at offsetting some risk such as 'netting' and 'hedging' arrangements.

The maximum level of leverage which may be employed by the AIFM on behalf of the Company, where exposure is calculated in accordance with the gross method, is 250%.

The maximum level of leverage which may be employed by the AIFM on behalf of the Company, where exposure is calculated in accordance with the commitment method, is 250%.

The Company may use leverage in the form of borrowings.

In addition to the restrictions on the use of borrowings under the Company's articles of association and

investment policy (see above under “Investment policy”), the use of borrowings by the Company is restricted by the terms which it agrees with its lenders.

The Company has an £80 million facility provided by Citibank and Societe Generale (the “Facility”). Borrowings under the Facility may only be used by the Company for the purpose of making investments; purchasing its own shares (subject to shareholder authority); and paying fees, expenses, taxation and dividends of the Company.

Outstanding calls on the Company’s investments are not treated as exposure under the AIFM Directive and so are not included in the calculation of the Company’s leverage. Therefore, the Company’s over-commitment strategy (under which the Company expects outstanding calls on its investments to exceed its uninvested capital) does not of itself give rise to leverage for the purposes of the AIFM Directive, although borrowings made by the Company in implementing that strategy will do so.

Any changes to the maximum level of leverage that the AIFM may employ on behalf of the Company, and the total amount of leverage of the Company, will be disclosed at least annually in the Company’s annual report and financial statements or more frequently on the SLPET Website as required.

### **Changes to the Company’s investment policy**

As a closed-ended investment fund whose shares are admitted to the Official List under Chapter 15 of the Listing Rules, the Company is required to obtain the prior approval of its shareholders to any material change to its published investment policy. Accordingly, the Company will not make any material change to its published investment policy without the approval of its shareholders by ordinary resolution. The Company will announce any such change through a Regulatory Information Service. The Company's published investment policy is set out in the section entitled 'Investment policy' above.

Any change in investment strategy or investment policy which does not amount to a material change to its published investment policy may be made by the Company without shareholder approval.

## **ADMINISTRATION AND MANAGEMENT OF THE COMPANY**

### **General**

The Company has appointed a number of third party service providers. Each of these appointments is governed by a contract between the Company and the relevant service provider, the terms of which are enforceable by the Company. Shareholders in the Company will not generally have any direct rights against the Company’s service providers.

The Company incurs various management, administrative and other fees and expenses, including investment management fees, depositary and custody fees, audit fees, directors’ fees, regulatory fees and directors’ and officers’ liability insurance premiums. The levels of fees and expenses incurred by the Company in each financial year are disclosed to shareholders in the Company’s annual report and financial statements.

### **The AIFM**

The ‘alternative investment fund manager’ of the Company is SL Capital Partners LLP. The AIFM has not delegated any of its functions as AIFM of the Company.

The Company pays the AIFM a management fee of 0.95% per annum of shareholders’ funds. The fee is payable quarterly and is calculated on the basis of shareholders’ funds at the end of each quarter. No fee

is payable in respect of the Company's outstanding uncalled commitments to its portfolio funds.

Further details of the terms on which the AIFM has been appointed are set out in the Company's annual report and financial statements.

### **The Depositary**

The Company's depositary is IQ EQ Depositary Company (UK) Limited.

The principal duties of the Depositary are to provide independent oversight of the operation of the Company, ensure the safekeeping and administration of the Company's assets and monitor the Company's cashflows.

The Depositary does not delegate its safe-keeping function in relation to the Company's assets but may appoint sub-custodians to provide custody services.

The Depositary has not entered into any arrangement contractually to discharge itself of liability in accordance with Article 21(13) of the AIFM Directive. The Company will notify shareholders of any changes with respect to the discharge by the Depositary of its liability in accordance with Article 21(13) through a Regulatory Information Service.

The annual fee payable to the Depositary is calculated on the basis of 0.015% per annum of the Company's net asset value, subject to a minimum annual fee of £25,000 and a maximum fee of £50,000 per annum.

### **The Administrator**

IQ EQ Administration Services (UK) Ltd is the administrator of the Company. The administrative services provided to the Company by the administrator include fund accounting services and administration of the Company's bank accounts.

### **The Auditor**

The auditor of the Company is BDO LLP.

### **The Registrar**

The Company's registrar is Equiniti Limited. The duties of the registrar include the maintenance of the Company's shareholder register and the processing of share transfers.

### **The Company Secretary**

The Company Secretary is Aberdeen Asset Management PLC.

## SHAREHOLDER INFORMATION

### Annual Reports and Financial Statements

Copies of the Company's latest annual and interim reports may be accessed at the SLPET Website.

### Publication of net asset values

The latest net asset value of the Company is made available monthly through a Regulatory Information Service.

### Valuation Policy

Unquoted investments are valued at an estimate of fair value and follow the recommendations of the European and British Venture Capital Associations (the "EVCA" and "BVCA", respectively). The estimate of fair value is normally the latest valuation placed on a portfolio fund by its manager as at the balance sheet date. The valuation policies used by the manager in undertaking that valuation will generally be in line with the joint publication by the EVCA and the BVCA, 'International Private Equity and Venture Capital Valuation guidelines'. Where formal valuations are not completed as at the balance sheet date, the last available valuation from the fund manager is adjusted for any subsequent cashflows occurring between the valuation date and the balance sheet date. The AIFM may further adjust such valuations to reflect any changes in circumstances since the last manager's formal valuation date, in order to arrive at the estimate of fair value.

### Historical performance of the Company

Details of the Company's historical financial performance are provided in the Company's annual reports and financial statements and monthly factsheets, which are available at the SLPET Website.

**Investors should note that past performance of the Company and its investments is not necessarily indicative of future performance. Investors may not get back the amount invested.**

### Purchases and sales of shares by investors

The Company's shares are admitted to the Official List of the UKLA and to trading on the main market of the London Stock Exchange. Accordingly, the Company's shares may be purchased and sold on the main market of the London Stock Exchange.

New shares may not currently be issued by the Company. The Company's shares are not redeemable. While the Company will typically have shareholder authority to buy back shares, shareholders do not have the right to have their shares purchased by the Company.

### Fair treatment of investors

The legal and regulatory regime to which the Company and its directors are subject ensures the fair treatment of investors. The Listing Rules require that the Company treats all shareholders of the same class of shares equally.

In particular, as directors of a company incorporated in the United Kingdom, the directors of the Company have certain statutory duties under the Companies Act 2006 with which they must comply.

These include a duty upon each director to act in the way she or he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

No investor has a right to obtain preferential treatment in relation to their investment in the Company and the Company does not give preferential treatment to any investors.

The Company's ordinary shares rank equally in all respects.

## RISK FACTORS

**The following risks are those considered by the Company and the AIFM to be the material risks arising from the Company's investing activities but they are not the only risks relating to the Company or its shares. There may also be additional risks that the Company and the AIFM do not currently consider to be material or which are not presently known to them. Before investing in shares, potential investors should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser.**

**Market risk:** The Company is at risk of the economic cycle impacting the listed financial markets and hence potentially affecting the pricing of new underlying investments, the valuation of existing underlying investments and the price and timing of exits.

**Currency risk:** The Company makes fund commitments in currencies other than sterling and, accordingly, a significant proportion of its investments and cash balances are in currencies other than sterling. In addition, the Company's syndicated revolving credit facility is a multi-currency facility. Therefore, the Company's statement of financial position is sensitive to movements in foreign exchange rates.

**Over-commitment risk:** The Board has taken the decision to make commitments to new fund investments which are greater than the current cash and committed credit facilities. As private equity funds generally call monies over a five year period whilst they are making investments, the drawdowns for funds which are investing should be offset by the more mature funds which are realising their investments and distributing cash back to the Company.

**Liquidity risk:** The Company has significant investments in unquoted fund investments which are relatively illiquid. As a result, the Company may not be able to liquidate quickly its investments in these funds at an amount close to their fair value in order to meet its liquidity requirements, including the need to meet outstanding undrawn commitments.

**Credit risk:** Credit risk is the exposure to loss from failure of a counterparty to deliver securities or cash for acquisitions or disposals of investments or to repay deposits. The Company places funds with authorised deposit takers from time to time and, therefore, is potentially at risk from the failure of any such institution.

**Interest rate risk:** The Company will be affected by interest rate changes as it holds some interest bearing financial assets and liabilities. However, the majority of its financial assets are investments in private equity funds which are non-interest bearing. Interest rate movements may affect the level of income receivable on money market funds, cash deposits and interest payable on the Company's variable rate borrowings. Derivative contracts are not used to hedge against any exposure to interest rate risk.

**Details of the Company's key risks are also set out in the Company's annual report and financial statements, which may be accessed at the SLPET Website.**



## **RISK MANAGEMENT**

### **Risk profile**

The Company's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Company is exposed are those highlighted in the section entitled "Risk Factors" above: namely, market risk, currency risk, over-commitment risk, liquidity risk, credit risk and interest rate risk.

The AIFM assesses the sensitivity of the Company's portfolio to the most relevant risks to which the Company is or could be exposed on an ongoing basis.

The current risk profile of the Company will be disclosed periodically to investors by disclosure in the Company's annual report and financial statements or more frequently at the AIFM's discretion.

### **Risk management systems**

The Company's key risks are monitored by the AIFM on an ongoing basis and by the Board on a regular basis. The AIFM's investment review and monitoring process is used to identify and, where possible, reduce risk of loss of value in the Company's investments.

The risk management systems which the AIFM employs to manage the risks which are most relevant to the Company will be disclosed periodically to investors by disclosure in the Company's annual report and financial statements or more frequently at the AIFM's discretion.

### **Liquidity risk management**

The AIFM undertakes liquidity management procedures in relation to the Company which are intended to ensure that the Company's investment portfolio maintains a level of liquidity which is appropriate to the Company's obligations.

The Company's investment policy is to make ongoing commitments to private equity funds and co-investments, whereby distributions from the existing portfolio of investments are reinvested in new commitments. In determining the appropriate level of new commitments to be made, the AIFM performs detailed cashflow modelling based on the Company's existing unfunded commitments and projected drawdowns/distributions from the Company's existing investments. The model includes assumptions that are based on historic, current and anticipated levels of transaction activity and returns. These assumptions are assessed each time the model is updated, which is done on a quarterly basis. The modelling includes sensitivity analysis tests, whereby the assumptions are adjusted to stress-test the impact on the cashflow projections of a variety of different scenarios and market conditions.

The projected cashflows from the model generate the projected cash balances or net debt of the Company. Based on the cashflow projections, the AIFM proposes the level of new commitments for the Company. The cashflow projections and the proposed new commitments are discussed and agreed with the Board.

The liquidity management policy is reviewed and updated, as required, on at least an annual basis.

Investors will be notified, by way of a disclosure on the SLPET Website, in the event of any material changes being made to the liquidity management systems and procedures or where any new arrangements for managing the Company's liquidity are introduced.

Substantially all of the assets of the Company are illiquid assets. The Company will periodically disclose to investors the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature. The Company will make this disclosure in its annual report and financial statements or more frequently at its discretion.

**Professional negligence liability risks**

The AIFM maintains professional indemnity insurance as part of the Standard Life Aberdeen plc group arrangements and in addition the AIFM will maintain additional own funds, in liquid assets, equal to at least 0.01% of the value of fund portfolios it manages in order to cover potential liability risks arising from professional negligence.