ABERDEEN DIVERSIFIED INCOME AND GROWTH TRUST PLC

Legal Entity Identifier (LEI): 2138003QINEGCHYGW702

Information disclosed in accordance with Section 4.1.3 of the FCA's Disclosure Guidance and Transparency Rules ("DTR")

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

COMPANY OVERVIEW

FINANCIAL HIGHLIGHTS

Net asset value total return{AB}		**Share price total return{A}**	
2020	**-0.8%**	**2020**	**-10.6%**
2019	+1.1%	2019	-9.0%
Revenue return per share		**Dividend per share{C}**	
2020	5.58p	**2020**	5.44p
2019	5.68p	2019	5.36p
Ongoing charges{A}		**(Discount)/premium to net asset value (capital basis){AB}**	
2020	0.84%	**2020**	17.2%
2019	0.84%	2019	7.6%

{A} Considered to be an Alternative Performance Measure

{B} Debt at fair value.

{C} See note 9 to the financial statements.

CHAIRMAN'S STATEMENT

Highlights

- Covered dividend of 5.44 pence per share for the year, equating to a dividend yield of 5.9% as at the year end, further backed by two years' revenue reserves;

- An increased quarterly dividend of 1.38 pence per share expected for the year ending 30 September 2021 in accordance with the Company's commitment to a progressive dividend policy;

- Recent strategic review proposes amending the investment objective to focus on income and capital appreciation over the long term with private markets asset exposure increasing to around 55% over time as portfolio investments reach full drawdown and new opportunities are identified; and

- Over 73% of the expensive fixed rate debt, in the form of the 6.25% Bonds 2031, repaid after the year end, resulting in lower interest payments, improved cash flows, reduced gearing risk and more flexible capital management allowing for increased share buybacks.

I would like to start my Statement by saying that I hope that all of our shareholders and their families, as well as all those reading this Report, are safe and well in these very difficult times caused by the global pandemic. Despite the many challenges to our working life, Aberdeen Diversified Income and Growth Trust plc (the "Company" or "ADIG") has continued to operate as normal, albeit with everyone working from home. Sadly the world and the prospects for global economies that the former Chairman and the investment team discussed in last year's Annual Report are much changed. Given the substantial adjustments now required to global growth estimates, coupled with the Company's disappointing performance relative to its benchmark since the changes in March 2017, including the appointment of Aberdeen Standard Investments, the Board and the Manager have spent the past few months undertaking a comprehensive review of the Company's investment strategy and the ability to provide income and growth, as its name suggests.

This comprehensive review, which was completed after the year end of 30 September 2020, included an appraisal of the portfolio, how investment returns can be delivered within the parameters of the much changed outlook, how these returns are to be judged, as well as how to tackle the expensive £60 million of 6.25% Bonds dated 2031 (the "Bonds") which had 11 years left before redemption. The results of this review have produced clarity around the investment objective and the dividend policy, as well as a number of changes to the investment portfolio which are discussed below and in the Investment Manager's Report. Significantly, in early November, the Board was able to redeem 73.2% of the Bonds outstanding (see comment on Gearing) which has, at a stroke, substantially reduced the Company's borrowings, increased cash flow through reduced interest costs and increased capital management flexibility in respect of discount management.

Performance

Before discussing some of the key aspects of the strategic review, I will cover performance as it has clearly been another disappointing year in both absolute and relative terms. Over the year to 30 September 2020 the Company's net asset value ("NAV") per share with debt at fair value delivered -0.8% on a total return basis, with dividends reinvested, which compares to the return of +6.1% on the benchmark London Interbank Offered Rate ("LIBOR") plus 5.5%. Further detail on the reasons behind this performance is covered in the Investment Manager's Report, however it should be noted that it was a difficult period for most of the underlying asset classes in which the Company is invested with only global equities delivering returns ahead of the Company's benchmark. The MSCI World index in sterling terms rose by 6.8% driven largely by the strong performance from US equities which increased to 9.6% over the 12 months, which in turn was driven largely by the performance of technology companies. Meanwhile, UK equities fell sharply with the FTSE All-Share Index down by 16.5% over the year. The Company's shares performed poorly as the discount to NAV (with debt at fair value, capital basis) widened considerably from 7.6% to 17.2% with the result that shareholders' total return (share price with dividends reinvested) was -10.6%.

Strategy Review

As I mentioned above, the Board and the Manager have together conducted an extensive review of strategy to see how best to provide investors with growing income and capital that was expected when Aberdeen Standard Investments took on the mandate, in what is now an increasingly uncertain macro-economic environment. As a key part of this review, the Manager was asked to look at the portfolio's strategic asset allocation given the changed assumptions to long term returns and in light of the volatility experienced in the NAV during the year. Reflecting the revised investment assumptions, the Manager proposed the following changes: increasing Alternative and Private Markets' exposure, which will increase the available sources of return, diversify risk and reduce specific risk exposures where there was concentration risk (for example, in asset backed securities); and reducing Listed Equity exposure, but increasing its tilt to income. The Board has given its approval for these changes to take place, with the result that exposure to private markets investments will increase, on a fully committed basis, to around 55% of total assets over time. Prior to the strategic review, the exposure to unlisted investments was expected to extend to around 40% of the portfolio with the commitments then made. The unlisted investments provide exposure to an increasingly diverse range of assets with different return drivers. With earlier investments now reaching full maturity, and through the natural evolution of the portfolio, these will play an increasingly important element in the delivery of portfolio returns.

In reviewing the Investment Manager, the Board was keen to ensure that the Company benefited from the full resource of Aberdeen Standard Investments across both public and private markets as the portfolio evolves. With the greater focus on private markets investments, Nalaka De Silva, Aberdeen Standard Investments' Head of Private Markets Solutions, has assumed responsibility for the Company's asset allocation as portfolio manager and chair of the newly-formed ADIG Investment Committee. Its members cover the range of markets in which your Company invests. Nalaka has 18 years' experience in developing, implementing and managing strategies across the Public and Private Markets spectrum. This includes investments across Private Equity, Infrastructure, Real Estate, Natural Resources and Private Credit on a global basis and strategies designed around client outcomes of growth and income. Nalaka joined Aberdeen Standard Investments in 2012 following senior roles at Australian and European investment management firms.

Investment Objective

The starting point of the strategy review was how best to deliver the Company's investment objective. The investment objective referenced in the circular issued by the Company in March 2017 (the "Circular") was to target a total portfolio return of LIBOR plus 5.5% (net of fees) over rolling five-year periods. As mentioned in last year's Chairman's Statement, LIBOR is to be phased out in 2021 so, as part of the review, the Board has taken the opportunity to articulate the Company's investment objective around a statement which is clear and better reflects the underlying strategy. It will also remove the objective from being led by events beyond its control such as the very real prospect currently of negative interest rates or, at some future time, when interest rates revert to increasing. The Board has proposed that the investment objective should be: *The Company seeks to provide income and capital appreciation over the long term through investment in a globally diversified multi-asset portfolio.*

Alongside this objective, the Board in future will use a Total Return (defined as dividends + change in NAV) of 6% per annum over a rolling five year period against which to measure the returns from the portfolio. The Investment Manager believes that this total return is achievable based on their recent strategic asset allocation analysis and the proposed evolution of the portfolio. It is also consistent with the measure proposed in the Circular.

The Board is also proposing to amend the Company's investment policy to improve risk diversification; further details may be found in Overview of Strategy.

The Board will put forward these changes for approval by shareholders at the forthcoming Annual General Meeting ("AGM") to be held on 23 February 2021.

Earnings and Dividend
The Company's revenue return for the year ended 30 September 2020 was 5.58 pence per share. A number of listed alternative investment companies reduced their dividends in reaction to COVID-19, resulting in a modest decline compared to the prior year's revenue return of 5.68 pence per share.

In the private market investments, increased distributions from infrastructure investments ensured that revenues remained in excess of the total dividends paid to shareholders.

Three interim dividends of 1.36 pence per share were paid to shareholders on 27 March 2020, 10 July 2020 and 16 October 2020, respectively. The Board is declaring a fourth interim dividend of 1.36 pence per share to be paid on 22 January 2021 to shareholders on the register on 29 December 2020. The ex-dividend date is 24 December 2020. Total dividends for the year are 5.44 pence per share, 1.5% higher than the 5.36 pence per share paid in respect of the year ended 30 September 2019. After the payment of dividends during the year, £509,000 was added to the Company's revenue reserves.

A major component of the proposition to investors remains a dependable and regular dividend, which represented a dividend yield of 5.9% based on the year end share price of 91.50 pence. The Board is committed to a progressive dividend policy and confirmed, as part of the strategic review, its intention to continue to pay at least the current level of dividend. In addition, during the period when private markets' investments move increasingly towards making distributions, the Board is prepared to use its revenue reserves that have been built up by the Company over many years to support the dividend policy as required. These are the equivalent of two years of the present dividend which should give shareholders a level of comfort regarding regular income payments.

For the year to 30 September 2021, the Board currently intends to declare four quarterly dividends of 1.38 pence per share or 5.52p per share in total, which is equivalent to an increase of 1.5% on the 5.44p paid for the prior year. This compares to the latest Consumer Prices Inflation rate of 0.7%.

As in previous years, the Board intends to put to shareholders at the Annual General Meeting ("AGM") on 23 February 2021 a resolution in respect of its current policy to declare four interim dividends each year.

Gearing
As part of the strategic review the Board embarked on a public tender in October 2020 to redeem up to 75% of its legacy debt from its British Assets Trust days: £60 million 6.25% Bonds due 2031 (the "Bonds"). The Company received tenders from investors owning 73.2% of its Bonds. These tendered Bonds were duly repurchased and cancelled on 2 November 2020 leaving £16,096,000 nominal of the Bonds outstanding (see note 24 to the financial statements for further information). The Company's structural gearing is now substantially reduced and cash flow is increased as the repurchase will immediately reduce the annual interest cost payable by the Company by £2.7 million. Finally, the repurchase provides the Company with more flexibility in respect of discount management, including share buybacks. The Board and the Manager will continue to keep the overall level of gearing under review. However, in the prevailing economic environment, there is no current intention to introduce further fixed rate gearing.

The repurchase of the Bonds was financed by the sale of assets from the portfolio. However the requirement to raise cash to purchase the Bonds coincided with the portfolio review and the subsequent re-allocation of assets so the Investment Manager was able to undertake the exercise with minimal disruption to the balance of the portfolio.

Discount Management
During the year ended 30 September 2020, the shares performed poorly relative to the NAV return with the result that the discount to NAV moved from 7.6% to 17.2% (all figures calculated with debt at fair value and excluding income). The Board is very much aware that this level of discount is inconsistent with the previously stated policy which is to seek to maintain the Company's share price discount to NAV (excluding income, with debt at fair value) at less than 5%, subject to normal market conditions. Whilst the latter half of the year under review cannot be regarded as 'normal market conditions' given the extraordinary uncertainties relating to COVID-19, it does not fully excuse the wide discount that prevailed at the end of September 2020. Through the year, the Company remained committed to buying-back shares and a total of 5.65 million shares were repurchased for a value of £5.7 million. The Board, however, feels that in order for the share buy-back to be truly effective performance improvement from the portfolio is an absolute priority, so it will continue to make some allowances for both market conditions and the changes to the portfolio that are set out in this Report.

As at the latest practicable date prior to approval of this Report, 15 December 2020, it is pleasing to report that the discount to NAV had narrowed to 13.7% (all figures calculated with debt at fair value and excluding income).

Board Review
During the year the Board engaged an external consultant to undertake an evaluation of the Board, its committees and individual Directors. Assessments were undertaken by each Director and then discussed by the Board. The evaluation has helped confirm that the Company's Board has in place an appropriate balance of experience, skills, corporate knowledge and diversity.

Annual General Meeting
This year's AGM, which is scheduled to be held at the Manager's offices at Bow Bells House, 1 Bread Street, London EC4M 9HH from 12.30 p.m. on Tuesday 23 February 2021, was due to provide shareholders with an opportunity to receive a presentation from the Investment Manager and to ask any questions that they may have.

The Board has been considering how best to deal with the potential impact of COVID-19 on arrangements for the Company's AGM. The Company is required by law to hold an AGM and the Board had been working on the basis that the Company's AGM would be held in its usual format. However, given the possibility that some measure of restriction on public gatherings and maintaining social distancing may still remain in place in February, the Board has resolved to amend the format of the AGM for this year. Therefore, whilst the formal business of the AGM will be considered, the meeting will be functional only and will follow the minimum legal requirements for an AGM. It is not practical to offer either a physical presentation from the Investment Manager or refreshments, I am sorry to say. If the guidance on public gatherings remains in place in February, shareholders are strongly discouraged from attending the meeting and indeed entry may be refused if the law and/or Government guidance so requires. In such circumstances, arrangements will be made by the Company to ensure that the minimum number of shareholders required to form a quorum will attend the meeting in order that the meeting may proceed and the business concluded. The Board considers these revised arrangements to be in the best interests of the wellbeing of shareholders in the current circumstances.

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

In light of the continuing impact of the pandemic and the revised format of the meeting, shareholders are encouraged to raise any questions in advance of the AGM by email to the Company Secretary at diversified.income@aberdeenstandard.com. Questions must be received by 5.00 p.m. on 9 February 2021. Any questions received will be responded to by either the Manager or the Board via the Company Secretary.

Given the uncertainty of government guidance on COVID-19, the Company will continue to keep arrangements for the AGM under review and it is possible these will need to change. We will keep shareholders updated of any changes through the Company's website (aberdeendiversified.co.uk) and announcements to the London Stock Exchange. I trust that shareholders will be understanding of this approach.

The formal Notice of AGM, which may be found in the published Annual Report, includes Resolution 11 relating to the continuation of the Company. The Board encourages shareholders to vote in favour of the Company's continuation to allow time for the Investment Manager's changes in strategy to deliver on the investment objective of providing income and capital appreciation over the long term through investment in a globally diversified multi-asset portfolio.

Action to be Taken
The Board strongly encourages all shareholders to exercise their votes in respect of the meeting in advance by completing the enclosed Form of Proxy, or Letter of Direction for those who hold shares through the Aberdeen

Standard Investments savings plans. This should ensure that your votes are registered in the event that physical attendance at the AGM is not possible or restricted.

Shareholders will find enclosed with this Annual Report a Form of Proxy for use in relation to the AGM. Whether or not you propose to attend the AGM, you are encouraged to complete the Form of Proxy in accordance with the instructions printed on it and return it in the prepaid envelope as soon as possible but in any event so that it is received no later than 12.30 p.m. on 19 February 2021.

If you hold your shares in the Company via a share plan or a platform and would like to attend and/or vote at the AGM, then you will need to make arrangements with the administrator of your share plan or platform. For this purpose, investors who hold their shares in the Company via the Aberdeen Standard Investments' Plan for Children, the Aberdeen Standard Investments' Share Plan and/or the Aberdeen Standard Investment Trust ISA will find a Letter of Direction enclosed. Shareholders are encouraged to complete and return the Letter of Direction in accordance with the instructions printed thereon.

Further details on how to attend and vote at Company Meetings for holders of shares via share plans and platforms can be found at: theaic.co.uk/shareholder-voting-consumer-platforms

Conclusion

The short and medium term outlook, for both the UK and global economies, will continue to be dictated by the effects of COVID-19, the efficacy and delivery of reported vaccines and the road to recovery. It is clear that the economic cost has been severe. Moreover, it is apparent now that COVID-19 will continue to impact economic growth and companies' profits well beyond this immediate period. The UK economic outlook faces additional uncertainty following the UK's departure from the EU on 31 December 2020.

In view of this, the Board believes that the Company's revised investment strategy, which provides diversified global sources of return and seeks lower volatility, should stand it in good stead in view of uncertainty. The Board, together with the Investment Manager, continues to review positioning of the underlying asset classes on a regular basis.

Understandably, during these difficult times for investors, consistent income from an investment in a company like this is very important. One advantage of the closed-ended investment trust structure is the nature of revenue reserves that have been built up over time. This will be an increasingly important differentiator for investors relying on dividend payments from UK companies and beyond. The Company's revenue reserves provide a level of reassurance from an income perspective. In addition, the strategic review that has been undertaken, together with the Bonds' repurchase, allows for more flexibility and the evolution of the portfolio in the delivery of the proposed new investment objective.

Davina Walter
Chairman

16 December 2020

STRATEGIC REPORT – OVERVIEW OF STRATEGY

Investment Proposition

The Company is an investment trust governed by a Board of Directors with its Ordinary shares listed on the premium segment of the London Stock Exchange. It outsources its investment management and administration to an investment management group, Standard Life Aberdeen plc, and other third party providers. The Company does not have a fixed life, but a resolution on whether the Company should continue is put to shareholders at each Annual General Meeting.

The Company invests globally using a flexible multi-asset approach via quoted and unlisted (private markets) investments providing shareholders with access to the kind of diversified portfolio held by large, sophisticated global investors.

It offers an attractive investment proposition characterised by:

- a genuinely diversified portfolio with access to a wide selection of alternative asset classes;
- an attractive income with the potential to grow;
- volatility around half that of equities; and

- the broad expertise of Aberdeen Standard Investments.

An appropriate spread of risk is sought by investing in a diversified portfolio of securities and other assets with no set maximum or minimum exposures to any geographical regions or sectors. This includes, but is not limited to:

- equity driven assets, comprising developed equity, emerging market equity and private equity;
- alternative diversifying assets including, but not limited to, high yield bonds and loans, emerging market debt, alternative financing, asset backed securities, property, social, economic, regulated and renewable infrastructure, commodities, absolute return investments, insurance linked, farmland and aircraft leasing; and
- low return assets such as gold, government bonds, investment grade credit and tail risk hedging.

Asset allocation is flexible allowing investment in the most attractive investment opportunities at any point in time whilst always maintaining a diversified portfolio. The Company leverages off the spread of capabilities and experience within Aberdeen Standard Investments and may invest in funds managed by the Manager where such allocation can offer requisite exposure to certain alternative asset classes in a cost effective manner.

Further to a review undertaken by the Board, the Manager has evolved its investment approach to meet the requirements of the proposed new investment objective (see below). This will involve extending the proportion of private markets investments in the portfolio with new vehicles being introduced. The portfolio will also adopt a core-satellite approach (see the Investment Manager's Report for further information). These changes are designed to bolster the portfolio's resilience in case of economic or market volatility while delivering on the new investment objective.

Investment Objective and Proposed Amendment
The Company targets a total portfolio return of LIBOR plus 5.5% per annum (net of fees) over rolling five-year periods.

In line with the Financial Conduct Authority's requirement for the phasing out of LIBOR by late 2021, the Company is required therefore to amend its investment objective wording. The Company is seeking approval from shareholders at the forthcoming AGM to amend the investment objective to:

"The Company seeks to provide income and capital appreciation over the long term through investment in a globally diversified multi-asset portfolio."

Investment Policy and Proposed Amendment
The Company has the following investment restrictions, at the time of investment, which the Manager must adhere to:
- no individual quoted company or transferable security exposure in the portfolio may exceed 15% of the Company's total assets, other than in treasuries and gilts;
- no other individual asset in the portfolio (including property, infrastructure, private equity, commodities and other alternative assets) may exceed 5% of the Company's total assets;
- the Company will not normally invest more than 5% of its total assets in the unlisted securities issued by any individual company; and
- no more than 15% of the Company's total assets may be invested in an individual regulated pooled investment fund, with the exception of a global equity UCITS pooled fund which may be no more than 35% of the Company's total assets. In aggregate the largest three investments in regulated pooled funds will not comprise more than 60% of the Company's total assets.

The Company may invest in exchange-traded funds provided they are quoted on a recognised investment exchange. The Company may invest in cash and cash equivalents including money market funds, treasuries and gilts.

No more than 10% of the Company's total assets may be invested in other listed closed-ended investment companies. This restriction does not apply to investments in any such listed closed-ended investment companies which themselves have published investment policies to invest no more than 15% of their total assets in other closed-ended investment companies.

The Company may use derivatives to enhance portfolio returns (of a capital or income nature) and for efficient portfolio management, that is, to reduce, transfer or eliminate risk in its investments, including protection against currency risks, or to gain exposure to a specific market.

The Company may use gearing, in the form of borrowings and derivatives, to enhance income and capital returns over the long term. The borrowings may be in sterling or other currencies. The Company's articles of association contain a borrowing limit equal to the value of its adjusted total of capital and reserves. However, borrowings would not normally be expected to exceed 20% of shareholders' funds. Total gearing, including net derivative exposure, would not normally be expected to result in a net economic equity exposure in excess of 120%.

The Company may invest in funds managed by the Manager.

Proposed Amendment to Investment Policy
Alongside the proposed change to the Investment Objective outlined above, the Board is taking the opportunity to change the investment policy by amending the fourth investment limit.

The first part of the investment limit will be retained "*no more than 15% of the Company's total assets may be invested in an individual regulated pooled investment fund*" and the current exception to this limit removed: "*with the exception of a global equity UCITS pooled fund which may be no more than 35% of the Company's total assets. In aggregate the largest three investments in regulated pooled funds will not comprise more than 60% of the Company's total assets*" (the "Exception Wording").

The Board believes the Exception Wording should be deleted as:

- it was inserted when the portfolio was migrated to the Manager in March 2017 and, following the strategic review, there is no intention to use a global equity UCITS pooled fund to hold more than 15% of the Company's total assets while, in aggregate, the largest three investments in regulated pooled funds will not comprise more than 60% of total assets;
- by removing the Exception Wording the potential risk diversification of the portfolio is increased.

The Board is seeking shareholder approval to this amendment under Resolution 12 in the Notice of Annual General Meeting.

Risk Diversification
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.

Management and Delivery of 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 to Aberdeen Standard Fund Managers Limited ("ASFML", the "AIFM" or the "Manager"). In turn, the investment management of the Company has been delegated by ASFML to Aberdeen Asset Managers Limited ("AAML" or the "Investment Manager"). Both companies are subsidiaries of Standard Life Aberdeen plc whose investment businesses operate under the brand of Aberdeen Standard Investments.

Investment Process
The Investment Manager believes that many investors could materially improve their long-run returns and/or reduce risk by having a more diversified portfolio. The Investment Manager's aim is to build a genuinely diversified portfolio consisting of a wide range of assets, each with clear, fundamental performance drivers that will deliver an attractive return for the Company's shareholders. The Investment Manager engages all of its research capabilities, including specialist macro and asset class researchers, to identify appropriate investments. The approach, which incorporates a robust risk framework, is not constrained by a benchmark mix of assets. This flexibility ensures that the Investment Manager does not feel compelled to invest shareholders' capital in investments which they believe to be unattractive.

The Company's portfolio consists of investments from the widest range of asset classes and may include equity-focused investments, alternative diversifying assets (including, but not limited to, high yield bonds and loans, emerging market debt, asset backed securities, property, infrastructure, commodities, absolute return investments, insurance linked, farmland, royalty-based investments and aircraft leasing) and low return assets such as gold, investment grade credit, tail risk hedging and government bonds. Detailed investment research (including operational due diligence for unlisted funds managed by third parties) is carried out on each potential opportunity by specialist teams within the Investment Manager (see the Investment Manager's Report for further information).

The weighting ascribed to each investment in the portfolio reflects the perceived attractiveness of the investment case, including the contribution to portfolio diversification. The Investment Manager also ensures that the weighting is in keeping with their overall strategic framework for the portfolio based on the return and valuation analysis of the Investment Manager's Research Institute. The fundamental and valuation drivers of each investment are reviewed on an ongoing basis.

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 its progress in pursuing its investment policy. The primary KPIs are shown in the table below.

KPI	Description
Investment performance	The Board reviews the performance of the portfolio as well as the net asset value and share price for the Company over a range of time periods and compares this to the return on the Company's current target of LIBOR plus 5.5% per annum over rolling five-year periods. The Board also reviews NAV and share price performance in comparison to the performance of competitors in the Company's chosen peer group. The Board also monitors the Company's income yield and compares this to the yield generated by competitors in the Company's peer group. The Board reviews the sustainability of the Company's dividend policy and regularly reviews revenue forecasts and analysis provided by the Investment Manager on the sources of portfolio income in order to monitor the extent to which dividends are covered by revenue. The Company's performance returns may be found above.
Premium/discount to net asset value ("NAV")	The Board monitors the level of the Company's premium or discount to NAV and considers strategies for managing this. Subject to normal market conditions, the prevailing gearing level and the composition of the investment portfolio, the Company seeks to maintain its share price discount to NAV per share (calculated excluding income with debt at fair value) at less than 5%, by repurchasing Ordinary shares in the market. In addition, the Company has adopted a formal policy for the issuance of new shares and/or the sale of shares from treasury to meet demand for shares in the market where the Company's share price is trading at a minimum premium to its net asset value per share (calculated including income, with debt at fair value).
Ongoing charges	The ongoing charges ratio has been calculated in accordance with guidance issued by the Association of Investment Companies (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. The Board reviews the ongoing charges and monitors the expenses incurred by the Company. The Company's ongoing charges for the year, and the previous year, are disclosed above.

Principal Risks and Uncertainties

The Board has in place a robust process to assess and monitor the principal and emerging risks of the Company. A core element of this is the Company's risk controls self-assessment ("RCSA"), which identifies the risks facing the Company and assesses the likelihood and potential impact of each risk and the quality of the controls operating to mitigate the risk. A residual risk rating is then calculated for each risk based on the outcome of this assessment and plotted on a risk heat-map. This approach allows the effect of any mitigating procedures to be reflected in the final assessment.

The RCSA, its method of preparation and the operation of the key controls in the Manager's and third party service providers' systems of internal control are reviewed on a regular basis by the Audit Committee. In order to gain a more comprehensive understanding of the Manager's and other third party service providers' risk management processes and how these apply to the Company's business, the Manager's internal audit department presents to the Audit Committee setting out the results of testing performed in relation to the Manager's internal control processes. The Audit Committee also periodically receives presentations from the Manager's compliance, internal audit and business risk teams, and reviews ISAE3402 reports from the Manager and from the Company's Depositary (The Bank of New York Mellon (International) Limited). The custodian is appointed by the Company's Depositary and does not have a direct contractual relationship with the Company.

The Board has carried out a robust assessment of these risks, which include those that would threaten its business model, future performance, solvency or liquidity. The Board is confident that the procedures which the Company has in place are sufficient to ensure that the necessary monitoring of risks and controls has been carried out throughout the year ended 30 September 2020.

The key, principal uncertainty for the Company emerging during the Company's financial year was the outbreak of COVID-19 which caused significant economic disruption and contributed to global stock market volatility. The longer term effects of COVID-19 are as yet unknown. The Manager, on behalf of the Board, sought assurances from the Company's key service providers, as well as from its own operations, that they had invoked business continuity procedures and appropriate contingency arrangements to ensure that they remain able to meet their contractual obligations to the Company.

In carrying out the assessment, the Board also considered the uncertainty arising from the end of the transition period on 31 December 2020 for the UK leaving the EU ("Brexit"). Overall, the Board does not expect the Company's business model, over the longer term, to be materially affected by Brexit.

Risk	Mitigating Action
Performance risk The Board is responsible for determining the investment policy to fulfil the Company's objectives and for monitoring the performance of the Company's Investment Manager and the strategy adopted. An inappropriate policy or strategy may lead to poor performance, dissatisfied shareholders and a lower premium or higher discount. The Company may invest in unlisted alternative investments (such as litigation finance, healthcare, insurance linked securities, infrastructure, private equity and trade finance). These types of investments are expected to have a different risk and return profile to the rest of the Company's investment portfolio. They may be relatively illiquid and it may be difficult for the Company to realise these investments over a short time period, which may have a negative impact on performance. The risk posed by COVID-19, in driving stock market volatility and uncertainty, is currently considered to be particularly heightened. This emerged in the middle of the year under review and is likely to remain for the foreseeable future.	To manage these risks the Board regularly reviews the Company's investment mandate and long term strategy at each Board meeting, and has in place appropriate limits over levels of unlisted alternative assets and gearing. Following a recent strategic review undertaken by the Board, around 55% of the Company's total assets, at the time of investment, may be invested in aggregate in unlisted alternative assets. The Investment Manager provides the Board with an explanation of significant investment decisions, the rationale for the composition of the investment portfolio and movements in the level of gearing. The Board monitors the maintenance of an adequate spread of investments in order to minimise the risks associated with particular countries or factors specific to particular sectors, based on the diversification requirements inherent in the Company's investment policy.
Portfolio risk Risk analysis for a multi-asset portfolio needs to consider the interaction of asset classes and how these might correlate, or offset each other, under various scenarios.	The Board employs several strategies to monitor and assess that portfolio risk is appropriate. These include regular analysis of various risk metrics including asset class risk attribution, asset class returns and contributions to performance, particularly in periods of equity market stress, and how the current portfolio would perform in various forward-looking and historical scenarios.

Risk	Mitigating Action
Gearing risk The Company has the authority to borrow money or increase levels of market exposure through the use of derivatives and may do when the Investment Manager is confident that market conditions and opportunities exist to enhance investment returns. However, if the investments fall in value, any borrowings will magnify the extent of this loss.	All borrowings require the approval of the Board and gearing levels are reviewed regularly by the Board and the Investment Manager. Borrowings (including the Bond) would not normally be expected to exceed 20% of shareholders' funds. Total gearing, including net derivative exposure, would not normally be expected to result in net economic equity exposure in excess of 120%.
Income/dividend risk The amount of dividends will depend on the Company's underlying portfolio. Any change in the tax treatment of the dividends or interest received by the Company (including as a result of withholding taxes or exchange controls imposed by jurisdictions in which the Company invests) may reduce the level of earnings available for distribution to shareholders.	The Board monitors this risk through the receipt of detailed income forecasts and considers the level of income at each meeting.
Regulatory risk The Company operates as an investment trust in accordance with Chapter 4 of Part 24 of the Corporation Tax Act 2010. As such, the Company is exempt from capital gains tax on the profits realised from the sale of its investments. Following authorisation under the Alternative Investment Fund Managers Directive ("AIFMD"), the Company and its appointed AIFM are subject to the risk that the requirements of this Directive are not correctly complied with.	The Investment Manager monitors investment movements, the level and type of forecast income and expenditure and the amount of proposed dividends, if any, to ensure that the provisions of Chapter 4 of Part 24 of the Corporation Tax Act 2010 are not breached and the results are reported to the Board at each meeting. The Board and the AIFM also monitor changes in government policy and legislation which may have an impact on the Company.
Operational risk In common with most other investment trust companies, the Company has no employees. The Company therefore relies upon the services provided by third parties and is dependent on the control systems of the Manager and the Depositary.	The security of the Company's assets, dealing procedures, accounting records and maintenance of regulatory and legal requirements depend on the effective operation of these systems in place with third parties. These systems are regularly tested and monitored throughout the year through their industry-standard controls reports which provide assurance on the effective operation of internal controls. The controls reports are assessed independently by their reporting accountants.

Risk	Mitigating Action
Market risk Market risk arises from volatility in the prices or valuation of the Company's investments. It represents the potential loss the Company might suffer through holding investments in the face of negative market movements. The Company invests in global assets across a range of countries and changes in general economic and market conditions in certain countries, such as interest rates, exchange rates, rates of inflation, industry conditions, competition, political events and trends, tax laws, national and international conflicts, economic sanctions and other factors can also substantially and adversely affect the securities and, as a consequence, the Company's prospects and share price.	The Board considers the diversification of the portfolio, asset allocation, stock selection, unlisted investments and levels of gearing on a regular basis and has set investment restrictions and guidelines which are monitored and reported on by the Investment Manager. The Board monitors the implementation and results of the investment process with the Investment Manager.
Financial risks The Company's investment activities expose it to a variety of financial risks which include foreign currency risk and interest rate risk.	Further details are disclosed in note 18 to the financial statements, together with a summary of the policies for managing these risks.

The Board regularly reviews emerging risks facing the Company, which are identified by a variety of means, including advice from the Company's professional advisors, the AIC, and Directors' knowledge of markets, changes and events. A failure to have in place appropriate procedures to assist in identifying emerging risks may cause reactive actions and, in the worst case, could cause the Company to become unviable or otherwise fail. During the year, the most prominent risk which emerged was COVID-19 which is considered above, under Performance Risk and is also covered in the Chairman's Statement.

The principal risks associated with an investment in the Company's shares can be found in the pre-investment disclosure document ("PIDD") published by the AIFM, which is available from the Company's website: aberdeendiversified.co.uk.

Gearing

As at 30 September 2020, the Company had in place structural gearing in the form of its Bonds. 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 20% of the net asset value at the time of draw down. The Board monitors the gearing position regularly and considers alternative financing options. See note 24 to the financial statements, 'Subsequent Events', for further information on the nominal amount of the Bonds following a partial repurchase in November 2020.

Board Diversity

The Board recognises the benefits, and is supportive, of diversity and the importance of having a range of skilled, experienced individuals with relevant knowledge in order to allow it to fulfil its obligations.

Promoting the Company

The Board recognises the importance of promoting the Company to prospective investors both for improving liquidity and enhancing the value and rating of the Company's shares. The Board believes an effective way to achieve this is through subscription to, and participation in, the promotional programme (the "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. Aberdeen Standard Investments regularly reports to the Board giving analysis of the Programme as well as updates on the shareholder register and any changes in the composition of that register. In addition, the Board has approved additional bespoke promotional activities by the Manager focusing on specific initiatives.

The purpose of the Programme 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 and therefore the Company also supports the Aberdeen Standard Investments' investor relations programme which involves regional roadshows, promotional and public relations campaigns.

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

Socially Responsible Investment Policy
The Directors review the Manager's policy that encourages companies in which investments are made to adhere to best practice in the area of corporate governance and socially responsible investing. They believe that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in both areas. The Manager's ultimate objective, however, is to deliver superior investment returns for its clients. Accordingly, whilst the Manager will seek to favour companies which pursue best practice in these areas, this should not be to the detriment of the return on the investment portfolio. Further details on the Manager's Environmental, Social and Governance ("ESG") engagement process, including a case study, can be found in the published Annual Report.

UK Stewardship Code and Proxy Voting as an Institutional Shareholder
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 full text of the Company's response to the FRC's Stewardship Code may be found on its website.

Modern Slavery Act
Due to the nature of the Company's business, being an investment company that does not offer goods and services to customers, the Board considers that it is not within the scope of the Modern Slavery Act 2015 because it has no turnover. The Company is therefore not required to make a slavery and human trafficking statement. In addition, 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.

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. However, at the portfolio level, the Manager engages on environmental issues with underlying investments as part of its ESG policy.

Viability Statement
In accordance with the provisions of the UKLA's Listing Rules and the FRC's UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the 12 months required by the "Going Concern" provision. The Board conducted this review for the period up to the AGM in 2026, being a five year period from the date of shareholders' approval of this Report. The five year review period was selected because it is aligned with the medium term performance period of five years over which the Company is assessed in its objective of target returns, net of fees, of LIBOR plus 5.5% per annum over rolling five-year periods. The Board considers that this period, which is equally applicable to the Company's proposed new investment objective as outlined in the Chairman's Statement, reflects a balance between looking out over a long term horizon and the inherent uncertainties of looking out further than five years.

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

- the principal risks and uncertainties and the steps taken to mitigate these risks;
- the relevance of the Company's investment objective and investment policy, especially in the current low yield environment, which targets a truly diversified multi-asset approach to generate highly attractive long-term income and capital returns;
- a material proportion of the Company's investment portfolio is invested in securities which are realisable within a short timescale;
- the Company's reduced cash outflows due to lower interest payments following the repurchase of the Bonds;
- the level of share buy backs carried out during the year;
- the annual continuation vote to be put to shareholders at the AGM on 23 February 2021; and
- the level of demand for the Company's shares.

The Directors also recognised, post year end, the reduction in the Company's gearing and lower cash outflows in terms of lower interest costs on the Bonds, both associated with the partial repurchase of the Company's Bonds.
The five-year review considers the Company's cash flow, cash distributions and other key financial ratios over the period. The five-year review also makes certain assumptions about the normal level of expenditure likely to occur and considers the impact on the financing facilities of the Company. Whilst the financial statements have been

prepared on a going concern basis, there is a material uncertainty in respect of the passing of the continuation vote given the factors described in note 2 (a) to the financial statements.

In making this assessment, the Board has considered in particular the potential short and longer term impact of COVID-19, in the form of a large economic shock, a period of increased stock market volatility and/or markets at depressed levels, a significant reduction in the liquidity of the portfolio or changes in investor sentiment or regulation, and how these factors might affect the Company's prospects and viability in the future. The Board undertook scenario analysis in reaching its conclusions, but recognised that the Company's operating expenses are significantly lower than its total income.

The Board has also considered a number of financial metrics, including:

- the level of current and historic ongoing charges incurred by the Company;
- the share price premium or discount to NAV;
- the level of income generated by the Company;
- future income forecasts; and
- the liquidity of the Company's portfolio.

Considering the liquidity of the portfolio and the largely fixed overheads which comprise a small percentage of net assets, the Board has concluded that, even in exceptionally stressed operating conditions, the Company would be able to meet its ongoing operating costs as they fall due.

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, subject to shareholders' approval of the continuation vote at each AGM.

Outlook
The Board's view on the general outlook for the Company can be found in the Chairman's Statement under "Conclusion" while the Investment Manager's views on the outlook for the portfolio are included in its report.

On behalf of the Board
Davina Walter
Chairman

16 December 2020

PROMOTING THE SUCCESS OF THE COMPANY

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

The Board's philosophy is that the Company should operate in a transparent culture where all parties are treated with respect as well as 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 operates at its regular meetings and receives regular reporting and feedback from the key service providers.

The Company's main stakeholders are its shareholders, the Manager, investee companies and funds, service providers and the holders of the Company's Bonds.

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 the Board Engages
Shareholders	Shareholders are key stakeholders and the Board places great importance on communication with them, regularly meeting, in the absence of the Manager, with current and prospective shareholders to discuss performance and to receive shareholder feedback. The Board welcomes all shareholders' views and aims to act fairly between all shareholders. Regular updates are provided to shareholders through the Annual Report, Half Yearly Report, Manager's monthly factsheets, company announcements, including daily net asset value announcements, and the Company's website. The Company's AGM normally provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Manager. The Chairman's Statement sets out the particular arrangements which the Company requires to adopt for the next AGM in light of COVID-19, and includes details of how Shareholders may submit questions to the Board and Manager in advance of the AGM.
Manager	The Investment Manager's Report 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 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.
Investee Companies and Funds	Responsibility for actively monitoring the activities of investee companies and funds 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 Investment 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 voting issues. The Board and Manager are committed to investing in a responsible manner and the Investment Manager integrates environmental, social and governance considerations into its research and analysis as part of the investment decision-making process. Through engagement and exercising voting rights, the Investment Manager actively works with companies to improve corporate standards, transparency and accountability.
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 Audit 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.
Debt Providers	On behalf of the Board, the Manager maintains a positive working relationship with Law Debenture Trust p.l.c. as trustee on behalf of the holders of the Company's Bonds, ensuring compliance with its covenants.

Specific Examples of Stakeholder Consideration During the Year
While the importance of giving due consideration to the Company's stakeholders is not new, and is considered as part of every Board decision, the Directors were particularly mindful of stakeholder considerations during the following decisions undertaken during the year ended 30 September 2020.

Review of Company's strategy and Bonds
The Board continues to evolve its strategy to ensure that the investment proposition is delivered to shareholders and other stakeholders in line with their expectations. As a result, the Company engaged in a strategic review

during September and October 2020. Subsequently, the Company announced on 2 November 2020 that it had bought back a total of £43.9m of its Bonds. Further information may be found in the Chairman's Statement and in note 24 to the Financial Statements.

Independent evaluation of the Board
During July 2020, the Company engaged Lintstock Ltd to undertake an independent external evaluation of the Board. Further information may be found in the Directors' Report.

Response to COVID-19
In response to the emergence of COVID-19 in March 2020, the Company sought and received more regular reporting from the Manager on its own operations, and via the Manager on the other key service providers to the Company, that each continued to be able to meet its obligations to the Company. Further information may be found in Principal Risks and Uncertainties.

STRATEGIC REPORT

HIGHLIGHTS, PERFORMANCE AND RESULTS

	2020	2019	% change
Total assets less current liabilities (before deducting prior charges)	£445,770,000	£473,182,000	-5.8
Equity shareholders' funds (Net Assets)	£386,230,000	£413,679,000	-6.6
Market capitalisation	£290,357,000	£348,820,000	-16.8
Ordinary share price (mid market)	91.50p	108.00p	-15.3
Net asset value per Ordinary share (debt at fair value)(capital basis){AB}	110.51p	116.85p	-5.4
Discount to net asset value on Ordinary shares (debt at fair value)(capital basis){AB}	(17.2%)	(7.6%)	
Net asset value per Ordinary share (debt at fair value)	113.40p	119.90p	-5.4
Gearing (ratio of borrowings less cash to shareholders' funds)			
Net gearing (debt at par value){A}	10.7%	12.5%	
Net gearing (debt at fair value){AB}	18.8%	20.2%	
Dividends and earnings per Ordinary share			
Revenue return per share	5.58p	5.68p	-1.7
Dividends per share{C}	5.44p	5.36p	+1.5
Dividend cover (including proposed fourth interim dividend){A}	1.03	1.06	
Revenue reserves{D}	£42,142,000	£41,633,000	+1.2
Ongoing charges{A}	0.84%	0.84%	

{A} Considered to be an Alternative Performance Measure. Details of the calculation can be found below.
{B} Fair value of 6.25% Bonds 2031 £85,925,000 (2019 - £85,926,000).
{C} The figure for dividends per share reflects the years to which their declaration relates (see note 9).
{D} The revenue reserve figure does not take account of the third and fourth interim dividends paid after the year end amounting to £4,317,000 and £4,262,000 respectively (2019 - £4,342,000 and £4,300,000).

PERFORMANCE - TOTAL RETURN{A}

	31 March 2017{B} - 30 September 2020 % return	1 year % return	3 years % return	5 years % return
Net asset value - debt at par{A}	+7.6	-0.7	+4.2	+11.6

Net asset value - debt at fair value{A}	+7.6	-0.8	+2.7	+9.8
LIBOR +5.5%	+23.3	+6.1	+19.8	+34.7
Share price{A}	-6.2	-10.6	-12.3	-9.7

{A} Considered to be an Alternative Performance Measure. Total return represents the capital return plus dividends reinvested. Further details can be found below

{B} Change of Investment Objective and Investment Policy on 31 March 2017.

Source: Aberdeen Standard Investments, Morningstar and Lipper.

TEN YEAR FINANCIAL RECORD

Year to 30 September	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total revenue (£'000)	19,166	21,887	22,382	23,608	23,120	23,265	17,961	23,262	22,106	20,783
Per Ordinary share (p)										
Net revenue return	5.7	6.6	6.6	7.0	7.1	7.6	5.3	6.2	5.7	5.6
Total return	(5.8)	19.6	19.3	9.3	(4.5)	1.3	8.0	2.8	2.6	(1.4)
Net dividends payable	6.112	6.112	6.252	6.44	6.54	6.54	5.89	5.24	5.36	5.44
Net asset value per Ordinary share (p)										
Debt at par value	117.9	131.4	144.5	147.5	136.6	131.6	132.7	130.3	128.1	121.7
Debt at fair value	114.8	125.1	139.3	143.3	131.0	123.6	126.4	124.2	119.9	113.4
Equity shareholders' funds (£'000)	343,293	382,535	418,345	426,865	374,832	351,521	436,767	428,129	413,679	386,230

DIVIDENDS

	Rate	xd date	Record date	Payment date
First interim 2020	1.36p	5 March 2020	6 March 2020	27 March 2020
Second interim 2020	1.36p	18 June 2020	19 June 2020	10 July 2020
Third interim 2020	1.36p	24 September 2020	25 September 2020	16 October 2020
Fourth interim 2020	1.36p	24 December 2020	29 December 2020	22 January 2021
2020	**5.44p**			
First interim 2019	1.34p	7 March 2019	8 March 2019	29 March 2019
Second interim 2019	1.34p	13 June 2019	14 June 2019	5 July 2019
Third interim 2019	1.34p	19 September 2019	20 September 2019	11 October 2019
Fourth interim 2019	1.34p	24 December 2019	27 December 2019	24 January 2020
2019	5.36p			

STRATEGIC REPORT – INVESTMENT MANAGER'S REPORT

Overview

It is now more than a decade since the end of the Global Financial Crisis. Ever since 2009, global investment markets have faced periodic waves of uncertainty. Investors have fretted about the potential collapse of the Eurozone, the Brexit saga and the health of China's economy while, at the same time, always being aware of the impact of the eventual withdrawal of central bank liquidity support from markets. The COVID crisis of 2020 raised the ‘threat level’ to investors substantially. Even today, as the year approaches its end and in light of vaccine deployment, it is not at all clear what ‘normal life’ will look like in 2021.

Aberdeen Standard Investments’ economists and market strategists have adapted to this particularly uncertain outlook by considering different ‘paradigms’ that might prevail in the post-COVID world. For example, global growth may accelerate as the technological changes of the past year become more widely embedded or, at the other extreme, there may be a deflationary slump, perhaps caused by a global trade war as economies struggle to adapt to the challenges they face. Some investment historians worry about ‘financial repression’ where higher inflation erodes government debts but interest rates are kept at low levels under government / central bank control, effectively eroding the purchasing power of investors’ savings.

The Company’s investment approach is designed to tackle these uncertainties by investing in a wide range of asset classes and types of investment which will respond in distinct ways to whichever paradigm (or paradigms) prevails. As the Chairman has highlighted, the existing focus on private markets investments will be developed further with new vehicles, including specialist private sector credit, being introduced. The portfolio will also adopt a core–satellite approach across asset classes with the aim of reducing risk exposures, particularly in Fixed Income and Credit where weightings in asset backed securities and emerging market debt will be scaled back. In each asset class group, such as Equity or Fixed Income & Credit, lower risk ‘core’ portfolio holdings will be complemented by potentially higher return, but higher risk, ‘satellite’ portfolio ideas, where the latter may be held over a shorter time frame as more attractive opportunities present themselves.

The latest five year asset class forecasts from Aberdeen Standard Investments’ market strategists, which take into account the different paradigms, are used within a portfolio optimisation process to produce a ‘strategic asset allocation’ for the portfolio. This is designed to give the best risk-return trade-off from the mix of investments available to the Company:

Portfolio optimisation	**Previous (%)**	**Revised (%)**
Equity	17	9
Fixed Income: Emerging Market Bonds / Non-Investment Grade Corporate credit	32	23
Private Markets Investments	35	45
Alternatives (Other Alternatives / Hedge Funds / Absolute Return)	16	20
Cash	Nil	3
Total	**100**	**100**

Using Aberdeen Standard Investments’ asset class forecasts (but not taking into account additional outperformance relating to the implementation in each segment), this asset mix is forecast to deliver an annual return of 5.7%, broadly in line with the new investment objective. However, when the additional return potential (or ‘alpha’) is included, the expected return on the portfolio is anticipated to increase to 7.5% p.a., with around 4.5% p.a. contribution from those investments generating an income. As discussed below, a number of the existing private markets investments are approaching the ‘delivery’ phase of their return profile as underlying investments reach full deployment / maturity. This will also enhance the portfolio’s return potential.

The aim of the changes being introduced, which are evolutionary rather than revolutionary in nature, is to increase the portfolio’s resilience to whatever economic / investment market difficulties lie ahead. Also, most importantly, it is to ensure that the portfolio will deliver on the Company’s investment objective.

Performance

The portfolio delivered a NAV total return of -0.8%, that is, with dividends reinvested. To a large extent, how individual investments or asset classes contributed to overall performance depended on how they were impacted by the COVID-19 pandemic (and the responses to it from governments and central banks).

After a generally buoyant start to the year under review, the COVID-19 sell-off in February and March impacted all asset classes. Global equities were the most notable casualty, reflected in a fall of 35% in the MSCI World Index in sterling terms, but, for a period of time, even defensive asset classes such as gold, government bonds and investment grade credit sold off as over-leveraged investors required to raise liquidity. The subsequent recovery was more focussed. Growth equities, particularly in technology companies, developed market government bonds and corporate credit were the notable beneficiaries of central bank liquidity injections. Across the year as a whole, in public investment markets, liquid asset classes mostly performed better than illiquid ones. The Company’s investment approach has generally favoured the latter over the former which was one of the factors driving portfolio performance this year.

The Fixed Income & Credit segment of the portfolio was the major drag on performance, contributing -1.8% to the portfolio's overall return. This primarily reflected the weakness (followed by a relatively lacklustre recovery) of emerging market bonds and of funds investing in junior tranches of asset backed securities which were most exposed to any potential pick up in credit defaults.

The portfolio's listed equity investment also underperformed (-0.6% performance contribution) as discussed later.

In the Alternative Investments segment, which contributed +1.3% to the overall return, listed infrastructure (+0.8%) and royalties (+0.7%) were relative safe havens. The latter was boosted by the Hipgnosis Songs Fund, a beneficiary of the strong growth of music streaming. Elsewhere, the investments in market place lending performed well (as discussed later) but the listed aircraft leasing investments were notable disappointments, detracting 0.9% from portfolio performance. Even though Doric Nimrod Air Two, which leases A380 aircraft to the Emirates airline, continued to pay its quarterly dividend throughout the year, its share price halved and the valuation now implicitly assumes that its aircraft will be worth less than their scrap metal value when the leases expire in 2024.

In Private Markets investments (+0.1%), the main positive contribution from infrastructure (+0.8%) was broadly offset by the weak performance from private equity investments (-0.5%) and insurance linked securities (-0.3%). The next section of the report gives an update on each of the portfolio's private markets investments.

Looking back across the year as a whole, it is now clear that, in many cases, share prices and bond prices fell much further during the March sell-off than was warranted by the underlying fundamentals. In some small way, this was a positive: additions were made to a number of the portfolio's listed infrastructure and other investment company holdings at attractive valuations after shares sold off and discounts to net asset value widened. However, the impact of widening discounts among the portfolio's listed holdings was also an important contributor to the decline in the Company's net asset value (of around 16% from February's peak level) during this period. An important aim of the evolved investment strategy is to ensure greater NAV resilience during future periods of market volatility.

Private Markets
% of investments increased from 23.6% to 27.4%

Private markets investments are central to the Company's investment approach. Some asset classes, which offer attractive return potential with low correlation to investment markets, are only available to investors who can commit their capital over a period of years, or even decades. This long term investment approach is incompatible with the requirement for daily liquidity that underpins UCITS fund regulations. As an institutional investor, the Company has invested shareholders' capital in private markets vehicles which give direct access to attractive investment opportunities in areas such as development infrastructure, farmland and litigation finance. These funds are expected to deliver double digit percentage annual income returns for investors, net of fees, over the life of the investment.

The Manager identifies and assesses specialist managers in each asset class, and perform operational and legal due diligence, before seeking approval from the Board to make a new commitment to a long term, private markets vehicle. The Company deploys capital into each vehicle over an agreed investment period, typically 3-5 years, as its managers identify new investment opportunities for their portfolio. This flexibility to deploy capital over a number of years is a key advantage of the private markets approach to investment.

For some long term investments, the early costs of developing a new asset from scratch mean that the initial returns from the investment will be below the long term target and, in some cases, may even be negative. This is known as the J-curve effect as the return profile resembles the letter 'J'. For example, this has been the case in the farmland investment, ACM II, where the manager has acquired 13 farms and processing facilities in the western United States and Australia. As these citrus, nut, grape and blueberry farms reach full maturity and profitability they are expected to deliver mid-teen percentage annual income returns to ACM II's investors.

Following the Company's repurchase of a large portion of its Bonds after the year end, which was funded by the sale of equity, bond and other public markets investments, the proportion of the portfolio invested in private markets vehicles has increased to around 32%. The Directors have indicated that this will increase to up to 55% in the foreseeable future as existing fund commitments, which are listed in note 23 to the financial statements, are completed and new opportunities are identified. A number of these new opportunities will be in areas such as private credit which will deliver an attractive return and help to mitigate the effect of the J-curve.

The next section gives a brief update on each of the private markets investments in the portfolio as at 30 September 2020.

Infrastructure

Aberdeen Global Infrastructure Partners II

- Develops and operates long-term infrastructure in Australia / US: e.g. Perth Stadium, Canberra light rail, I-77 toll road
- Fund life ends in 2044 although there is a liquidity window enabling investors to exit at open market value in 2024-27
- Current yield of 1.7%, rising to 7-8% from 2022 (and 10+% from 2028), as projects achieve full cash flow potential
- AGIP II has delivered a return on investment in excess of 90% since 2017 from valuation uplifts as projects have de-risked

SL Capital Infrastructure Partners II

- Acquires stakes in operational economic infrastructure projects, primarily in energy and transport, in Europe / UK
- Initial fund life of 12 years (with potential extensions); target return to investors of 8–10% p.a. including 4–5% p.a. income
- Finnish district heating, UK rail rolling stock and Polish solar assets performing well. Energy storage impacted by COVID-19
- Strong pipeline of new investment opportunities (including accretive bolt-on acquisitions) to boost portfolio diversification

BlackRock Renewable Income – UK

- Owns 48 operational wind and solar energy projects in the UK (46% onshore wind, 37% solar and 17% offshore wind).
- Fund has raised over £1,100m from investors and offers redemption opportunities every three years (the next is in 2022)
- Has delivered in excess of its target income level of 7% p.a., with 6%-7% forecast in 2021/22 if power prices remain weak
- Latest NAV updates from the manager reflect Q2 power price weakness and OFGEM accreditation issues at one of its sites

Andean Social Infrastructure Fund I ("ASIF II")

- Is targeting 13%-15% p.a. returns from a portfolio of infrastructure assets in Central and South America
- Fund has raised $200m at its final close and has a remaining life of seven years with potential extensions until 2029
- Has acquired two projects (a Uruguayan custodial facility and, after the reporting year end, two oil refineries leased to a leading regional operator)
- The COVID-19 crisis has delayed several deals but has increased the opportunities open to ASIF II

Private Equity

HarbourVest / Mesirow

- Eight funds launched from 2001–08 which hold a wide range of private equity interests (buy-out, venture and co-investments)
- ADIG receives regular capital distributions from over 250 funds and 5,000 portfolio companies as investments mature
- Funds in run-off and currently expected to conclude from 2020-25
- Delivered very attractive returns since acquisition in 2018 despite NAV reductions in H1 2020 on weak equity markets

Maj 4 / Maj 5

- Funds investing in small and medium-sized Scandinavian businesses with a focus on consumer and service industries
- Managers have a strong track record and Maj 4 which owns five businesses and concludes in 2022–25, has delivered attractive returns to ADIG from asset disposals. Fund 5, which concludes in 2026-30, currently owns seven businesses
- Fall in carrying value in Q2 reflected weakness in equity market comparators with a number of businesses, such as restaurant chain, Sticks'n'Sushi, being impacted by the pandemic restrictions

TrueNoord

- ADIG owns 1.8% of an unlisted aircraft leasing company which specialises in regional aircraft. The company, which has a fleet of 50 aircraft leased to airlines across the world including BA and KLM, is supported by a range of financial investors and lending banks. The strategy is to seek an exit via a trade sale or flotation on the stock market once the business achieves critical mass
- The business has developed strongly since ADIG's investment in 2017 and, following equity and debt funding rounds in 2019, is relatively well placed to weather the difficult market conditions facing the airline industry. A

precautionary write down in ADIG's carrying value at the end of March 2020, when the near term outlook was particularly uncertain, was partially reversed in the summer after the completion of TrueNoord's annual audit

Aberdeen Standard Secondary Opportunities Fund IV ("SOF IV")

- Enables ADIG to gain diverse exposure to private equity deals sourced from Aberdeen Standard Investments' wide-range of third party private equity contacts. In part, SOF IV, which targets 15+% p.a., will be funded by distribution proceeds from HarbourVest / Mesirow
- SOF IV, which has $400m of investor commitments, can acquire new investments until 2023 and concludes in 2033-34
- Initial investments include stakes in Action, the European discount retailer backed by 3i, and Froneri, a leading manufacturer of ice cream which recently acquired Nestle's US ice cream business

Real Estate

Aberdeen European Residential Opportunities Fund

- Targets a return to investors of 12+% p.a. by converting low value commercial real estate into residential developments
- €275m fund invested in 14 sites across Scandinavia, Germany and the UK during its investment period, developing around 3,700 homes. These will be sold on completion and the profits returned to investors from 2023 - 25 when the fund closes
- At this stage in the fund's development, ADIG's carrying value is broadly in line with invested cost

Aberdeen Property Secondary Partners II ("APSPII")

- Owns stakes in ten funds (76 underlying properties) from a range of countries/market segments across Europe and Asia
- COVID-19 is having a modest impact on some investments which was reflected in an adjustment to ADIG's carrying value in May and subsequently confirmed by APSPII's Q2 2020 NAV update
- The fund has already delivered double digit returns from the run-off of investments in Nordic retail and UK distribution. This is in line with its target return. Further distributions are anticipated as the fund approaches its conclusion over 2021-24

Cheyne Social Property Impact Fund

- Is a £216m fund with a portfolio of 11 properties providing accommodation for disadvantaged or vulnerable groups
- ADIG made its initial investment in May 2016. With the fund scheduled to conclude in 2021, the manager has begun the process of realising assets. Social property has a number of attractive characteristics for income investors and, with ADIG's carrying value currently being close to invested cost, the realisation programme is likely to be value accretive

Natural Resources

Agriculture Capital Management II

- Is a vertically integrated agriculture fund. It currently owns / operates thirteen farms and production facilities in blueberries, citrus, grapes and nuts. These are based in the western United States and Australia
- The fund, which concludes in 2026-31, is targeting a double digit percentage annual income return over the next few years as farms reach full maturity and profitability
- ADIG's carrying value reflects costs of converting farms to organic production and initial operating losses

Alternatives

Burford Opportunity Fund ("BOF")

- Offers direct exposure to a diverse portfolio of litigation finance investments managed by Burford Capital
- Burford Capital's long term track record underpins the potential for BOF to deliver 15+% returns. Profits from successfully completed investments are classified as income in ADIG's financial accounts. Investments are typically around three years in duration and so the fund, which can make new investments until December 2021, concludes in 2023-25
- The latest valuation update, received shortly after the 30 September year end, highlighted favourable outcomes in a series of cases linked to US health insurance. This increased ADIG's carrying value by around 35%

Markel CATCo (2018 / 2019)

- Distributed $7.6m during the reporting period (and a further $5.3m shortly afterwards) as catastrophe insurance claims linked to wild fire and storm events in 2018 and 2019 were finalised and settled
- Markel CATCo closed to new claims at the end of 2019 and is expected to complete the run-off process by the end of 2022

Healthcare Royalty Partners IV

- Targets 10%+ p.a. income returns from investments and loans linked to royalty payments on pharmaceutical products
- The fund has an initial period to acquire new investments until 2024–25 and it concludes in 2030–32. While it is building its portfolio, HCR IV is also utilising a financing facility in order to enhance investment returns
- Initial investments include a high yielding royalty linked to a leading epilepsy drug and a royalty-linked loan to a listed company, which was repaid early at a premium after the borrower was taken over by a competitor

Fixed Income & Credit
% of investments decreased from 43.6% to 35.7%

Emerging market bonds
After a strong start to the period under review, emerging market ("EM") investments performed poorly during the COVID-related sell-off in February and March. The 'flight to safety' saw sharp declines in EM bond prices and currencies as international investors deserted the asset class, concerned over how economies might struggle in the face of the pandemic. As the leading central banks boosted global liquidity over the summer, investor risk appetite increased once again and EM bond prices staged a sharp recovery. A number of emerging market central banks introduced quantitative easing programmes during this period and short term interest rates were also reduced widely. However, for the large part, emerging market currencies failed to regain the ground they lost during the Q1 sell-off.

Brazil was one of the weaker EM performers during the period, responding particularly poorly to the crisis. A number of EM economies outperformed the worst expectations of Q1. In particular, the resilience of China in this crisis is likely to continue to be supportive of sentiment and economic activity in EM, particularly in Asia.

The portfolio's EM bond exposure was reduced during Q1 and also after the end of the reporting period as part of the sales programme to fund the partial repurchase of the Company's debenture. The Manager's approach to hedging non-sterling investments helped ameliorate the weakness of the asset class during the sell-off in March. Nevertheless, over the year as a whole, the portfolio's EM exposure impacted overall performance by around –1.5%. Looking ahead, Aberdeen Standard Investment's latest medium term forecast for the EM bond asset class is for a return of around 4.5% p.a. Therefore, exposure to the asset class will be reduced to below 10% (from 15.2% at the end of September) as new investments in other segments of the portfolio are funded.

Credit-related investments
The portfolio's credit investments have endured a similar rollercoaster to that described for EM bonds. With its focus on medium – low risk securities backed by residential mortgages and corporate loans, Twenty Four Asset Backed Opportunities Fund ("TFABO") proved to be relatively resilient, delivering a small positive return over the year as a whole. The sharp sell-off in credit investments in March reflected concerns that corporate defaults would rise sharply as the pandemic developed. When central banks dramatically boosted financial market liquidity via quantitative easing programmes and interest rate cuts, these concerns abated. The ASI Global Loans fund performed well over the year as a whole. However, higher risk investments linked to corporate bonds, such as the Blackstone, Marble Point and Fair Oaks funds, performed poorly and suspended their dividends for short periods. The exposure to credit investments was increased during the Spring (via an addition to TFABO and the purchase of new holdings in the NB Global Loans Fund and GCP Asset Backed Income).

Equities
% of investments decreased from 18.3% to 14.5%
As noted in the Interim Report, portfolio exposure to equities was reduced during March in order to scale back portfolio risk. This reflected concerns over the sharply deteriorating outlook for corporate earnings which were central to the 35% decline in the MSCI World Index (hedged to GBP) over this period. The Multi-Factor Global Equity Income fund – which targets a low level of volatility and higher level of income than the global equity index – performed in line with its benchmark index during the initial part of the reporting period. However, as global equities rallied in April and through the Summer, the fund's stock selection focus on quality / value factors proved to be a drag on performance. This largely reflected the portfolio's low level of exposure to US equities and, in particular, technology shares.

Looking ahead, Aberdeen Standard Investments' central view is that the economic environment for equities is likely to remain benign. Corporate earnings will recover as the COVID-19 recession abates. As long as risk free rates remain near all-time lows, equity valuations are likely to remain high. Against this background, higher growth companies and markets are likely to remain in favour. However, the probability of tail risks is significantly higher than in the past. If economic growth stagnates, or in the opposite case, where uncontained fiscal and monetary stimulus result in much higher inflation, equity returns would suffer severely. For now at least, with central banks continuing to provide plentiful liquidity, these malign outcomes are relatively low probability events. As part of the strategic review, discussed in the Chairman's Statement, the portfolio's equity exposure will be reduced and realigned onto a core-satellite approach which will have a better balance between value and growth than the existing Multi-Factor Global Equity Income fund. The implementation will include thematic sub-portfolios managed by ASI equity teams and also allow a greater emphasis to be placed on companies with enhanced characteristics in areas such as sustainability and income.

Alternatives
% of investments increased from 14.5% to 22.4%
Investments in this segment of the portfolio derive income-focussed returns from a wide range of different sources. To date, the focus has been on listed investment companies, managed by specialist third party managers, in areas such as marketplace lending, social property and shipping. These funds target attractive returns (typically 6% - 8% p.a. or more) with idiosyncratic drivers and risk characteristics. Also, holdings in areas such as infrastructure, healthcare royalties and litigation finance allow the portfolio to maintain exposure until commitments to private markets investments are fully deployed.

During the year, portfolio exposure to listed alternative investments was increased, most notably during March / April when share prices of infrastructure companies such as HICL, 3i Infrastructure and Greencoat UK Wind fell sharply and traded at very attractive discounts to net asset value. New holdings in Hipgnosis Songs Fund, Aquila European Renewables and the platform lending vehicle, Honeycomb Investment Trust, were also acquired. At the same time, exposure to Alternative Credit Investments (formerly known as Pollen Street Secured Lending) was increased. Subsequently, these latter two companies were involved in merger talks prior to Alternative Credit Investments receiving a takeover approach. This led to a cash takeover offer being tabled after the reporting period ended.

Looking ahead, exposure to listed infrastructure will be scaled back as existing private markets investments are fulfilled and also new investments, in areas such as private market credit, are introduced to the portfolio. In addition, a new range of alternative investments will be introduced into the portfolio (in areas such as hedge funds, active systematic and global risk mitigation strategies). These will aim to improve portfolio resilience during periods of investment market weakness.

Nalaka De Silva, Head of Private Markets Solutions,
Aberdeen Standard Investments
Investment Manager

16 December 2020

PORTFOLIO

TEN LARGEST INVESTMENTS - As at 30 September 2020

	At 30 September 2020 % of Total investments	At 30 September 2019 % of Total investments
TwentyFour Asset Backed Opportunities Fund	14.9	12.8
Investments in mortgages, SME loans originated in Europe		
Multi-Factor Global Equity Income Fund (formerly Smart Beta Low Volatility Global Equity Income Fund){A}	14.5	18.3
Diversified global equity fund		
SL Capital Infrastructure II{AB}	4.7	4.1
European economic infrastructure		
Burford Opportunity Fund{B}	3.3	1.5
Diverse portfolio of litigation finance investments initiated by Burford Capital		
Aberdeen Property Secondaries Partners II{AB}	3.2	3.2
Realisation of value from property funds which are in run-off		
BioPharma Credit	2.7	1.0
Provides capital to the life sciences industry via loans backed by royalties on product sales		
Alternative Credit Investments (formerly Pollen Street Secured Lending)	2.7	1.6
Specialist credit investments originated by non-bank lending platforms		
Aberdeen European Residential Opportunities Fund{AB}	2.6	1.8
Conversion of commercial property into residential		
Aberdeen Standard Alpha - Global Loans Fund{A}	2.4	2.4
Portfolio of senior secured loans and corporate bonds		
Aberdeen Standard SICAV I - Frontier Markets Bond Fund{A}	2.3	2.6
Diverse portfolio of bonds issued by governments or other bodies in frontier market countries		

{A} Denotes Standard Life Aberdeen managed products

{B} Unlisted holdings

Private Markets Investments - As at 30 September 2020

Company/Fund	Sub-sector	Valuation 2020 £'000	% of Total Investments 2020	Valuation 2019 £'000
Private Equity				
TrueNoord Co-Investment{B}		6,812	1.6	7,416
Aberdeen Standard Secondary Opportunities Fund IV{AB}		2,805	0.7	-
HarbourVest International Private Equity VI{B}		2,796	0.7	3,055
Maj Equity 4{B}		2,262	0.5	2,576
Mesirow Financial Private Equity IV{B}		1,451	0.3	1,806

Maj Equity 5{B}		828	0.2	1,020
HarbourVest VIII Buyout Fund{B}		529	0.1	703
Mesirow Financial Private Equity III{B}		371	0.1	473
Dover Street VII{B}		252	0.1	405
HarbourVest VIII Venture Fund{B}		177	-	236
HarbourVest International Private Equity V{B}		44	-	51
Total Private Equity		**18,327**	**4.3**	
Real Estate				
Aberdeen Property Secondaries Partners II{AB}		13,425	3.1	14,664
Aberdeen European Residential Opportunities Fund{AB}		11,248	2.6	8,241
Cheyne Social Property Impact Fund{B}		6,073	1.4	3,771
Total Real Estate		**30,746**	**7.2**	
Infrastructure				
SL Capital Infrastructure II{AB}		20,264	4.7	18,946
BlackRock Renewable Income - UK{B}		7,809	1.8	9,107
Aberdeen Global Infrastructure Partners II (USD){AB}		6,899	1.6	3,489
Aberdeen Global Infrastructure Partners II (AUD){AB}		4,785	1.1	4,085
Andean Social Infrastructure Fund I{AB}		1,629	0.4	17
Total Infrastructure		**41,386**	**9.6**	
Diversified Insurance-Linked Securities				
Markel CATCo Reinsurance Fund Ltd - LDAF 2018 SPI{B}		4,396	1.0	6,676
Markel CATCo Reinsurance Fund Ltd - LDAF 2019 SPI{B}		3,405	0.8	-
Blue Capital Alternative Income{B}		280	0.1	1,504
Total Insurance-Linked Securities		**8,081**	**1.9**	
Other Alternatives				
Burford Opportunity Fund{B}	Litigation finance	14,092	3.3	6,660
Healthcare Royalty Partners IV{B}	Royalties	940	0.2	683
Total Other Alternatives		**15,032**	**3.5**	
Natural Resources				
Agriculture Capital Management Fund II{B}	Agriculture	3,636	0.9	3,783
Total Natural Resources		**3,636**	**0.9**	
Total Private Markets		**117,208**	**27.4**	

{A} Denotes Standard Life Aberdeen managed products

{B} Unlisted holdings

Alternative Listed Investments - As at 30 September 2020

	Valuation 2020	% of Total Investments	Valuation 2019

Company/Fund	Sub sector	£'000	2020	£'000
Listed Real Estate				
Triple Point Social Housing		4,171	1.0	3,674
PRS REIT		4,030	0.9	3,783
Residential Secure Income		3,338	0.8	3,428
Supermarket Income REIT		2,664	0.6	-
Total Listed Real Estate		**14,203**	**3.4**	
Listed Infrastructure				
International Public Partnerships		9,408	2.2	6,054
HICL Infrastructure		8,317	1.9	7,052
John Laing Group		5,991	1.4	7,011
Greencoat UK Wind		4,426	1.0	7,271
Greencoat Renewables		3,332	0.8	167
Aquila European Renewables		2,543	0.6	-
The Renewables Infrastructure Group		2,458	0.6	1,143
3i Infrastructure		1,563	0.4	-
Sequoia Economic Infrastructure Income		1,299	0.3	1,441
Total Listed Infrastructure		**39,337**	**9.2**	
Listed Diversified Insurance-Linked Securities				
CATCo Reinsurance Opportunities Fund		1,259	0.3	1,301
Blue Capital Reinsurance Holdings		25	-	586
Total Listed Diversified Insurance-Linked Securities		**1,284**	**0.3**	
Other Listed Alternatives				
BioPharma Credit	Royalties	11,608	2.7	4,804
Alternative Credit Investments (formerly Pollen Street Secured Lending)	Marketplace finance	11,441	2.7	7,266
Hipgnosis Songs Fund	Royalties	5,184	1.2	-
Honeycomb Investment Trust	Marketplace finance	4,517	1.1	-
Burford Capital	Litigation finance	2,830	0.7	3,733
Tufton Oceanic Assets	Shipping	2,661	0.6	1,692
Doric Nimrod Air Two	Aircraft leasing	1,403	0.3	4,117
Amedeo Air Four Plus	Aircraft leasing	949	0.2	-
SME Credit Realisation Fund	Marketplace finance	837	0.2	1,859
Total Other Listed Alternatives		**41,430**	**9.6**	
Total Alternatives		**96,254**	**22.4**	

Fixed Income & Credit Investments - As at 30 September 2020

Company/Fund	Valuation 2020 £'000	% of Total Investments 2020	Valuation 2019 £'000

Asset Backed Securities			
TwentyFour Asset Backed Opportunities Fund	63,837	14.9	58,719
Blackstone/GSO Loan Financing	6,504	1.5	8,819
GCP Asset Backed Income Fund	3,015	0.7	-
Marble Point Loan Financing	1,918	0.5	3,165
Fair Oaks Income Fund	1,433	0.3	2,418
Total Asset Backed Securities	**76,707**	**17.9**	
Emerging Market Bonds			
Aberdeen Standard SICAV I - Frontier Markets Bond Fund{A}	9,735	2.3	11,944
Mexico (United Mexican States) 6.5% 09/06/22	3,703	0.9	3,231
Russian Federation 6.9% 23/05/29	2,953	0.7	4,995
Brazil (Fed Rep of) 10% 01/01/27	2,950	0.7	3,615
Poland (Rep of) 2.5% 25/04/24	2,741	0.6	-
Indonesia (Rep of) 7% 15/05/22	2,609	0.6	3,055
South Africa (Rep of) 8% 31/01/30	2,061	0.5	1,344
Mexico Bonos Desarr Fix Rt 8.5% 18/11/38	1,890	0.4	3,927
Colombia (Rep of) 10% 24/07/24	1,797	0.4	3,791
Indonesia (Rep of) 8.125% 15/05/24	1,783	0.4	-
Malaysia (Govt of) 3.828% 05/07/34	1,715	0.4	-
Thailand (King of) 3.775% 25/06/32	1,691	0.4	2,275
Indonesia (Rep of) 8.375% 15/03/34	1,604	0.4	3,156
Uruguay (Rep of) 8.5% 15/03/28	1,532	0.4	-
Russian Federation 7.6% 14/04/21	1,390	0.3	-
Brazil (Fed Rep of) 10% 01/01/25	1,383	0.3	5,131
South Africa (Rep of) 10.5% 21/12/26	1,167	0.3	1,927
Mexico Bonos Desarr Fix Rt 10% 05/12/24	1,140	0.3	3,136
Peru (Rep of) 6.95% 12/08/31	1,080	0.3	2,185
Colombia (Rep of) 7% 30/06/32	1,073	0.3	1,450
Hungary (Rep of) 3% 27/10/38	1,013	0.2	-
South Africa (Rep of) 8.75% 31/01/44	980	0.2	3,245
South Africa (Rep of) 8.25% 31/03/32	900	0.2	1,116
Peru (Rep of) 5.7% 12/08/24	879	0.2	1,973
Colombia (Rep of) 7.5% 26/08/26	844	0.2	945
Secretaria Tesouro 10% 01/01/31	818	0.2	-
Mexico (United Mexican States) 7.75% 13/11/42	786	0.2	1,694
Indonesia (Rep of) 9% 15/03/29	772	0.2	3,297
Russian Federation 7.7% 23/03/33	765	0.2	2,299
Colombia (Rep of) 6% 28/04/28	729	0.2	1,448
Czech (Rep of) 2% 13/10/33	703	0.2	1,373
Egypt (Arab Rep of) 6.588% 21/02/28	687	0.2	-
Brazil (Fed Rep of) 10% 01/01/21	667	0.2	4,399
Romania (Rep of) 3.65% 28/07/25	606	0.1	-
Czech (Rep of) 4.2% 04/12/36	591	0.1	579
Malaysia (Govt of) 4.498% 15/04/30	590	0.1	1,739
Mongolia (Govt of) 10.875% 06/04/21	574	0.1	-

Ukraine (Rep of) 7.75% 01/09/22	573	0.1	-
Bonos Tesoreria Peso 4.7% 01/09/30	554	0.1	-
Central Bank of Tunisia 5.75% 30/01/25	540	0.1	-
Ivory Coast (Govt of) 6.375% 03/03/28	540	0.1	-
Russian Federation 7.65% 10/04/30	535	0.1	-
Ghana (Rep of) 7.625% 16/05/29	525	0.1	-
El Salvador (Rep of) 8.625% 28/02/29	505	0.1	-
Malaysia (Govt of) 4.048% 30/09/21	409	0.1	2,198
Poland (Rep of) 2.0% 25/04/21	364	0.1	-
Uruguay (Rep of) 9.875% 20/06/22	301	0.1	416
Thailand (King of) 3.625% 16/06/23	258	0.1	1,405
Petroleos Mexicanos 7.19% 12/09/24	227	0.1	269
Indonesia (Rep of) 6.125% 15/05/28	195	0.1	1,959
Malaysia (Govt of) 3.844% 15/04/33	180	-	890
Titulos De Tesoreria 7.25% 18/10/34	153	-	-
Total Emerging Market Bonds	**64,760**	**15.1**	
Loans			
Aberdeen Standard Alpha - Global Loans Fund{A}	10,347	2.4	11,078
NB Global Monthly Income (formerly known as NB Global Floating Rate Income Fund)	1,467	0.3	-
Total Loans	**11,814**	**2.7**	
Total Fixed Income & Credit	**153,281**	**35.7**	

{A} Denotes Standard Life Aberdeen managed products

Equities - As at 30 September 2020

Company/Fund	Valuation 2020 £'000	% of Total Investments 2020	Valuation 2019 £'000
Listed Equities			
Multi-Factor Global Equity Income Fund (formerly Smart Beta Low Volatility Global Equity Income Fund){A}	62,116	14.5	55,115
Total Listed Equities	**62,116**	**14.5**	
Total Investments	**428,859**	**100.0**	

{A} Denotes Standard Life Aberdeen managed products

Investment Portfolio - As at 30 September 2020

	Valuation 2020 £'000	Net assets 2020 %	Valuation 2019 £'000	Net assets 2019 %
Total investments	**428,859**	**111.1**	**458,522**	**110.8**
Cash and cash equivalents{A}	18,095	4.7	7,852	1.9
Forward contracts	(3,999)	(1.0)	3,195	0.7
6.25% Bonds 2031	(59,540)	(15.5)	(59,503)	(14.4)

Other net assets	2,815	0.7	3,613	1.0
Net assets	**386,230**	**100.0**	**413,679**	**100.0**

{A} Includes outstanding settlements

MANAGER'S ESG ENGAGEMENT

Responsible investing at Aberdeen Standard Investments
At Aberdeen Standard Investments, everything we do as an organisation is focused on generating the best long-term outcomes for our clients. In order to create the right outcomes, we invest with conviction across all asset classes. That conviction is informed by the research and engagement that we undertake. Environmental, Social and Governance ("ESG") factors are integral to the process for each of the investment teams within Aberdeen Standard Investments which manage investments on behalf of the Company. This is the case for investments in both public and private markets.

Investing responsibly for Aberdeen Diversified Income and Growth Trust plc
As portfolio managers, we analyse the risks and opportunities, including those influenced by ESG factors, for every investment that we make. Our approach considers ESG factors within asset classes as well as in the asset allocation process. It is supported by our centralised Stewardship and ESG Investment team.
To give an example of our approach, for the listed alternative investments in the portfolio, the Diversified Assets team produces a structured ESG research note. Each ESG factor is analysed and assigned a score from 1 to 5. The overall ESG rating for the company reflects a balance of the factors:

Environmental and social
We focus on three key areas that capture the management of environmental and social risks:

Policy and reporting
We believe that a company in which we invest should take ownership of its own ESG policy, and work to incorporate ESG issues into its investment analysis and decision-making process. An ESG policy, along with appropriate reporting, has the potential to encourage greater focus on the United Nations-supported Principles for Responsible Investment (UN PRI) and Sustainable Development Goals (UN SDGs).

Risk management
In our view, a company must recognise the importance of identifying and actively monitoring the financial and non-financial risks facing its business. It should pay regard to the materiality of relevant Environmental and Social ("E&S") risks. If a company identifies such risks, it needs to assess them in terms of probability of occurrence, potential effects on financial performance and movements in the relative significance of each risk from period to period. Then it should take appropriate action to improve its management of those risks.

Benefits and costs
We believe that what is measured tends to be managed. A company should attempt to report performance against what it sees as key E&S issues. This helps it to set targets and provides a clearer line of direction.

Governance
One of the advantages of the listed investment company structure is that the independent board is responsible for safeguarding investors' interests. Our preference is for companies to comply with the AIC Code of Corporate Governance. This complements the UK Corporate Governance Code and provides a framework of best practice.

When we evaluate governance, we consider a variety of factors including board/management engagement as well as policies towards shareholders. We review the board composition and governance structure. We assess whether the board is appropriately diverse in terms of background, experience and gender. We look at how the board and management are aligned with shareholders, assessing if there is appropriate "skin in the game" (via directors' shareholdings) and whether fees are appropriate and well structured. Policies on discount management and shareholder continuation votes are also evaluated.

DIRECTORS' REPORT

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

Results and Dividends

The Company's revenue return for the year ended 30 September 2020 was 5.58p per share compared to 5.68p per share in the previous year.

First, second and third interim dividends, each of 1.36p per Ordinary share, were paid on 27 March 2020, 10 July 2020 and 16 October 2020, respectively.

The Directors are declaring a fourth interim dividend of 1.36p per Ordinary share payable on 22 January 2021 to shareholders on the register on 29 December 2020. The ex-dividend date is 24 December 2020. The Company intends to pay four interim dividends each year and, in line with corporate governance best practice, a resolution in respect of this dividend policy will be put to shareholders at each Annual General Meeting.

Investment Trust Status

The Company is registered as a public limited company (registered in Scotland No. SC3721) 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. The Directors are of the opinion that the Company has conducted its affairs for the year ended 30 September 2020 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 and Voting rights

The issued Ordinary share capital at 30 September 2020 consisted of 317,330,238 Ordinary shares (2019 - 322,981,705) with voting rights and 48,080,636 Ordinary shares (2019 - 42,429,169) held in treasury. A total of 5,651,467 Ordinary shares were bought back into treasury during the year ended 30 September 2020. A total of 3,955,000 Ordinary shares were bought back into treasury between 1 October 2020 and the date of approval of this Annual Report resulting in 313,375,238 Ordinary shares in issue, with voting rights, and 52,035,636 Ordinary shares in treasury.

Each Ordinary share (excluding treasury shares) 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 as well as promotional activities. 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.

The Manager charges a monthly fee at the rate of one-twelfth of 0.50% on the first £300 million of NAV and 0.45% of NAV in excess of £300 million. In calculating the NAV, the 6.25% bonds due 2031 are valued at fair value. The value of any investments in ETFs, unit trusts, open ended and closed ended investment companies and investment trusts of which the Manager, or another company within the Standard Life Aberdeen plc group is the operator, manager or investment adviser, is deducted from net assets. Details of the management fee charged during the year are included in note 5 to the financial statements.

The management agreement has in place a six months' notice period. 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.

Corporate Governance
The Statement of Corporate Governance, which forms part of the Directors' Report, may be found below.

Directors
As at 30 September 2020, the Board comprised five non-executive Directors (2019 – six).

The Directors attended scheduled meetings of the Board and Audit Committee during the year ended 30 September 2020 as set out in the table (with their eligibility to attend the relevant meetings in brackets). Due to the holding of certain Committee meetings during September 2019 and October 2020, the Nomination Committee and Management Engagement Committee did not convene during the year ended 30 September 2020. The Directors meet more regularly when business needs require.

Director	Scheduled Board Meetings	Audit Committee Meetings
Davina Walter [A]	4 (4)	1 (1)
Julian Sinclair	4 (4)	2 (2)
Tom Challenor	4 (4)	2 (2)
Trevor Bradley	4 (4)	2 (2)
Anna Troup	4 (4)	2 (2)
James Long [B]	2 (2)	- (-)

Notes:
[A] Davina Walter, as Chairman of the Board, is not a member of the Audit Committee (from 26 February 2020)
[B] Resigned as a Director on 26 February 2020 and was not a member of the Audit Committee

The names, biographies and contribution of each of the current Directors are shown on the Company's website and in the published Annual Report and indicate their range of skills and experience as well as their length of service.

Each Director has the requisite high level and range of business and financial experience which enables the Board to provide clear and effective leadership and proper governance of the Company.

In line with best practice in corporate governance, all Directors offer themselves for re-election at the AGM. Accordingly, Davina Walter, Julian Sinclair, Tom Challenor, Trevor Bradley and Anna Troup each retire and, being eligible, each submits themselves for re-election at the AGM. The Board believes that all current Directors remain, and all Directors during the year ended 30 September 2020 were, and continue to be, 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. In addition, the Board confirms that each Director demonstrates commitment to the role and their performance remains effective which supports their individual contribution to the role.

The Board therefore recommends, for approval by shareholders, the resolutions for the individual re-election as Directors at the AGM of each of Davina Walter, Julian Sinclair, Tom Challenor, Trevor Bradley and Anna Troup.

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

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

Board Committees
The Board has appointed a number of Committees, as set out below. Copies of their terms of reference, which define the responsibilities and duties of each Committee, are available on the Company's website, or upon request

from the Company. The terms of reference of each of the Committees are reviewed and re-assessed by the Board for their adequacy on an ongoing basis.

Audit Committee
The Audit Committee's Report is contained in the published Annual Report.

Management Engagement Committee
The Management Engagement Committee consists of all the Directors and was chaired by James Long until 26 February 2020 and by Davina Walter thereafter. The terms and conditions of the Manager's appointment, including an evaluation of performance and fees, are reviewed by the Committee on an annual basis. The Committee also keeps under review the resources of Standard Life Aberdeen plc, together with its commitment to the Company and its investment trust business. In addition, the Committee conducts an annual review of the performance, terms and conditions of the Company's key third party suppliers, by undertaking peer comparisons and reviewing reports from the Manager on the Depositary.

The Board conducts a formal evaluation of the performance of, and contractual relationship with, the Manager and those third parties appointed by the Manager on an annual basis. The evaluation includes consideration of the investment strategy and process of the Manager, noting performance against the benchmark over the long term and the quality of the support that the Company receives from the Manager. Having regard to the investment performance of the Manager since its appointment in March 2017, and further to a strategic review which the Board had undertaken and which is described in the Chairman's Statement, the Board confirms that it is satisfied that the continuing appointment of the Manager, on the terms agreed, is in the interests of shareholders as a whole.

Nomination Committee
The Nomination Committee consists of all the Directors and was chaired by James Long until 26 February 2020 and by Davina Walter thereafter. The Committee reviews the effectiveness of the Board, succession planning, Board appointments, appraisals, training and the remuneration policy. As stated in the Directors' Remuneration Report in the published Annual Report, the Nomination Committee determines the level of Directors' fees and there is no separate Remuneration Committee.

An external evaluation was undertaken in July 2020 by Lintstock Ltd, an independent external board evaluation service provider which has no other connection with the Company.

Assisted by Lintstock, the Board has assessed that it had in place the appropriate balance of skills, experience, length of service and knowledge of the Company while recognising the advantages of diversity. Details of the individual contribution provided by each Director during the year are set out in the published Annual Report.

Potential new Directors are identified against the requirements of the Company's business and the need to have a balance of skills, experience, independence, diversity and knowledge of the Company within the Board.

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 in the execution of his 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 an actual or potential 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 prevent or manage 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 their 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 Board takes a zero-tolerance approach to bribery and has adopted appropriate procedures designed to prevent bribery. The Manager also takes a zero-tolerance approach and has its own detailed policy and procedures in place to prevent bribery and corruption.

Going Concern
The Financial Statements of the Company have been prepared on a going concern basis. This conclusion is consistent with the Company's longer term Viability Statement.

The Directors are mindful of the principal risks and uncertainties, including the major disruption caused by COVID-19, and have reviewed forecasts detailing revenue and liabilities. Notwithstanding the continuing uncertain economic outlook caused by COVID-19, the Directors are satisfied that: the Company is able to meet all of its liabilities from its assets, including its ongoing charges, so possesses sufficient resources to continue in operational existence for the foreseeable future and at least 12 months from the date of approval of this Annual Report; the Company is financially sound; and the Company's key third party service providers had in place appropriate business continuity plans and had, and will, be able to maintain service levels despite the ongoing impact of COVID-19.

Whilst the Company is obliged to hold a continuation vote at the 2021 AGM, as ordinary resolution 11, the Directors do not believe this should automatically trigger the adoption of a basis other than going concern in line with the Association of Investment Companies ("AIC") Statement of Recommended Practice ("SORP") which states that it is more appropriate to prepare financial statements on a going concern basis unless a continuation vote has already been triggered and shareholders have voted against continuation. Additionally, the SORP guidance sets out that it is appropriate for the financial statements to be prepared on a going concern basis whilst making a material uncertainty disclosure as set out in accounting standards. After considering the factors listed in note 2 (a) to the financial statements, the Directors acknowledge that a material uncertainty therefore exists which may cast significant doubt about the Company's ability to continue as a going concern.

Substantial Interests
As at 30 September 2020, the following interests over 3% 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]	32,565,204	10.3
Interactive Investor	24,909,218	7.9
Aberdeen Standard Investments	21,988,807	6.9
Cazenove Capital	20,703,260	6.5
Hargreaves Lansdown [A]	18,460,632	5.8
Brewin Dolphin	10,849,006	3.4
Investec Wealth & Investment	10,226,332	3.2
Smith & Williamson Wealth Management	9,995,371	3.2
Charles Stanley	9,642,327	3.0

[A] Non-beneficial interest
[B] Based on 317,305,238 Ordinary shares in issue (excluding treasury shares) as at 30 September 2020

Relations with Shareholders
The Directors place great importance on communication with shareholders and regularly meet with current and prospective shareholders to discuss performance, including in the absence of the Manager. The Board receives quarterly investor relations updates from the Manager. Significant changes to the shareholder register, as well as shareholder feedback, are discussed by the Directors at each Board meeting.

Regular updates are provided to shareholders through the Annual Report, Half Yearly Report, monthly factsheets and daily net asset value announcements, all of which are available through the Company's website at: aberdeendiversified.co.uk. The Annual Report is also widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up-to-date information on the Company through its website or via Aberdeen Standard Investments' Customer Services Department.

The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the management group (either the Company Secretary or Aberdeen Standard Investments) in situations where direct communication is required and representatives from the Board offer to meet with major shareholders on an annual basis in order to gauge their views. The Company Secretary 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, as appropriate, on behalf of the Board.

In addition, in relation to institutional shareholders, members of the Board may either accompany the Manager or conduct meetings in the absence of the Manager.

The Company's Annual General Meeting ordinarily provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Investment Manager. The Notice of AGM included within the Annual Report is normally sent out at least 20 working days in advance of the meeting.

Criminal Finances Act 2017
The Criminal Finances Act 2017 introduced a corporate criminal offence of "failing to take reasonable steps to prevent the facilitation of tax evasion". The Board has confirmed that it is the Company's policy to conduct all of its business in an honest and ethical manner. The Board takes a zero tolerance approach to facilitation of tax evasion, whether under UK law or under the law of any foreign country.

Accountability and Audit
The respective responsibilities of the Directors and the auditor in connection with the financial statements appear below and in the auditor's report..

Each Director confirms that, so far as they are 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.

Annual General Meeting
The Annual General Meeting will be held at Bow Bells House, 1 Bread Street, London EC4M 9HH on Tuesday 23 February 2021 at 12.30 p.m. Resolutions including the following business will be proposed:

Continuation of the Company (Resolution 11)
In accordance with Article 178 of the Articles of Association of the Company adopted by shareholders on 30 March 2017, the Directors were required to propose an ordinary resolution at the AGM in 2020, and annually thereafter, that the Company continue as an investment trust. Accordingly, the Directors are proposing, as ordinary resolution 11, that the Company continues as an investment trust and recommend that shareholders support the continuation of the Company.

Amendment to the Investment Objective and Investment Policy (Resolution 12)
Following the review of the Company's strategy, as described in the Chairman's Statement, the Board is seeking, under ordinary resolution 12, shareholders' approval of a revised investment objective and a change to the investment policy. Additional information may be found in Overview of Strategy setting out the proposed amendments.

Allotment of Shares (Resolution 13)
Resolution 13 will be proposed as an ordinary resolution to confer an authority on the Directors, in substitution for any existing authority, to allot up to 10% of the issued Ordinary share capital of the Company (excluding treasury shares) as at the date of the passing of the resolution (up to a maximum aggregate nominal amount of £7.8m based on the number of Ordinary shares in issue as at the date of this Report) in accordance with Section 551 of the Companies Act 2006. The authority conferred by this resolution will expire at the next Annual General Meeting of the Company or, if earlier, 31 March 2022 (unless previously revoked, varied or extended by the Company in general meeting).

The Directors consider that the authority proposed to be granted by resolution 13 is necessary to retain flexibility.

Limited Disapplication of Pre-emption Provisions (Resolution 14)
Resolution 14 will be proposed as a special resolution and seeks to give the Directors power to allot Ordinary shares or to sell Ordinary shares held in treasury (see below) (i) by way of a rights issue (subject to certain exclusions); (ii) by way of an open offer or other offer of securities (not being a rights issue) in favour of existing shareholders in proportion to their shareholdings (subject to certain exclusions); and (iii) to persons other than existing shareholders for cash up to a maximum aggregate nominal amount representing 10% of the Company's issued Ordinary share capital as at the date of the passing of the resolution (up to an aggregate nominal amount of £7.8m based on the number of Ordinary shares in issue as at the date of this Report), without first being required to offer such shares to existing shareholders pro rata to their existing shareholding.

This power will expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, 31 March 2022 (unless previously revoked, varied or extended by the Company in general meeting).

The Company may buy back and hold shares in treasury and then sell them at a later date for cash rather than cancelling them. Such sales are required to be on a pre-emptive, pro rata basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued Ordinary share capital on a non pre-emptive basis, resolution 14 will also give the Directors power to sell Ordinary shares held in treasury on a non pre-emptive basis, subject always in both cases to the limitations noted above. Pursuant to this power, Ordinary shares would only be issued for cash, and treasury shares would only be sold for cash, at a premium to the net asset value per share (calculated after the deduction of prior charges at market value). Treasury shares are explained in more detail under the heading "Market Purchase of the Company's own Ordinary Shares" below.

Market Purchase of the Company's own Ordinary Shares (Resolution 15)
Resolution 15 will be proposed as a special resolution to authorise the Company to make market purchases of its own Ordinary shares. The Company may do either of the following things in respect of its own Ordinary shares which it buys back and does not immediately cancel but, instead, holds in treasury:

- sell such shares (or any of them) for cash (or its equivalent); or
- ultimately cancel the shares (or any of them).

Treasury shares may be resold quickly and cost effectively. The Directors therefore intend to continue to take advantage of this flexibility as they deem appropriate. Treasury shares also enhance the Directors' ability to manage the Company's capital base. No dividends will be paid on treasury shares and no voting rights attach to them.

The maximum aggregate number of Ordinary shares which may be purchased pursuant to the authority is 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of the resolution (approximately 47.6 million Ordinary shares). The minimum price which may be paid for an Ordinary share is 25p (exclusive of expenses). The maximum price (exclusive of expenses) which may be paid for the shares is the higher of a) 5% above the average of the middle market quotations of the Ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the shares for the five business days immediately preceding the date of purchase; and b) the higher of the price of the last independent trade and the highest current independent bid on the main market for the Ordinary shares.

This authority, if conferred, will expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on 31 March 2022 (unless previously revoked, varied or extended by the Company in general meeting) and will be exercised only if it would result in an increase in net asset value per Ordinary share for the remaining shareholders and if it is in the best interests of shareholders as a whole.

Holding General Meetings on not less than 14 days' clear notice (Resolution 16)
Under the Companies Act 2006, the notice period for all general meetings of the Company is 21 clear days' notice. Annual general meetings will always be held on at least 21 clear days' notice but shareholders can approve a shorter notice period for other general meetings. Resolution 16, which is a special resolution, seeks the authority from shareholders for the Company to be able to hold general meetings (other than Annual General Meetings) on not less than 14 clear days' notice. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Companies Act 2006 (as amended by the Shareholders' Rights Regulations) before it can call a general meeting on not less than 14 days' clear notice.

The Board believes that it is in the best interests of Shareholders to have the ability to call meetings on not less than 14 clear days' notice should an urgent matter arise. The Directors do not intend to hold a general meeting on less than 21 clear days' notice unless immediate action is required.

Adoption of new Articles of Association (Resolution 17)
Resolution 17, which will be proposed as a special resolution, seeks shareholder approval to adopt new Articles of Association (the 'New Articles') in order to update the Company's current Articles of Association (the 'Existing Articles'). The proposed amendments being introduced in the New Articles primarily relate to changes in law and regulation and developments in market practice since the Existing Articles were adopted, and principally include:

i. provisions enabling the Company to hold virtual shareholder meetings using electronic means (as well as physical shareholder meetings or hybrid meetings); and
ii. changes in response to the introduction of international tax regimes (notably to take into account the broader obligations under the Common Reporting Standard) requiring the exchange of information.

A summary of the principal amendments being introduced in the New Articles is set out in the appendix to the AGM Notice in the published Annual Report. Other amendments, which are of a minor, technical or clarifying nature, have not been summarised in the appendix.

While the New Articles (if adopted) would permit shareholder meetings to be conducted using electronic means, the Directors have no present intention of holding a virtual-only meeting. These provisions will only be used where the Directors consider it is in the best of interests of shareholders for hybrid or virtual-only meetings to be held. Nothing in the New Articles will prevent the Company from holding physical general meetings. The changes under (ii) are being sought in response to challenges posed by government restrictions on social interactions as a result of COVID-19 which have made it impossible for shareholders to attend physical general meetings. In the Chairman's Statement, the Board recognises that the AGM is an important occasion where shareholders can meet and ask questions of the Board and the Manager.

The Board is committed to ensuring that future general meetings (including AGMs) incorporate a physical meeting when law and regulation permits and where shareholders can meet with the Board face to face. The potential to hold a general meeting through wholly electronic means is intended as a solution to be adopted as a contingency to ensure the continued smooth operation of the Company in extreme operating circumstances where physical meetings are prohibited. The Company has no present intention of holding a wholly electronic general meeting but wants to be prepared for the future.

The full terms of the proposed amendments to the Company's Articles of Association would have been made available for inspection as required under LR 13.8.10R (2) but for the Government restrictions implemented in response to the Coronavirus outbreak As an alternative, a copy of the New Articles, together with a copy showing all of the proposed changes to the Existing Articles, will be available for inspection on the Company's website, aberdeendiversified.co.uk, from the date of the AGM Notice until the close of the AGM, and will also be available for inspection at the venue of the AGM from 15 minutes before and during the AGM. In the event that the current Coronavirus related restrictions are lifted before the AGM, a hard copy of these documents will be available for inspection at Bow Bells House, 1 Bread Street, London EC4M 9HH until the close of the AGM.

Recommendation
The Directors consider that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders and recommend that shareholders vote in favour of the resolutions as they intend to do in respect of their own beneficial shareholdings, amounting to 416,740 Ordinary shares, representing 0.1% of the issued share capital.

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

16 December 2020

STATEMENT OF CORPORATE GOVERNANCE
Aberdeen Diversified Income and Growth Trust plc (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, and is first applicable for the Company's year ended 30 September 2020.

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 has complied with the principles and provisions of the AIC Code and the relevant provisions of the UK Code, except for those provisions relating to:

- the role and responsibility of the chief executive;

- executive directors' remuneration; and
- the requirement for an internal audit function.

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.

Information on how the Company has applied the AIC Code, the UK Code, the Companies Act 2006 and the FCA's DTR 7.2.6 is provided in the Directors' Report, and in the Audit Committee's Report within the published Annual Report as follows:

- the composition and operation of the Board and its Committees;
- the Board's policy on diversity;
- the Company's approach to internal control and risk management;
- the contractual arrangements with, and annual assessment of, the Manager;
- the Company's capital structure and voting rights;
- the substantial interests disclosed in the Company's shares;
- the rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association. There are no agreements between the Company and its Directors concerning compensation for loss of office; and
- the powers to issue or buy back the Company's ordinary shares, which are sought annually, and any amendments to the Company's Articles of Association require a special resolution (75% majority) to be passed by shareholders.

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

16 December 2020

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 reasonable and 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 any information 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.

We confirm that to the best of our 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 of the Company; and
- in the opinion of the Directors, 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,

Davina Walter
Chairman

16 December 2020

STATEMENT OF COMPREHENSIVE INCOME

		Year ended 30 September 2020			Year ended 30 September 2019		
		Revenue	Capital	Total	Revenue	Capital	Total
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Losses on investments	11	-	(25,724)	(25,724)	-	(353)	(353)
Foreign exchange gains/(losses){A}	3	-	6,924	6,924	-	(8,823)	(8,823)
Income	4	20,783	-	20,783	22,106	-	22,106
Investment management fees	5	(536)	(803)	(1,339)	(613)	(919)	(1,532)
Administrative expenses	6	(826)	(11)	(837)	(927)	(8)	(935)
Net return/(loss) before finance costs and taxation		19,421	(19,614)	(193)	20,566	(10,103)	10,463
Finance costs	7	(1,516)	(2,273)	(3,789)	(1,512)	(2,268)	(3,780)
Net return/(loss) before taxation		17,905	(21,887)	(3,982)	19,054	(12,371)	6,683
Taxation	8	(65)	(370)	(435)	(348)	2,353	2,005
Return/(loss) attributable to equity shareholders		**17,840**	**(22,257)**	**(4,417)**	**18,706**	**(10,018)**	**8,688**
Return/(loss) per Ordinary share (pence)	10	**5.58**	**(6.96)**	**(1.38)**	**5.68**	**(3.04)**	**2.64**

{A} Figures for the year ended 30 September 2019 have been re-presented in accordance with guidance under the AIC SORP issued in October 2019. This has had no impact on the return/(loss) attributable to equity shareholders.

The total column of the Condensed Statement of Comprehensive Income is the profit and loss account of the Company. There has been no other comprehensive income during the year, accordingly, the return/(loss) attributable to equity shareholders is equivalent to the total comprehensive income/(loss) for the year.

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

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

STATEMENT OF FINANCIAL POSITION

	Note	As at 30 September 2020 £'000	As at 30 September 2019 £'000
Non-current assets			
Investments at fair value through profit or loss	11	428,859	458,522
Deferred taxation asset	8	2,113	2,373
		430,972	460,895
Current assets			
Debtors	12	2,287	2,039
Derivative financial instruments		777	3,282
Cash and cash equivalents		17,413	7,809
		20,477	13,130
Creditors: amounts falling due within one year			
Derivative financial instruments		(4,776)	(87)
Other creditors	13	(903)	(756)
		(5,679)	(843)
Net current assets		14,798	12,287
Total assets less current liabilities		445,770	473,182
Non-current liabilities			
6.25% Bonds 2031	14	(59,540)	(59,503)
Net assets		**386,230**	**413,679**
Capital and reserves			
Called-up share capital	15	91,352	91,352
Share premium account		116,556	116,556
Capital redemption reserve		26,629	26,629
Capital reserve	16	109,551	137,509
Revenue reserve		42,142	41,633
Equity shareholders' funds		386,230	413,679
Net asset value per Ordinary share (pence)	17		
Bonds at par value		**121.71**	**128.08**
Bonds at fair value		**113.40**	**119.90**

The financial statements were approved by the Board of Directors and authorised for issue on 16 December 2020 and were signed on its behalf by:

Davina Walter
Chairman
The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2020

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 October 2019		91,352	116,556	26,629	137,509	41,633	413,679
Return after taxation		-	-	-	(22,257)	17,840	(4,417)
Ordinary shares purchased for treasury	15	-	-	-	(5,701)	-	(5,701)
Dividends paid	9	-	-	-	-	(17,331)	(17,331)
Balance at 30 September 2020		**91,352**	**116,556**	**26,629**	**109,551**	**42,142**	**386,230**

For the year ended 30 September 2019

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 October 2018		91,352	116,556	26,629	153,182	40,410	428,129
Return after taxation		-	-	-	(10,018)	18,706	8,688
Ordinary shares issued from treasury	15	-	-	-	2,662	-	2,662
Ordinary shares purchased for treasury	15	-	-	-	(8,317)	-	(8,317)
Dividends paid	9	-	-	-	-	(17,483)	(17,483)
Balance at 30 September 2019		**91,352**	**116,556**	**26,629**	**137,509**	**41,633**	**413,679**

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

STATEMENT OF CASH FLOWS

	Note	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Operating activities			
Net return/(loss) before finance costs and taxation		(193)	10,463
Adjustments for:			
Dividend income		(14,853)	(12,561)
Fixed interest income		(5,929)	(9,402)
Interest income		1	13
Treasury bill income		-	130
Treasury bill income received		-	(130)
Dividends received		10,911	9,844
Fixed interest income received		6,732	8,898
Interest received		(1)	(13)
Unrealised losses/(gains) on forward contracts		7,193	(3,055)
Foreign exchange losses/(gains)		51	(196)
Losses on investments		25,724	353
Decrease in other debtors		10	18
Increase/(decrease) in accruals		253	(29)
Corporation tax paid		(143)	(205)
Taxation withheld		(229)	(205)
Net cash flow from operating activities		29,527	3,923
Investing activities			
Purchases of investments		(101,549)	(124,840)
Sales of investments		108,475	140,737
Net cash flow from investing activities		6,926	15,897
Financing activities			
Purchase of own shares to treasury		(5,701)	(8,317)
Issue of own shares from treasury		-	2,662
Interest paid		(3,752)	(3,756)
Equity dividends paid	9	(17,345)	(17,483)
Net cash flow used in financing activities		(26,798)	(26,894)
Increase/(decrease) in cash and cash equivalents		**9,655**	**(7,074)**
Analysis of changes in cash and cash equivalents during the year			
Opening balance		7,809	14,687
Foreign exchange		(51)	196
Increase/(decrease) in cash and cash equivalents as above		9,655	(7,074)
Closing balance		**17,413**	**7,809**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. **Principal activity.** The Company is a closed-end investment company, registered in Scotland No SC003721, with its Ordinary shares having a premium listing on the London Stock Exchange.

2. **Accounting policies**

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

Whilst the Company is obliged to hold a continuation vote at the 2021 AGM, the Directors do not believe this should automatically trigger the adoption of a basis other than going concern in line with the AIC SORP which states that it is more appropriate to prepare financial statements on a going concern basis unless a continuation vote has already been triggered and shareholders have voted against continuation.

Additionally, the SORP guidance sets out that it is appropriate for the financial statements to be prepared on a going concern basis whilst making a material uncertainty disclosure as set out in accounting standards.

The Directors considered a number of factors in determining unanimously that shareholders should vote in favour of continuation and have engaged in discussions with a number of shareholders with their advisers in reaching that conclusion. These matters included:

- the strategic review and changes to the future investment strategy of the Company;

- the stability and diversity of the Company's shareholder register and the type of shareholder on the register; and

- the buy-back of the majority of the Company's issued debt instruments after the year end and the positive impact this has on the Company's cash flow.

Based on this assessment the Directors have made the assumption that the continuation vote will pass, however recognise that the outcome of the vote is not yet known given the performance of the Company against its benchmark and the Company's share price compared with its net asset value per share.

In accordance with the SORP guidance, the Directors note that these conditions, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Company’s financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern. Based on their assessment and considerations above, the Directors have concluded that the financial statements of the Company should continue to be prepared on a going concern basis and the financial statements have been prepared accordingly.

A substantial proportion of the Company's assets are invested in equity shares in companies and fixed interest securities listed on recognised stock exchanges and in most circumstances, including in the current market environment, are realisable within a short timescale. The Board has set limits for borrowing and regularly reviews cash flow projections and compliance with banking covenants, including the headroom available. On 2 November 2020 the Company repurchased 73.2% of its Bonds which substantially reduced the level of gearing and interest costs payable in the future. 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.

The financial statements are presented in sterling (rounded to the nearest £'000), which is the Company's functional and presentation currency. The Company's performance is evaluated and its liquidity is managed in sterling. Therefore sterling is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Significant accounting judgements, estimates and assumptions. The preparation of financial statements requires the use of certain significant accounting judgements, estimates and assumptions which require Directors to exercise judgement in the process of applying the accounting policies. The areas where judgements, estimates and assumptions have the most significant effect on the amounts recognised in the financial statements is the determination of the fair value of unlisted investments, as disclosed in note 2(e) and the recognition of a deferred tax asset, details of which can be found in note 8(c).

(b) **Income.** Dividend income receivable on equity shares is recognised on the ex-dividend date. Dividend income on equity shares where no ex-dividend date is quoted is brought into account when the Company's right to receive payment is established. Where the Company has elected to receive dividends in the form of additional shares rather than in cash the amount of the cash dividend foregone is recognised as income. Special dividends are credited to capital or revenue according to their circumstances. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the Statement of Comprehensive Income.

Distributions of non-recallable capital received from unlisted holdings during their investment phase, which have been funded through profits being generated are allocated to revenue in alignment with the nature of the underlying source of income and in accordance with guidance in the AIC SORP.

The fixed returns on debt instruments are recognised using the time apportioned accruals basis and the discount or premium on acquisition is amortised or accreted on a straight line basis. Interest income is accounted for on an accruals basis. Underwriting commission is recognised when the issue underwritten closes.

(c) **Expenses.** All expenses are recognised on an accruals basis. Expenses are charged through the revenue column of the Statement of Comprehensive Income except as follows:

- expenses which are incidental to the acquisition or disposal of an investment are treated as capital and separately identified and disclosed in note 11;

- the Company charged, during the year under review, 60% of investment management fees and finance costs to capital, in accordance with the Board's view at that time of the expected long term return in the form of capital gains and income respectively from the investment portfolio of the Company.

In accordance with the investment management agreement, where applicable, an amount equivalent to the management fee received by the Manager on the underlying holding which is managed by the Group in the normal course of business, is either removed from or offset against the management fee payable by the Company to ensure that no double counting occurs.

(d) **Taxation.** The tax expense represents the sum of tax currently payable and deferred tax. Any tax payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that were applicable at the Statement of Financial Position date.

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

The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue within the Statement of Comprehensive Income on the same basis as the particular item to which it relates using the Company's effective rate of tax for the year. The SORP recommends that the benefit of that tax relief should be allocated to capital and a corresponding charge made to revenue. The Company does not apply the marginal method of allocation of tax relief as any allocation of tax relief between capital and revenue would have no impact on shareholders' funds. Had this allocation been made, the charge to revenue and corresponding credit to capital for the year ended 30 September 2020 would have been £1,641,000 (2019 - £1,894,000).

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

Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are measured initially at fair value. Subsequent to initial recognition, investments are valued at fair value through profit or loss. For listed investments, this is deemed to be bid market prices or closing prices for SETS (London Stock Exchange's electronic trading service) stocks sourced from the London Stock Exchange.

Unlisted investments, including those in Limited Partnerships ("LPs") are valued by the Directors at fair value using International Private Equity and Venture Capital Valuation Guidelines - Edition 2018.

The Company's investments in LPs are subject to the terms and conditions of the respective investee's offering documentation. The investments in LPs are valued based on the reported Net Asset Value ("NAV") of such assets as determined by the administrator or General Partner of the LP and adjusted by the Directors in consultation with the Manager to take account of concerns such as liquidity so as to ensure that investments held at fair value through profit or loss are carried at fair value. The reported NAV is net of applicable fees and expenses including carried interest amounts of the investees and the underlying investments held by each LP are accounted for, as defined in the respective investee's offering documentation. While the underlying fund managers may utilise various model-based approaches to value their investment portfolios, on which the Company's valuations are based, no such models are used directly in the preparation of fair values of the investments. The NAV of LPs reported by the administrators may subsequently be adjusted when such results are subject to audit and audit adjustments may be material to the Company.

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

(f) **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 rate method. The finance costs of such borrowings are accounted for on an accruals basis using the effective interest rate method and have been charged 40% to revenue and 60% to capital in the Statement of Comprehensive Income up to 30 September 2020 to reflect the Company's investment policy and prospective income and capital growth.

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

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

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. This reserve is not distributable.

Capital reserve. This reserve reflects any gains or losses on investments realised in the period along with any movement in the fair value of investments held that have been recognised in the Statement of Comprehensive Income. These include gains and losses from foreign currency exchange differences. Additionally, expenses, including finance costs, are charged to this reserve in accordance with (c) and (f) above. The capital reserve is distributable to the extent unrealised gains/losses arising from unlisted investments are excluded.

Revenue reserve. This reserve reflects all income and costs which are recognised in the revenue column of the Statement of Comprehensive Income. The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

(h) **Valuation of derivative financial instruments.** Derivatives are classified as fair value through profit or loss - held for trading. Derivatives are initially accounted and measured at fair value on the date the derivative contract is entered into and subsequently measured at fair value. The gain or loss on re-measurement is taken to the Statement of Comprehensive Income. The sources of the return under the derivative contract are allocated to the revenue and capital column of the Statement of Comprehensive Income in alignment with the nature of the underlying source of income and in accordance with guidance in the AIC SORP.

(i) **Dividends payable.** 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.

(j) **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.

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

(l) **Cash and cash equivalents.** Cash comprises cash in hand and demand deposits. Cash equivalents includes bank overdrafts repayable on demand and short term, highly liquid, investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.

(m) **Segmental reporting**. The Directors are of the opinion that the Company is engaged in a single segment of business activity, being investment business. Consequently, no business segmental analysis is provided.

3. **Foreign exchange losses.** The Company has re-presented figures for the year ended 30 September 2019 in accordance with guidance under the AIC SORP ("the SORP") issued in October 2019. In place of separately disclosing amounts relating to realised and unrealised gains and losses on foreign exchange movements and amounts relating to realised and unrealised gains and losses on forward contracts, the Company has chosen to present these amounts in aggregate under guidance of the SORP. This has had no impact on the return/(loss) attributable to equity shareholders as shown below.

As presented in the 30 September 2019 Annual Report	**£'000**
Realised foreign exchange losses	(413)
Unrealised foreign exchange gains	196
Realised losses on forward contracts	(11,661)
Unrealised gains on forward contracts	3,055
	(8,823)

As presented in the 30 September 2020 Annual Report	£'000
Foreign exchange losses	(8,823)

4. **Income**

	2020 £'000	2019 £'000
Income from investments		
UK listed dividends	4,353	3,389
Overseas listed dividends	4,709	5,384
Unquoted/LP income	3,880	1,027
Stock dividends	1,911	2,761
Fixed interest income	5,929	9,402
Treasury bill income	-	130
	20,782	22,093
Other income		
Interest	1	13
	1	13
Total income	**20,783**	**22,106**

5. **Investment management fees**

	2020			2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	536	803	1,339	613	919	1,532

The investment management fee has been levied by ASFML at the following tiered levels:

- 0.50% per annum in respect of the first £300 million of the net asset value (with the 6.25% Bonds 2031 at fair value); and

- 0.45% per annum in respect of the balance of the net asset value (with the 6.25% Bonds 2031 at fair value).

The Company also receives rebates in respect of underlying investments in other funds managed by the Group (where an investment management fee is charged by the Group on that fund) in the normal course of business to ensure that no double counting occurs. Any investments made in funds managed by the Manager which themselves invest directly into alternative investments including, but not limited to, infrastructure and property are charged at the Manager's lowest institutional fee rate. To avoid double charging, such investments are excluded from the overall management fee calculation.

At the year end, an amount of £428,000 (2019 - £241,000) was outstanding in respect of management fees due by the Company.

6. **Administrative expenses**

	2020			2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Directors' remuneration	169	-	169	169	-	169
Custody fees	74	-	74	102	-	102
Depositary fees	47	-	47	51	-	51
Shareholders' services{A}	202	-	202	203	-	203
Registrar's fees	55	-	55	61	-	61
Transaction costs	-	11	11	-	8	8

Legal and professional fees	77	-	77	102	-	102
Auditor's remuneration:						
- statutory audit	44	-	44	29	-	29
- other non-audit services						
review of Bond compliance certificate	4	-	4	1	-	1
review of Half-yearly Report	14	-	14	6	-	6
Other expenses	140	-	140	203	-	203
	826	**11**	**837**	**927**	**8**	**935**

{A} Includes registration, savings scheme and other wrapper administration and promotional expenses, of which £200,000 (2019 - £200,000) was payable to ASFML to cover promotional activities during the year. There was £150,000 (2019 - £50,000) due to ASFML in respect of these promotional activities at the year end.

7. Finance costs

	2020			2019		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
6.25% Bonds 2031	1,515	2,272	3,787	1,510	2,264	3,774
Overdraft interest	1	1	2	2	4	6
	1,516	**2,273**	**3,789**	**1,512**	**2,268**	**3,780**

8. Taxation

	2020			2019		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
(a) Analysis of charge for the year						
Current UK tax	107	-	107	338	-	338
Double taxation relief	(107)	-	(107)	(129)	-	(129)
Corporation tax prior year adjustment	(66)	-	(66)	(61)	-	(61)
Overseas tax suffered	131	110	241	200	20	220
Current tax charge for the year	**65**	**110**	**175**	**348**	**20**	**368**
Movement in deferred tax asset	-	260	260	-	(2,373)	(2,373)
Total tax charge for the year	**65**	**370**	**435**	**348**	**(2,353)**	**(2,005)**

(b) **Factors affecting the tax charge for the year.** The tax assessed for the year is lower than the standard rate of corporation tax of 19.0% (2019 - same). The differences are explained as follows:

	2020			2019		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Net return before taxation	17,905	(21,887)	(3,982)	19,054	(12,371)	6,683
Net return before taxation multiplied by the standard rate of corporation tax of 19.0%	3,402	(4,159)	(757)	3,620	(2,351)	1,269

(2019 -same)

Effects of:						
Non taxable (gains)/losses on investments held at fair value through profit or loss	-	6,254	6,254	-	(513)	(513)
Exchange gain/(loss) not taxable	-	(2,683)	(2,683)	-	2,257	2,257
Non taxable UK dividend income	(383)	-	(383)	(139)	-	(139)
Non taxable overseas dividend income	(1,276)	-	(1,276)	(1,249)	-	(1,249)
Disallowable expenses	4	3	7	-	-	-
Overseas tax suffered	131	110	241	200	20	220
Double taxation relief	(106)	-	(106)	(129)	-	(129)
Corporation tax prior year adjustment	(66)	-	(66)	(61)	-	(61)
Utilisation of excess management expenses	-	(1,056)	(1,056)	-	(1,287)	(1,287)
Effect of not applying the marginal method of allocation of tax relief	(1,641)	1,641	-	(1,894)	1,894	-
Movement in deferred tax asset	-	260	260	-	(2,373)	(2,373)
	65	**370**	**435**	**348**	**(2,353)**	**(2,005)**

(c) **Factors that may affect future tax charges.** As at 30 September 2020, the Company has recognised a deferred tax asset of £2,113,000 (2019 - £2,373,000) as it is considered likely that accumulated unrelieved management expenses and loan relationship deficits will be extinguished in future years. In arriving at the amount recognised, the Company has estimated the future levels of taxable income forecast to be generated and the utilisation of management expenses.

9. Ordinary dividends on equity shares

	2020	2019
	£'000	£'000
Third interim dividend for 2019 - 1.34p (2018 - 1.31p)	4,342	4,304
Fourth interim dividend for 2019 - 1.34p (2018 - 1.31p)	4,300	4,332
First interim dividend for 2020 - 1.36p (2019 - 1.34p)	4,352	4,431
Second interim dividend for 2020 - 1.36p (2019 - 1.34p)	4,337	4,416
	17,331	**17,483**

Set out below are the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Sections 1158 and 1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £17,840,000 (2019 - £18,706,000).

	2020	2019
	£'000	£'000
First interim dividend for 2020 - 1.36p (2019 - 1.34p)	4,352	4,431
Second interim dividend for 2020 - 1.36p (2019 - 1.34p)	4,337	4,416
Third interim dividend for 2020 - 1.36p (2019 - 1.34p)	4,317	4,342
Fourth interim dividend for 2020 - 1.36p{A} (2019 - 1.34p)	4,262	4,300

	2020	2019
	17,268	**17,489**

{A} The amount reflected above for the cost of the fourth interim dividend for 2020 is based on 313,375,238 Ordinary shares, being the number of Ordinary shares in issue, excluding shares held in treasury, at the date of this Report.

10. Return per Ordinary share

	2020 p	2019 p
Revenue return	5.58	5.68
Capital return	(6.96)	(3.04)
Total return	**(1.38)**	**2.64**

The figures above are based on the following:

	2020 £'000	2019 £'000
Revenue return	17,840	18,706
Capital return	(22,257)	(10,018)
Total return	**(4,417)**	**8,688**
Weighted average number of shares in issue{A}	**319,818,316**	**329,526,431**

{A} Calculated excluding shares held in treasury.

11. Investments

	2020 £'000	2019 £'000
Held at fair value through profit or loss		
Opening valuation	458,522	472,496
Opening investment holdings losses	10,202	8,014
Opening book cost	468,724	480,510
Movements during the year:		
Purchases at cost	105,254	125,649
Sales - proceeds	(109,114)	(139,412)
Sales - (losses)/gains	(18,551)	1,835
(Accretion)/amortisation of fixed income book cost	(79)	142
Closing book cost	446,234	468,724
Closing investment holdings losses	(17,375)	(10,202)
Closing valuation of investments	**428,859**	**458,522**

The portfolio valuation	**2020 £'000**	**2019 £'000**
UK equities	174,403	135,016
Overseas equities	62,141	88,620
Fixed interest	64,760	115,570
Loan investments	10,347	11,078
Unlisted holdings	117,208	108,238
	428,859	**458,522**

Losses on investments	2020 £'000	2019 £'000
Realised (losses)/gains	(18,551)	1,835
Net movement in investment holdings losses	(7,173)	(2,188)
	(25,724)	(353)

The Company received £109,114,000 (2019 - £139,412,000) from investments sold in the period. The book cost of these investments when they were purchased was £127,665,000 (2019 - £137,577,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of investments.

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

	2020 £'000	2019 £'000
Purchases	154	22
Sales	35	65
	189	**87**

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.

Substantial holdings. At the year end the Company held more than 3% of a share class in the following investees:

Investee	Class	% of Class
Aberdeen Standard SICAV I - Multi-factor Global Equity Income Fund{A}	Z QInc	100
Aberdeen Global Infrastructure Partners II	AUD	11
Aberdeen Global Infrastructure Partners II	USD	11
Aberdeen Standard Alpha - Global Loans Fund{A}	Z Inc	43
Aberdeen Standard SICAV I - Frontier Markets Bond Fund	I MInc	31
Aberdeen European Residential Opportunities Fund	B	6
Aberdeen Property Secondaries Partners II	A-1	21
Andean Social Infrastructure Fund I	USD	13
Blue Capital Alternative Income Fund	USD	5
Burford Opportunity Fund	USD	8
Maj Equity Fund 4	DKK	3
Markel CATCo Reinsurance Fund Ltd - LDAF 2018 SPI	B	3
Markel CATCo Reinsurance Fund Ltd - LDAF 2019 Liq{B}	B	3
Aberdeen Standard Secondary Opportunities Fund IV	USD	6
SL Capital Infrastructure II	EUR	5
TwentyFour Asset Backed Opportunities Fund{C}	I-1	51

The registered addresses for investment holdings where the Company holds greater than 20% of their net assets attributable are as follows:

{A} 35a Avenue John F Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg

{B} Crawford House, 50 Cedar Avenue, Hamilton HM11, Bermuda

{C} Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY

12. Debtors

	2020 £'000	2019 £'000
Amounts due from brokers	682	43
Prepayments and accrued income	1,450	1,932
Taxation recoverable	47	64
Corporation tax recoverable	108	-
	2,287	**2,039**

13. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Interest on 6.25% Bonds 2031	208	208
Corporation tax payable	-	106
Other creditors	695	442
	903	**756**

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

	2020 £'000	2019 £'000
6.25% Bonds 2031{A}		
Balance at beginning of year	59,503	59,479
Amortisation of discount and issue expenses	37	24
Balance at end of year	**59,540**	**59,503**

{A} The fair value of the 6.25% Bonds using the last available quoted offer price from the London Stock Exchange as at 30 September 2020 was 143.2082p, a total of £85,925,000 (2019 - 143.21019p, total of £85,926,000).

At the year end the Company had in issue £60 million Bonds 2031 which were issued at 99.343%. The Bonds have been accounted for in accordance with FRS 102, which require any discount or issue costs to be amortised over the life of the Bonds. The Bonds are secured by a floating charge over all of the assets of the Company.

Under the covenants relating to the Bonds, the Company is to ensure that, at all times, the aggregate principal amount outstanding in respect of monies borrowed by the Company does not exceed an amount equal to its share capital and reserves. All covenants were met during the year and also during the period from the year end to the date of this Report.

15. Called up share capital

	Ordinary shares (number)	Treasury shares (number)	Total shares (number)	£'000
Allotted, called up and fully paid				
Ordinary shares of 25p each				
At 30 September 2019	322,981,705	42,429,169	365,410,874	91,352
Shares purchased for treasury	(5,651,467)	5,651,467	-	-
At 30 September 2020	**317,330,238**	**48,080,636**	**365,410,874**	**91,352**

During the year 5,651,467 (2019 - 7,720,000) Ordinary shares of 25p each were purchased to be held in treasury at a cost of £5,701,000 (2019 - £8,317,000). There were no Ordinary shares of 25p issued from treasury during the year (2019 - 2,150,000 for a consideration of £2,662,000).

Since the year end 3,955,000 Ordinary shares of 25p each have been purchased to be held in treasury by the Company for a total cost of £3,772,000.

16. Capital reserve

	2020 £'000	2019 £'000
At 1 October	137,509	153,182
Movement in investment holding gains	(7,173)	(2,188)
(Losses)/gains on realisation of investments at fair value	(18,551)	1,835
Foreign exchange gains/(losses)	6,924	(8,823)
Transaction and other costs	(11)	(8)
Finance costs	(2,273)	(2,268)
Issue of own shares from treasury	-	2,662
Purchase of own shares to treasury	(5,701)	(8,317)
Investment management fees	(803)	(919)
Overseas tax suffered	(110)	(20)
Deferred tax	(260)	2,373
At 30 September	**109,551**	**137,509**

17. Net asset value per share. The net asset value per Ordinary share and the net asset value attributable to the Ordinary shares at the year end were as follows:

Debt at par	**2020**	**2019**
Net asset value attributable (£'000)	386,230	413,679
Number of Ordinary shares in issue excluding treasury (note 15)	317,330,238	322,981,705
Net asset value per share (p)	**121.71**	**128.08**

Debt at fair value	**£'000**	**£'000**
Net asset value attributable	386,230	413,679
Add: Amortised cost of 6.25% Bonds 2031	59,540	59,503
Less: Market value of 6.25% Bonds 2031	(85,925)	(85,926)
	359,845	**387,256**
Number of Ordinary shares in issue excluding treasury (note 15)	317,330,238	322,981,705
Net asset value per share (p)	113.40	119.90

18. Financial instruments

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, other than derivatives, comprise securities and other investments, cash balances, liquid resources, 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 forward foreign currency contracts, futures and options, subject to Board approval, for the purpose of enhancing portfolio returns and for hedging purposes in a manner consistent with the Company's broader investment policy.

As at 30 September 2020 there were 12 open positions in derivatives transactions (2019 - 24).

Risk management framework. The directors of Aberdeen Standard Fund Managers Limited ("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 Standard Life Aberdeen plc (the "Group"), which provides a variety of services and support to ASFML in the conduct of its business activities, including 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 Group's Internal Audit Department is independent of the Risk Division and reports directly to the Audit Committee of the Group's Board of Directors and to the Group's CEO. The Internal Audit Department is responsible for providing an independent assessment of the Group's control environment.

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 CEO 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 corporate governance structure is supported by several committees to assist the board of directors of ASFML, 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 in the committees' terms of reference.

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

In order to mitigate risk, the investment strategy is to select investments for their fundamental value. Asset selection is therefore based on disciplined accounting, market and sector analysis. 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 asset class. The Investment Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to consider investment strategy. Current strategy is detailed in the Chairman's Statement and in the Investment Manager's Report.

The Board has agreed the parameters for net gearing/cash, which was 10.7% of net assets as at 30 September 2020 (2019 - 12.5%). The Manager's policies for managing these risks are summarised below and have been applied throughout the current and previous year. The numerical disclosures in the tables listed below exclude short-term debtors and creditors.

Market risk. The Company's investment portfolio is exposed to market price fluctuations, which are monitored by the Manager in pursuance of the investment objective. Adherence to investment guidelines and to investment and borrowing powers set out in the management agreement mitigates the risk of exposure to any particular security or issuer. Further information on the investment portfolio is set out in the Investment Manager's Report.

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's operations. It represents the potential loss the Company might suffer through holding market positions as a consequence of price movements. It is the Board's policy to hold investments in the portfolio in a broad spread of asset classes in order to reduce the risk arising from factors specific to a particular asset class.

Interest rate risk. Interest rate movements may affect:

- the level of income receivable on cash deposits; and

- the fair value of any investments in fixed interest rate securities.

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. Details of the 6.25% Bonds 2031 and interest rates applicable can be found in note 14.

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

Financial assets. The interest rate risk of the portfolio of financial assets at the reporting date was as follows:

	2020			2019		
	Within 1 year	More than 1 year	Total	Within 1 year	More than 1 year	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Exposure to fixed interest rates						
Fixed interest investments	3,404	51,621	55,025	9,312	87,170	96,482
Exposure to floating interest rates						
Fixed interest investments{A}	-	9,735	9,735	-	19,088	19,088
Loan investments{A}	-	10,347	10,347	-	11,078	11,078
Cash and cash equivalents	17,413	-	17,413	7,809	-	7,809
	20,817	**71,703**	**92,520**	**17,121**	**117,336**	**134,457**

{A} Variable distributions received from investment holdings, which have an underlying portfolio of fixed interest securities.

Financial liabilities. The Company has borrowings by way of a bond issue, held at amortised cost of £59,540,000 (2019 - £59,503,000) details of which are in note 14. The fair value of this loan has been calculated at £85,925,000 as at 30 September 2020 (2019 - £85,926,000).

Interest rate sensitivity. A sensitivity analysis demonstrates the sensitivity of the Company's results for the year to a reasonably possible change in interest rates, with all other variables held constant.

The sensitivity of the profit/(loss) for the year is the effect of the assumed change in interest rates on:

- the net interest income for the year, based on the floating rate financial assets held at the Statement of Financial Position date; and

- changes in fair value of investments for the year, based on revaluing fixed rate financial assets and liabilities at the Statement of Financial Position date.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's net interest for the year ended 30 September 2020 would increase/decrease by £87,000 (2019 – increase/decrease £39,000). This is attributable to the Company's exposure to interest rates on its floating rate cash balances at 30 September 2020.

If interest rates had been 50 basis points higher and all other variables were held constant, a change in fair value of the Company's fixed rate financial assets and floating rate financial assets, which have an exposure to fixed interest securities, at the year ended 30 September 2020 of £75,107,000 (2019 - £126,648,000) would result in a decrease of £946,000 (2019 – £1,659,000). If interest rates had been 50 basis points lower and all other variables were held constant, a change in fair value of the Company's fixed rate financial assets at the year ended 30 September 2020 would result in an increase of £631,000 (2019 – £1,735,000).

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 foreign 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. The revenue account is subject to currency fluctuations arising on dividends receivable in foreign currencies and, indirectly, due to the impact of foreign exchange rates upon the profits of investee companies. The Company has entered into derivative transactions, in the form of forward foreign currency contracts, to ensure that exposure to foreign denominated investments and cashflows is appropriately hedged.

Foreign currency risk exposure by currency of denomination excluding other debtors and receivables and other payables falling due within one year:

	30 September 2020			30 September 2019		
	Investments £'000	Net monetary items £'000	Total currency exposure £'000	Investments £'000	Net monetary items £'000	Total currency exposure £'000
US Dollar	152,720	(2,633)	150,087	170,986	741	171,727
Euro	60,156	(994)	59,162	53,943	1,626	55,569
Other	58,956	1,363	60,319	104,164	4,083	108,247
	271,832	(2,264)	269,568	329,093	6,450	335,543

Foreign currency sensitivity. The following table details the impact on the Company's net assets to a 10% decrease (in the context of a 10% increase the figures below should all be read as negative) in sterling against the foreign currencies in which the Company has exposure. The sensitivity analysis includes foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. This sensitivity excludes forward foreign currency contracts entered into for hedging short term cash flows.

	2020 £'000	2019 £'000
US Dollar	15,009	17,172
Euro	5,916	5,557
Other	6,032	10,825
	26,957	33,554

Forward foreign currency contracts. The following forward foreign currency contracts were outstanding at the Statement of Financial Position date:

Date of contract	Buy Currency	Sell Currency	Settlement date	Amount '000	Contracted rate	Unrealised gain/(loss) 30 September 2020 £'000
3 September 2020	GBP	NOK	9 December 2020	14,598	12.0993	331
3 September 2020	JPY	GBP	9 December 2020	11,869	136.3636	423
10 September 2020	USD	GBP	9 December 2020	3,083	1.2933	23
15 September 2020	USD	GBP	9 December 2020	73	1.2933	-
						777
3 September 2020	GBP	AUD	9 December 2020	21,056	1.8041	(179)
3 September 2020	GBP	CAD	9 December 2020	14,583	1.7271	(106)

3 September 2020	GBP	EUR	9 December 2020	67,535	1.1012	(1,158)
3 September 2020	GBP	NZD	9 December 2020	14,379	1.9567	(124)
3 September 2020	GBP	SEK	9 December 2020	14,299	11.5658	(28)
3 September 2020	GBP	USD	9 December 2020	121,677	1.2933	(3,180)
18 September 2020	GBP	USD	9 December 2020	402	1.2933	(1)
						(4,776)

Date of contract	Buy Currency	Sell Currency	Settlement date	Amount '000	Contracted rate	Unrealised gain/(loss) 30 September 2019 £'000
6 September 2019	GBP	AUD	12 December 2019	29,804	1.8282	412
6 September 2019	GBP	CAD	12 December 2019	25,415	1.6345	89
6 September 2019	GBP	EUR	12 December 2019	64,344	1.1274	971
6 September 2019	GBP	JPY	12 December 2019	20,544	132.8838	268
6 September 2019	GBP	NOK	12 December 2019	24,214	11.2167	269
6 September 2019	GBP	NZD	12 December 2019	24,031	1.9677	559
6 September 2019	GBP	SEK	12 December 2019	24,443	12.0925	452
6 September 2019	GBP	USD	12 December 2019	47,971	1.2359	60
6 September 2019	GBP	USD	12 December 2019	47,971	1.2359	60
9 September 2019	GBP	EUR	12 December 2019	6,365	1.1274	73
12 September 2019	USD	GBP	12 December 2019	232	1.2359	-
18 September 2019	GBP	EUR	12 December 2019	1,390	1.1274	3
18 September 2019	USD	GBP	12 December 2019	1,494	1.2359	17
20 September 2019	USD	GBP	12 December 2019	2,352	1.2359	39
25 September 2019	USD	GBP	12 December 2019	1,923	1.2359	10
						3,282
9 September 2019	EUR	GBP	12 December 2019	4,074	1.1274	(43)
10 September 2019	GBP	USD	12 December 2019	3,626	1.2359	(14)
12 September 2019	USD	GBP	12 December 2019	2,108	1.2359	(4)
16 September 2019	EUR	GBP	12 December 2019	243	1.1274	(1)
17 September 2019	EUR	GBP	12 December 2019	192	1.1274	(1)
17 September 2019	GBP	USD	12 December 2019	1,102	1.2359	(7)
18 September 2019	GBP	USD	12 December 2019	827	1.2359	(10)
20 September 2019	GBP	USD	12 December 2019	420	1.2359	(7)
						(87)

The fair value of forward exchange contracts is based on forward exchange rates at the Statement of Financial Position date.

Other price risk. Other price risks (ie changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments.

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 sector. The allocation of assets to international markets and the stock selection process, as detailed in the section "Investment Process", both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy.

Other price risk sensitivity. If market prices at the reporting date had been 10% higher or lower on investments held at fair value while all other variables remained constant, the return attributable to Ordinary shareholders and equity for the year ended 30 September 2020 would have increased/decreased by £35,229,000 (2019 - £33,188,000).

Liquidity risk. This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

	Within 1 year £'000	Within 1-3 years £'000	Within 3-5 years £'000	More than 5 years £'000	Total £'000
6.25% Bonds 2031	-	-	-	60,000	60,000
Interest cash flows on 6.25% Bonds 2031	3,750	7,500	7,500	22,500	41,250
	3,750	7,500	7,500	82,500	101,250

Management of the risk. The Company's assets comprise sufficient readily realisable securities which can be sold to meet funding commitments if necessary.

Credit risk. This is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Management of the risk

- where the Manager makes an investment in a bond, corporate or otherwise, the credit ratings of the issuer are taken into account so as to manage the risk to the Company of default;
- investments in quoted bonds are made across a variety of industry sectors and geographic markets so as to avoid concentrations of credit risk;
- transactions involving derivatives are entered into only with investment banks, the credit rating of which is taken into account so as to minimise the risk to the Company of default;
- investment transactions are carried out with a 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 daily review of failed trade reports. In addition, both stock and cash reconciliations to the custodian's records are performed daily to ensure discrepancies are investigated in a timely manner. The Manager's Compliance department carries out periodic reviews of the custodian's operations and reports its finding to the Manager's Risk Management Committee; and
- cash is held only with reputable banks with acceptable credit quality. It is the Manager's policy to trade only with A- and above (Long Term rated) and A-1/P-1 (Short Term rated) counterparties.

Credit risk exposure. In summary, compared to the amounts in the Statement of Financial Position, the maximum exposure to credit risk at 30 September 2020 and 30 September 2019 was as follows:

	2020		2019	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Non-current assets				
Securities at fair value through profit or loss	428,859	75,107	458,522	126,649
Current assets				
Other debtors	187	187	92	29
Amounts due from brokers	682	682	43	43
Accrued income	1,418	1,418	1,904	1,904
Derivatives	777	777	3,282	3,282
Cash and short term deposits	17,413	17,413	7,809	7,809

	449,336	95,584	471,652	139,716

None of the Company's financial assets are secured by collateral or other credit enhancements and none of the Company's financial assets are past due or impaired (2019 - £nil).

Credit ratings. The following table provides a credit rating profile using Standard and Poor's credit ratings for the bond portfolio at 30 September 2020 and 30 September 2019:

	2020 £'000	2019 £'000
A	3,105	5,862
A-	2,217	18,748
B	1,834	-
B-	1,030	-
BB+	-	8,932
BB	5,108	-
BB-	5,000	13,145
BBB+	7,746	-
BBB	4,760	10,384
Non-rated	33,960	58,499
	64,760	**115,570**

Whilst a substantial proportion of the fixed interest portfolio does not have a rating provided by a recognised credit ratings agency, the Manager undertakes an ongoing review of their suitability for inclusion within the portfolio.

19. 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 levels:

Level 1: inputs are quoted prices (unadjusted) in active markets 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 for the assets or liabilities, either directly (ie as prices) or indirectly (ie derived from prices).

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to 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:

As at 30 September 2020	**Level 1** **£'000**	**Level 2** **£'000**	**Level 3** **£'000**	**Total** **£'000**
Financial assets/(liabilities) at fair value through profit or loss				
Equity investments	109,124	125,953	117,208	352,285
Loan investments	1,467	10,347	-	11,814
Fixed interest instruments	-	64,760	-	64,760

Forward currency contracts - financial assets	-	777	-	777
Forward currency contracts - financial liabilities	-	(4,776)	-	(4,776)
Net fair value	**110,591**	**197,061**	**117,208**	**424,860**

As at 30 September 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets/(liabilities) at fair value through profit or loss				
Equity investments	80,784	142,852	108,238	331,874
Loan investments	-	11,078	-	11,078
Fixed interest instruments	-	115,570	-	115,570
Forward currency contracts - financial assets	-	3,282	-	3,282
Forward currency contracts - financial liabilities	-	(87)	-	(87)
Net fair value	**80,784**	**272,695**	**108,238**	**461,717**

Level 3 Financial assets at fair value through profit or loss	As at 30 September 2020 £'000	As at 30 September 2019 £'000
Opening fair value	108,238	82,055
Purchases including calls (at cost)	25,895	48,170
Disposals and return of capital	(15,886)	(14,348)
Transfers from level 1	-	-
Transfers from level 2	-	-
Total gains or losses included in losses on investments in the Statement of Comprehensive Income:		
- assets disposed of during the year	(10,142)	2,908
- assets held at the end of the year	9,103	(10,547)
Closing balance	**117,208**	**108,238**

The fair value of Level 3 financial assets has been determined by reference to primary valuation techniques described in note 2(e) of these financial statements. The Level 3 equity investments comprise the following:

	As at 30 September 2020 £'000	As at 30 September 2019 £'000
Aberdeen European Residential Opportunities Fund	11,248	8,241
Aberdeen Global Infrastructure Partners II (USD)	6,899	3,489
Aberdeen Global Infrastructure Partners II (AUD)	4,785	4,085
Aberdeen Property Secondaries Partners II	13,425	14,664
Aberdeen Standard Secondary Opportunities Fund IV	2,805	-
Agriculture Capital Management Fund II	3,636	3,783
Andean Social Infrastructure Fund I	1,629	17
BlackRock Renewable Income - UK	7,809	9,107
Blue Capital Alternative Income	280	1,504

Burford Opportunity Fund	14,092	6,660
Cheyne Social Property Impact Fund	6,073	3,771
Dover Street VII	252	405
HarbourVest International Private Equity V	44	51
HarbourVest International Private Equity VI	2,796	3,055
HarbourVest VIII Buyout Fund	529	703
HarbourVest VIII Venture Fund	177	236
Healthcare Royalty Partners IV	940	683
Maj Equity 4	2,262	2,576
Maj Equity 5	828	1,020
Markel CATCo Reinsurance Fund Ltd - LDAF 2018 SPI	4,396	6,676
Markel CATCo Reinsurance Fund Ltd - LDAF 2019 SPI	3,405	8,871
Mesirow Financial Private Equity III	371	473
Mesirow Financial Private Equity IV	1,451	1,806
SL Capital Infrastructure II	20,264	18,946
TrueNoord Co-Investment	6,812	7,416
	117,208	**108,238**

There were no transfers between levels for financial assets and financial liabilities during the period recorded at fair value as at 30 September 2020 and 30 September 2019.

For all other assets and liabilities (i.e. those not included in the hierarchy table) carrying value approximates to fair value with the exception of the 6.25% Bonds 2031. The basis of their fair value is detailed in note 14.

20. Related party transactions and transactions with the Manager

Related party transactions - Directors' fees and interests. Fees payable during the year to the Directors and their interests in shares of the Company are considered to be related party transactions and are disclosed within the Directors' Remuneration Report in the published Annual Report. The balance of fees due to Directors at the year end was £13,000 (2019 - £15,000).

Transactions with the Manager. The Company has an agreement with Aberdeen Standard Fund Managers Limited ("ASFML") for the provision of management services. The investment management fee is levied by ASFML at the following tiered levels, payable monthly in arrears:

- 0.50% per annum in respect of the first £300 million of the net asset value (with debt at fair value); and

- 0.45% per annum in respect of the balance of the net asset value (with debt at fair value).

Details of transactions during the year and balances outstanding at the year end are disclosed in note 5.

In accordance with the investment management agreement, where applicable, an amount equivalent to the management fee received by the Manager on the underlying holding which is managed by the Group in the normal course of business, is either removed from or offset against the management fee payable by the Company to ensure that no double counting occurs. Any investments made in funds managed by the Group which themselves invest directly into alternative investments including, but not limited to, infrastructure and property will be charged at the Group's lowest institutional fee rate. To avoid double charging, such investments will be excluded from the overall management fee calculation.

The table below details all investments held at 30 September 2020 that were managed by the Group. For the period to 30 September 2020 no fees were levied in respect of these funds.

	30 September 2020 £'000
Aberdeen Standard SICAV I – Multi-factor Global Equity Income Fund{A}	62,116
SL Capital Infrastructure II{B}	20,264

Aberdeen Property Secondaries Partners II{C}	13,425
Aberdeen European Residential Opportunities Fund{B}	11,248
Aberdeen Standard Alpha - Global Loans Fund{A}	10,347
Aberdeen Standard SICAV I - Frontier Markets Bond Fund{C}	9,735
Aberdeen Global Infrastructure Partners II (USD){D}	6,899
Aberdeen Global Infrastructure Partners II (AUD){D}	4,785
Aberdeen Standard Secondary Opportunities Fund IV{C}	2,805
Andean Social Infrastructure Fund I{B}	1,629
	143,253

{A} The Company is invested in a share class which is not subject to a management charge from the Group.

{B} The value of this holding is removed from the management fee calculation to ensure that no double counting occurs.

{C} An amount equivalent to the management fee received by the Manager on the underlying is offset against the management fee payable by the Company to ensure that no double counting occurs.

{D} The invested capital commitment is removed from the management fee calculation to ensure than no double counting occurs.

The Company also has an agreement with ASFML for the provision of secretarial, accounting and administration services and promotional activities. Details of transactions during the year and balances outstanding at the year end are disclosed in note 5 and note 6.

21. **Capital management policies and procedures.** The current investment objective of the Company is to target a total portfolio return (net of fees) of LIBOR (London Interbank Offered Rate) plus 5.5% per annum over rolling five-year periods.

The capital of the Company consists of debt (comprising Bonds) and equity (comprising issued capital, reserves and retained earnings). The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

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

- the planned level of gearing which takes into account the Investment Manager's views on the market (net gearing at the reporting period end is disclosed in Highlights and the calculation basis is set out in the Alternative Performance Measures);

- the level of equity shares in issue; and

- the revenue account, shareholder distributions and the extent to which the balance is either accretive or dilutive of the revenue reserves.

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

At the year end a covenant relating to the issue of the Bonds provides that the Company is to ensure that, at all times, the aggregate principal amount outstanding in respect of monies borrowed by the Company does not exceed an amount equal to its share capital and reserves. This covenant was met during the year and also during the period from the year end to the date of this report. The Company is not subject to any other externally imposed capital requirements.

22. **Analysis of changes in net debt**

	At 30 September 2019	Currency differences	Cash flows	Non-cash movements	At 30 September 2020

	£000	£000	£000	£000	£000
Cash and cash equivalents	7,809	17,459	(7,855)	-	**17,413**
Forward contracts	3,195	(7,194)	-	-	**(3,999)**
Debt due after one year	(59,503)	-	-	(37)	**(59,540)**
Total	**(48,499)**	**10,265**	**(7,855)**	**(37)**	**(46,126)**

	At 30 September 2018 £000	Currency differences £000	Cash flows £000	Non-cash movements £000	At 30 September 2019 £000
Cash and cash equivalents	14,687	(5,586)	(1,292)	-	**7,809**
Forward contracts	140	3,055	-	-	**3,195**
Debt due after one year	(59,479)	-	-	(24)	**(59,503)**
Total	**(44,652)**	**(2,531)**	**(1,292)**	**(24)**	**(48,499)**

23. Commitments and contingent liabilities. At 30 September 2020 the Company had commitments of £216,278,000 of which £81,078,000 remained outstanding (2019 - £104,897,000). Further details are given below. There were no contingent liabilities as at 30 September 2020 (2019 - £nil).

	Undrawn commitments 30 September 2020 £'000
Healthcare Royalty Partners IV	18,301
Andean Social Infrastructure Fund I	16,559
Aberdeen Standard Secondary Opportunities Fund IV	16,455
Aberdeen Global Infrastructure Partners II (AUD)	8,357
Burford Opportunity Fund	7,809
SL Capital Infrastructure II	5,960
Aberdeen European Residential Opportunities Fund	2,644
Aberdeen Property Secondaries Partners II	1,363
Maj Equity 5	1,306
Agriculture Capital Management Fund II	927
Maj Equity 4	445
TrueNoord Co-Investment	201
Mesirow Financial Private Equity IV	193
Dover Street VII	171
HarbourVest International Private Equity VI	161
Mesirow Financial Private Equity III	98
HarbourVest VIII Buyout Fund	67
HarbourVest International Private Equity V	30
Aberdeen Global Infrastructure Partners II (USD)	23
HarbourVest VIII Venture Fund	8
	81,078

	Undrawn commitments 30 September 2019 £'000
Aberdeen Standard Secondary Opportunities Fund IV	20,287

Andean Social Infrastructure Fund I	19,992
Healthcare Royalty Partners IV	19,590
Burford Opportunity Fund	13,431
Aberdeen Global Infrastructure Partners II (AUD)	8,250
SL Capital Infrastructure II	6,550
Cheyne Social Property	4,881
Aberdeen European Residential Opportunities Fund	4,560
Aberdeen Property Secondaries Partners II	2,496
Maj Equity Fund 5	1,597
Agriculture Capital Management Fund II	1,483
Maj Equity Fund 4	547
TrueNoord Co-Investment	488
Mesirow Financial Private Equity IV	183
Dover Street VII	179
HarbourVest International Private Equity VI	126
HarbourVest VIII Buyout Fund	106
Mesirow Financial Private Equity III	102
Aberdeen Global Infrastructure Partners II (USD)	25
HarbourVest International Private Equity V	16
HarbourVest VIII Venture Fund	8
	104,897

24. **Subsequent events.** On 26 October 2020 the Company announced that it had agreed terms with holders of the Bonds to repurchase and cancel in full £43,904,000 principal amount of the Bonds, equivalent to 73.2% of the total issue.

The agreed purchase price of 154.094491% was calculated using a credit spread of 0.80% above the redemption yield on the United Kingdom 6% Treasury Stock due 7 December 2028 on 26 October 2020. The consideration payable by the Company, not including accrued interest, was approximately £67,654,000.

Following the repurchase and cancellation of the Bonds there remains £16,096,000 Bonds in issue with interest payable thereon half yearly at the coupon rate of 6.25%.

ALTERNATIVE PERFORMANCE MEASURES

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

Total return. NAV and share price total returns show how the NAV and share price have performed over a period of time in percentage terms, taking into account both capital returns and dividends paid to shareholders. NAV total return involves investing the net dividend in the NAV of the Company on the date on which that dividend goes ex-dividend. Share price total return involves reinvesting the net dividend in the share price of the Company on the date on which that dividend 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 30 September 2020 and 30 September 2019 and total returns.

2020	**Dividend rate**	**NAV (debt at par)**	**NAV (debt at fair value)**	**Share price**
30 September 2019	N/A	128.08p	119.90p	108.00p
24 December 2019	1.34p	127.09p	119.77p	111.50p
5 March 2020	1.36p	125.17p	116.81p	108.00p
18 June 2020	1.36p	117.76p	109.31p	96.60p
24 September 2020	1.36p	118.20p	109.88p	89.20p
30 September 2020	N/A	121.71p	113.40p	91.50p
Total return		**-0.7%**	**-0.8%**	**-10.6%**

2019	**Dividend rate**	**NAV (debt at par)**	**NAV (debt at fair value)**	**Share price**
30 September 2018	N/A	130.31p	124.17p	124.50p
27 December 2018	1.31p	120.75p	114.29p	112.00p
7 March 2019	1.34p	123.24p	116.78p	117.50p
13 June 2019	1.34p	123.46p	116.31p	112.00p
19 September 2019	1.34p	126.23p	118.41p	104.50p
30 September 2019	N/A	128.08p	119.90p	108.00p
Total return		**+2.6%**	**+1.1%**	**-9.0%**

Net asset value per Ordinary share - debt at fair value (capital basis)

The net asset value per Ordinary share with at fair value and on a capital basis is calculated as follows:

	As at 30 September 2020 £'000	**As at 30 September 2019 £'000**
Net asset value attributable	386,230	413,679
Add: Amortised cost of 6.25% Bonds 2031	59,540	59,503
Less: Market value of 6.25% Bonds 2031	(85,925)	(85,926)
Less: Revenue return for the period	(17,840)	(18,706)

Add: Interim dividends paid	8,689	8,847
	350,694	**377,397**
Number of Ordinary shares in issue excluding treasury shares	**317,330,238**	**322,981,705**
Net asset value per share (p)	**110.51**	**116.85**

Discount to net asset value per Ordinary share - debt at fair value (capital basis). The discount is the amount by which the Ordinary share price of 91.50p (2019 - 108.0p) is lower than the net asset value per Ordinary share - debt at fair value (capital basis) of 110.51p (2019 - 116.85p), expressed as a percentage of the net asset value - debt at fair value (capital basis). The Board considers this to be the most appropriate measure of the Company's discount.

Dividend cover. Earnings per share of 5.58p (2019 - 5.68p) divided by dividends per share of 5.44p (2019 - 5.36p) expressed as a ratio.

Net gearing - debt at par value. Net gearing with debt at par value measures the total borrowings of £59,540,000 (2019 – £59,503,000) less cash and cash equivalents of £18,095,000 (2019 - £7,852,000) divided by shareholders' funds of £386,230,000 (2019 - £413,679,000), expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes net amounts due from brokers at the period end of £682,000 (2019 - £43,000), in addition to cash and short term deposits per the Statement of Financial Position of £17,413,000 (2019 - £7,809,000).

Net gearing - debt at fair value. Net gearing with debt at fair value measures the total borrowings of £85,925,000 (2019 – £85,926,000) less cash and cash equivalents of £18,095,000 (2019 - £7,852,000) divided by shareholders' funds of £359,845,000 (2019 - £387,256,000), expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes net amounts due from brokers at the period end of £682,000 (2019 - £43,000), in addition to cash and short term deposits per the Statement of Financial Position of £17,413,000 (2019 - £7,809,000).

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.

	2020	**2019**
	£	**£**
Investment management fees	1,339,000	1,532,000
Administrative expenses	837,000	935,000
Less: non-recurring charges{A}	(10,000)	(50,000)
Ongoing charges	**2,166,000**	**2,417,000**
Average net assets with debt at fair value	**362,978,000**	**390,389,000**
Ongoing charges ratio (excluding look-through costs)	**0.60%**	**0.62%**
	0.24%	**0.22%**
	0.84%	**0.84%**

{A} Professional services considered unlikely to recur.

{B} 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 includes financing and transaction costs. This can be found within the literature library section of the Company's website: aberdeendiversified.co.uk.

Additional Notes to the Annual Financial Report

The Annual Report will be posted to shareholders in January 2021 and copies will be available from the registered office of the Company and on the Company's website at – www.aberdeendiversified.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

16 December 2020

** 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.*

END