Standard Life UK Smaller Companies Trust plc

Annual Report and Financial Statements

30 June 2019

Aberdeen Standard Investments

Financial Calendar

29 August 2019	Announcement of results for year ended 30 June 2019
23 October 2019	Annual General Meeting
31 October 2019	Payment of final dividend for 2018 / 2019
February 2020	Announcement of Half-Yearly Financial Report for six months ending 31 December 2019
April 2020	Payment of interim dividend for 2019 / 2020

Visit our website at
www.standardlifeuksmallercompaniestrust.co.uk

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Strategic Report

Key Financial Highlights

Total Returns for periods to 30 June 2019[1]

	1 year	3 years	5 years	10 years
NAV[2]	-1.1%	+62.8%	+94.3%	+460.6%
Share Price	-0.3%	+63.0%	+89.5%	+472.6%

Capital Return for the year to 30 June 2019

NAV per Share[2]	Share Price
539.54p	491.50p
-2.4%	-1.7%
(2018: 552.93p)	(2018: 500.00p)

As at 30 June 2019

Discount[1]	Net Gearing[1]
8.9%	1.5%
(2018: 9.6%)	(2018: 3.6%)

Strategic Report
Key Financial Highlights

As at 30 June 2019

Market Cap	Net Assets	Gross Assets
£494.4 million[3]	£542.7 million[3]	£567.6 million[3]
+33.9%	+32.9%	+31.1%
(2018: £369.2m)	(2018: £408.3m)	(2018: £433.1m)

For the year ended 30 June 2019

Revenue EPS	Dividend per Share	Ongoing Charges Ratio[1]
8.80p +21.5%	7.70p +10.0%	0.90%
(2018: 7.24p)	(2018: 7.00p)	(2018: 1.04%)

Source: Refinitiv Datastream

(1) Alternative Performance Measures (see page 68). Also see Glossary (page 69).

(2) With debt at par.

(3) The market cap and asset base together with the related percentage increases are affected by the merger with Dunedin Smaller Companies Investment Trust PLC in October 2018, which increased the number of shares in issue by 38.0% and net assets by £147.4m.

Strategic Report

Chairman's Statement

Allister Langlands

This has really been a year of two halves. The interim report for the six months to 31 December 2018 reported a net asset value ("NAV") total return of -19.5%, which was the worst first half to a financial year for the Company since December 2008. However, during the first half of 2019, the NAV total return was 22.9%, which was the strongest second half to a financial year that the Company has delivered since the Manager was appointed in 2003. The net effect of a NAV total return of -1.1% is reassuring in such circumstances.

Performance

For the year ended 30 June 2019, the Company's NAV total return, calculated on the basis that all dividends received are reinvested in additional shares, was -1.1%. The share price total return, calculated on the same basis, was -0.3%. By contrast, the total return of the Company's reference index, the Numis Smaller Companies plus AIM (ex investment companies) Index, was -7.2%.

While we would obviously rather not report negative numbers, we do recognise that we are investing in equities and if the markets are falling then the portfolio is likely to do so as well. Having said that, after the challenge of the last 3 months of 2018, it is pleasing to report that, while we are not quite back where we were this time last year in terms of share price or NAV, we are a lot closer to it than the Numis Smaller Companies plus AIM (ex investment companies) Index.

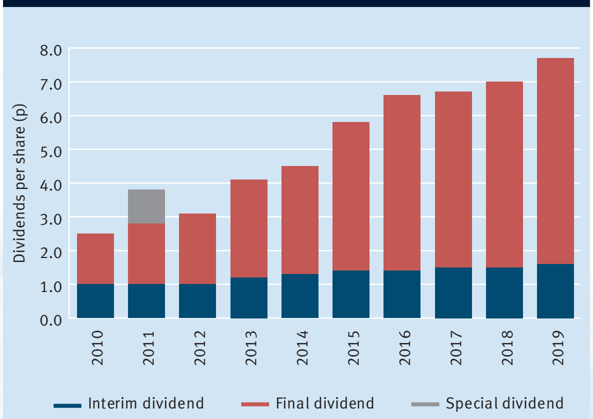
Earnings and Dividend

The basic revenue return per share for the year ended 30 June 2019 was 8.80p (2018: 7.24p). The merger with Dunedin Smaller Companies Investment Trust PLC ("Dunedin") completed in October 2018 and increased the asset base and the number of shares in issue in line with each other, so that while the absolute value of the assets and revenue received has risen, the per share figures are comparable year on year.

Three months into the year, the number of shares in issue increased by 38.0% as a consequence of the merger. These additional shares qualified for both the interim and final dividends, but only contributed to generating income for the Company for approximately three quarters of the year. Despite this asymmetric contribution, the Board is pleased to be able to recommend the largest increase in the annual dividend for three years, by proposing an increased final dividend of 6.1p per share. This will give a total dividend for the year of 7.70p per share and will represent an increase of 10.0% on last year's dividend. It will be covered by current year earnings, which demonstrates the ability of the portfolio to deliver growth across the cycle and the confidence of both the Board and the Manager in the medium-term outlook for the Company.

During the year the Board reviewed the dividend policy of the Company. It noted that an increasingly large part of the total dividend paid for the year came in the final dividend. The Board is minded, in normal circumstances, to look to maintain the policy of a progressive dividend, but to distribute around one third of the total expected dividend for the year at the half year end, as compared to just over one fifth as has been the case in recent years. This will take effect from April 2020.

Dividend History Chart



Source: Aberdeen Standard Investments

Strategic Report
Chairman's Statement

Subject to shareholder approval at the Annual General Meeting to be held on Wednesday, 23 October 2019, the final dividend will be paid on 31 October 2019 to shareholders on the register on 4 October 2019 with an associated ex-dividend date of 3 October 2019.

Key Performance Indicators ("KPIs")

The Board assesses the performance of the Company against the range of KPIs shown below over a variety of timeframes, but has particular focus on the long term, which the Board considers to be at least 5 years. A 10 year record of the KPIs of the Company is also included on page 26.

- NAV total return relative to the Company's reference index and also relative to the performance of its peer group of investment trusts.

NAV total return to 30 June 2019	1 year	3 years	5 years	10 years
Standard Life UK Smaller Companies Trust (NAV)	-1.1%	62.8%	94.3%	460.6%
Reference Index	-7.2%	29.9%	33.9%	249.9%
Peer Group Average performance (NAV)	-5.9%	46.5%	50.8%	341.2%

Source: Aberdeen Standard Investments & Refinitiv Datastream.

While the NAV total return is -1.1% for the year, this is a better result than has been achieved by the reference index or the weighted average return of investment trusts investing in UK smaller companies. The returns over both the short (1 year), medium (3 years) and long term (over 5 years) remain ahead of the reference index and the peer group.

- Share price total return relative to the Company's reference index and to the performance of its peer group of investment trusts.

Share price total return to 30 June 2019	1 year	3 years	5 years	10 years
Standard Life UK Smaller Companies Trust	-0.3%	63.0%	89.5%	472.6%
Reference Index	-7.2%	29.9%	33.9%	249.9%
Peer Group Average performance	-6.1%	58.2%	63.0%	362.3%

Source: Aberdeen Standard Investments & Refinitiv Datastream. Performance to 30 June 2019

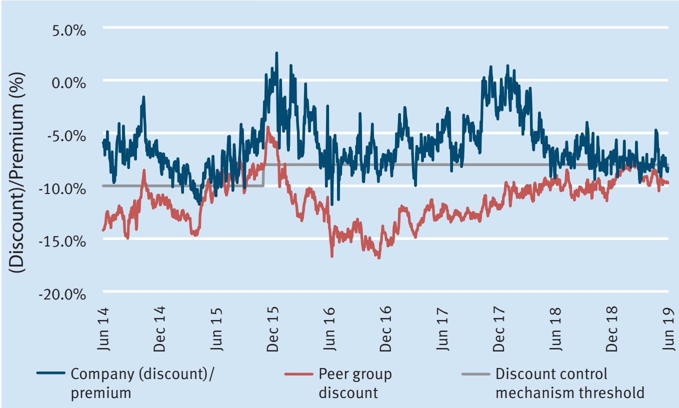
The position is the same with the share price total returns, where the 1 year numbers are marginally negative, but ahead of the reference index and peer group. The medium and longer-term returns are also comfortably ahead of the reference index and the peer group.

- Discount or premium of the ordinary share price to the net asset value per share of the Company is compared to the discount of the peer group and also against the threshold of the Company's discount target on a rolling 12 month basis, as outlined on page 16.

Year to 30 June 2019	Current	Narrowest (discount)/ Greatest premium	Widest (discount)/ Narrowest premium	Average
Standard Life UK Smaller Companies Trust	-8.9%	-4.0%	-9.7%	-7.4%
Peer Group Average	-9.6%	-7.5%	-11.4%	-9.6%

Source: Aberdeen Standard Investments & Refinitiv Datastream. Data to 30 June 2019

The discount was under more pressure than in the previous financial year, averaging 7.4% for the year compared to 3.9% for the twelve months to 30 June 2018.



As the chart above shows, the discount has been close to the 8% threshold for much of the year, while remaining narrower than the peer group average. There were a number of factors that may have contributed to the wider discount, including the conversion of the final Convertible Unsecured Loan Stock in April 2018 which resulted in a number of new holders of the Ordinary Shares looking to sell some or all of their holding, and the merger with Dunedin. The fact that the merger occurred just as equity markets started to suffer in October 2018 put further pressure on the share price that ran through into 2019. As the discount has been wider than 8% at times, the Board bought back 1.1m shares, during the year, at a weighted average price of £4.68.

- The on-going charges ratio ("OCR") is monitored against prior years and compared to other similar sized companies in our peer group.

Strategic Report
Chairman's Statement

Year	Reported OCR (%)
2015	1.19
2016	1.13
2017	1.08
2018	1.04
2019	0.90

Source: Aberdeen Standard Investments

The OCR has fallen a further 14 basis points from 1.04% to 0.90% and has reduced in each of the last 4 years. As I reported last year, we expected that that OCR would be lower as result of the proposed merger with Dunedin. The increase in the asset base resulting from the merger coupled with the reduction in the management fee that came into effect on 1 July 2018 meant that the costs of managing the Company have been and will continue to be spread across a greater pool of assets, lowering the unit costs for shareholders.

A review of the Company's performance, market background, investment activity and portfolio strategy during the year under review, as well as the Investment Manager's outlook, are provided in the Investment Manager's Report which can be found on pages 17 to 21.

Discount Control and Buy Backs

The Board aims to ensure that the discount to the cum-income net asset value does not exceed 8% in normal market conditions. The timing and scale of share buy-backs will be at the discretion of the Board. Full details of the Board's Discount Control Policy can be found on page 16.

Gearing

The Board has given the Investment Manager discretion to vary the level of gearing between a net cash position of 5% and net gearing of 25% of net assets. During the year, £25m of fixed-rate borrowing was deployed at a fixed cost of 2.349%. The £20m revolving credit facility was not drawn during the year. At the year end, the gross level of borrowings was offset by cash and cash equivalents of £16.5m so that the net gearing of the Company at 30 June 2019 was 1.5%.

Merger with Dunedin

The board of Dunedin, whose portfolio was also managed by Aberdeen Asset Managers, and your Board announced in June 2018 the proposal to merge the companies. The proposals were approved by shareholders of both companies in late September and early October 2018. Under the terms of the merger, shareholders in Dunedin were issued with shares in the Company in proportion to the relative fair values of the net assets of both companies on 4 October 2018. Dunedin's shareholders were allocated 27.6% of the enlarged company, with existing shareholders in the Company holding the balance. 27,878,842 shares were issued, which were admitted for trading on the London Stock Exchange on 10 October 2018. The transfer of the assets of Dunedin increased the net assets of the Company by approximately 38%.

At the instruction of the board of Dunedin, in the run up to the merger, its portfolio was aligned with the portfolio of the Company. This meant that by the time the merger had been approved the Investment Manager was able to incorporate the investments held by Dunedin into the Company's portfolio without any need to adjust the portfolio further. This is covered in more detail in the Investment Manager's Report on pages 17 to 21.

Board Succession

Alexa Henderson, who had been on the board of Dunedin, joined the Board of the Company on completion of the merger and was elected to the Board by shareholders at the 2018 AGM.

Following a recruitment process that involved an independent consultant, the Board was pleased to announce the appointment of Liz Airey as an independent Non-Executive Director with effect from 21 August 2019. Liz brings a wealth of experience to the Board. She is currently non-executive Chairman of Jupiter Fund Management PLC, a non-executive director of Kirk Lovegrove & Company Limited, a member of the Corporate Governance Committee and Investments Committee of the Institute of Chartered Accountants in England and Wales, and Chair of Trustees of the Rolls-Royce UK Pension Fund.

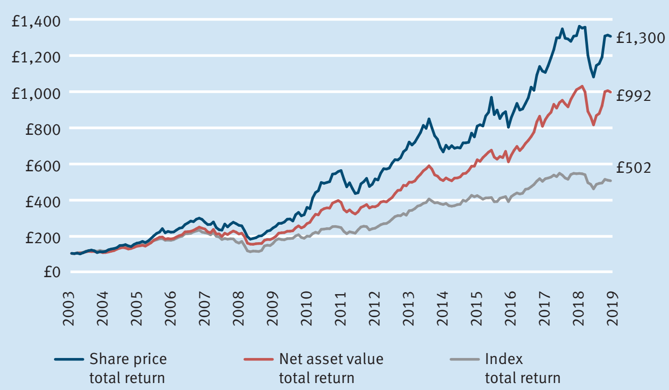
Liz will stand for election at the Annual General Meeting on 23 October 2019.

As previously intimated, it is my intention to step down as Chairman and from the Board which I expect to do at some point over the next six to nine months. The Board, with the exception of me, under the leadership of our Senior Independent Director, Tim Scholefield, will decide on my successor and an announcement will be made in due course.

Manager

The Board believes that the appointment of Aberdeen Standard Investments ("ASI") as Manager continues to be in the interests of shareholders. This conclusion has been reached on the basis of the strength of the long-term returns that the Investment Manager has delivered for the Company and the Board's confidence that the process by which these returns have been generated remains appropriate for the objectives of the Company. Since the Manager was appointed on 1 September 2003, the Company has delivered an annualised diluted net asset value total return of 15.6% and has outperformed the Company's reference index by almost 4.9% per annum.

Strategic Report
Chairman's Statement



Source: Thomson Reuters Datastream. Data as at 30 June 2019.
Rebased to £100 at 31 Aug 2003

Company Secretary and Registered Office

With effect from 6 September 2019, the agreement between Aberdeen Standard Fund Managers Limited ("ASFML") and Maven Capital Partners UK LLP ("Maven") for the provision of company secretary and administrative services will be terminated and these services will in the future be provided by Aberdeen Asset Management PLC ("AAM") under a delegation agreement between ASFML and AAM.

This change has been made as a result of the recent merger between Standard Life and AAM, where the Manager now has a larger company secretarial team and is able to provide this service in-house. The Board would like to thank Maven for its support to the Company over recent years.

As a result of this change, the registered office of the Company will also change. Details are included on page 77.

AGM and Manager's Presentation

The Annual General Meeting ("AGM") of the Company will be held at the offices of the Manager, Aberdeen Standard Investments, 1 George Street, Edinburgh EH2 2LL on Wednesday, 23 October 2019. The meeting will start at 12 noon and will include a presentation from the Investment Manager and will be followed by lunch. This is a good opportunity for shareholders to meet the Board and Manager and we would encourage you to attend. For those shareholders unable to attend, we would encourage you to complete and return the proxy form enclosed with the Annual Report so as to ensure that your votes are represented at the meeting. The Notice of Annual General Meeting can be found on pages 78 to 82 of this Annual Report.

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, Share Plan or 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 other share plans and platforms can be found on the AIC's website at: www.theaic.co.uk/aic/shareholder-voting-consumer-platforms.

In order to give shareholders in London an opportunity to meet the Board and the Manager, the Board will hold an investor presentation in the Manager's office, Bow Bells House, 1 Bread Street, London EC4M 9HH at 1.00pm on Wednesday, 20 November 2019 which will be followed by lunch. Invitations are included with the Annual Report and a copy can be downloaded from the Company's website www.standardlifeuksmallercompaniestrust.co.uk.

Outlook

When I consider the outlook for this Company and indeed the wider economy, it seems as though we are stuck in a form of Groundhog Day. This time last year I referred to how the Brexit negotiations and the decisions of Donald Trump continue to influence market movements and the geopolitical backdrop. I think that everyone expected that there would be more clarity with regard to the Brexit position, but as the date of the UK's expected departure from the EU has been moved to 31 October 2019, that has not happened. Mr Trump continues to influence short-term market sentiment, with frequent pronouncements on changes to tariffs with China being the most significant.

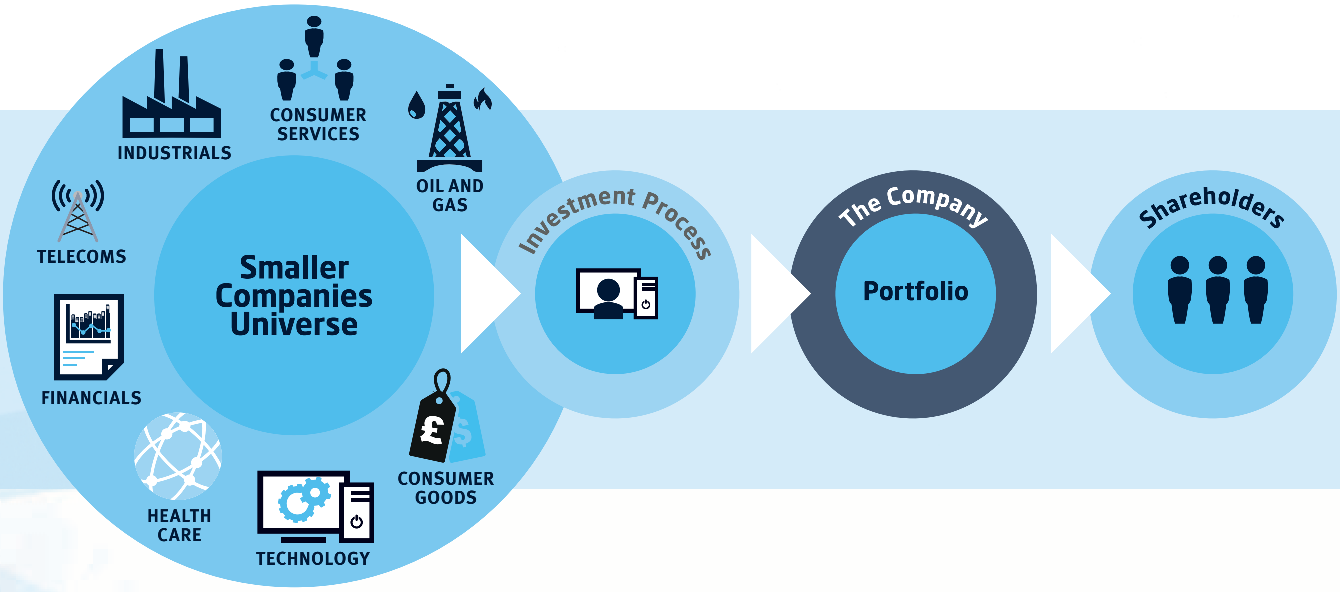
Brexit remains at the forefront of our minds; the succession of Boris Johnson as Prime Minister appears to have changed the tone of the conversation that the UK is looking to conduct with the EU, but it remains to be seen whether it has any impact on the EU's stance, which has been very clear and consistent to date. Mr Johnson also needs to manage the House of Commons and there remains a potential disconnect between the position of the majority of MPs and the country at large, as evidenced by the referendum in 2016.

This is not a comfortable backdrop for investors and we saw in October 2018 how sensitive markets can be to changing circumstances. However, one of the encouraging things for investors in the Company was how quickly the portfolio recovered the lost ground once the sentiment in the market changed. This is a great illustration of the process that the Manager employs; focusing on individual companies and the strength, experience and ability of their management to deliver on their individual strategies in turbulent market conditions. It also demonstrates how important it is to have a long-term perspective when investing in smaller companies. While the net asset value per share declined marginally this year, the portfolio is positioned to deliver capital growth supported by annual increases in the dividend and we expect this to be the case over the longer term. The emphasis on risk aversion, quality and resilience, growth and momentum remains unchanged.

Allister Langlands
Chairman

28 August 2019

Strategic Report
Our Strategy



Standard Life UK Smaller Companies Trust plc offers an actively managed portfolio of equity shares of smaller and mid-sized companies listed in the UK. Over the long term, smaller company returns have outstripped those of their large-cap peers.

Strategic Report

Objective

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

Investment policy

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

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

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

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

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

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

Strategic Report
Investment Process

Management

In December 2018, the investment management agreement with the Company's Manager was novated from Standard Life Investments (Corporate Funds) Limited to Aberdeen Standard Fund Managers Limited ("ASFML", the "AIFM" or the "Manager"). ASFML is a wholly owned subsidiary of Standard Life Aberdeen plc ("SLA"). The investment management to the Company is provided by Aberdeen Standard Investments (ASI), the investment division of SLA. Harry Nimmo has been the Portfolio Manager since 2003.

Investment philosophy and process

The Board has identified that ASI has a proven and repeatable investment process, which has delivered strong returns to shareholders over the last 16 years. The investment process adheres to ASI Smaller Companies' Quality, Growth and Momentum led philosophy. The Investment Manager aims to select lower risk smaller companies in growing markets where business momentum is positive, predictable and improving. The Manager has a long-term investment horizon, aiming to maximise returns by running winners in the long term and cutting losers. The investment process embeds ASI's Environmental, Social and Governance principles.

The Matrix

In managing the investment portfolio of the Company, the Quality, Growth and Momentum philosophy is enhanced by using ASI's proprietary screening tool, 'The Matrix', to focus research efforts and stock selection process. The Matrix is a quantitative screening tool assessing potential and current investments on 13 separate proven indicators of financial performance. It is a powerful tool in helping the Investment Manager identify a shortlist of investable stocks for further analysis and monitor the performance and prospects of the portfolio on an ongoing basis. Stocks that are identified in this way are then subjected to further analysis and may be selected for the portfolio following discussions with company management.

Strategic Report
Investment Process

Investment characteristics

When building a portfolio of smaller companies, the Investment Manager screens stocks using the Matrix and also considers a number of qualitative factors to help identify the best investment opportunities.

1. Sustainable growth

Companies in the portfolio will often produce niche products or services where demand is forecast to rise as these characteristics are the most predictive of future earnings and dividend growth.

2. Quality

The strength of each company's relationships with its customers or clients, the existence and importance of long-term contracts and the degree to which the company has any element of pricing power is important as it allows the company to pass on any cost increases and thereby maintain margins. The Investment Manager will typically avoid companies with high or unsustainable levels of debt.

3. Buy for the long term

Identify the great companies of tomorrow and then hold them for the long term. This reduces the financial drag of high trading volumes.

4. Concentrate the effort

The Matrix helps identify the likely candidates for inclusion in the portfolio and reduces the risk that effort is spent on stocks that will not fulfil the criteria for inclusion within the portfolio.

5. Management longevity

Founders retaining positions of authority within the companies after flotation, along with longevity of tenure by CEOs are a positive signal. Four of the top 10 holdings in the portfolio are still run by the company's founder. The significance of this is that founders tend to be much more attuned to the benefits of long-term investing than their successors, probably because of the scale of personal involvement.

6. Valuation is secondary

Invest in companies which demonstrate positive earnings momentum as they believe that it is a reliable predictor of future performance.

Strategic Report

Principal Risks and Uncertainties

There are a number of risks which, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects. The risks and uncertainties faced by the Company are reviewed by the Audit Committee in the form of a risk matrix and the assessment of risks and their mitigation is an area of significant focus for the Audit Committee and the Board. The principal risks and uncertainties facing the Company at the current time, together with a description of the mitigating actions the Board has taken, are set out in the table below. The Board has carried out a robust assessment of these risks, which include those that would threaten the Company's business model, future performance, solvency or liquidity.

Risk	Mitigating Actions
Strategy - the Company's objectives or the investment trust sector as a whole become unattractive to investors, leading to a fall in demand for the Company's shares.	Through regular updates from the Manager, the Board monitors the discount/premium at which the Company's shares trade relative to the net asset value. It also holds an annual strategy meeting and receives feedback from the Company's broker and updates from the Manager's investor relations team at Board meetings.
Investment performance - the appointment or continuing appointment of an investment manager with inadequate resources, skills or experience, or the adoption of inappropriate strategies in pursuit of the Company's objectives could result in poor investment performance, a loss of value for shareholders and a widening discount.	The Board meets the Manager on a regular basis and keeps investment performance under close review. Representatives of the Investment Manager attend all Board meetings and a detailed formal appraisal of the Manager is carried out by the Management Engagement Committee on an annual basis. The Board sets and monitors the investment restrictions and guidelines and receives regular reports which include performance reporting on the implementation of the investment policy, the investment process, risk management and application of the guidelines.
Share price - failure to manage the discount effectively or an inappropriate marketing strategy could lead to a fall in the share price relative to the net asset value per share.	The Company operates a discount control mechanism and aims to maintain a discount level of less than 8% to the cum-income net asset value under normal market conditions. Details of the discount control mechanism are contained on page 16. The Directors undertake a programme of inviting major shareholders to discuss issues of governance or strategy with the Chairman or Senior Independent Director. In addition, the Company participates in the Manager's investment trust promotional programme where the Manager has an annual programme of meetings with institutional shareholders and reports back to the Board on these meetings.
Financial instruments - insufficient oversight or controls over financial risks, including market price risk, liquidity risk and credit risk could result in losses to the Company.	As stated above, the Board sets investment guidelines and restrictions which are reviewed regularly and the Manager reports on compliance with them at Board meetings. Further details of the Company's financial instruments and risk management are included in note 15 to the financial statements.
Financial obligations - inadequate controls over financial record keeping and forecasting, the setting of an inappropriate gearing strategy or the breaching of loan covenants could result in the Company being unable to meet its financial obligations, losses to the Company and its ability to continue trading as a going concern.	At each Board meeting, the Board reviews management accounts and receives a report from the Depositary detailing any breaches during the period under review. The Board sets gearing limits and monitors the level of gearing and compliance with the main financial covenants at Board meetings. The Company's annual financial statements are audited by the independent auditor.

Strategic Report

Principal Risks and Uncertainties

Risk	Mitigating Actions
Regulatory - failure to comply with relevant laws and regulations could result in fines, loss of reputation and potential loss of investment trust status.	The Board receives updates on relevant changes in regulation from the Manager, industry bodies and external advisers and the Board and Audit Committee monitor compliance with regulations by review of checklists and internal controls reports from the Manager. Directors are encouraged to attend relevant external training courses.
Operational - the Company is dependent on third parties for the provision of all systems and services (in particular those of the Manager and the Depositary) and any control failures and gaps in their systems and services could results in a loss or damage to the Company.	The Audit Committee receives reports from the Manager on its internal controls and risk management (including an annual ISAE Report) and receives assurances from all its other significant service providers on at least an annual basis, including on matters relating to business continuity and cyber security. Written agreements are in place with all third party service providers. The Manager monitors closely the control environments and quality of services provided by third parties, including those of the Depositary, through service level agreements, regular meetings and key performance indicators. A formal appraisal of the Company's main third party service providers is carried out by the Management Engagement Committee on an annual basis.
Key man risk - a change in the key personnel involved in the investment management of the portfolio could impact on future investment performance and lead to loss of investor confidence.	The Board discusses key man risk with the Manager and Investment Manager on a periodic basis. The Investment Manager employs a standardised investment process for the management of the portfolio. The well-resourced team has grown in size over a number of years. These factors mitigate against the impact of the departure of any one member of the investment team.
Geopolitical - the Company is exposed to the effects of geopolitical instability or change which could have an adverse impact on stock markets and the value of the investment portfolio.	The Board discusses current geopolitical issues with the Manager (including the UK's exit from the European Union) and the steps that the Manager is taking to limit the impact on the Company's portfolio.

Strategic Report
Management Policies

Discount Control Policy

The Board aims to maintain a discount level of less than 8% to the cum-income net asset value under normal market conditions. In pursuit of this objective, the Board closely monitors the level of the discount and buys back shares in the market when it believes it is in the best interests of shareholders as a whole to do so. At each AGM, the Board seeks shareholder approval to buy back up to 14.99% of the Company's share capital.

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

Employee, Environmental and Human Rights Policy

As a managed investment trust, the Company has no direct employee or environmental responsibilities, nor is it responsible for the emission of greenhouse gases. Its principal responsibility to shareholders is to ensure that the investment portfolio is properly managed and invested. The Company has no employees and, accordingly, has no requirement to report separately on employment matters. The management of the portfolio is undertaken by the Investment Manager who engages with the Company's underlying investee companies in relation to their corporate governance practices and in developing their policies on social, community and environmental matters. In light of the nature of the Company's business, there are no relevant human rights issues and, therefore, the Company does not have a human rights policy.

Strategic Report

Investment Manager's Report

Harry Nimmo
Portfolio Manager

The net asset value total return for the Company for the year to 30 June 2019 was -1.1% while the share price total return was -0.3%. This compares to the UK smaller companies sector, as represented by the Numis Smaller Companies Index plus AIM (ex investment companies) Index which was down 7.2%. Over the same period the total return of the FTSE 100 Index of the largest UK listed companies was +1.6%. Since our appointment as Manager on 1 September 2003, the Company has delivered a share price total return of 1200%, while the total return on our reference index over the same time is 402%. The total return of the FTSE All-Share Index over the same period is 244%.

Equity Markets

The period in question has been one of extraordinary volatility. Whilst stability reigned in the first quarter of the financial year, the markets started to turn in August/September and October saw some significant selling pressure. From peak to trough in the second half of 2018, the Company's share price fell by almost 24%, only for it to rise by almost 23% from the low to the end of the financial year. It wasn't just the Company or UK smaller companies that were subject to dramatic swings. The growth-oriented US Nasdaq market, home of Apple, Amazon, Alphabet and Facebook was even more volatile, falling by 23% from peak to trough, only to rise by over 29% from that low by the end of June 2019.

The catalysts for these gyrations emanate from statements by US Federal Reserve Chairman, Jerome Powell. In congressional evidence on 3 October 2018 his view was that the US economy was strong and that now was the right time to normalise monetary control after years of banking crisis related special measures. This implied rises in US interest rates which in turn undermined prevailing equities market valuations. Other unhelpful market backdrops included the spectre of China-US trade-wars and impending deadlines on Brexit.

2019 saw a reversal of fortunes in a good way. The Federal Reserve stepped back from the October 2018 hawkish view on interest rates. Markets in the UK concentrated more on the bottom up micro-picture, looking at individual stocks rather than broad market considerations. The Company's holdings in particular had an extremely strong reporting period during March and April 2019 with the vast bulk of our holdings matching or indeed beating expectations.

However, by June 2019 concerns had returned on such issues as trade war and Brexit and these have not been dissipated with the succession of Boris Johnson to the post of Prime Minister, given his markedly harder line on a "no deal Brexit". We expect that this will continue to generate uncertainty at least until the latest Brexit deadline on 31 October 2019 and potentially beyond.

Strategic Report
Investment Manager's Report

It is clear that the period in question saw companies with substantial **overseas** exposures perform better than **UK** orientated businesses. Both industrial and consumer demand tailed off into 2019 as the initial Brexit deadline loomed closer. Many **industrial manufacturers,** particularly in the auto industry, decided actually to close production temporarily at the end of March. Big ticket consumer items saw deferral of demand. **Retailers** generally faired very badly as high streets and shopping centres came under pressure. The **construction** and **facilities management** industries were under the cosh with actual financial stress (Costain, Kier, Interserve). The best sectors were the growth sectors and in particular **media, software, healthcare and support services**.

There was a significant step up in bid activity in the period with 33 significant offers successful or live. 11 came from private equity with significant names being **Merlin, BCA Marketplace, Millennium & Copthorne, Inmarsat, Tarsus** and **Bonmarche** with another two companies bought by infrastructure funds (**Kcom, Manx Telecom**). Trade buyers came in for the rest with seven being US domiciled. The larger trade targets were **Dairy Crest, Flybe, Faroe Petroleum, Mucklow, BTG, RPC, Randgold** and **JLT.** No approaches were made for any of the portfolio holdings.

New Issues activity on the other hand was quite subdued with 13 in our size range, eight being premium lists and five being on the Alternative Investment Market ("AIM"). The best and the worst performers, post launch, were both premium listings with AJ Bell up 151% and Funding Circle down 71% by 30 June 2019.

Oil prices weakened, being down 14% to $63 per barrel with **Copper** also down 11%. **Gold**, on the other hand, strengthened 13%, reflecting the higher levels of risk in world markets as the year progressed.

Sector highlights included a strong showing from **food retailers**. The standout stock here was Greggs, benefitting from its promotion of the vegan sausage roll. **Media**, **software** and **fixed line telecoms** were also strong, the latter because of bids for Manx Telecom and Kcom. On the negative side **general retailers** have generally been poor all year. The **retail** sector is still facing serious structural issues notably the onslaught of on-line retailing. The sector is large and varied and there are exceptions, such as JD Sports and Dunelm. **Commodity** sectors **Oil & Gas and Mining** modestly out-performed. **Financial** and **Real Estate** sectors were generally subdued all year, with challenger banks under particular pressure.

The AIM market fell sharply in the three months from October 2018, before recovering and then giving up some ground in the last two months of the financial year.

Performance

On the whole the portfolio performed reasonably well during the year in question given the market conditions. Looking more closely performance was very difficult in the final quarter of 2018 and in particular October when the share price and NAV both fell over 12% in one month and the Company's Net Asset Value (NAV) underperformed the Numis Smaller Companies plus AIM (ex investment companies) Index by 4.5%, making it the worst month of relative performance in the last six years. Indeed, the NAV lost almost 13% in the six trading days between 4 and 11 October inclusive in response to the global macro concerns I referred to earlier. The flip side is that the NAV rose over 13% in March/April 2019. In each of these months the NAV rose by an average of 4.3% relative to the benchmark, more than making up for the relative losses from the calendar fourth quarter. This spectacular performance gratifyingly was driven by a large number of the portfolio's holdings beating expectations in the March/April reporting season.

It is actually quite difficult to detect a pattern of sector performance, although the most difficult areas included **electronics,** where the semi-conductor cycle and trade war concerns impacted stocks within the portfolio (**XP Power, Gooch & Housego**) and **software** where a couple of our holdings never really recovered from the extreme weakness in the October to December period. The out-performing stocks came from a wide range of sectors including **media, support services, building materials, telecoms, software, healthcare, retail and financials. Media** in particular was a standout sector with strong performances from new purchases **Future** and **GlobalData**, as well as **Next15 Communications** and **4imprint Group**. These are all however high quality growth businesses with good earnings revisions momentum. Not owning any what we call **"blue sky"** stocks was positive with the prices of some former darlings of the stock market, such as **Purplebricks, IP Group** and **Blue Prism** being particularly affected.

Our five leading performers in the period have been as follows:-

Marshalls (3.5% ending weight), the block paving company has benefitted from their 20:20 self-improvement efficiency programme which is coming though strongly.

Gamma Communications (3.8%) has seen a significant acceleration in its SIP trunking, PBX, Ethernet and a host of other services to business in the UK in competition to BT.

Kainos Group (3.2%) is a data services company that provides solutions to Government agencies interacting with the public and business. They are also a major Workday HR software provider. Their business has gone from strength to strength. They are seen as one of the few actual beneficiaries of Brexit

RWS Group (3.8%) is an international language translation and intellectual property management business. Their recent Moravia acquisition has surpassed expectations.

4imprint Group (2.6%). Based in Oshkosh, Wisconsin, but UK listed, the promotional products company is having great success with its most recent marketing initiatives.

Other strong performers include **JD Sports Fashion** following the success of their Finish Line acquisition and **Intermediate Capital Group (ICG),** the high yield asset management specialist, **Aveva Group,** a leading industrial design software company performed well, and like ICG, was inherited from Dunedin Smaller Companies Investment Trust ("Dunedin") following the merger in October 2018. Gratifyingly, new additions **Future, GlobalData** and **Games Workshop** performed well.

Investment Manager's Report

The poorest performer was **Accesso Technology,** the visitor attractions software company, which ran out of growth. The holding has been sold since the year end. **XP Power (portfolio weight: 2.2%),** the Far-East-based manufacturer of electronic components and sub-systems was at the wrong end of the semi-conductor cycle. **Fevertree (2.5%)** saw profit taking in the latter part of calendar 2019. **CVS Group,** which has been sold suffered through vet salary inflation. **First Derivatives (3.2%)** likewise traded down towards the tail-end of calendar 2018. Finally, **Patisserie Holdings** which was one of the nine new holdings acquired by the Company as part of the merger with Dunedin appear to have been the victim of fraudulent accounting practices. Almost as soon as the news broke, we elected to write the holding down and, as the position worsened, we wrote off the entire position. Prior to the revelations, the company represented 0.7% of the portfolio.

Dealing and Activity

Merger with Dunedin Smaller Companies Investment Trust PLC ("Dunedin")

The merger with Dunedin was completed on 8 October 2018. This immediately increased the size of the portfolio of the Company by 38%. In the run up to the date of the merger, with the blessing of the board of Dunedin, we had worked to align the two portfolios to the point where the Dunedin portfolio could be merged seamlessly into the Company's portfolio without any further repositioning being required once the merger had been completed.

Even prior to the start of this alignment process there was about 20% of commonality between the portfolios. Eight holdings that we did not want to bring across were sold outright and adjustments were made to weightings of other positions so that there was no need to adjust positions in the portfolio as a direct consequence of the merger.

Nine new holdings which had been in the Dunedin portfolio were added to the Company's portfolio at the time of the merger. All nine companies had acceptable Matrix scores.

Aveva: is a world market leader in design engineering software, which is benefiting from the recent merger with Schneider Electric.

Burford Holdings: is the leader in litigation finance. The holding has since been sold.

discoverIE: is a specialist electronic system distributor which is rapidly transforming itself into a manufacturer and boosting margins and returns.

Genus: is the world leader in reproductive material for cattle and pigs. This holding has since been sold.

Morgan Sindall: is a high quality diversified construction, infrastructure, urban regeneration and social housing company.

Patisserie Holdings: owns the Patisserie Valerie chain which, as mentioned above, has been subject to serious mis-statements in their accounts. The value of this holding has been written down to zero. The cost to the portfolio of writing down the position was 0.7%. The loss arising as a result has been more than offset by gains in two other positions acquired from Dunedin: Aveva and ICG.

Robert Walters: is the eponymous specialist recruitment company with broad regional exposure particularly to Japan, Hong Kong, the Far East and Australia as well as UK & Europe.

Victrex: is the world leader in the manufacture of PEEK, a specialist polymer with wide applications across transport, electronics, oil & gas and healthcare sectors that has very impressive wear, rigidity and weight characteristics across a broad range of applications. The holding has since been sold.

Intermediate Capital Group: is an international asset management group specialising in high yield and mezzanine debt. It's the leader in its field and has developed a strong international franchise.

The merger led to a net increase in the number of holdings of three. If one also includes the other new holdings the number of holdings increased to 60 during the year. This had been reduced to 54 holdings by the year end and it is anticipated that the number of holdings will reduce further over the coming months.

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

Intermediate Capital Group (Closing weight: 2.8%). This holding was enlarged following the merger with Dunedin (see above).

Future (2.6%) has transformed itself from a specialist magazine publisher to an international specialist website and ecommerce business. Following the acquisition of Purch they now derive half their revenues from the USA.

Games Workshop (2.4%) the global war gaming company, was added. The new CEO has brought the company into the internet age with a vengeance, reinvigorating revenue and profits growth internationally.

AJ Bell (1.7%) is a new issue. It is an investment platform not only for investment advisors but also for end consumers. Their growth is driven by the move from final salary to defined contribution pension schemes.

JTC (1.0%) is a specialist fund administrator. It is founder run and based in Jersey. The industry is consolidating and has long term contracts and great visibility.

The other two new issues purchased in the year were **Trainline**, the international train ticket booking website and app and **Nucleus Financial**, another investment platform specialising for financial advisors as clients. **GlobalData,** the global market research company was added to the portfolio. We increased our position in three other inherited holdings, **discoverIE** (electronic subsystems), **Robert Walters** (recruitment) and **Aveva** (industrial design software).

Strategic Report
Investment Manager's Report

Our key sales were:

The largest sale in the year was **NMC Healthcare.** This was also the situation last year. We now no longer hold this FTSE100 stock. I am pleased to say that the return was nearly 400% on book cost since the stock was first purchased five years ago. Seven other holdings were sold completely that no longer complied with our investment process. They were **CVS Group, Greggs, Alfa Financial, Blue Prism, Hostelworld, Smart Metering Systems** and **The Gym Group**. Two holdings inherited from Dunedin were sold: **Victrex** and **Burford Capital.**

Sector Exposures: Our key sector exposures remain growth orientated. They include the **software, healthcare, media, food & drink, support services and retail** sectors. The growth in healthcare and software is perhaps self-evident. **Support services** is a catch-all sector that covers a range of interesting growth markets which, in the case of the portfolio, includes fund administration (**Sanne & JTC**), **RWS** (specialist language translation and intellectual property management) and **Midwich** in audio-visual displayers. Food & drink covers smaller companies that are exposed to the growth themes of choice, provenance and premiumisation through **Fevertree, Cranswick, Hotel Chocolat** and **Hilton Foods**. Retailers, a sector that has been under a lot of pressure in recent years, did however provide a clear winner in **JD Sports Fashion** who are benefiting from the boom in "athleisure".

The media sector has seen a significant increase in exposure as Future and GlobalData were added to the portfolio. The other two media stocks, Next15 Communications and 4imprint performed strongly.

Income Account

The total income generated by the portfolio in the year rose by almost 48% and exceeded £10m for the first time. Clearly the increase in the size of the portfolio as a result of the merger with Dunedin is a contributory factor, although the merger happened three months into the year.

If we look at the income generated on a per share basis, then we see that total income per share has risen by 10.5%, and that this has come from the recurring dividend income. Indeed, the contribution to the revenue account from special dividends and money market funds has actually declined in 2019. The strength of the revenue account is encouraging, particularly given the volatility of equity markets and the sometimes intolerable strain that some dividend providers have been under. We have largely avoided these pitfalls.

While the investment process is more geared to delivering capital growth than a revenue stream, we do consider the willingness of the companies to commit to a dividend policy as a positive signal when investing. As a result, most of the holdings pay a dividend and most of them are building a track record of dividend growth. As a consequence, we expect that the portfolio has the capacity to deliver sustainable levels of income and therefore dividend growth to our shareholders.

I referred in the 2016 and 2017 Annual Reports to a natural recycling of assets as some large positions were being sold down. As a consequence of their success they had outgrown the moniker "smaller company" and we managed our exit from them. They have been replaced by the next generation of smaller companies and as these companies flourish, I fully expect that they will contribute to the income account in the future.

	Revenue Account (£000s)			Per share		
Profit and Loss Account	**2019**	**2018**	**% Change**	**2019 (p)**	**2018 (p)**	**% Change (per share)**
Recurring dividend income	9,331	6,230	49.8%	9.97	8.91	12.0%
Special dividends & money market funds	671	535	25.4%	0.72	0.76	-6.2%
Total income	10,002	6,765	47.8%	10.69	9.67	10.5%
Weighted average no. of shares	93,562	69,951	33.8%			

I'd again like to highlight another theme which is showing through. One could call it focusing on customer satisfaction in industries where customer satisfaction is thin on the ground. Firstly, **Dart Group**, the operator of the Jet2 airlines business. It now ranks in the top ten world's best airlines according to TripAdvisor. This is showing through in their superlative trading performance. Secondly **Motorpoint** which is a mould breaker in used car sales......in a good way. **Games Workshop** also fits this description and in addition like Jet2 they pay all staff a percentage of profits.

Outlook

It is pleasing that the new issues market in the UK is still producing strong companies like AJ Bell and Trainline. Our investment process still has relevance many years after its introduction with some most useful immediate strong performers in the shape of Future and Games Workshop. The "new wave" of holdings to which I alluded is still delivering strongly with four out of the top five performers from this category. The merger with Dunedin has been positive for both sets of shareholders in many ways and maintains the relevance of the Company when scale and liquidity are increasingly a requirement for many wealth managers and financial advisers.

At the risk of repeating myself, the two over-arching "macro" issues going forward remain Brexit and the threat of trade wars. Bad outcomes in both cases could cause mayhem far beyond the realm of UK smaller companies. Investors thus should continue to favour better quality, growing companies with strong business momentum. Our process starts from the bottom-up where picking great companies is central to our process. We feel that it is inappropriate, when investing in small, dynamic and growing companies, to start with a top-down "macro view" of the future. These great companies are well suited to ride out difficult economic conditions if they occur. Given that these two macro-uncertainties are likely to persist for some time I am optimistic that our process will continue to deliver out-performance in potentially troubled times.

Smaller company investing should be viewed as a long term investment and we have no doubt that patient investors will be rewarded in the longer term. Our stable process has been seasoned by fully four economic cycles**. I remain very optimistic about the future of the Company in the long term.**

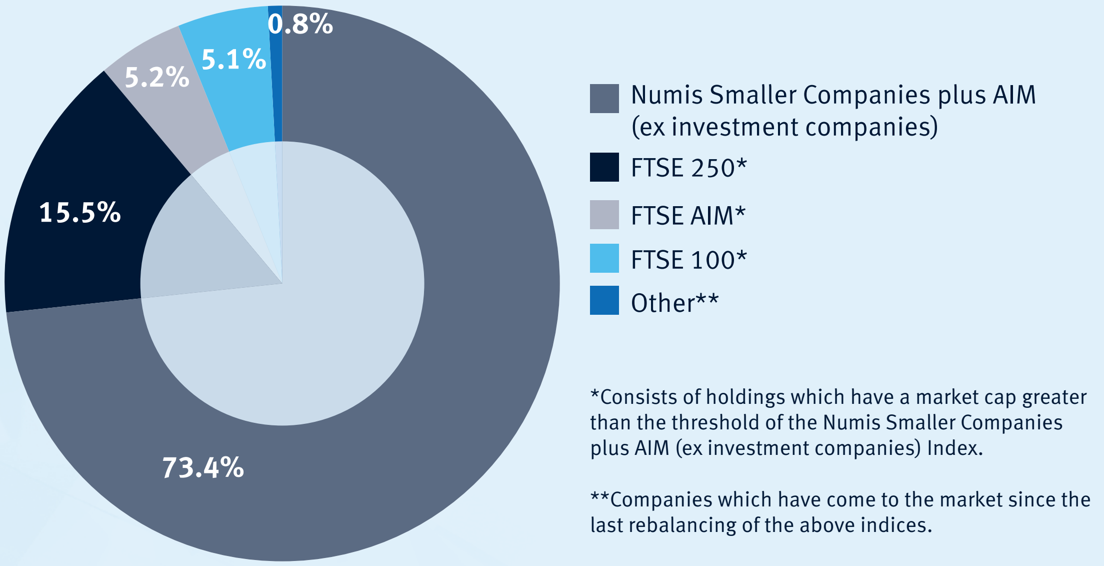
Harry Nimmo
Aberdeen Standard Investments, Portfolio Manager

28 August 2019

Our Portfolio

Market Cap Exposure

As at 30 June 2019



*Consists of holdings which have a market cap greater than the threshold of the Numis Smaller Companies plus AIM (ex investment companies) Index.

**Companies which have come to the market since the last rebalancing of the above indices.

Strategic Report

Our Portfolio

Sector Exposure

As at 30 June 2019

30.4% INDUSTRIALS

15.4% CONSUMER SERVICES

14.7% FINANCIALS

12.6% TECHNOLOGY

11.6% CONSUMER GOODS

6.8% HEALTH CARE

5.6% TELECOMS

2.9% CASH & OTHER

Strategic Report
Portfolio of Investments
As at 30 June 2019

Stock	Key Sector	Valuation £'000	Weight %	Valuation as at 30 June 2018 £'000
Gamma Communications	Mobile Telecommunications	20,987	3.8	10,556
RWS	Support Services	20,958	3.8	10,594
Dechra Pharmaceuticals	Health Care Equipment & Services	20,462	3.7	16,482
Marshalls	Construction & Materials	19,085	3.5	8,097
First Derivatives	Software & Computer Services	17,880	3.2	18,007
Kainos	Software & Computer Services	17,460	3.2	6,203
Hilton Food Group	Food Producers	16,625	3.0	13,582
Diploma	Support Services	15,804	2.9	8,399
JD Sports Fashion	General Retailers	15,728	2.8	14,370
Intermediate Capital Group	Financial Services	15,277	2.8	-
Top ten investments		**180,266**	**32.7**	
Abcam	Pharmaceuticals & Biotechnology	14,494	2.6	13,361
Future	Media	14,429	2.6	-
4imprint Group	Media	14,135	2.6	7,563
Fevertree Drinks	Beverages	13,907	2.5	19,745
Games Workshop	Leisure Goods	13,452	2.4	-
Workspace	Real Estate Investment Trusts	13,242	2.4	12,424
Midwich	Support Services	12,938	2.4	14,037
Fisher (James) & Sons	Industrial Transportation	12,411	2.3	3,463
Sanne Group	Support Services	12,406	2.3	9,095
Aveva Group	Software & Computer Services	12,221	2.2	-
Top twenty investments		**313,901**	**57.0**	
XP Power	Electronic & Electrical Equipment	12,124	2.2	12,306
Dart Group	Travel & Leisure	11,893	2.2	7,892
Cranswick	Food Producers	11,627	2.1	13,098
GB Group	Software & Computer Services	11,166	2.0	10,279
Safestore Holdings	Real Estate Investment Trusts	11,016	2.0	5,477
Hill & Smith Holdings	Industrial Engineering	10,982	2.0	10,602
Robert Walters	Support Services	10,965	2.0	-
Telecom Plus	Fixed Line Telecommunications	10,644	1.9	4,422
FDM Group	Software & Computer Services	10,562	1.9	9,105
Paragon	Financial Services	10,228	1.9	3,963
Top thirty investments		**425,108**	**77.2**	

Strategic Report

Portfolio of Investments

As at 30 June 2019

Stock	Key Sector	Valuation £'000	Weight %	Valuation as at 30 June 2018 £'000
Paypoint	Support Services	10,105	1.8	5,610
Next 15 Communications	Media	9,754	1.8	7,530
AJ Bell	Financial Services	9,642	1.7	-
Big Yellow	Real Estate Investment Trusts	9,152	1.7	5,582
discoverIE Group	Electronic & Electrical Equipment	7,658	1.4	-
Mattioli Woods	Financial Services	6,904	1.2	6,904
Team 17	Leisure Goods	6,551	1.2	3,521
Joules Group	General Retailers	6,148	1.1	9,053
Alfa Financial Markets	Support Services	5,955	1.1	6,327
Ricardo	Support Services	5,878	1.1	5,467
Top forty investments		**502,855**	**91.3**	
Boot (Henry)	Construction & Materials	5,795	1.0	6,874
JTC	Financial Services	5,526	1.0	-
Morgan Sindall Group	Construction & Materials	5,324	1.0	-
Gooch & Housego	Electronic & Electrical Equipment	5,080	0.9	6,587
GlobalData	Media	5,070	0.9	-
Motorpoint	General Retailers	4,927	0.9	5,102
Trainline	Travel & Leisure	4,628	0.8	-
Eco Animal Health Group	Pharmaceuticals & Biotechnology	3,290	0.6	4,624
Nucleus Financial	Financial Services	3,051	0.6	-
Hotel Chocolat	Food Producers	2,545	0.5	3,054
Top fifty investments		**548,091**	**99.5**	
Accesso Technology	Software & Computer Services	1,232	0.2	12,036
Gear4Music	Leisure Goods	903	0.2	3,156
Hostelworld	Travel & Leisure	473	0.1	3,247
Ted Baker	Personal Goods	210	-	6,287
Total Portfolio		**550,909**	**100.0**	

All investments are equity investments.

Total number of holdings

54

Strategic Report

Ten Year Record

	Per Ordinary Share									
Year ended 30 June	Revenue return p	Ordinary Dividends p	Special Dividends p	Net asset value[1] p	Share price p	Discount[1] %	Ongoing charges as a % of average cum income net asset value[2]	gearing ratio[3] %	Equity Shareholders' funds £m	Revenue reserves £m [4]%
2010	2.86	2.50	-	154.04	136.50	11.4	1.17	1.0	97	1.76
2011	4.35	2.75	1.00	240.65	237.00	1.5	1.00	8.8	155	2.96
2012	3.50	3.10	-	215.61	203.00	5.8	0.96	5.8	140	2.80
2013	4.58	4.05	-	281.58	280.50	0.4	1.28	8.8	193	3.69
2014	5.05	4.50	-	298.92	281.25	5.9	1.19	(4.6)	219	4.34
2015	6.76	5.80	-	336.89	300.00	10.9	1.19	4.1	243	5.83
2016	6.76	6.60	-	345.43	316.00	8.5	1.13	3.6	241	6.50
2017	6.42	6.70	-	456.60	431.00	5.6	1.08	1.7	324	6.26
2018	7.24	7.00	-	552.93	500.00	9.6	1.04	3.6	408	8.30
2019	8.80	7.70	-	539.54	491.50	8.9	0.90	1.5	543	10.87

(1) Calculated with debt at par value and diluted for the effect of warrants in issue for the year ended 30 June 2009 and the effect of Convertible Unsecured Loan Stock conversion from 31 March 2011 until 30 June 2017. From 30 June 2018, net asset value is calculated with debt at par value.
(2) Calculated as an average of shareholders funds throughout the year.
(3) Net gearing ratio calculated as debt less cash invested in AAA-rated money market funds and short-term deposits divided by net assets at the year end.
(4) Revenue reserves are reported prior to paying the final dividend for the year.

The performance fee was removed on 1 July 2012 but up to 30 June 2012 it was allocated 100% to capital when payable.

Future Strategy

The Board and Manager intend to maintain the strategic policies set out in the Strategic Report for the year ending 30 June 2020 as it is believed that these are in the best interests of shareholders.

Approval of Strategic Report

The Strategic Report was approved by the Board of Directors on 28 August 2019 and signed on its behalf by:

Allister Langlands
Chairman

28 August 2019

Governance

Board of Directors

The Board of Directors of the Company is a highly experienced group of individuals with deep insights into investment trusts and the financial services world. The Board works closely with the Investment Manager, Aberdeen Standard Investments, to deliver shareholder value.

The Board is responsible for stewardship, including overall strategy, investment policy, borrowings, dividends, corporate governance procedures and risk management.

Governance

Board of Directors

Allister Langlands
Chairman

Allister was appointed as a Director on 1 July 2014 and was appointed Chairman on 22 August 2017. He also chairs the Nomination Committee. Allister is a chartered accountant and was, until 2014, Chairman of John Wood Group PLC, having served as chief executive from 2007 to 2012 and previously as deputy chief executive from 1999 and as group finance director from 1991. He is also independent non-executive Chairman of Maven Income and Growth VCT 5 plc. Allister was, until July 2017, Chairman of Exova Group plc and a non-executive director of WS Atkins plc. Allister is also Chairman or non-executive director of a number of smaller private companies in the energy/industrial services sectors.

Liz Airey
Director

Liz was appointed as a Director on 21 August 2019. She is currently non-executive Chairman of Jupiter Fund Management plc, a non-executive director of Kirk Lovegrove & Company Limited, a member of the Corporate Governance Committee and Investments Committee of the Institute of Chartered Accountants in England and Wales, and Chair of Trustees of the Rolls-Royce UK Pension Fund. She has previously been a non-executive director of Tate & Lyle plc, Dunedin Enterprise Investment Trust plc, JP Morgan European Smaller Companies Trust plc, Zetex plc and AMEC plc. In her executive career, Liz was Finance Director of Monument Oil and Gas plc, a post she held from 1990 until the sale of the company to Lasmo plc in 1999.

Ashton Bradbury
Director

Ashton was appointed as a Director on 2 July 2018. He has previously held roles at Charterhouse Tilney, Hill Samuel Investment Management and HSBC Asset Management Europe and was, until 2014, a fund manager with Old Mutual Global Investors Limited, where he established its Small and Mid Cap equities team. Ashton is currently a non-executive Director of Hargreave Hale AIM VCT plc and is a director of Golf Union of Wales Limited. Ashton holds a BSc in Banking and Finance from Loughborough University of Technology.

Alexa Henderson
Director

Alexa was appointed as a Director on 8 October 2018 following the completion of the merger with Dunedin Smaller Companies Investment Trust PLC. Alexa has over 30 years' experience in finance, accounting and audit having worked with KPMG, Arthur Andersen and Deutsche Bank (WM Company). She is currently a non-executive Director of BMO Real Estate Investments Limited and Chairman of JP Morgan Japan Smaller Companies Trust PLC. In addition, Alexa sits on the board of James Walker (Leith) Limited and Bravura Solutions Ltd, incorporated in Australia. Previous directorships include Scottish Building Society (which she chaired for 4 years) and Adam & Company Group PLC (a private wealth subsidiary of RBS). Alexa Henderson holds a BSc in Economics and Accounting from Edinburgh University and is a Chartered Accountant.

Governance

Board of Directors

Caroline Ramsay
Director

Caroline was appointed as a Director on 22 August 2016 and is Chair of the Audit Committee. Caroline is currently a non-executive Director of Aegon UK PLC where she also chairs the Audit Committee. She is a non-executive director of Scottish Equitable plc, Scottish Equitable Holdings Ltd, Cofunds Ltd, Tesco Underwriting Limited and Brit Syndicates Limited and is a member of the Financial Conduct Authority's Regulatory Decisions Committee. Until June 2015, Caroline was the Group Chief Auditor for RSA plc having held previous senior positions at RSA plc including UK Chief Financial Officer. After qualifying and practising as a chartered accountant with KPMG, she held various roles within Aviva Plc.

Tim Scholefield
Senior Independent Director

Tim was appointed as a Director on 20 February 2017 and is the Company's Senior Independent Director. He also chairs the Management Engagement Committee. Tim is an Associate of the Society of Investment Professionals and previously held roles at Royal Sun Alliance Investments and Scottish Widows Investment Partnership. He was, until 2014, Head of Equities at Baring Asset Management. Tim is currently Chairman of City Merchants High Yield Trust Ltd, a non-executive Director of BMO Capital and Income Investment Trust Plc and Fidelity Asian Values Plc. In addition, he is a member of the Investment Committee of the General Medical Council, Chairman of the Investment Management Certificate Panel, Non-executive Director of Jupiter Unit Trust Managers Ltd and consultant to Gresham House Asset Management.

Governance

Directors' Report

The Directors present their report and the audited Financial Statements of the Company for the year ended 30 June 2019.

The Company's Statement of Corporate Governance on pages 38 to 42 forms part of this Directors' Report.

Principal Activity and Status

The Company was incorporated on 9 July 1993 and its Ordinary Shares were listed on the London Stock Exchange on 19 August 1993. The Company is registered as a public limited company in Scotland under company number SC145455. The Company is an investment company within the meaning of Section 833 of the Companies Act 2006 and carries on business as an investment trust. The Company is a member of The Association of Investment Companies.

The Company has applied for and has been accepted as an approved investment trust under Sections 1158 and 1159 of the Corporation Tax Act 2010 and Part 2 Chapter 1 of Statutory Instrument 2011/2999. This approval relates to accounting periods commencing on or after 1 July 2012. The Directors are of the opinion, under advice, that the Company has conducted its affairs so as to be able to retain such approval. The Company intends to manage its affairs so that its Ordinary Shares continue to be a qualifying investment for inclusion in the stocks and shares component of an Individual Savings Account.

Capital Structure

The Company's issued share capital at 30 June 2019 consisted of 100,585,411 Ordinary Shares of 25 pence, with voting rights.

As at 30 June 2019 there were 3,579,011 Ordinary Shares held in treasury representing approximately 3.6% of the issued share capital as at that date (30 June 2018 –2,447,950 (3.3%)).

During the year, the Company issued a total of 27,878,842 new Ordinary Shares following the completion of the merger with Dunedin Smaller Companies Investment Trust PLC on 8 October 2018.

During the year 1,131,061 Ordinary Shares were bought back into treasury.

Post the year end, the Company bought back 313,135 Ordinary Shares into treasury. Accordingly, as at the date of this Annual Report, the Company's issued share capital consisted of 100,272,276 Ordinary Shares of 25 pence, with voting rights and 3,892,146 Ordinary Shares held in treasury.

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

Discount Control

The Board operates a discount control mechanism which targets a maximum discount of the share price to the cum-income net asset value of 8% under normal market conditions. The Board aims to use its 14.99% share buy-back authority approved by shareholders annually at each AGM to seek to maintain a discount level of less than 8% to the diluted net asset value. Share buy-backs will only be made where the Board believes it to be in the best interests of shareholders as a whole and the making and timing of share buy-backs will be at the discretion of the Board. The Board is seeking to renew its buy-back authority at the forthcoming AGM. The Board also intends to continue to seek shareholder approval to enable it to carry out tender offers in circumstances where the Board believes that share buy-backs are not sufficient to maintain the discount at an appropriate level.

The Company has a tender offer mechanism in place and the Board intends to continue to seek shareholder approval to enable it to carry out tender offers on a discretionary basis in circumstances where the Board believes that share buy-backs are not sufficient to maintain the discount at an appropriate level, although it expects that buy-backs should be the primary mechanism for managing the discount. The Board last exercised its discretion and conducted a tender offer in July 2015.

Directors

Biographies of the Directors of the Company who served throughout the year ended 30 June 2019 are shown on pages 28 and 29. Liz Airey was appointed to the Board on 21 August 2019 and her biographical details are also set out on page 28.

The Directors' interests in the ordinary share capital of the Company at 30 June 2019 and 30 June 2018, which were unchanged as at the date of this Annual Report, are shown in the table on page 37.

Liz Airey, having been appointed to the Board since the year end, will offer herself for election at the 2019 AGM to be held on 23 October 2019. All of the other Directors will retire and, being eligible, will offer themselves for re-election at the AGM. The Board's policy on tenure may be found in the Statement of Corporate Governance on page 40.

No contract or arrangement subsisted during the period in which any of the Directors was materially interested and no Director had a service contract with the Company.

Governance
Directors' Report

Directors' and Officers' Liability Insurance

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

Investment Management Agreement

Since 1 September 2003, investment management services have been provided to the Company by Standard Life Investments (Corporate Funds) Limited. Up to 7 July 2014, this appointment was under the terms of an Investment Management Agreement ("IMA") dated 15 August 2003, restated on 30 January 2009.

A new IMA was entered into on 7 July 2014, appointing Standard Life Investments (Corporate Funds) Limited as the Company's Alternative Investment Fund Manager ("AIFM"), as required by the Alternative Investment Fund Managers Directive ("AIFMD"). The commercial terms of the IMA were updated by way of a side letter to the IMA dated 16 and 22 March 2016 and provided for a new fee structure and new notice period. Accordingly, from 1 January 2016, the management fee was changed, applying a rate of 0.85% to the first £250m of total assets, reducing to 0.65% on total assets above this threshold. The IMA is terminable by either party on not less than six months' notice. In the event of termination by the Company on less than the agreed notice period, compensation is payable to the Manager in lieu of the unexpired notice period. Company secretarial and administrative services are provided by Maven Capital Partners UK LLP under a separate agreement with the Manager. During the year, the terms of the IMA were further amended and accordingly, from 1 July 2018, the management fee is 0.85% per annum applying to the first £250m of the Company's net assets, 0.65% per annum applying above this £250m threshold until £550m and 0.55% charged on net assets above this figure. The Manager also receives a separate fee for the provision of promotional activities to the Company.

On 10 December 2018, the IMA was novated from Standard Life Investments (Corporate Funds) Limited to Aberdeen Standard Fund Managers Limited.

With effect from 6 September 2019 the agreement with Maven Capital Partners UK LLP will be terminated and company secretary and administrative services will be provided by Aberdeen Asset Management PLC under a delegation agreement between Aberdeen Standard Fund Managers Limited and Aberdeen Asset Management PLC.

The Board has reviewed both the terms of the IMA and the performance of the Manager for the year ended 30 June 2019 and is of the opinion that the continuing appointment of the Manager, on the terms set out in the IMA (as amended), is in the best interest of shareholders as a whole. The key factors taken into account in reaching this decision were the commitment, investment skills and experience of the Manager's personnel and the long-term record of its performance in managing smaller company equities.

Within the Statement of Comprehensive Income, 75% of the investment management fee has been charged to capital for the year ended 30 June 2019. Further details of the fees are shown in note 3 to the Financial Statements.

Substantial Interests

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

The table below sets out the interests in 3% or more of the issued share capital of the Company, of which the Board was aware, as at 30 June 2019.

Name of Shareholder	Number of Ordinary Shares	% of Issued Share Capital
Brewin Dolphin	10,316,534	10.3
Hargreaves Lansdown	8,592,681	8.5
Aberdeen Standard Investments	8,068,807	8.0
Aberdeen Standard Retail Plans	7,084,516	7.0
Rathbones	5,446,659	5.4
Alliance Trust Savings	5,430,587	5.4
Investec Wealth & Investment	5,282,724	5.3
M&G Investment Management	4,839,189	4.8
1607 Capital Partners	3,348,656	3.3

Source: RD:IR

The table below sets out the interests in 3% or more of the issued share capital of the Company, of which the Board was aware, as at 31 July 2019 (being the last practicable date prior to the publication of this Annual Report).

Name of Shareholder	Number of Ordinary Shares	% of Issued Share Capital
Brewin Dolphin	10,311,670	10.3
Hargreaves Lansdown	8,362,729	8.3
Aberdeen Standard Investments	8,220,706	8.2
Aberdeen Standard Retail Plans	7,064,016	7.0
Investec Wealth & Investment	5,578,383	5.5
Alliance Trust Savings	5,430,587	5.4
Rathbones	5,427,176	5.4
M&G Investment Management	4,839,189	4.8
1607 Capital Partners	3,588,656	3.6

Source: RD:IR

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

Governance
Directors' Report

Going Concern

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

As at 30 June 2019, the Company had a £45 million unsecured loan facility agreement with Royal Bank of Scotland International Ltd which matures on 31 October 2022. This consists of a 5 year, fixed-rate term loan facility of £25 million (2018: £25 million) and a 5 year revolving credit facility of £20 million (2018: £20 million).

The Directors are mindful of the Principal Risks and Uncertainties disclosed in the Strategic Report on pages 14 and 15 and they believe that the Company has adequate financial resources to continue its operational existence for a period of not less than 12 months from the date of approval of the Financial Statements. They have arrived at this conclusion having confirmed that the Company's diversified portfolio of realisable securities could be used to meet short-term funding requirements were they to arise. They have also reviewed the revenue and ongoing expenses forecasts for the coming year. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Financial Statements.

Viability Statement

In accordance with Provision C.2.2 of the UK Corporate Governance Code published in April 2016 and Principle 21 of the AIC Code of Corporate Governance published in July 2016, the Board has assessed the Company's prospects for a five year period from 30 June 2019. The Board considers five years to be an appropriate period for an investment trust company with a portfolio of equity investments and based on the financial position of the Company as detailed in the Strategic Report.

The Board has considered the Company's financial position and its ability to liquidate its portfolio and meet its liabilities and draws attention to the following points which the Board took into account in its assessment of the Company's future viability:

a) The Company's investments are traded on the London Stock Exchange and there is a spread of investments held.

b) The Company is closed ended in nature and therefore it is not required to sell investments when shareholders wish to sell their shares.

c) The Company typically has cash balances which, including money market funds, at 30 June 2019 amounted to £16.6 million. These balances allow the Company to meet liabilities as they fall due.

d) The Board has considered the principal risks faced by the Company, together with the steps taken to mitigate these risks, as detailed in the Strategic Report and in the Statement of Corporate Governance and referred to in note 15 of the Financial Statements and has concluded that the Company would be able to take appropriate action to protect the value of the Company. The Company takes any potential risks to its ongoing success and ability to perform very seriously and works hard to ensure that risks are kept to a minimum at all times.

e) Due to the nature of the business of the Company and the nature of its investments and to the Company's long history, the Board are able to conclude that expenses are predictable and modest in relation to asset values.

f) There are no capital commitments currently foreseen that would alter the Board's view.

As detailed in the Key Financial Highlights on pages 4 and 5, the Company has performed strongly in relative terms over the past year and since the appointment of the current Investment Manager in 2003. The Directors consider the Company's future prospects to be positive, as highlighted in the Chairman's Statement on pages 6 to 9.

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

Therefore, after careful consideration of the Company's current position and future prospects and taking into account its risk-aware attitude, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of its assessment.

Independent Auditor

The Directors who held office at the date of approval of this Annual Report have confirmed that, so far as they are each aware, there is no relevant audit information to which the Company's Independent Auditor was unaware, and that each Director had taken all the steps that they might reasonably be expected to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Independent Auditor was aware of that information.

Shareholders approved the re-appointment of KPMG LLP as the Company's Independent Auditor at the AGM on 25 October 2018 and a resolution to approve their re-appointment for the year to 30 June 2020 will be proposed at the 2019 AGM.

Governance
Directors' Report

Global Greenhouse Gas Emissions

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

Additional Information

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

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

The rules governing the appointment of Directors are set out in the Statement of Corporate Governance on pages 38 to 42. The Company's Articles of Association may only be amended by a Special Resolution passed at a general meeting of shareholders.

The Company is not aware of any significant agreements to which it is a party that take effect, alter or terminate upon a change of control of the Company following a takeover. Other than the IMA with the Manager, further details of which are set out on page 31, the Company is not aware of any contractual or other agreements which are essential to its business which could reasonably be expected to be disclosed in the Directors' Report.

Annual General Meeting ("AGM")

The Notice of the Annual General Meeting, which will be held on Wednesday, 23 October 2019, and related notes may be found on pages 78 to 82 of this Annual Report.

Issue of Ordinary Shares by the Company

Among the Resolutions being put to the AGM as Ordinary Business, Resolution 12, which is an Ordinary Resolution, will, if passed, renew the Directors' authority to allot new Ordinary Shares up to 10% of the issued share capital of the Company as at the date of the 2019 AGM (excluding treasury shares).

Resolution 13, which is a Special Resolution, will, if passed, renew the Directors' existing authority to allot new Ordinary Shares or sell treasury shares for cash without the new Ordinary Shares first being offered to existing shareholders in proportion to their existing holdings. This will give the Directors authority to make limited allotments or sell shares from treasury of up to 10% of the total ordinary issued share capital, excluding treasury shares as at the date of the 2019 AGM. The authority to issue shares on a non pre-emptive basis includes shares held in treasury (if any) which the Company sells or transfers, including pursuant to the authority conferred by Resolution 12. Since the introduction of The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 on 1 December 2003, a listed company is able to hold shares that it has repurchased in treasury rather than cancel them.

New Ordinary Shares will only be issued at prices representing a premium to the last published net asset value per share.

As at 30 June 2019 there were 3,579,011 Ordinary Shares held in treasury representing approximately 3.6% of the Company's issued capital as at 30 June 2019 (30 June 2018: 2,447,950 (3.3%)). At the date of this Annual Report there were 3,892,146 (3.9%) Ordinary Shares held in treasury, as a result of share buy-backs completed after the year end.

The authorities being sought under Resolutions 12 and 13 shall expire at the conclusion of the next AGM in 2020 or, if earlier, on the expiry of 15 months from the date of the passing of the Resolutions, unless such authority is renewed prior to such time. The Directors have no current intention to exercise these authorities and will only do so if they believe it is advantageous and in the best interests of shareholders.

Purchase of the Company's Ordinary Shares

The Company's buy-back authority was last renewed at the AGM on 25 October 2018. Special Resolution 14 renews the Board's authority to make market purchases of the Company's Ordinary Shares in accordance with the provisions contained in the Companies Act 2006 and the FCA's Listing Rules. Accordingly, the Company will seek the authority to purchase up to a maximum of 14.99% of the issued share capital (excluding treasury shares) at the date of passing of Resolution 14 at a minimum price of not less than 25 pence per share (being the nominal value). Under the Listing Rules, the maximum price that may be paid on the exercise of this authority must not exceed the higher of: (i) 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the shares over the five business days immediately preceding the date of purchase; and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue on which the purchase is carried out.

The Board does not intend to use this authority to purchase the Company's Ordinary Shares, unless to do so would result in an increase in the net asset value per Ordinary Share and would be in the best interests of shareholders. Any Ordinary Shares purchased shall either be cancelled or held in treasury. The authority being sought shall expire at the conclusion of the AGM in 2020 or, if earlier, on the expiry of 15 months from the date of passing of Resolution 14 unless such authority is renewed prior to such time.

Directors' Report

Sale of Treasury Shares

Subject to the passing of Resolution 13, Ordinary Resolution 15 will give the Directors authority to sell Ordinary Shares out of treasury for cash at a price below the then prevailing net asset value of the Ordinary Shares, provided always that the Ordinary Shares will only be sold or transferred out of treasury at prices (a) in excess of the average price at which the Ordinary Shares were bought into treasury; and (b) at a narrower discount to the net asset value than the average level of discount the Ordinary Shares were purchased at. Any dilution to the net asset value resulting from (b) above shall be restricted to no more than 0.5% in any financial year.

Tender Offers

In addition to the authority that is being sought by the Company under Resolution 14 to purchase its own shares of 25 pence each, Special Resolution 16 grants the Board the authority to implement one or more tender offers and to repurchase up to a maximum of 10% of the Company's issued share capital in the financial year prior to the conclusion of the next AGM to be held in 2020. If Resolution 16 is passed the tender offers will be structured by way of an on-market offer by a market-maker and the price will be an amount equal to the realisation value of the assets attributable to the shares tendered, as at the latest practicable date before such tender, less an exit charge of 2%. The shares will subsequently be bought back by the Company from the market-maker at the same price and cancelled or held in treasury.

If Resolution 16 is passed, such authority will expire at the conclusion of the Company's next AGM in 2020, unless renewed prior to that date.

Any future tender offer will be conducted at the Board's discretion in circumstances where the Board believes that share buy-backs are not sufficient to maintain the discount at an appropriate level. Any tender offers will be conducted in accordance with the FCA's Listing Rules and the rules of the London Stock Exchange. If the Board decides to implement a tender offer, shareholders will be notified prior to each tender offer of the full terms and conditions of the tender offer and the procedure for tendering shares.

Notice of Meeting

Under the Companies Act 2006, the notice period for the holding of general meetings of the Company is 21 clear days unless shareholders agreed to a shorter notice period and certain other conditions are met. Resolution 17, which is a Special Resolution, will be proposed to authorise the Directors to call general meetings of the Company (other than Annual General Meetings) on not less than 14 clear days' notice, as permitted by the Companies Act 2006 amended by the Companies (Shareholders' Rights) Regulations 2009.

It is currently intended that this flexibility to call general meetings on shorter notice will only be used for non-routine business and where it is considered to be in the interests of all shareholders. If Resolution 17 is passed, the authority to convene general meetings on not less than 14 clear days' notice will remain effective until the conclusion of the AGM in 2020 or, if earlier, on the expiry of 15 months from the date of passing of Resolution 17, unless renewed prior to such time.

Directors' Fees

Resolution 18 is an Ordinary Resolution to increase the annual aggregate limit of Directors' fees to £200,000. Further information is provided in the Directors' Remuneration Report on page 35.

Recommendation

Your Board considers Resolutions 1 to 12 inclusive and Resolutions 15 and 18, which are all Ordinary Resolutions, and Resolutions 13, 14, 16 and 17, all of which are Special Resolutions, to be in the best interests of the Company and most likely to promote the success of the Company for the benefit of its members as a whole. Accordingly, your Board unanimously recommends that shareholders vote in favour of Resolutions 1 to 18 inclusive to be proposed at the AGM on 23 October 2019.

By order of the Board,

Maven Capital Partners UK LLP
Company Secretary

28 August 2019

Governance

Directors' Remuneration Report

This report has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006 and the Enterprise and Regulatory Reform Act 2013. An Ordinary Resolution for the approval of this report will be put to the members of the Company at the forthcoming AGM. The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such and the Auditor's opinion is included in their report on pages 46 to 49.

The Directors have not established a Remuneration Committee. Consideration of Directors' fees and remuneration policy is undertaken by the Nomination Committee. As all of the Directors are non-executive, the Company is not required to comply with the Principles of the UK Corporate Governance Code in respect of executive directors' remuneration.

As at 30 June 2019, the Company had five non-executive Directors, comprising 3 males and 2 females, and their biographies are shown in the Board of Directors section of this Annual Report on pages 28 and 29. The names of the Directors who served during the year together with the fees paid are shown in the table on page 37.

It is the Board's intention that the Company's Remuneration Policy be put to a shareholders' vote at least once every three years. An Ordinary Resolution for the approval of the Company's Remuneration Policy for the three years to 30 June 2020 was proposed and approved at the 2017 AGM and an Ordinary Resolution for its approval will next be proposed at the 2020 AGM in respect of the Company's Remuneration Policy for the three years to 30 June 2023.

Remuneration Policy

The Company's policy is that the remuneration of the Directors, all of whom are non-executive, should reflect the experience of the Board as a whole and be fair and comparable to that of other investment trusts with a similar capital structure and similar investment objectives. Directors are remunerated exclusively in the form of fees, payable monthly in arrears to the Director personally. The fees for the Directors are determined within the limits set out in this Remuneration Policy which limits the aggregate of the fees payable to the Directors to £150,000 per annum. It is intended that the fees payable to the Directors should reflect their duties, responsibilities, and the value and amount of time committed to the Company's affairs, and should also be sufficient to enable candidates of a high quality to be recruited and retained. There is no performance-related remuneration scheme and therefore the Directors do not receive bonuses, pension benefits, share options, long-term incentive schemes or other benefits, and the fees are not specifically related to the Directors' performance, either individually or collectively.

A copy of the Remuneration Policy may be inspected by the members of the Company at its Registered Office.

To allow sufficient headroom, given the increased number of Directors and to allow for increases in the level of Directors' fees over time, a resolution will be proposed at the 2019 AGM to increase the aggregate limit of Directors' fees to £200,000 per annum.

During the year ended 30 June 2019, the Board was not provided with advice or services by any person in respect of its consideration of the Directors' remuneration. However, in the application of the Board's policy on Directors' remuneration, the Nomination Committee reviews the fees paid to the directors of other comparable investment trust companies.

During the year ended 30 June 2019, the Nomination Committee carried out a review of the Remuneration Policy and the level of Directors' fees and recommended that the annual rates of remuneration should be increased by an average of 3% for the year to 30 June 2020. Accordingly, from 1 July 2019, the Chairman's fee will be increased from £34,000 to £35,000, the fee for the Chair of the Audit Committee will increase from £27,000 to £27,800 and the fees for each other Director will increase from £23,000 to £23,700. An additional fee of £1,500 will be paid to the Chairman of the Management Engagement Committee. The Committee concluded that the revised fee levels remain competitive when compared with other investment trust companies within the Company's peer group.

Governance

Directors' Remuneration Report

Directors' Fees and Total Remuneration

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

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

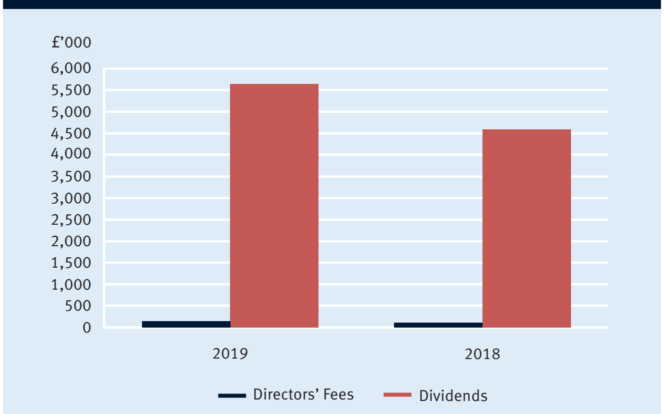
Notwithstanding the Articles, the Board has agreed that all Directors should retire annually and seek re-election at the AGM. There is no notice period and no provision for compensation upon early termination of appointment, save for any arrears of fees which may be due.

During the year ended 30 June 2019, no communication was received from shareholders regarding Directors' remuneration. The Remuneration Policy and the level of fees payable is reviewed annually by the Board and it is intended that the current policy will continue for the year ending 30 June 2020.

Relative Cost of Directors' Remuneration

To enable shareholders to assess the relative importance of spend on Directors' remuneration, the chart below shows for the years ended 30 June 2018 and 30 June 2019, the cost of Directors' fees compared with the level of dividend distribution.

Relative Cost of Directors' Remuneration (£'000)



As noted in the Strategic Report, all of the Directors are non-executive and, therefore, the Company does not have a chief executive officer, nor does it have any employees. In the absence of a chief executive officer or employees, there is no related information to disclose.

At the AGM held on 25 October 2018, the results in respect of the Ordinary Resolution to approve the Directors' Remuneration Report for the year ended 30 June 2018 was as follows:

	Percentage of votes cast for	Percentage of votes cast against
Directors' Remuneration Report	99.9%	0.1%

A Resolution will be put to shareholders at the 2019 AGM to approve the Directors' Remuneration Report for the year ended 30 June 2019.

Directors' and Officers' Liability Insurance

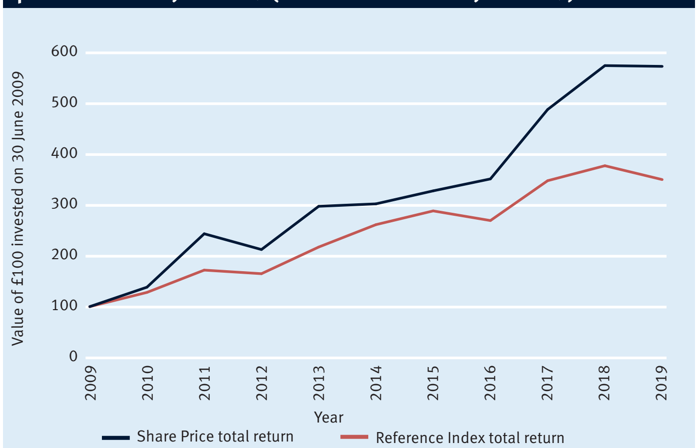
The Company purchases and maintains liability insurance covering the Directors and Officers of the Company. This insurance is not a benefit in kind, nor does it form part of the Directors' remuneration.

Company Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Manager through the Investment Management Agreement, as referred to in the Directors' Report.

The graph below compares the total returns on an investment of £100 in the Ordinary Shares of the Company for the ten years to 30 June 2019, assuming all dividends are reinvested, with the total shareholder return on a notional investment of £100 from the Numis Smaller Companies (ex investment companies) Index until 31 December 2018 and the Numis Smaller Companies plus AIM (ex investment companies) Index thereafter. These indices were chosen for comparison purposes as they are, or were, the Company's reference index during the period.

Total Cumulative Ordinary Share price total return for ten year period ended 30 June 2019 (rebased to 100 at 30 June 2009)



Source: Refinitiv Datastream

Directors' Remuneration Report

Directors' Remuneration (audited)

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

Director	Year ended 30 June 2019 Fees £	Year ended 30 June 2019 Taxable expenses £	Year ended 30 June 2019 Total £	Year ended 30 June 2018 Fees £	Year ended 30 June 2018 Taxable expenses £	Year ended 30 June 2018 Total £
Allister Langlands	34,000	575	34,575	29,662	470	30,132
Carol Ferguson[1]	7,296	836	8,132	21,000	3,003	24,003
Caroline Ramsay	27,000	3,434	30,434	23,362	4,666	28,028
Tim Scholefield	24,500	1,530	26,030	21,000	1,375	22,375
Ashton Bradbury[2]	23,000	896	23,896	—	—	—
Alexa Henderson[3]	16,817	—	16,817	—	—	—
David Woods[4]	—	—	—	9,343	—	9,343
Total	**132,613**	**7,271**	**139,884**	**104,367**	**9,514**	**113,881**

1. Carol Ferguson retired 25 October 2018
2. Ashton Bradbury appointed 2 July 2018
3. Alexa Henderson appointed 8 October 2018
4. David Woods retired 26 October 2017

The above amounts exclude any employers' national insurance contributions, if applicable. No other forms of remuneration were received by the Directors and none of the Directors received compensation for loss of office or non-cash benefits for the year ended 30 June 2019 (2018: £nil).

There are no outstanding Directors' fees payable at the year ended 30 June 2019 (2018: £nil).

Directors' Interests (audited)

The Directors' Interests in the Ordinary Share capital of the Company, which remain unchanged as at the date of this report, are shown below. There is no requirement for Directors to hold shares in the Company.

Director	Ordinary Shares held at 30 June	
	2019	2018
Allister Langlands	95,000	95,000
Ashton Bradbury	10,000	N/A
Alexa Henderson	2,942	N/A
Caroline Ramsay	4,545	4,545
Tim Scholefield	5,964	3,964
Total	**118,451**	**103,509**

Liz Airey, appointed 21 August 2019, holds no shares in the Company.

Approval

The Directors' Remuneration Report was approved by the Board of Directors and signed on its behalf by:

Allister Langlands
Director

28 August 2019

Governance

Statement of Corporate Governance

Introduction

The Board is accountable to the Company's shareholders for high standards of corporate governance and this statement describes how the Company applies the main principles identified in the UK Corporate Governance Code ("the Governance Code") issued in April 2016. The Governance Code is available from the website of the Financial Reporting Council at www.frc.org.uk.

During the year under review, the Company was a member of the AIC, which has published its own Code of Corporate Governance ("the AIC Code") . This provides a comprehensive guide to best practice in certain areas of governance where the specific characteristics of investment trusts suggest alternative approaches to those set out in the Code. The AIC Code is available from the AIC website www.theaic.co.uk.

In July 2018, the FRC issued an updated version of the Governance Code, which takes effect in respect of financial years commencing on or after 1 January 2019. In February 2019, the AIC issued a revised version of the AIC Code with an application date for accounting periods commencing on or after 1 January 2019. The Board are considering the implications and future reporting requirements of the revised Codes.

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

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

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

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

- the role of the chief executive – Code provision A2.1;
- the need for an internal audit function – Code provision C.3.6; and
- executive directors' remuneration – Code provisions D2.1, D2.2 and D2.4.

The Board considers that these provisions are not relevant to the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

The Board

Following the appointment of Liz Airey on 21 August 2019, the Board, of three males and three females, consists of a non-executive Chairman, Allister Langlands, and five non-executive Directors. The names and biographies of those Directors who held office at 30 June 2019 and at the date of this Annual Report, appear on pages 28 and 29 and indicate their range of investment, industrial, commercial and professional experience. Tim Scholefield is the Company's Senior Independent Director.

All Directors are considered under the Codes to be independent of Aberdeen Standard Fund Managers Limited ("the Manager") and free of any relationship which could materially interfere with the exercise of their independent judgement on issues of strategy, performance, resources and standards of conduct.

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

These matters include:

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

Governance
Statement of Corporate Governance

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

Following the implementation of the Bribery Act 2010, the Board adopted appropriate procedures designed to prevent bribery.

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

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

The Board meets formally at least five times a year, and more frequently where business needs require.

The Board formally met on six occasions during the year ended 30 June 2019. Details of attendance by each of the Directors and Committee members at scheduled Board and Committee meetings are shown in the table below. Between meetings, the Board maintains regular contact with the Manager.

The primary focus at regular Board meetings is a review of investment performance and associated matters including gearing, marketing and investor relations, peer group information and industry issues.

	Board	Audit Committee	Management Engagement Committee	Nomination Committee
Allister Langlands	6 (6)	3 (3)	2 (2)	2 (2)
Ashton Bradbury	6 (6)	3 (3)	2 (2)	2 (2)
Alexa Henderson[1]	5 (5)	2 (2)	1 (1)	2 (2)
Caroline Ramsay	6 (6)	3 (3)	2 (2)	2 (2)
Tim Scholefield	6 (6)	3 (3)	2 (2)	2 (2)
Carol Ferguson	3 (3)	2 (2)	1 (1)	–

Table: Directors' attendance at Board and Committee meetings with the number of meetings which they were eligible to attend in brackets.

1. Alexa Henderson appointed 8 October 2018

2. Carol Ferguson retired 25 October 2018

In addition, Directors attended four Board Committee meetings during the year relating to the merger with Dunedin and the approval of the annual and interim results. Members of the Board also attended two additional shareholder meetings in the year including the AGM of the Company and the general meeting dealing with the approval of the merger with Dunedin Smaller Companies Investment Trust PLC.

To enable the Board to function effectively and allow Directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board meetings, this consists of a comprehensive set of papers including the Manager's Report and discussion documents regarding specific matters. Directors make further enquiries where necessary.

External Agencies

The Board has contractually delegated to external agencies, including the Manager and other service providers, certain services including: the management of the investment portfolio, the depositary services (which include the custody and safeguarding of the assets), the share registration services and the day-to-day accounting and company secretarial requirements. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered in so far as they relate to the affairs of the Company. In addition, ad hoc reports and information are supplied to the Board as requested.

Board Committees

The terms of reference for each of the three Committees, which are reviewed annually, are available for download from the Company's website: www.standardlifeuksmallercompaniestrust.co.uk

Audit Committee

Information regarding the composition, responsibilities and activities of the Audit Committee are detailed in the Report of the Audit Committee on pages 43 to 44.

Management Engagement Committee

A Management Engagement Committee has been established comprising the full Board and chaired by Tim Scholefield.

The main responsibilities of the Committee include:

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

Statement of Corporate Governance

The Committee met twice during the year to 30 June 2019 and reviewed the management contract with the Manager and the performance of the Manager. The Company's performance during the year under review was also reviewed and the Committee recommended to the Board that the continuing appointment of the Manager was in the best interests of the Shareholders and the Company as a whole.

Nomination Committee

A Nomination Committee has been established comprising the full Board and whose Chairman is the Chairman of the Company.

The main responsibilities of the Committee include:

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

The Committee reviews regularly the composition, experience and commitment of the Directors, particularly in relation to succession planning and recommendations for individual re-election at each AGM. For new appointments, a description of the required role is prepared and an external search consultancy would generally be used to ensure a wide range of candidates are considered. The Committee also ensures that an appropriate induction is arranged by the Manager for a newly appointed Director. This involves meetings about the Company, the Manager, legal responsibilities of Directors and investment trust industry matters. Directors are provided, on a regular basis, with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors are also able to participate in training courses run by the AIC.

All non-executive Directors are initially appointed until the first AGM following their date of appointment.

The Board has considered the Governance Code recommendation for the annual re-election of Directors and confirms that all Directors are subject to annual re-election at the AGM.

The Board and Committees undertook an annual performance evaluation during the year, using questionnaires and discussion, to ensure that the Directors have all devoted sufficient time and contributed adequately to the work of the Board and Committees and to consider each Director's independence.

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

Allister Langlands, Ashton Bradbury, Alexa Henderson, Caroline Ramsay and Tim Scholefield will retire, and being eligible, will each offer themselves for re-election as a Director at the 2019 AGM.

During the year, the independent search consultancy, Fletcher Jones Ltd, was used to assist in the selection of a new Director. This company has no other relationship with the Company or with any of the Directors. The search was successful and Liz Airey was appointed to the Board on 21 August 2019 and will stand for election at the 2019 AGM.

In their absence, Ashton Bradbury, Alexa Henderson, Caroline Ramsay and Tim Scholefield have been evaluated by their fellow Directors. The Board considers that none of their other commitments (as set out on pages 28 and 29 of this Annual Report) interfere with the discharge of their responsibilities to the Company and is satisfied that individually they make sufficient time available to serve the Company effectively. The outcome of this evaluation was satisfactory in each case. The Board considers that, due to their individual skills, experience and commitment, Ashton Bradbury, Alexa Henderson, Caroline Ramsay and Tim Scholefield each merit re-election as a Director and shareholders are encouraged to support the AGM resolutions in respect of their individual re-elections.

Governance

Statement of Corporate Governance

The Board considers that due to her individual skills, experience and commitment, Liz Airey merits election as a Director and shareholders are encouraged to support the AGM resolution for her election. As Liz Airey was appointed after the year end, her performance will be evaluated in 2020.

The Board carried out a performance evaluation of Allister Langlands as Chairman and concluded that Allister Langlands was an effective Chairman and recommended that he continue to serve as Chairman and that a resolution for his re-election be put to shareholders at the 2019 AGM.

As permitted under the FCA's Listing Rules, which allow the Company to dispense with appointing a separate remuneration committee, the Nomination Committee fulfils the requirement to review regularly the level of Directors' remuneration. The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report on pages 35 to 37.

Although the Company does not have a formal policy on diversity, as detailed on page 40, consideration of Board diversity forms part of the responsibilities of the Nomination Committee.

Communication with Shareholders

The Company reports formally to shareholders twice a year by way of the Half-Yearly Financial Report and the Annual Report which each include an analysis of the risks and uncertainties facing the Company. A monthly factsheet is published on the Company's website and is available to all shareholders on request: see Company Information and Contact Details (page 77) for details. The Company's net asset value is published each business day. In addition, details of all portfolio investments are published via the London Stock Exchange and the Company's website on a monthly basis (monthly in arrears).

Further details of the Company's policy on shareholder communications, including documents to be made available on the Company's website, may be found on page 74.

The Directors are available to discuss issues of concern or areas of uncertainty with any shareholders and contact details for the Company can be found on page 77.

The Company has adopted a nominee code, which ensures that, where notification has been received in advance, nominee operators will be provided with copies of shareholder communications for distribution to their customers.

The Company's AGM provides a forum for communication primarily with private shareholders and is attended by the Board. The Manager makes a presentation to the meeting and all shareholders have the opportunity to put questions to both the Board and the Manager at the AGM.

Each person attending the AGM as a proxy is entitled to vote on a show of hands. A separate resolution is proposed in respect of each substantially separate issue. The results of proxy voting are relayed to shareholders after the resolutions have been voted on by a show of hands. The result of any poll will subsequently be made available on the Company's website. In order to ensure that detailed discussion of key issues is possible, the Company normally aims to circulate to shareholders the Annual Report and the Notice of Annual General Meeting not less than 20 working days before the date of the meeting.

The Directors undertake a programme of inviting major shareholders to discuss issues of governance or strategy with the Chairman or Senior Independent Director. In addition, the Manager has an annual programme of meetings with institutional shareholders and reports back to the Board on these meetings.

The Notice of Annual General Meeting on pages 78 to 82 sets out the business of the meeting and the resolutions are explained more fully in the Directors' Report on pages 30 and 34. Separate resolutions are proposed for each substantive issue.

Shareholders have direct access to the Company, including the Chairman and the Senior Independent Director by contacting the Company Secretary. See Company Information and Contact Details (page 77) for details.

The Manager also hosts a regular "Meet the Manager" session at which members of the Board are present and to which all shareholders are invited.

Internal Control and Risk Management

The Board is ultimately responsible for the Company's system of internal control and risk management and for reviewing its effectiveness. Day-to-day measures have been delegated to the Manager and the Company Secretary with an effective process of reporting to the Board for supervision and control.

Following publication by the Financial Reporting Council of "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting" ("the FRC Guidance"), the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company.

This process has been in place for the year under review and up to the date of approval of this Annual Report and is regularly reviewed by the Board and accords with the FRC Guidance. The Board has reviewed the effectiveness of the system of internal control and risk management. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and policies by which these risks are managed. The significant risks faced by the Company are detailed in the Strategic Report on pages 14 and 15.

Governance

Statement of Corporate Governance

The key components designed to provide effective internal control and risk management are outlined below:

- the Manager prepares management reports which allow the Board to assess the Company's activities and review its performance;
- the Board and Manager have agreed a defined investment policy and relevant reports, including performance statistics and investment valuations, are submitted to each Board meeting;
- as a matter of course the Manager's internal audit and compliance departments continually review the operations of the Manager and other service providers;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers;
- the Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place at the Manager, has decided to rely upon the Manager's systems and internal audit procedures;
- the Board reviews Internal Control reports by BNP Paribas Securities Services, London Branch as Depositary and Custodian;
- the Board receives and reviews the annual Internal Control Reports published by the Manager and the Administrator; and
- bi-annually the Audit Committee formally carries out an assessment of internal control and risk management by considering documentation from the Manager and the Company Secretary, including the internal audit and compliance functions and taking account of risk management problems or compliance breaches identified previously, and reports to the Board on its conclusions. At the conclusion of these reviews, the Board decides whether any changes to the system of internal control are required.

With effect from 7 July 2014 (and as amended by side letters dated 16 and 22 March 2016 and 22 August 2018), the Company entered into arrangements to comply with the Alternative Investment Fund Managers Directive (AIFMD). The Company appointed Standard Life Investments (Corporate Funds) Limited as its Alternative Investment Fund Manager (AIFM) and BNP Paribas Securities Services, London Branch as its Depositary.

The Investment Management Agreement entered into with Standard Life Investments (Corporate Funds) Limited was novated to Aberdeen Standard Fund Managers Limited on 10 December 2018.

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

The AIFM has a permanent risk management function to ensure that effective risk management policies and procedures are in place to monitor compliance with risk limits.

The AIFM has a risk policy which covers the risks associated with the management of the portfolio and the adequacy and appropriateness of this policy is reviewed at least annually.

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

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 Stewardship Code may be found on its website.

Socially Responsible Investment Policy

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

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

By order of the Board,

Maven Capital Partners UK LLP
Company Secretary

28 August 2019

Governance

Report of the Audit Committee

Audit Committee

The Directors have established an Audit Committee chaired by Caroline Ramsay.

Membership

The Committee comprises all non-executive Directors other than the Chairman of the Board. Details of the experience and qualifications of the Directors are set out on pages 28 and 29. The Board is satisfied that all members of the Committee have a sufficient level of recent and relevant financial experience and that the Committee as a whole has competence relevant to the investment trust sector.

Responsibilities

The main responsibilities of the Committee are:

- monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them;
- reviewing those internal financial controls and the internal control and risk management systems of relevance to the Company as operated by its suppliers; to assist in this the Committee receives reports from the risk and compliance departments of the Manager;
- making recommendations to the Board, for it to put to shareholders for their approval in general meeting, in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- reviewing the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant guidance and statutory requirements regarding the provision of non-audit services by the external audit firm;
- providing advice on whether the Annual Report and Financial Statements, taken as a whole is, fair, balanced, and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; and
- reporting to the Board, identifying any matters in respect of which the Committee considers that action or improvement is needed, and making recommendations as to the steps to be taken.

Review of Key Risks

As the principal focus of the Company is to generate long-term capital growth from investment in UK quoted smaller company equities, the valuation, existence and ownership of the investment portfolio is a key risk that requires the particular attention of the Committee. Similarly, as dividend income is a major source of revenue for the Company and a significant element of the statement of comprehensive income, the recognition of dividend income is a further risk that requires the particular attention of the Committee. For both investments and the dividend income generated, the Committee establishes and monitors the application of appropriate accounting policies.

During its review of the Company's financial statements for the year ended 30 June 2019, the Committee considered the two key risks detailed below:

Valuation, existence and ownership of the investment portfolio

How the risk was addressed – The Company uses the services of an independent depositary (BNP Paribas Securities Services, London Branch) ("the Depositary") to hold the assets of the Company. An annual internal control report is received from the Depositary and reviewed by the Audit Committee. This provides details of the Depositary's control environment. The investment portfolio is reconciled regularly by the Manager. The portfolio is reviewed and verified by the Manager on a regular basis and management accounts including a full portfolio listing are prepared quarterly and are considered at the quarterly meetings of the Board. The Committee also considered the Independent Auditor's work and conclusions in this area. The valuation of investments is undertaken in accordance with the accounting policies disclosed in notes 1 b) and 1 c) to the financial statements on page 54.

The Committee satisfied itself that there were no issues associated with the valuation, existence and ownership of the investments which required to be addressed.

Recognition of dividend income

How the risk was addressed – The recognition of dividend income is undertaken in accordance with accounting policy note 1 (d) to the Financial Statements on page 54. Special dividends are allocated to the capital or revenue accounts according to the nature of the payment and the specific circumstances. The management accounts are reviewed by the Board on a quarterly basis and discussions take place with the Manager regarding the allocation of any special dividends that have been received. The Committee also considered the Independent Auditor's work and conclusions in this area.

The Committee concluded that there were no issues associated with the recognition of dividend income which required to be addressed.

Report of the Audit Committee

Review of Risk Reporting

The Committee met three times during the year under review, in August and October 2018 and in February 2019 and at each meeting considered the key risks detailed above and the corresponding internal control and risk reports provided by the Manager and the Company Secretary. No significant weaknesses in the control environment were identified and it was also noted that there had not been any adverse comment from the Independent Auditor and that the Independent Auditor had not identified any significant issues in its audit report. The Committee, therefore, concluded that there were no significant issues which required to be reported to the Board.

At its meeting in August 2019, the Committee reviewed the ongoing requirements for the 2019 Annual Report in relation to narrative reporting, enhanced audit reporting and the 2016 UK Corporate Governance Code

Review of Financial Reporting

The preparation and audit of the Company's Annual Report and Financial Statements is a comprehensive process which not only requires input from a number of different parties, but also requires high levels of review and verification.

The Committee, when considering the draft Annual Report and Financial Statements for the year ended 30 June 2019, reviewed the Company's financial statements and approved the Company's accounting policies and members of the Committee applying their recent and relevant financial experience concluded that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. In reaching this conclusion, the Committee has assumed that the reader of the Annual Report and Financial Statements would have a reasonable knowledge of the investment industry in general and of investments trusts in particular.

The Committee has reported on these findings to the Board who affirm the Committee's conclusions in the Statement of Directors' Responsibilities on page 45.

At its meeting in October 2018, the Committee reviewed and re-structured the Company's Risk Register and met with a representative of the Manager's Compliance team. At its meeting in February 2019, the Committee reviewed the Half Yearly Report and met with a representative of the Manager's Internal Audit team. At its meeting in August 2019, the Committee also reviewed, for recommendation to the Board, the Audit Report from the Independent Auditor and the draft Annual Report and Financial Statements for the year ended 30 June 2019, along with the amount of the final dividend for the year then ended.

Review of the Effectiveness of the Independent Auditor

Following a tender process in 2017, shareholders approved a resolution at the Company's AGM, held on 26 October 2017, to appoint KPMG LLP (KPMG) as Independent Auditor. This is the second year that the Company has been audited by KPMG. The Committee keeps the appointment of KPMG under ongoing review.

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

Key elements of these reviews include: discussions with the Manager regarding the audit service provided, separate meetings with the Independent Auditor (without the Manager in attendance), consideration of the completeness and accuracy of KPMG's reporting and a review of the relationships that the Independent Auditor has with the Manager.

The Independent Auditor's Report is on pages 46 to 49. Details of the amounts paid to KPMG during the year for audit services are set out in note 4 to the Financial Statements.

The Company has in place a policy governing and controlling the provision of non-audit services by the Independent Auditor, so as to safeguard their independence and objectivity. Shareholders are asked to approve the appointment or re-appointment, and the Directors' responsibility for the remuneration, of the Independent Auditor at each AGM. Any non-audit work to be carried out by the Auditor requires the specific approval of the Audit Committee in each case. Non-audit work, where independence may be compromised or conflicts arise, is prohibited. During the year to 30 June 2019, the Auditor received £17,000 + VAT in relation to non-audit services provided to the Company as part of the merger with Dunedin. KPMG has confirmed to the Board that it considers itself still to be independent of the Company. The Board has also concluded that KPMG is independent of the Company.

It should be noted that KPMG will rotate the Senior Statutory Auditor responsible for the audit every five years. The next audit tender of the Company is due to take place by 2027 in compliance with the EU regulations and FRC Guidance on audit tenders.

A Resolution for the re-appointment of KPMG as Independent Auditor for the year ended 30 June 2020 will be put to the 2019 AGM.

For and on behalf of the Committee.

Caroline Ramsay
Chair

28 August 2019

Governance

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

Responsibility Statement of the Directors in respect of the Annual Financial Report

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report and the Directors' Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Allister Langlands
Chairman

28 August 2019

Financial Statements

Independent Auditor's Report to the Members of Standard Life UK Smaller Companies Trust plc

1 Our opinion is unmodified

We have audited the financial statements of Standard Life UK Smaller Companies Trust plc ("the Company") for the year ended 30 June 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of Company's affairs as at 30 June 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 26 October 2017. The period of total uninterrupted engagement is for the two financial years ended 30 June 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter, in arriving at our audit opinion above, together with our key audit procedures to address this matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

	The risk	Our response
Carrying amount of quoted investments (£550.9 million; 2018: £ £424.2 million) *Refer to pages 43-44 (Report of the Audit Committee), pages 54-55 (accounting policies) and pages 59 to 60 and 62 to 66 (investments disclosure).*	**Low risk, high value** The Company's portfolio of quoted investments makes up 97% of the company's total assets (by value) and is considered to be the key driver of results. We do not consider these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	Our procedures included: - **Tests of detail:** Agreeing the valuation of 100 per cent of investments in the portfolio to externally quoted prices; and - **Enquiry of custodians:** Agreeing 100 per cent of investment holdings in the portfolio to independently received third party confirmations from investment custodians. **Our results:** We found the carrying amount of quoted investments to be acceptable (2018: acceptable).

Financial Statements

Independent Auditor's Report to the Members of Standard Life UK Smaller Companies Trust plc

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £5,693,350 determined with reference to a benchmark of total assets, of which it represents 1%.

We agreed to report to the Audit Committee any uncorrected identified misstatements exceeding £285,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed at KPMG LLP in Glasgow.

4 We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional procedures.

Based on this work, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 32 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5 We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic Report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration Report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation on page 14 that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks and Uncertainties disclosures describing these risks and explaining how they are being managed and mitigated; and

Financial Statements

Independent Auditor's Report to the Members of Standard Life UK Smaller Companies Trust plc

- the Directors' explanation in the Viability Statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Viability Statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; or
- the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Statement of Corporate Governance does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6 We have nothing to report on the other matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 45, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the Directors and the Manager and the Administrator (as required by auditing standards), and discussed with the Directors and the Manager the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Financial Statements

Independent Auditor's Report to the Members of Standard Life UK Smaller Companies Trust plc

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), and its qualification as an Investment Trust under UK tax legislation, any breach of which could lead to the company losing various deductions and exemptions from UK corporation tax, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: the Listing Rules and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8 The purpose of our audit work and to whom we owe our responsibilities

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

Philip Merchant (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street
Glasgow
G2 5AS

28 August 2019

Financial Statements

Statement of Comprehensive Income

For the year ended 30 June 2019

	Notes	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Net (losses)/gains on investments held at fair value	9	-	(7,037)	(7,037)	-	73,456	73,456
Realised foreign exchange gains		-	2	2	-	-	-
Income	2	10,002	-	10,002	6,765	-	6,765
Investment management fee	3	(891)	(2,673)	(3,564)	(770)	(2,309)	(3,079)
Other administrative expenses	4	(699)	-	(699)	(722)	-	(722)
NET RETURN BEFORE FINANCE COSTS AND TAXATION		**8,412**	**(9,708)**	**(1,296)**	**5,273**	**71,147**	**76,420**
Finance costs	5	(184)	(552)	(736)	(207)	(622)	(829)
RETURN BEFORE TAXATION		**8,228**	**(10,260)**	**(2,032)**	**5,066**	**70,525**	**75,591**
Taxation	6	4	-	4	-	-	-
RETURN AFTER TAXATION		**8,232**	**(10,260)**	**(2,028)**	**5,066**	**70,525**	**75,591**
RETURN PER ORDINARY SHARE:							
BASIC	8	**8.80p**	**(10.97p)**	**(2.17p)**	**7.24p**	**100.82p**	**108.06p**
DILUTED	8	**8.80p**	**(10.97p)**	**(2.17p)**	**7.00p**	**95.94p**	**102.94p**

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

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

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

Financial Statements

Statement of Financial Position

As at 30 June 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
NON-CURRENT ASSETS					
Investments held at fair value through profit or loss	9		550,909		424,194
CURRENT ASSETS					
Debtors	10	1,847		1,161	
Investments in AAA-rated money market funds		15,911		9,559	
Cash and short term deposits		668		415	
		18,426		**11,135**	
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	11	(1,764)		(2,265)	
		(1,764)		**(2,265)**	
NET CURRENT ASSETS			16,662		8,870
TOTAL ASSETS LESS CURRENT LIABILITIES			**567,571**		**433,064**
Creditors: amounts falling due after more than one year					
Bank loan	12	(24,877)		(24,790)	
			(24,877)		(24,790)
NET ASSETS			**542,694**		**408,274**
CAPITAL AND RESERVES					
Called-up share capital	13		26,041		19,071
Share premium account			170,146		29,693
Special reserve			30,977		36,311
Capital reserve			304,664		314,924
Revenue reserve			10,866		8,275
EQUITY SHAREHOLDERS' FUNDS			**542,694**		**408,274**
NET ASSET VALUE PER ORDINARY SHARE:					
BASIC	14		**539.54p**		**552.93p**

The financial statements of Standard Life UK Smaller Companies Trust plc (Company Number SC145455) on pages 50 to 67 were approved by the Board of Directors on 28 August 2019 and were signed on its behalf by:

Allister Langlands
Chairman

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

Financial Statements

Statement of Changes in Equity

For the year ended 30 June 2019

	Share capital £'000	Share premium account £'000	Equity component CULS 2018 £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 June 2018	19,071	29,693	-	36,311	314,924	8,275	408,274
Return after taxation	-	-	-	-	(10,260)	8,232	(2,028)
Issue of Ordinary Shares following merger with Dunedin Smaller Companies Investment Trust PLC (see note 20)	6,970	140,453	-	-	-	-	147,423
Buyback of Ordinary Shares into Treasury (see note 13)	-	-	-	(5,334)	-	-	(5,334)
Dividends paid (see note 7)	-	-	-	-	-	(5,641)	(5,641)
BALANCE AT 30 JUNE 2019	**26,041**	**170,146**	**-**	**30,977**	**304,664**	**10,866**	**542,694**

For the year ended 30 June 2018

	Share capital £'000	Share premium account £'000	Equity component CULS 2018 £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 June 2017	17,907	19,805	1,470	34,109	244,399	6,326	324,016
Return after taxation	-	-	-	-	70,525	5,066	75,591
Issue of Ordinary Shares from Treasury from conversion of 3.5% Convertible Unsecured Loan Stock 2018	-	-	-	2,202	-	-	2,202
Issue of Ordinary Shares from maturity of 3.5% Convertible Unsecured Loan Stock 2018	1,164	9,888	(1,470)	-	-	1,470	11,052
Dividends paid (see note 7)	-	-	-	-	-	(4,587)	(4,587)
BALANCE AT 30 JUNE 2018	**19,071**	**29,693**	**-**	**36,311**	**314,924**	**8,275**	**408,274**

The capital reserve at 30 June 2019 is split between realised of £122,984,000 and unrealised of £181,680,000 (30 June 2018: realised £108,543,000 and unrealised £206,381,000).

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

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

On 8 October 2017 the Company converted £2,201,462 (10 October 2016: £898,071) nominal amount of 3.5% Convertible Unsecured Loan Stock 2018 into 927,892 (2017: 378,514) Ordinary Shares. Also, on 11 April 2018 (13 April 2017) the Company converted £11,052,427 (2017: £2,124,852) nominal amount of 3.5% Convertible Unsecured Loan Stock 2018 into 4,658,405 (2017: 895,583) Ordinary Shares following the maturity date 31 March 2018. As at 30 June 2018, there was £nil nominal amount of 3.5% Convertible Unsecured Loan Stock 2018 in issue.

Financial Statements

Statement of Cash Flows

For the year ended 30 June 2019

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
OPERATING ACTIVITIES		
Net return before taxation	(2,032)	75,591
Adjustment for:		
Net losses/(gains) on investments	7,037	(73,456)
Movement in dividend income receivable	(340)	(199)
Movement in interest income receivable	(8)	(7)
Foreign exchange gains	(2)	-
Finance costs	736	829
Increase/(decrease) in other debtors	3	(2)
Increase in other creditors	221	157
Overseas withholding tax	(10)	-
NET CASH INFLOW FROM OPERATING ACTIVITIES	**5,605**	**2,913**
INVESTING ACTIVITIES		
Purchases of investments	(79,496)	(70,819)
Sales of investments	89,594	50,777
Purchases of AAA-rated money market funds	(74,729)	(68,936)
Sales of AAA-rated money market funds	68,377	66,748
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	**3,746**	**(22,230)**
FINANCING ACTIVITIES		
Bank and loan interest paid	(647)	(928)
Net cash acquired following merger	2,524	-
Repurchase of Ordinary Shares	(5,334)	-
Drawdown of loan	-	25,000
Dividends paid	(5,641)	(4,587)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES	**(9,098)**	**19,485**
INCREASE IN CASH	**253**	**168**
ANALYSIS OF CHANGES IN CASH DURING THE YEAR		
Opening balance	415	247
Increase in cash as above	253	168
CLOSING BALANCE	**668**	**415**

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

Notes to the Financial Statements

For the year ended 30 June 2019

1. Accounting policies

(a) Basis of accounting

The Financial Statements have been prepared in accordance with Financial Reporting Standard 102 and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in November 2014 and updated in February 2018 with consequential amendments. They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The Financial Statements have been prepared on a going concern basis. The Directors believe that the Company has adequate financial resources to continue its operational existence for a period of not less than 12 months from the date of approval of the Financial Statements.

(b) Investments

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

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

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

(c) AAA-rated money market funds

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

(d) Income

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

(e) Expenses and interest payable

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

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

(f) Dividends payable

Dividends are recognised in the period in which they are paid.

(g) Nature and purpose of reserves

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

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

Special reserve
The special reserve arose following court approval for the cancellation of the share premium account balance at 24 June 1999 and on 13 October 2009, Court of Session approval was granted for the cancellation of the Company's entire share premium account and capital redemption reserve and subsequent creation of a special distributable capital reserve. The special reserve is used to record the amount equivalent to the nominal value of any of the Company's own shares purchased and cancelled in order to maintain the Company's capital.

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

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

(h) Taxation

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

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

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

(i) Foreign currency

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

(j) Judgements and key sources of estimation uncertainty

Disclosure is required of judgements and estimates made by management in applying the accounting policies that have a significant effect on the Financial Statements. There are no significant estimates of judgement which impact these Financial Statements.

(k) Cash and cash equivalents

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

(l) Bank borrowing

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

(m) Merger with Dunedin Smaller Companies Investment Trust PLC ("Dunedin") – Basis of accounting

On 8 October 2018, the Company acquired all the assets and liabilities of Dunedin in exchange for shares in the Company. The transaction was accounted for using the purchase method as required by FRS 102 and further details are set out in note 20. The income and costs for the period to 7 October 2018 and the comparable period to 30 June 2018 reflect the activities of the Company before the acquisition and after that date reflect those of the enlarged Company.

Notes to the Financial Statements

2. Income

	2019 £000	2018 £000
Income from investments		
UK dividend income	7,672	5,113
Overseas dividend income	1,659	1,117
Special dividends	472	489
	9,803	**6,719**
Other income		
Interest from AAA-rated money market funds	199	46
	199	**46**
Total income	**10,002**	**6,765**

3. Investment management fee

	2019 £000	2018 £000
Investment management fee	3,564	3,079
Charged to capital reserve	(2,673)	(2,309)
	891	**770**

The balance due to Aberdeen Standard Fund Managers Limited ("ASFML") at the year end was £1,007,000 (2018: £829,000).

For further details see note 18 Transactions with the Manager.

4. Administrative expenses (inclusive of VAT)

	2019 £000	2018 £000
Secretarial fees	180	180
Directors' fees	133	104
Promotional activities	28	25
Auditor's remuneration:		
fees payable to the Company's Auditor for the audit of the Company's annual accounts excluding VAT	22	22
VAT on audit fees	4	4
Registrar's fees	30	40
Professional fees	60	95
Custody fees	23	17
Depositary fees	91	73
Other expenses	128	162
	699	**722**

The Company has an agreement with ASFML for the provision of promotional activities. The total fees payable during the year were £28,300 (2018: £25,000) and the amount due to ASFML at the year end was £72,500 (2018: £44,200).

In addition to above, the Auditor received £17,000 + VAT in relation to non-audit services provided as part of the merger with Dunedin. This has been charged to capital reserves as part of the share issue detailed in note 20.

The balance due to the Company Secretary at the year end was £44,877 (2018: £44,593).

There were no capital expenses incurred in 2019 (2018: £nil).

The 2018 professional fees include costs associated with the CULS maturity, as well as the loan facility application and the recruitment of a new non-executive director.

The 2018 Other expenses include a payment of £39,000 in relation to the maturity of the 3.5% Convertible Unsecured Loan Stock 2018.

5. Finance costs

	2019 £000	2018 £000
Notional interest on 3.5% Convertible Unsecured Loan Stock 2018	–	292
Effective interest rate	–	75
Amortisation of 3.5% Convertible Unsecured Loan Stock 2018 issue expenses	–	54
Bank loan interest	589	317
Non-utilisation fees	110	71
Amortisation of loan arrangement expenses	37	20
	736	**829**
Charged to capital reserve	(552)	(622)
Charged to revenue reserve	**184**	**207**

6. Taxation

	2019			2018		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
(a) Analysis of charge for year						
Overseas taxation	**(4)**	**–**	**(4)**	**–**	**–**	**–**

During the period the Company received a recovery of £4,000 of withholding tax, previously written off, on overseas dividend income (30 June 2018 - £Nil).

(b) Provision for deferred taxation

At 30 June 2019, the Company had unutilised management expenses and loan relationship losses of £60,033,000 (2018: £56,035,000). No deferred asset has been recognised on the unutilised management expenses and loan relationship losses as it is unlikely there will be suitable taxable profits from which the future reversal of the deferred asset could be deducted.

Notes to the Financial Statements

(c) Factors affecting current tax charge for year

UK corporation tax at a rate of 19.00% (2018: effective rate 19.00%)

The differences are explained below.

	2019			2018		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Net profit on ordinary activities before taxation	**8,228**	**(10,260)**	**(2,032)**	5,066	70,525	75,591
Corporation tax at a rate of 19.00% (2018: effective rate 19.00%)	1,563	(1,949)	(386)	962	13,400	14,362
Effects of:						
Non-taxable UK dividend income	(1,547)	–	(1,547)	(1,068)	–	(1,068)
Non-taxable overseas dividends	(155)	–	(155)	(114)	–	(114)
Currency losses	–	(1)	(1)	–	–	–
Expenses not deductible for tax purposes	–	–	–	1	–	1
Excess management expenses and loan relationship losses	139	613	752	219	557	776
Other capital returns (e.g. gains on investments not subject to tax)	–	1,337	1,337	–	(13,957)	(13,957)
Irrecoverable overseas withholding tax	(4)	–	(4)	–	–	–
Total tax charge	**(4)**	–	**(4)**	–	–	–

7. Dividends

	2019 £000	2018 £000
Amounts recognised as distributions to equity holders in the period:		
2018 final dividend of 5.50p per share (2017 - 5.20p) paid on 31 October 2018	4,032	3,549
2019 interim dividend of 1.60p per share (2018 - 1.50p) paid on 12 April 2019	1,609	1,038
	5,641	**4,587**

The proposed 2019 final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these Financial Statements.

We set out below the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Section 1158 - 1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £8,232,000 (2018: £5,066,000).

	2019 £000	2018 £000
2019 interim dividend of 1.60p per share (2018 - 1.50p) paid on 12 April 2019	1,609	1,038
2019 final dividend of 6.10p per share (2018 - 5.50p) payable on 31 October 2019	6,117	4,049
	7,726	**5,087**

The amount payable for the proposed final dividend is based on the Ordinary Shares in issue as the date of approval of this report, 28 August 2019, which satisfies the requirement of Section 1159 of the Corporation Tax Act 2010.

Dividends have been paid out of revenue reserves.

Notes to the Financial Statements

8. Return per ordinary share

	2019		2018	
	p	£000	p	£000
Basic				
Revenue return	8.80	8,232	7.24	5,066
Capital return	(10.97)	(10,260)	100.82	70,525
Total return	**(2.17)**	**(2,028)**	**108.06**	**75,591**
Weighted average number of Ordinary Shares in issue		93,561,542		69,951,113
Diluted				
Revenue return	8.80	8,232	7.00	5,171
Capital return	(10.97)	(10,260)	95.94	70,841
Total return	**(2.17)**	**(2,028)**	**102.94**	**76,012**
Weighted average number of Ordinary Shares in issue		93,561,542		73,837,630

The Company has no securities in issue that could dilute the return per Ordinary Share, therefore, for the year ended 30 June 2019, the basic and diluted return per Ordinary Share are the same.

The 2018 calculation of the diluted total, revenue and capital returns per Ordinary Share are carried out in accordance with IAS 33. For the purpose of calculating total, revenue and capital returns per Ordinary Share, the number of Ordinary Shares used is the weighted average number used in the basic calculation plus the number of Ordinary Shares deemed to be issued for no consideration on exercise of all 3.5% Convertible Unsecured Loan Stock 2018 (CULS) pro-rated for the period in which the CULS were active.

9. Investments

	2019 £000	2018 £000
Fair value through profit or loss		
Opening fair value	424,194	329,587
Opening fair value gains on investments held	(206,382)	(153,348)
Opening book cost	**217,812**	**176,239**
Transfer of investments from Dunedin at market value	144,899	–
Additions at cost	78,773	71,918
Disposals - proceeds	(89,920)	(50,767)
- realised gains on sales	17,665	20,422
Closing book cost	**369,229**	**217,812**
Closing fair value gains on investments held	181,680	206,382
Closing fair value	**550,909**	**424,194**
Gains on investments		
Realised gains on sales	17,665	20,422
(Decrease)/increase in fair value gains on investments held	(24,702)	53,034
Net (losses)/gains on investments held at fair value	**(7,037)**	**73,456**

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

Notes to the Financial Statements

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

	2019 £000	2018 £000
Purchases	368	263
Sales	66	41
	434	**304**

10. Debtors

	2019 £000	2018 £000
Amounts due from brokers	326	–
Dividends receivable	1,473	1,133
Tax recoverable	21	6
Other debtors	27	22
	1,847	**1,161**

11. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Amounts payable to brokers	432	1,155
Interest payable	98	97
Investment management fee payable	1,007	829
Sundry creditors	227	184
	1,764	**2,265**

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

	2019 £000	2018 £000
Bank loan	25,000	25,000
Unamortised loan arrangement expenses	(123)	(210)
	24,877	**24,790**

On 1 November 2017 the Company entered into a £45 million unsecured loan facility agreement arranged with The Royal Bank of Scotland International Ltd. The facilities consist of a five year fixed-rate term loan facility of £25,000,000 (the "Term Loan") and a five year revolving credit facility of £20,000,000 (the "RCF"). The Term Loan has a maturity date of 31 October 2022.

The Company had drawn down £25 million of the Term Loan at the year end, at an interest rate of 2.349% (2018: same). The RCF was undrawn at the year end and at the end of the previous year.

Notes to the Financial Statements

The terms of the unsecured loan facility agreement contain covenants that the minimum net assets must not be less than £140 million, the percentage of borrowings against the net assets shall not exceed 30%, and the portfolio contains a minimum of thirty eligible investments (investments made in accordance with the Company's investment policy).

The fair value of the Term Loan as at 30 June 2019 was £26,404,000 (2018: £26,467,000), the value being calculated per the disclosure in note 17.

13. Called up share capital

	2019 £000	2018 £000
Authorised:		
	37,500	37,500
Issued and fully paid:		
100,585,411 (2018 – 73,837,630) Ordinary Shares of 25p each - equity	25,146	18,459
Held in treasury:		
3,579,011 (2018 - 2,447,950) Ordinary Shares of 25p each - equity	895	612
	26,041	**19,071**

	2019 Ordinary Shares Number	2018 Ordinary Shares Number
Opening balance	73,837,630	68,251,333
Conversion of CULS	-	5,586,297
Share issue	27,878,842	-
Share buybacks	(1,131,061)	-
Closing balance	**100,585,411**	**73,837,630**

During the year the Company issued 27,878,842 Ordinary Shares as part of the merger with Dunedin Smaller Companies Investment Trust PLC.

For further details see note 20.

During the year the Company repurchased 1,131,061 (2018: nil) Ordinary Shares to treasury at a cost of £5,334,000 (2018: nil). Subsequent to the year end, a further 313,135 Ordinary Shares were repurchased to treasury at a cost of £1,452,000.

14. Net asset value per share

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

	2019	2018
Net asset value per share		
Net assets attributable (£000s)	542,694	408,274
Number of Ordinary Shares in issue at year end (excluding shares held in treasury)	100,585,411	73,837,630
Net asset value per share	539.54p	552.93p

15. Financial instruments

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

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

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

(i) Market price risk

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

Interest rate risk
Interest rate movements may affect:

- the level of income receivable on cash deposits and money market funds;
- interest payable on the Company's variable rate borrowings.

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

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

As at 30 June 2019, the Company had drawn down £25 million (2018: £25 million) of the £45 million (2018: £45 million) unsecured loan facility agreement arranged with The Royal Bank of Scotland plc. The facilities consist of a five year fixed-rate term loan facility of £25 million and a five year revolving credit facility of £20 million.

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

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

Notes to the Financial Statements

	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £000	Floating rate £000
As at 30 June 2018				
Assets				
AAA-rated money market funds	-	0.62	-	9,559
Cash deposits	-	-	-	415
Total assets	**-**	**-**	**-**	**9,974**
Liabilities				
Bank loan	4.33	2.35	25,000	-
Total liabilities	**-**	**-**	**25,000**	**-**

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

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

All financial liabilities are measured at amortised cost.

Interest rate sensitivity
The sensitivity analyses below have been determined based on the exposure to interest rates at the year end date and with the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Company's profit for the year ended 30 June 2019 and net assets would increase / decrease by £166,000 (2018 : increase / decrease by £100,000). This is mainly attributable to the Company's exposure to interest rates on its floating rate cash balances and money market funds.

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

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. The allocation of assets and the stock selection process, as detailed on pages 12 and 13, both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are mainly listed on the London Stock Exchange.

Other price risk sensitivity
If market prices at the year end date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders for the year ended 30 June 2019 would have increased / decreased by £55,091,000 (2018 - increase / decrease of £42,419,000). This is based on the Company's equity portfolio held at each year end.

(ii) Liquidity risk

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

Liquidity risk is not considered to be significant as the Company's assets comprise mainly readily realisable securities and AAA-rated money market funds, which can be sold to meet funding commitments if necessary. The maturity of the Company's existing borrowings is set out in the credit risk profile section of this note.

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

	Expected cash flows £000	Due within 3 months £000	Due between 3 months and 1 year £000	Due after 1 year £000
As at 30 June 2018				
Bank loan	27,548	148	439	26,961
	27,548	**148**	**439**	**26,961**

(iii) Credit risk

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

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

- where the investment manager makes an investment in a bond, corporate or otherwise, the credit rating of the issuer is taken into account so as to minimise the risk to the Company of default;
- investment transactions are carried out with a large number of brokers, whose credit-standing is reviewed periodically by the investment manager, and limits are set on the amount that may be due from any one broker;
- the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a monthly basis. In addition, both stock and cash reconciliations to the Custodians' records are performed on a daily basis to ensure discrepancies are investigated on a timely basis.
- cash is held only with reputable banks with high quality external credit enhancements.

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

Notes to the Financial Statements

Credit risk exposure

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

	2019		2018	
	Statement of Financial Position £000	Maximum exposure £000	Statement of Financial Position £000	Maximum exposure £000
Current assets				
Debtors	1,847	1,847	1,161	1,161
AAA-rated money markets funds	15,911	15,911	9,559	9,559
Cash and short term deposits	668	668	415	415
	18,426	**18,426**	**11,135**	**11,135**

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

16. Capital Management

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

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

The Company's capital comprises the following:

	2019 £000	2018 £000
Equity		
Equity share capital	26,041	19,071
Reserves	516,653	389,203
Liabilities		
Bank loan	24,877	24,790
	567,571	**433,064**

The Company's gearing comprises of the following:

	2019 £000	2018 £000
Bank loan	24,877	24,790
Cash and AAA-rated money market funds	(16,579)	(9,974)
Net debt	**8,298**	**14,816**
Net assets	**542,694**	**408,274**
Gearing (%)	**1.5**	**3.6**

Notes to the Financial Statements

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

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

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

The Company does not have any externally imposed capital requirements.

17. Fair Value hierarchy

FRS 102 requires an entity to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following classifications.

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

All of the Company's investments are in quoted equities (2018 – same) that are actively traded on recognised stock exchanges, with their fair value being determined by reference to their quoted bid prices at the reporting date. The total value of the investments (2019: £550,909,000; 2018: £424,194,000) have therefore been deemed as Level 1.

The fair value of borrowings as at the 30 June 2019 has been estimated at £26,404,000 (2018: £26,467,000) with a par value per Statement of Financial Position of £24,877,000 (2018: £24,790,000) using the interest rate swap valuation technique. Under the fair value hierarchy in accordance with FRS 102, these borrowings can be classified at Level 2.

18. Transactions with the Manager

The Company has an agreement with Aberdeen Standard Fund Managers Limited for the provision of management services. This agreement was novated from the previous agreement with Standard Life Investments (Corporate Funds) Limited on 10 December 2018.

Effective 1 July 2018, the management fee has been charged applying the tiered rate of 0.85% per annum to the first £250m of net assets, 0.65% of net assets between £250m and £550m and 0.55% on net assets above £550m. The contract is terminable by either party on six months notice.

Previously the management fee was charged applying the rate of 0.85% per annum to the first £250m of total assets, reduced to 0.65% on total assets above this threshold.

The Manager also receives a separate fee for the provision of promotional activities as disclosed in note 4.

19. Related party transactions

Aberdeen Standard Fund Managers Limited received fees for its services as Manager and Company Secretary. Company Secretarial and administrative services are provided by Maven Capital Partners UK LLP under a separate agreement with the Manager. Further details are provided in notes 3 & 4. The Directors of the Company received fees for their services. Further details are provided in the Directors' Remuneration Report on pages 35 to 37. The Directors' shareholdings are detailed on page 37.

Notes to the Financial Statements

20. Merger with Dunedin Smaller Companies Investment Trust PLC ("Dunedin")

On 8 October 2018, the Company announced that in connection with the merger of Dunedin, the Company acquired £147.4 million of net assets from Dunedin under the terms of the merger in consideration for the issue of 27,878,842 new Ordinary Shares, based on the respective formula asset values.

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

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

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

Additional Information

Alternative Performance Measures

Alternative Performance Measure ("APM")

Alternative performance measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes FRS 102 and the AIC SORP.

The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies. Where the calculation of an APM is not detailed within the financial statements, an explanation of the methodology employed is provided below:

Discount & Premium

A discount is the percentage by which the market price of an investment trust is lower than the Net Asset Value ("NAV") per share. A premium is the percentage by which the market price per share of an investment trust exceeds the NAV per share.

		30 June 2019
Share price	A	491.50p
Net Asset Value per share	B	539.54p
(Discount) / Premium	(A/B)-1	(8.9%)

Dividend cover

Revenue return per share divided by dividends per share, expressed as a ratio.

	2019	2018
Revenue per share	8.80	7.24
Dividend per share	7.70	7.00
Dividend cover	1.14	1.03

Net gearing

Net gearing measures the total borrowings less cash and cash equivalents divided by shareholders' funds, expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes amounts due and to brokers at the year end as well as cash and short term deposits. These balances can be found in notes 15 and 16 on pages 62 to 66.

	2019		2018	
	£000s	£000s	£000s	£000s
Total Borrowings		24,877		24,790
Cash and short term deposits	15,911		9,559	
Investments in AAA-rated money market funds	668		415	
Amounts due from brokers	326		-	
Amounts payable to brokers	-432		- 1,155	
Total cash and cash equivalents		**16,473**		**8,819**
Gearing (Borrowings less cash & cash equivalents)		**8,404**		**15,971**
Shareholders' funds		542,694		408,274
Net Gearing		1.5%		3.9%

Ongoing charges ratio

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

	2019 £000s	2018 £000s
Investment Management Fee	3,564	3,079
Administrative expenses	699	722
Ongoing charges	**4,263**	**3,801**
Average Net Assets	475,484	366,145
Ongoing charge ratio	0.90%	1.04%

The ongoing charges ratio provided in the Company's Key Information Document is calculated in line with the PRIIPs regulations.

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 with debt at fair value 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 table below provides information relating to the NAVs and share prices of the Company on the dividend reinvestment dates during the year and the resultant total return.

	Dividend rate	NAV	Share Price
30 Jun 2018		552.93	500.00
4 Oct 2018	5.50	528.74	500.00
14 Mar 2019	1.60	482.08	443.00
30 Jun 2019		539.54	491.50
Total Return		**-1.1%**	**-0.3%**

In order to calculate the total return for the year, returns are calculated on each key date for the year and then the return for the year is derived from the product of these individual returns. Dividends are reported on their ex-dividend date and are added back to the NAV/share price to derive the return for that part of the year.

Additional Information

Glossary

Alternative Performance Measures (APMs)	Numerical measures of the Company's current, historical or future performance, financial position, other than the financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes FRS102 and the AIC SORP. The APMs used by the Company are marked* in this Glossary.
Capital EPS	The realised and unrealised gains and losses of the investment portfolio net of costs, interest and tax of the Company that have been allocated to capital divided by the weighted average number of shares in issue during the year.
Discount and Premium*	A discount is the percentage by which the market price of an investment trust is lower than the Net Asset Value per share. A premium is the percentage by which the market price per share of an investment trust exceeds the Net Asset Value per share.
Dividend cover*	Revenue return per share divided by dividends per share, expressed as a percentage.
Dividend Per Share (DPS)	The total of all dividends paid by the Company over the year on a per share basis.
Dividend Yield	The annual dividend expressed as a percentage of the share price.
Earnings Per Share (EPS)	The net income after tax of the Company divided by the weighted average number of shares in issue during the year. In an investment trust this is made up of Revenue EPS and Capital EPS.
Ex-dividend date (XD date)	The day before the Record date. The XD date is normally about a month before the dividend is paid.
Gross Assets	Total assets less current liabilities (excluding loans).
Index or indices	A market index calculates the average performance of its constituents, normally on a weighted basis. It provides a means against which the performance of individual instruments can be assessed.
Market Capitalisation (Market Cap)	The latest price of an Ordinary Share multiplied by the number of shares in issue.
Net Asset Value per share (NAV)	Net Assets divided by the number of Ordinary Shares in issue produces the Net Asset Value per share.
Net Assets or Shareholders' Funds	Total assets less current and long-term liabilities.
Net Gearing*	Net borrowings (both short and long-term, less cash held in the portfolio) as a percentage of Shareholders' funds. Calculated in accordance with AIC guidance "Gearing Disclosures post RDR".
Ongoing Charges Ratio*	Ongoing Charges are the Company's total expenses as a percentage of average daily Shareholders' funds. Calculated in accordance with AIC guidance, as the total of management fees and administrative expenses, divided by the average fair value, cum income NAV throughout the year.
Realised gains / losses	The profit / loss on the sale of investments during the year.
Record date	The date when an investor needs to be holding a share in order to qualify for a forthcoming dividend.
Revenue EPS	The net income from dividends and interest received, after costs, interest and tax allocated to revenue, divided by the weighted average number of shares in issue during the year.
Revenue Reserves	The total of undistributed revenue earnings from prior years. This is available for distribution to shareholders by way of dividend.
Total Return*	The theoretical return including reinvesting each dividend in additional shares in the Company on the day that the shares go ex-dividend. The NAV Total Return involves investing the same net dividend in the NAV of the Company on the ex-dividend date.
Unrealised gains / losses	The profit / loss on the revaluation of the investment portfolio at the end of the period.

Additional Information

Company's History

The Company's authorised share capital on incorporation was £15,000,000, divided into 60,000,000 Ordinary Shares of 25 pence each. On 19 August 1993, 50,000,000 Ordinary Shares (with one warrant attached for every five Ordinary Shares) were issued at £1 each. On 25 March 1994, the authorised share capital of the Company was increased to £75,000,000 by the creation of 50,000,000 limited Conversion ("C") shares of £1 each and 40,000,000 Ordinary Shares of 25 pence each. On 28 March 1994, a further 21,428,000 'C' shares were issued at £1 each, at par. On 7 June 1994, the C shares of £1 each were converted into Ordinary Shares, resulting in the issue of 19,436,770 Ordinary Shares (with one warrant for every five Ordinary Shares).

On 9 November 2006, shareholders approved a tender offer to buy back and cancel 32.6 million Ordinary Shares and 117,791 of the Company's warrants in issue. In the year ended 30 June 2007, the Company also bought back and cancelled an additional 2,194,000 Ordinary Shares. During the year ended 30 June 2008, 559,175 Ordinary Shares were bought back into treasury by the Company.

On 14 October 2008, 1,164,545 warrants were exercised as a result of the last exercise date of the warrants on 30 September 2008, which resulted in the issue of the same number of Ordinary Shares by the Company. A total of 1,732,965 warrants lapsed without value on 14 October 2008.

On 4 February 2009, as part of the merger with Gartmore Smaller Companies Trust p.l.c. ("Gartmore"), 31,189,825 Conversion ("C") shares were issued to former Gartmore shareholders. On 14 April 2009, 27,545,948 of the C shares were converted into 26,273,612 Ordinary Shares. On 11 June 2009, the remaining 3,643,877 C shares were converted into 3,687,639 Ordinary Shares.

During the year ended 30 June 2011, the Company bought back 3.7 million Ordinary Shares into treasury and sold 4.2 million Ordinary Shares from treasury. The Company also issued £25 million nominal of 3.5% Convertible Unsecured Loan Stock 2018 ("CULS") and 825,000 new Ordinary Shares during the year.

During the year ended 30 June 2012, 425,000 new Ordinary Shares were issued under the Company's general block listing authority from 28 March 2011. In addition, in October 2011 22,003 new Ordinary Shares were issued as a result of the first conversion of CULS as at 30 September 2011. A further 5,346 new Ordinary Shares were issued in April 2012 as a result of the second conversion of CULS as at 31 March 2012.

During the year ended 30 June 2013, a total of 1,666,083 new Ordinary Shares were issued under the block listing authority. This included 4,679 new Ordinary Shares issued as a result of the third conversion of CULS as at 30 September 2012, and 11,404 new Ordinary Shares issued as a result of the fourth conversion of CULS as at 31 March 2013.

On 3 January 2014, the Company was granted a new blocklisting of 3,370,000 Ordinary Shares of 25 pence each. This blocklisting may only be used to issue new shares to satisfy demand that cannot be satisfied in the secondary market.

During the year ended 30 June 2014, the Company issued a total of 4,717,598 new Ordinary Shares. This included 1,038,382 new Ordinary Shares issued as a result of the fifth conversion of CULS as at 30 September 2013 and 779,216 new Ordinary Shares issued as a result of the sixth conversion of CULS as at 31 March 2014.

During the year ended 30 June 2015, the Company issued a total of 342,169 Ordinary Shares. This included 243,589 new Ordinary Shares issued as a result of the seventh conversion of CULS as at 30 September 2014 and 98,580 Ordinary Shares issued from treasury as a result of the eighth conversion of CULS as at 31 March 2015. During the year ended 30 June 2015, 2,307,155 Ordinary Shares were bought back by the Company and held in treasury.

During the year ended 30 June 2016, following the 30 June 2015 tender offer which completed on 28 July 2015, a total of 3,470,930 Ordinary Shares were tendered and bought back into treasury. The Company issued a total of 1,473,384 Ordinary Shares from treasury. This issue comprised 669,513 Ordinary Shares issued from treasury as a result of the ninth conversion of CULS as at 30 September 2015 and 803,871 Ordinary Shares issued from treasury as a result of the tenth conversion of CULS as at 31 March 2016.

During the year ended 30 June 2017, the Company bought back 443,818 Ordinary Shares into treasury. The Company also issued a total of 1,274,097 Ordinary Shares from treasury. This issue comprised 378,514 Ordinary Shares issued from treasury as a result of the eleventh conversion of CULS as at 30 September 2016 and 895,583 Ordinary Shares issued from treasury as a result of the twelfth conversion of CULS as at 31 March 2017.

During the year ended 30 June 2018, the Company issued a total of 927,892 Ordinary Shares from treasury as a result of the thirteenth conversion of CULS as at 30 September 2017. The Company also issued 4,658,405 new Ordinary Shares as a result of the final conversion of CULS as at 31 March 2018.

During the year ended 30 June 2019, the Company issued 27,878,842 new Ordinary Shares as a result of the merger with Dunedin Smaller Companies Investment Trust PLC which completed on 8 October 2018. The Company also bought back a total of 1,131,061 Ordinary Shares into treasury.

As at 30 June 2019 there were 100,585,411 Ordinary Shares in issue, with voting rights and 3,579,011 Ordinary Shares held in treasury.

Since the year end the Company has bought back 313,135 Ordinary Shares into treasury. Accordingly, as at the date of this Annual Report there are 100,272,276 Ordinary Shares in issue with voting rights and 3,892,146 Ordinary Shares held in treasury.

Additional Information

Company's History

Year ended 30 June	Ordinary Shares bought back for cancellation	Ordinary Shares bought back into treasury	Issued from treasury	Ordinary Shares issued	Ordinary Shares in issue (excluding treasury shares)	Convertible Unsecured Loan Stock Issued	Convertible Unsecured Loan Stock Exercised	Convertible Unsecured Loan Stock Total	Warrants exercised	Warrants bought back	Warrants lapsed	Total Warrants in issue
1994	-	-	-	-	69,436,770	-	-	-	-	-	-	13,886,996
1995	-	-	-	-	69,525,796	-	-	-	89,026	-	-	13,797,970
1996	-	-	-	-	69,527,676	-	-	-	1,880	-	-	13,796,090
1997	-	-	-	-	69,528,656	-	-	-	980	1,592,201	-	12,202,909
1998	-	-	-	-	69,529,717	-	-	-	1,061	6,075,144	-	6,126,704
1999	-	-	-	-	69,530,267	-	-	-	550	1,350,000	-	4,776,154
2000	-	-	-	-	69,543,990	-	-	-	13,723	1,671,143	-	3,091,288
2001	-	-	-	-	69,601,685	-	-	-	57,695	-	-	3,033,593
2002	2,200,000	-	-	-	67,403,646	-	-	-	1,961	-	-	3,031,632
2003	-	-	-	-	67,403,646	-	-	-	-	-	-	3,031,632
2004	-	-	-	-	67,403,646	-	-	-	-	-	-	3,031,632
2005	-	-	-	-	67,404,646	-	-	-	1,000	-	-	3,030,632
2006	-	-	-	-	67,404,746	-	-	-	100	-	-	3,030,532
2007	34,823,217	-	-	-	32,583,790	-	-	-	2,261	117,791	-	2,910,480
2008	-	559,175	-	-	32,037,585	-	-	-	12,970	-	-	2,897,510
2009	-	-	-	29,961,251	63,163,381	-	-	-	1,164,545	-	1,732,965	-
2010	-	-	-	-	63,163,381	-	-	-	-	-	-	-
2011	-	3,670,243	4,229,418	825,000	64,547,556	£25,000,000	-	£25,000,000	-	-	-	-
2012	-	-	-	452,349	64,999,905	-	£64,929	£24,935,071	-	-	-	-
2013	-	-	-	1,650,000	66,665,988	-	£38,184	£24,896,887	-	-	-	-
2014	-	-	-	4,717,598	71,383,586	-	£4,312,437	£20,584,450	-	-	-	-
2015	-	2,307,155	98,580	243,589	69,418,600	-	£811,868	£19,772,582	-	-	-	-
2016	-	3,470,930	1,473,384	-	67,421,054	-	£3,495,770	£16,276,812	-	-	-	-
2017	-	443,818	1,274,097	-	68,251,333	-	£3,022,923	£13,253,889	-	-	-	-
2018	-	-	927,892	4,658,405	73,837,630	-	£13,253,889	-	-	-	-	-
2019	-	1,131,061	-	27,878,842	100,585,411	-	-	-	-	-	-	-

Additional Information

Investor Information

Alternative Investment Fund Managers Directive ("AIFMD") and Pre-Investment Disclosure Document ("PIDD")

The Company has appointed Aberdeen Standard Fund Managers Limited as its alternative investment fund manager and BNP Paribas Securities Services, London Branch as its depositary under the AIFMD.

The AIFMD requires Aberdeen Standard Fund Managers Limited, as the Company's AIFM, to make available to investors certain information prior to such investors' investment in the Company. Details of the leverage and risk policies which the Company is required to have in place under the AIFMD are published in the Company's PIDD which can be found on its website: www.standardlifeuksmallercompaniestrust.co.uk. The periodic disclosures required to be made by the AIFM under the AIFMD are set out on page 76.

Investor Warning: Be alert to share fraud and boiler room scams

Aberdeen Standard Investments has been contacted by investors informing us that they have received telephone calls and emails from people who have offered to buy their investment company shares, purporting to work for Aberdeen Standard Investments or for third party firms. Aberdeen Standard Investments has also been notified of emails claiming that certain investment companies under our management have issued claims in the courts against individuals. These may be scams which attempt to gain your personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from you is required to release the supposed payment for your shares. These callers/senders do not work for Aberdeen Standard Investments and any third party making such offers/claims has no link with Aberdeen Standard Investments.

Aberdeen Standard Investments does not 'cold-call' investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact our Customer Services Department.

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams at: www.fca.org.uk/consumers/scams.

Shareholder Enquiries

Shareholders who hold their shares in certificated form can check their shareholding with the Registrars, Computershare Investor Services PLC, via www.investorcentre.co.uk/contactus

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

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

If you have any general questions about your Company, the Investment Manager or performance, please telephone the Aberdeen Standard Investments Customer Services Department, send an email to inv.trusts@aberdeenstandard.com or write to:

Aberdeen Standard Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB

Dividend Tax Allowance

The annual tax-free personal allowance for dividend income for UK investors is £2,000 for the 2019/20 tax year. Above this amount, individuals pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company provides registered shareholders with a confirmation of dividends paid and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

How to Invest

Investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively, for retail clients, shares can be bought directly through the Aberdeen Standard Investments Children's Plan, Investment Trust Share Plan or Investment Trust Individual Savings Account ("ISA").

Aberdeen Standard Investments Children's Plan

Aberdeen Standard Investments operates an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management, including the Company. Anyone can invest in the Children's Plan (subject to the eligibility criteria as stated within the terms and conditions), including parents, grandparents and family friends. All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry where applicable. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing Aberdeen Standard Investments in writing at any time.

Additional Information

Investor Information

Aberdeen Standard Investment Trust Share Plan

Aberdeen Standard Investments operates an Investment Trust Share Plan (the "Plan") through which shares in the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry where applicable. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing Aberdeen Standard Investments in writing at any time.

Aberdeen Standard Investment Trust ISA

Aberdeen Standard Investments operates an Investment Trust ISA ("ISA") through which an investment may be made of up to £20,000 in the 2019/20 tax year.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases where applicable. Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT, calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the ISA prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the ISA, from the sale of investments held in the ISA. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

Investors can choose to transfer previous tax year investments to Aberdeen Standard Investments, which can be invested in the Company while retaining their ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per trust of £250.

Nominee Accounts and Voting Rights

All investments in the Aberdeen Standard Investments Children's Plan, Investment Trust Share Plan and Investment Trust ISA are held in nominee accounts and investors are provided with the equivalent of full voting and other rights of share ownership.

Keeping You Informed

Further information about the Company may be found on its dedicated website: www.standardlifeuksmallercompaniestrust.co.uk. This provides access to information on the Company's share price performance, capital structure, London Stock Exchange announcements, current and historic Annual and Half-Yearly Reports, and the latest monthly factsheet on the Company issued by the Manager.

Alternatively, please call 0808 500 0040 (Freephone) or email inv.trusts@aberdeenstandard.com or write to the address for Aberdeen Standard Investment Trusts stated above.

Details are also available at: www.invtrusts.co.uk.

Other Information

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

Packaged Retail and Insurance-based Products (PRIIPs) Regulation

The Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation required a Key Information Document (KID) to be published for the Company. A copy of the Company's KID is available to view on the Company's website www.standardlifeuksmallercompaniestrust.co.uk

It should be noted that the form and content of the KID is strictly prescribed and includes specific information on investment risks, performance and costs, which must be provided to all potential investors before they can purchase shares in the Company to enable them to compare the performance of different investment companies.

Literature Request Service

For literature and application forms for Aberdeen Standard Investment's investment trust products, please contact us through: invtrusts.co.uk.

Or telephone:- 0808 500 4000

Or write to:-

Aberdeen Standard Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB

Terms and Conditions

Terms and conditions for Aberdeen Standard Investments managed savings products can also be found under the Literature section of our website at: www.invtrusts.co.uk.

Additional Information

Investor Information

Suitable for Retail/NMPI Status

The Company's shares are intended for investors, primarily in the UK, including retail investors, professionally-advised private clients and institutional investors who are seeking long term capital growth by investment in UK-quoted smaller companies. Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs so that the securities issued by the Company can be recommended by a financial adviser to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to non-mainstream pooled investments ("NMPIs") and intends to continue to do so for the foreseeable future. The Company's securities are excluded from the Financial Conduct Authority's restrictions which apply to NMPIs because they are securities issued by an investment trust.

Online Dealing

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the Company. Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms.

Discretionary Private Client Stockbrokers

If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit The Personal Investment Management & Financial Advice Association at: www.pimfa.co.uk.

Financial Advisers

To find an adviser who recommends on investment trusts, visit: www.unbiased.co.uk.

Regulation of Stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority:

Tel: 0800 111 6768 or at www.fca.org.uk/firms/financial-services-register

Email: consumer.queries@fca.org.uk

Shareholder Communications

Legislation allows the default option for receiving and accessing shareholder communications (including the Company's Annual Report) to be via the Company's website.

The Company decided to take advantage of these changes, with effect from the 30 June 2011 Annual Report. Shareholders had the choice of either receiving an email when the Annual Report, and other shareholder communications, becomes available or opting in to receive a printed copy.

These provisions offer a number of benefits for both shareholders and the Company. Shareholders who receive their documentation electronically enjoy faster, more secure access to Company documentation; the Company makes substantial savings on both printing and postage costs for those who receive electronic communications and access the Annual Report online and, by offering electronic provisions alongside traditional paper-based communications, the Company and its shareholders are helping to make a valuable contribution to the environment.

Shareholders were sent an initial election form for electronic communications in March 2011 and new shareholders receive a welcome pack from the registrars on an initial purchase of shares in the Company.

If you wish to change your election for the Annual Report and other shareholder communications, please contact the Company's Registrars at www.investorcentre.co.uk/contactus or via the Company Information and Contact Details provided on page 77.

Voting at General Meetings

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 Annual General Meeting, 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 Investment Plan for Children, the Aberdeen Standard Investment Trust Share Plan and/or the Aberdeen Standard Investment Trust ISA will find a Letter of Direction enclosed with the Annual Report. 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 general meetings for holders of shares via share plans and platforms can be found at: www.theaic.co.uk/aic/shareholder-voting-consumer-platforms.

Additional Information

Investor Information

Disability Act

Copies of this Annual Report or other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats including Braille, in larger type or on audio tape. Our Registrars have installed text phones to allow speech and hearing impaired people who have their own text phone to contact them directly without the need for an intermediate operator. Specially trained operators are available during normal business hours to answer queries via this service.

Alternatively, you may use a text phone facility - the universal telephone number for this service is 0370 702 0005.

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs, may be changed by future legislation.

The information on pages 72 to 75 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Additional Information

Alternative Investment Fund Managers ("AIFM") Directive Disclosures

Aberdeen Standard Fund Managers Limited ("ASFML") and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ("AIFMD"). Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ("PIDD") the latest version of which can be found on the Company's website www.standardlifeuksmallercompaniestrust.co.uk.

There have been no material changes to the disclosures contained within the PIDD since its most recent update in March 2019.

The periodic disclosures as required under the AIFMD to investors are made below:

- information on the investment strategy, geographic and sector investment focus and principal stock exposures is included in the Strategic Report;
- none of the Company's assets are subject to special arrangements arising from their illiquid nature;
- the Strategic Report on pages 4 to 26, note 15 to the Financial Statements and the PIDD, together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected;
- there are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by Aberdeen Standard Fund Managers Limited ("the AIFM");
- all authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the AIFM's remuneration policy is available from the Manager, Aberdeen Standard Fund Managers Limited on request (see Company Information and Contact Details on page 77) and the remuneration disclosures in respect of the AIFM's reporting period for the period ended 31 December 2018 are available on the Company's website.

Leverage

The table below sets out the current maximum permitted limit and actual level of leverage for the Company:

Leverage exposure	Gross method	Commitment method
Maximum limit	300.0%	200.0%
Actual	101.5%	104.6%

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There is no right of re-use of collateral or any guarantees granted under the leveraging arrangement. Changes to the information contained either within this Annual Report or the PIDD in relation to any special arrangements in place, the maximum level of leverage which the AIFM may employ on behalf of the Company; the right of use of collateral or any guarantee granted under any leveraging arrangement; or any change to the position in relation to any discharge of liability by the Depositary will be notified via a regulatory news service without undue delay in accordance with the AIFMD.

The information on this page has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Standard Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Additional Information

Company Information and Contact Details

Directors
Allister Langlands (Chairman)
Liz Airey (appointed 21 August 2019)
Ashton Bradbury
Alexa Henderson
Caroline Ramsay
Tim Scholefield

Manager
Aberdeen Standard Fund Managers Limited
1 George Street
Edinburgh EH2 2LL
(Authorised and regulated by
the Financial Conduct Authority)
Telephone: 0345 600 2268

Website address
www.standardlifeuksmallercompaniestrust.co.uk

Company Secretary and Registered Office (until 6 September 2019)
Maven Capital Partners UK LLP
1st Floor, Kintyre House
205 West George Street
Glasgow G2 2LW
Telephone: 0141 306 7400
www.mavencp.com

Company Secretary and Registered Office (from 6 September 2019)
Aberdeen Asset Management PLC
1 George Street
Edinburgh EH2 2LL

Registered Number
Registered in Scotland No. SC145455

Legal Entity Identifier Number
213800UUKA68SHSJBE37

Independent Auditor
KPMG LLP
319 St. Vincent Street
Glasgow G2 5AS

Solicitors
Dickson Minto
16 Charlotte Square
Edinburgh EH2 4DF

Depositary
BNP Paribas Securities Services, London Branch
10 Harewood Avenue
London NW1 6AA

Stockbrokers
Winterflood Investment Trusts
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

Registrars
Computershare Investor Services PLC
The Pavilions, Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 889 4076
Fax: 0370 703 6101
www.investorcentre.co.uk/contactus

Annual General Meeting
Notice of Meeting

Notice is hereby given that the Annual General Meeting of Standard Life UK Smaller Companies Trust plc will be held at the offices of Aberdeen Standard Investments, 1 George Street, Edinburgh EH2 2LL at 12 noon on Wednesday, 23 October 2019 for the following purposes:

ORDINARY BUSINESS

As Ordinary Business to consider and, if thought fit, pass the following Resolutions, in the case of numbers 1 to 12 inclusive, as Ordinary Resolutions and, in the case of numbers 13 and 14 inclusive, as Special Resolutions:

1. To receive and consider the Directors' Report and Financial Statements for the year ended 30 June 2019, together with the Independent Auditor's report thereon.

2. To receive and approve the Directors' Remuneration Report for the year ended 30 June 2019.

3. To approve a final dividend for the year ended 30 June 2019 of 6.10p pence per Ordinary Share.

4. To re-elect Allister Langlands as a Director of the Company.

5. To re-elect Ashton Bradbury as a Director of the Company.

6. To re-elect Alexa Henderson as a Director of the Company.

7. To re-elect Caroline Ramsay as a Director of the Company.

8. To re-elect Tim Scholefield as a Director of the Company.

9. To elect Liz Airey as a Director of the Company.

10. To re-appoint KPMG LLP as Independent Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts are laid before the Company.

11. To authorise the Directors to fix the remuneration of the Independent Auditor for the year to 30 June 2020.

12. Authority to allot shares

    That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("Securities") provided that such authority shall be limited to the allotment of shares and the grant of rights in respect of shares up to 10% of the nominal value of the issued share capital (excluding treasury shares) of the Company, as at the date of the passing of this Resolution, such authority to expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or on the expiry of 15 months from the passing of this Resolution, whichever is the earlier, unless previously revoked, varied or extended or renewed by the Company in a general meeting, save that the Company may at any time prior to the expiry of this authority make an offer or enter into an agreement which would or might require Securities to be allotted or granted after the expiry of such authority and the Directors shall be entitled to allot or grant Securities in pursuance of such an offer or agreement as if such authority had not expired.

13. Disapplication of pre-emption rights

    That, subject to the passing of Resolution 12 set out above, and in substitution for any existing power but without prejudice to the exercise of any such power prior to the date hereof, the Directors of the Company be and they are hereby generally empowered (i), pursuant to Section 570 of the Companies Act 2006 (the "Act"), to allot equity securities (as defined in Section 560 of the Act), including the grant of rights to subscribe for, or to convert securities into Ordinary Shares for cash pursuant to the authority given by Resolution 12 set out above and (ii), pursuant to Section 573 of the Act to sell equity securities for cash out of treasury as if Section 561(1) of the Act did not apply to any such allotment, or sale out of treasury, of equity securities, provided that this power:

    a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or on the expiry of 15 months from the passing of this Resolution, whichever is the earlier, unless previously revoked, voted, extended or renewed by the Company in a general meeting save that the Company may, at any time prior to the expiry of this authority, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold out of treasury after such expiry and the Directors may allot or sell out of treasury equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and

    b) shall be limited to the allotment, or sale out of treasury, of equity securities up to an aggregate nominal value of 10% of the nominal value of the issued share capital of the Company, as at the date of the passing of this Resolution.

Annual General Meeting
Notice of Meeting

14. Authority to make market purchases of shares

That, the Company be and is hereby generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary Shares of 25p each in the capital of the Company (the "Shares") either for retention as treasury shares for future reissue, resale, transfer or cancellation:

Provided always that:

(a) the maximum number of Shares hereby authorised to be purchased shall be 14.99% of the Company's issued share capital at the date of the passing of this Resolution (excluding treasury shares);

(b) the minimum price (exclusive of expenses) which may be paid for each Share shall be 25p;

(c) the maximum price (exclusive of expenses) which may be paid for a Share is the higher of (i) 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the Shares over the five business days immediately preceding the date of purchase and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue which the purchase is carried out; and

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

SPECIAL BUSINESS

As Special Business, to consider, and if thought fit, pass Resolutions 15 and 18 as Ordinary Resolution and Resolutions 16 and 17 as Special Resolutions:

15. Authority to sell shares from treasury at a discount to net asset value

That, subject to the passing of Resolution 13 set out above, the Directors of the Company be authorised for the purposes of paragraph 15.4.11 of the Listing Rules of the Financial Conduct Authority to sell or transfer out of treasury Ordinary Shares of 25p each in the capital of the Company (the "Share(s)") for cash at a price below the net asset value per Share of the existing Shares in issue (excluding treasury shares), provided always that:

(a) such sale or transfer will be limited to a sale or transfer at a price in excess of the average price at which the Shares were bought into treasury;

(b) where any treasury shares are sold pursuant to this power at a discount to the then prevailing net asset value of the Shares, such discount must be lower than the average discount to the net asset value per Share at which the Company acquired the Shares which it then holds in treasury;

(c) the aggregate net asset value dilution associated with all the sale of treasury shares in any one financial year does not exceed 0.5% of net assets;

(d) this power shall be limited to the sale of shares having an aggregate nominal value of up to 10% of the nominal value of the issued share capital of the Company, as at the date of the passing of this Resolution and provided further that the number of shares to which this power applies shall be reduced from time to time by the number of Shares which are allotted or sold out of treasury for cash as if Section 561(1) of the Companies Act 2006 did not apply pursuant to the power conferred on the Directors by Resolution 13 set out above; and

Annual General Meeting

Notice of Meeting

(e) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution, or on the expiry of 15 months from passing of this Resolution, whichever is earlier, unless previously revoked, varied, extended or renewed by the Company in a general meeting, save that the Company may, at any time prior to the expiry of this authority, make an offer or agreement which would or might otherwise require treasury shares to be sold after such expiry and the Directors may sell treasury shares pursuant to such offer or agreement as if the power conferred hereby had not expired.

16. Tender Offers

That, in addition to the authority given to the Company to purchase its own Ordinary Shares of 25p each (the "Shares") pursuant to Resolution 14 set out above and in accordance with the terms and conditions of the tender offer(s) which may be set out in the circular to be sent electronically or, if requested in hard copy form to shareholders, the Company be and is hereby authorised for the purpose of Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693(4) of the Act) of its issued Shares either for cancellation or for retention as treasury shares for future reissue, resale or transfer provided that:

(a) the maximum number of Shares hereby authorised to be purchased pursuant to one or more tender offer(s) is 10% of the Shares in issue (excluding any Shares held in treasury) as at the date of the passing of this Resolution;

(b) the price which shall be paid for a Share pursuant to any such tender offer made by the Company under the authority conferred hereby shall be an amount equal to 98% of realisation value of all the assets attributable to the Shares tendered as at the latest practicable time before such tender offer; and

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

17. Notice of General Meeting

That, a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

18. Directors' Fees

That the aggregate fees paid to the Directors for their services as Directors of the Company shall not exceed £200,000 per annum.

By order of the Board

Maven Capital Partners UK LLP
Company Secretary

Registered office:

1st Floor, Kintyre House
205 West George Street
Glasgow G2 2LW

28 August 2019

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Notes:

1. A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him/her or on his/her behalf at the meeting. A proxy need not be a shareholder. The shareholder may appoint more than one proxy, provided that each proxy is appointed to attend, speak and vote in respect of a different share or shares. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman of the meeting) and give instructions directly to them. Appointing a proxy will not prevent a shareholder from attending in person and voting at the meeting. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should, or if you would like to appoint more than one proxy, please contact the Company's Registrar, Computershare Investor Services PLC on 0370 889 4076. In the case of joint holders, the vote of the first named in the register of members of the Company who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.

2. To be valid, the appointment of a proxy, and the original or duly certified copy of the power of attorney or other authority, if any, under which it is signed or authenticated, should be sent to the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ so as to arrive not less than 48 hours (excluding non-working days) before the time fixed for the Meeting.

3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the register of members of the Company at close of business on 21 October 2019 (or, if the meeting is adjourned, 48 hours (excluding non-working days) before the time fixed for the adjourned meeting) shall be entitled to attend or vote at the meeting in respect of the number of Ordinary Shares registered in their name at that time. In each case, changes to entries on the register of members of the Company after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

4. Any shareholder holding 3% or more of the total voting rights of the Company who appoints a person other than the chairman of the meeting as his or her proxy(ies) will need to ensure that both he or she and his/her proxy(ies) comply with their respective disclosure obligations under the FCA Disclosure, Guidance and Transparency Rules.

5. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual and/or by logging in to the website www.euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

6. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID number 3RA50) by 12 noon on 21 October 2019 (or, if the meeting is adjourned, 48 hours (excluding non-working days) before the time fixed for the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

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

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

9. A person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in Notes 1 and 2 above do not apply to a Nominated Person. The rights described in those Notes can only be exercised by registered members of the Company.

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10. The terms of appointment of the Directors of the Company are available for inspection on any day (except Saturdays, Sundays and bank holidays) from the date of this notice until the date of the meeting during usual business hours at the registered office of the Company and will, on the date of the Meeting, be available for inspection at the venue of the Meeting from 15 minutes before the meeting until the conclusion of the Meeting.

11. Shareholders are advised that, unless otherwise stated, any telephone number, website or email address which may be set out in this notice of Annual General Meeting or in any related documents (including the proxy form or form of direction) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

12. Following the Meeting, the results of the voting at the Meeting and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the resolutions will be announced via a Regulatory Information Service and placed on the Company's website www.standardlifeuksmallercompaniestrust.co.uk

13. It is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting: or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006. The Company will be required to do so once it has received such requests either from members representing at least 5% of the voting rights of the Company or from at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state the member's full name and address and be sent to the Company's registered office. The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006.

14. As at 6pm on 28 August 2019 (being the last practicable date prior to publication of this notice) the Company's issued share capital comprised 100,272,276 Ordinary Shares of 25p each. Each Ordinary Share (other than any Ordinary Shares held in treasury) carries the right to one vote at a general meeting of the Company. Accordingly, the total number of voting rights in the Company as at 28 August 2019 was 100,272,276.

15. If you wish to attend the meeting in person, there will be a Members' register for you to sign on arrival. Under section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the Meeting put by a member attending the Meeting unless:

    a) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;

    b) the answer has already been given on a website in the form of an answer to a question; or

    c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

16. Information regarding the Annual General Meeting, including information required by Section 311A of the Companies Act 2006, is available from the Company's webpage at www.standardlifeuksmallercompaniestrust.co.uk

Registered Office:
Standard Life UK Smaller Companies Trust plc
c/o Aberdeen Asset Management PLC
1 George Street
Edinburgh EH2 2LL