Aberdeen Diversified Income and Growth Trust PLC

Investing across asset classes aiming to deliver reliable income and growth

Annual Report
30 September 2021

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Aberdeen Diversified Income and Growth Trust plc
seeks to provide income and capital appreciation over the long term
through investment in a globally diversified multi-asset portfolio

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To find out more about Aberdeen Diversified Income and Growth Trust plc, please visit: aberdeendiversified.co.uk

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Highlights and Financial Calendar

Net asset value total return[AB]

+12.5%

2020 –0.8%

Share price total return[A]

+15.6%

2020 –10.6%

Revenue return per share

5.14p

2020 5.58p

Dividend per share[C]

5.52p

2020 5.44p

Dividend yield[A]

5.5%

2020 5.9%

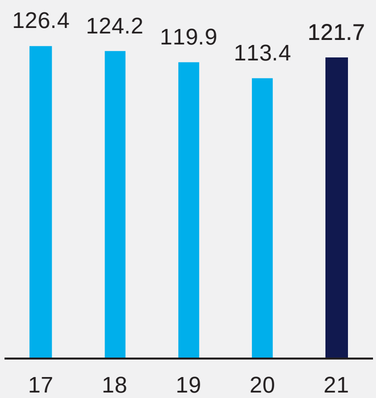
Discount to net asset value (fair value basis)[AB]

17.9%

2020 19.3%

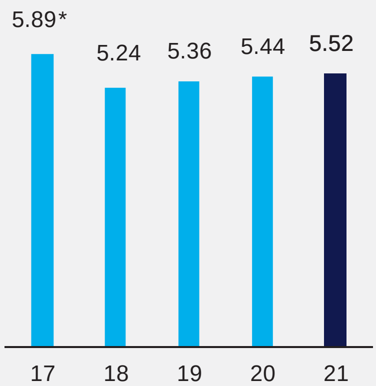
[A] Considered to be an Alternative Performance Measure (see pages 105 and 106 for more information).
[B] Debt at fair value.
[C] See note 8 on page 80.

Net asset value per Ordinary share with debt at fair value



At 30 September – pence

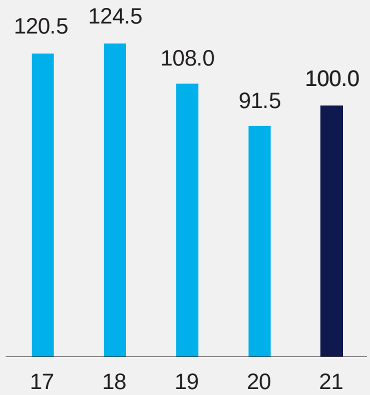
Dividends per Ordinary share



*denotes policy change on 30 March 2017

Year ended 30 September – pence

Mid-market price per Ordinary share



At 30 September – pence

"The Board believes the Company's strategy, to provide a dependable and regular dividend stream, as well as the potential for capital growth from a broadly diversified portfolio consisting of a wide range of assets, is well positioned to deliver an attractive return to our shareholders over the medium term."

Davina Walter, Chairman

Financial Calendar

Payment months of quarterly dividends	March, July, October and January
Financial year end	30 September
Annual General Meeting	22 February 2022
Expected announcement of results for year ending 30 September 2022	December 2022

Highlights

	2021	2020	% change
Total assets less current liabilities (before deducting prior charges)	£397,782,000	£445,770,000	–10.8
Equity shareholders' funds (Net Assets)	£382,118,000	£386,230,000	–1.1
Market capitalisation	£309,319,000	£290,357,000	+6.5
Ordinary share price (mid market)	100.00p	91.50p	+9.3
Net asset value per Ordinary share (debt at fair value)[AB]	121.73p	113.40p	+7.4
Discount to net asset value on Ordinary shares (debt at fair value)[AB]	17.9%	19.3%	
Gearing (ratio of borrowings less cash to shareholders' funds)			
Net gearing (debt at par value)[A]	2.2%	10.7%	
Net gearing (debt at fair value)[AB]	3.7%	18.8%	
Dividends and earnings per Ordinary share			
Revenue return per share	5.14p	5.58p	–7.9
Dividends per share[C]	5.52p	5.44p	+1.5
Dividend cover (including proposed fourth interim dividend)[A]	0.93	1.03	
Dividend yield[A]	5.5%	5.9%	
Revenue reserves[D]	£41,009,000	£42,142,000	–2.7
Ongoing charges ratio[AE]	1.45%	1.58%	

[A] Considered to be an Alternative Performance Measure. Details of the calculation can be found on pages 105 to 107.
[B] Fair value of 6.25% Bonds 2031 £21,233,000 (2020 – £85,925,000), reflecting the repurchase and cancellation of £43,904,000 of the Bonds during the year).
[C] The figure for dividends per share reflects the years to which their declaration relates (see note 8 on page 80).
[D] The revenue reserve figure does not take account of the third and fourth interim dividends paid after the year end amounting to £4,269,000 and £4,267,000 respectively (2020 – £4,317,000 and £4,262,000).
[E] Calculated in accordance with AIC guidance issued in October 2020 to include the Company's share of costs of holdings in investment companies on a look-through basis. The figure for 30 September 2020 has been restated in accordance with this guidance.

A new school in Aveley, a district of Perth, Western Australia, constructed and managed by Aberdeen Global Infrastructure Partnership II, a holding in the Company's investment portfolio, in partnership with local government.

Strategic Report

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

Chairman's Statement

Davina Walter, Chairman

Looking back over the 12 month reporting period covered by this Report, it is a huge relief to have experienced a successful vaccine rollout and the strong recovery it has produced in major economies. Whilst it is clearly too soon to say we can resume life as we knew it pre-pandemic, it does give grounds for optimism that we will not have to return to the draconian measures of full lockdown. Unsurprisingly financial markets were mixed over this period as the re-opening economies and the rebound in corporate earnings produced a sharp rise in global equities, whilst the concerns that central banks would now start to increase interest rates caused bond prices to fall.

Strategy update

Although the proposed changes to the Company's investment strategy were detailed in the 30 September 2020 Annual Report, it is in this reporting period that the majority of the agreed actions have taken place, following the amendment to the investment objective and policy approved at the AGM in February 2021.

The investment objective now reads: "*The Company seeks to provide income and capital appreciation over the long term through investment in a globally diversified multi-asset portfolio.*" At the same time, investment and risk assumptions were re-assessed across all the asset classes and it was agreed to increase the exposure to Alternatives and Private Markets, as these areas are expected to deliver superior returns to the public equity and bond markets. Alongside these changes, the Board reinforced the aim to pay a dependable and regular (quarterly) dividend. Performance is now measured against a Total Return (defined as dividends plus change in net asset value) of 6% per annum over a rolling five year period. By changing the benchmark from one tied to interest rates, we believe the Investment Manager has greater control over the risks within the portfolio especially when we enter a period of rising interest rates. A further key part of the review included the repayment of a substantial portion of the Company's expensive £60 million 6.25% Bonds due 2031 (the "Bonds"), which was completed in November 2020.

Gearing

On 2 November 2020, the Company repurchased and cancelled 73.2% of its Bonds, to leave £16,096,000 nominal of the Bonds outstanding. The early repayment of the Bonds has benefitted the Company's cash flow by £2.7 million per annum through reduced annual interest costs and substantially lowered the structural debt. The repurchase was financed by the sale of assets from the portfolio. The cash required to purchase the Bonds coincided with the portfolio review and the subsequent re-allocation of assets which allowed the Investment Manager to undertake the exercise with minimal disruption to the balance of the portfolio.

The Company's gearing was 3.7% at 30 September 2021 as compared to 18.8% as at 30 September 2020, with the Bonds priced at fair value. The Board continues to keep the overall level of gearing under review but, in the prevailing economic environment, there is no current intention to introduce further fixed rate gearing.

Portfolio Performance

During our reporting period, which covers the year ended 30 September 2021, the Company's net asset value (NAV) total return, with debt at fair value, was 12.5%. It is pleasing to note that this return was achieved whilst absorbing the one-off cost of 1.6p per share from the early repayment of the Company's Bonds in November 2020. The Company's share price rose by 9.3% which, including income, equates to a total return of 15.6%. Whilst these returns compare favourably with the Company's revised long term performance target of 6% per annum, it should be noted that this needs to be judged over rolling five years, not over one year.

Earnings and Dividend

A major component of the proposition to investors remains a dependable and regular dividend. Total dividends paid during the year represented a yield of 5.5% based on the year end share price of 100.0 pence. The Board confirmed, as part of the strategic review, its intention to continue to pay at least the current level of dividend. In addition, to cover the period before the new Private Markets' investments start to make distributions, the Board is prepared to use its revenue reserves, which have been built up by the Company over many years, to support the dividend policy as required, which also provides shareholders with a level of comfort regarding regular income payments.

Three interim dividends of 1.38 pence per share were paid to shareholders in March, July and October 2021. The Board is declaring a fourth interim dividend of 1.38 pence per share to be paid on 20 January 2022 to shareholders on the register on 24 December 2021. The ex-dividend date is 23 December 2021. Total dividends for the year are 5.52 pence per share, 1.5% higher than the 5.44 pence per share paid in respect of the year ended 30 September 2020. After the payment of dividends during the year, £1.1m was drawn down from the Company's revenue reserves.

For the year to 30 September 2022, the Board currently intends to declare four quarterly dividends of 1.40 pence per share or 5.60p per share in total, which will be the equivalent of an increase of 1.4% on the 5.52p paid for the year under review. As in previous years, the Board intends to put to shareholders at the Annual General Meeting ("AGM") on 22 February 2022 a resolution in respect of its current policy to declare four interim dividends each year.

Discount and Treasury share policy

During the year ended 30 September 2021, the shares performed broadly in line with the NAV return. The Company's discount (calculated with debt at fair value) narrowed from 19.3% at 30 September 2020 to 17.9% at 30 September 2021. The Board is fully aware that this level of discount is inconsistent with the previously stated policy which is to seek to maintain the Company's share price discount to NAV (excluding income, with debt at fair value) at less than 5%, subject to normal market conditions. Whilst the past year cannot be described as 'normal', it does not fully excuse the wide discount that prevailed at the year end.

Throughout the year, the Company continued to buy back shares and a total of 8.0 million shares were repurchased at a cost of £7.7 million. The Board, however, feels that in order for the share buy-back to be truly effective performance improvement from the portfolio is an absolute priority, so it will continue to make some allowances for both market conditions and the changes to the portfolio that are set out in this Report. The Board will continue to monitor the discount on a daily basis and buy-back shares into treasury, or undertake share issuance if required, when it believes it is in the best interests of shareholders to do so, while also having regard to the prevailing gearing level and the composition of the Company's portfolio.

Board changes and Review

During the year the Board was delighted to announce the appointment of Alistair Mackintosh as a Director with effect from 1 May 2021. Alistair was a partner with Actis LLP, a leading investor in growth markets across Africa, Asia and Latin America, from its inception in 2004 until 2018, including serving as Chief Investment Officer for 12 years. Alistair brings considerable expertise in, and knowledge of, Private Markets including private equity, infrastructure, and real estate and I would urge our shareholders to vote in favour of his appointment at the forthcoming AGM.

As previously announced, Julian Sinclair retired from the Board on 4 June 2021. On behalf of all of the Directors, I would like to thank Julian for his considerable contribution to the Company during his six years' service. The Board and the Company's shareholders have both benefited from Julian's considerable experience in diversified asset investing; we wish him well in pursuing his other business interests. Following Julian's retirement, Tom Challenor assumed the role of Senior Independent Director.

Post these changes the Board engaged an experienced board review consultancy to undertake an evaluation of the Board, its committees and individual Directors. Assessments were undertaken by each Director and then discussed by the Board. The evaluation has helped confirm that the Company's Board has in place an appropriate balance of experience, skills, corporate knowledge and gender diversity (60% male, 40% female).

Environmental, social and governance ("ESG")

As readers of articles on sustainable investing, climate change policy and ESG will have likely concluded, there are no simple answers to embracing these factors in investments or how best to measure and monitor them. It is, however very clear that these factors need to be carefully considered and active engagement with companies is required in order to help drive change. Taking account of ESG factors is now an integral part of the investment process at abrdn as well as ongoing monitoring after investments are included in the portfolio. Equally as important the investment teams undertake constructive engagement with the management of the investments held, in both public and Private Markets, on ESG issues and related risks. More detail on the approach to ESG can be found in the comments on Socially Responsible Investment Policy in the Overview of Strategy on page 15 and in the Investment Manager's Report on page 27, and on pages 38 to 40. The Board continues to closely review the Manager's approach to, and adherence with, its ESG philosophy and policies.

Chairman's Statement Continued

Annual General Meeting

The Board is proceeding on the basis that the Company's AGM will be held in the normal format and provide shareholders with an opportunity to attend and receive a presentation from the Investment Manager as well as ask any questions that they may have. The AGM is scheduled to be held at the South Place Hotel, 3 South Place, London, EC2M 2AF, from 12.30 p.m. on Tuesday 22 February 2022. The Company may impose entry restrictions on persons wishing to attend the meeting in order to secure the health and safety of others attending the meeting.

Notwithstanding the above, shareholders are encouraged to raise any questions in advance of the AGM by email to: diversified.income@abrdn.com. Questions must be received by 8 February 2022. Any questions received will be responded to by either the Manager or the Board via the Company Secretary.

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

The formal Notice of AGM, which may be found on pages 109 to 113 of this Report, includes Resolution 11 relating to the continuation of the Company. The Board encourages shareholders to vote in favour of the Company's continuation as it believes the Investment Manager's strategy is now well positioned to deliver a regular and dependable dividend as well as potential capital growth from its genuinely diversified portfolio consisting of a wide range of assets, each with clear, fundamental performance drivers.

Outlook

Whilst over the short term markets face a number of headwinds including rising prices, supply chain bottlenecks, labour shortages and the prospect of higher interest rates, the Board believes the Company's strategy, to provide a dependable and regular dividend stream, as well as the potential for capital growth from a broadly diversified portfolio consisting of a wide range of assets, is well positioned to deliver an attractive return to our shareholders over the medium term.

Davina Walter
Chairman
8 December 2021

Overview of Strategy

Investment Objective

With effect from the AGM on 23 February 2021, the Company's investment objective was changed to: "The Company seeks to provide income and capital appreciation over the long term through investment in a globally diversified multi-asset portfolio."

Alongside this objective, the Board in future will use a Total Return (defined as dividends plus change in NAV) of 6% per annum over a rolling five year period against which to measure the returns from the portfolio.

Prior to 23 February 2021, the Company's investment objective was to target a total portfolio return of LIBOR plus 5.5% per annum (net of fees) over rolling five-year periods.

Investment Approach

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

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

It offers an attractive investment proposition characterised by:

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

An appropriate spread of risk is sought by investing in a diversified portfolio of securities and other assets. This includes, but is not limited to:

- Private Markets, comprising private equity, private credit, real estate, infrastructure, natural resources and unlisted alternatives;
- Listed Alternatives, comprising speciality finance, royalties, and listed Private Markets and alternatives;
- Listed Equities, comprising global equities, European green infrastructure and UK mid-cap equities;
- Fixed Income and Credit, comprising global loans, asset backed lending, and emerging/frontier market debt.

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

Investment Policy

The Manager has enhanced its investment approach to meet the requirements of the new investment objective. This has involved extending the proportion of Private Markets investments in the portfolio with new vehicles being introduced. The portfolio will also adopt a core-satellite approach.

With effect from the Company's AGM on 23 February 2021, the Company's shareholders approved a change to the Investment Policy, incorporating the following investment restrictions, at the time of investment, which the Manager must adhere to:

- no individual quoted company or transferable security exposure in the portfolio may exceed 15% of the Company's total assets, other than in treasuries and gilts;
- no other individual asset in the portfolio (including property, infrastructure, private equity, commodities and other alternative assets) may exceed 5% of the Company's total assets;
- the Company will not normally invest more than 5% of its total assets in the unlisted securities issued by any individual company; and
- no more than 15% of the Company's total assets may be invested in an individual regulated pooled investment fund.

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

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

Overview of Strategy Continued

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

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

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

Details of the Company's investment policy prior to 23 February 2021 may be found on pages 11 and 12 of the Company's Annual Report for the year ended 30 September 2020.

Management and Delivery of the Investment Objective

The Directors are responsible for determining the Company's investment objective and investment policy. Day-to-day management of the Company's assets has been delegated to Aberdeen Standard Fund Managers Limited ("ASFML", the "AIFM" or the "Manager"). In turn, the investment management of the Company has been delegated by ASFML to Aberdeen Asset Managers Limited ("AAML" or the "Investment Manager"). Both companies are subsidiaries of abrdn plc.

Investment Process

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

The Company's portfolio consists of investments from a wide range of asset classes including, but not limited to, Private Markets (such as private equity, private credit, real estate, infrastructure, natural resources and unlisted alternatives), Listed Alternatives (such as speciality finance, royalties, and listed Private Markets and alternatives), Listed Equities (including, global equities, European green infrastructure and UK mid-cap equities) and Fixed Income and Credit (such as global loans, asset backed lending, and emerging/frontier market debt). Detailed investment research (including operational due diligence for unlisted funds managed by third parties) is carried out on each potential opportunity by specialist teams within the Investment Manager (see pages 23 to 28 for further information).

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

Key Performance Indicators ("KPIs")

The Board uses a number of financial performance measures to assess the Company's success in achieving its objective and determining its progress in pursuing its investment policy. The primary KPIs, all of which are Alternative Performance Measures (see page 105 to 107 for further information), are shown in the table below.

KPI	Description
Investment performance	The Board reviews the performance of the portfolio as well as the net asset value and share price for the Company over a range of time periods in light of the Company's investment objective to seek to provide income and capital appreciation over the long term through investment in a globally diversified multi-asset portfolio. The Board also reviews NAV and share price performance in comparison to the performance of competitors in the Company's chosen peer group (see Alternative Performance Measures on pages 105 to 107). The Board also monitors the Company's income yield and compares this to the yield generated by competitors in the Company's peer group. The Board reviews the sustainability of the Company's dividend policy and regularly reviews revenue forecasts and analysis provided by the Investment Manager on the sources of portfolio income in order to monitor the extent to which dividends are covered by net earnings. The Company's performance returns may be found on page 19.
Premium/discount to net asset value ("NAV")	The Board monitors the level of the Company's premium or discount to NAV and considers strategies for managing this. Subject to normal market conditions, the prevailing gearing level and the composition of the investment portfolio, the Company will buy back its Ordinary shares where to do so remains in the best interests of all shareholders. The Company calculates and reports the NAV with debt measured at fair value and including income as this is the basis on which the Company determines the discount at which shares are repurchased. Previously, the Company reported both this basis and with the NAV with debt measured at par value and including income. In addition, the Company has adopted a formal policy for the issuance of new shares and/or the sale of shares from treasury to meet demand for shares in the market where the Company's share price is trading at a minimum premium to its net asset value per share (calculated including income, with debt at fair value).
Ongoing charges	The ongoing charges ratio has been calculated in accordance with guidance issued by the Association of Investment Companies (the "AIC") as the total of investment management fees and administrative expenses and expressed as a percentage of the average net asset values with debt at fair value throughout the year. This includes the Company's share of costs of holdings in investment companies on a look-through basis. The Board reviews the ongoing charges and monitors the expenses incurred by the Company. The Company's ongoing charges for the year, and the previous year, are disclosed on page 3 while the basis of calculation is set out on page 107.

Principal Risks and Uncertainties

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

Overview of Strategy Continued

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

The Board has carried out a robust assessment of these risks, which include those that would threaten its business model, future performance, solvency or liquidity. The Board is confident that the procedures which the Company has in place are sufficient to ensure that the necessary monitoring of risks and controls has been carried out throughout the year ended 30 September 2021.

The Manager, on behalf of the Board, sought assurances from the Company's key service providers, as well as from its own operations, that they had invoked business continuity procedures and appropriate contingency arrangements to ensure that they remain able to meet their contractual obligations to the Company. Other than the reduced uncertainty created by each of COVID-19 and the UK's exit from the EU, the Audit Committee does not consider that the principal risks and uncertainties have changed materially during the year ended 30 September 2021.

In addition the Board has identified, as an emerging risk which it considers is likely to become more relevant for the Company in the future, the implications for the Company's investment portfolio of climate change; further details may be found under 'Market Risk'.

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

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

Overview of Strategy Continued

Risk	Mitigating Action
Market risk Market risk arises from volatility in the prices or valuation of the Company's investments. It represents the potential loss the Company might suffer through holding investments in the face of negative market movements. The Company invests in global assets across a range of countries and changes in general economic and market conditions in certain countries, such as interest rates, exchange rates, rates of inflation, industry conditions, competition, political events and trends, tax laws, national and international conflicts, economic sanctions and other factors can also substantially and adversely affect the securities and, as a consequence, the Company's prospects and share price. The risk posed by COVID-19, in driving stock market volatility and uncertainty, appears to be receding as the global economy starts to return to previous levels, although this is tempered by rising concerns over supply chain constraints and associated inflation.	The Board considers the diversification of the portfolio, asset allocation, stock selection, unlisted investments and levels of gearing on a regular basis and has set investment restrictions and guidelines which are monitored and reported on by the Investment Manager. The Board monitors the implementation and results of the investment process with the Investment Manager. The Board assesses climate change as an emerging risk in terms of how it develops, including how investor sentiment is evolving towards climate change within investment portfolios, and will consider how the Company may mitigate this risk, any other emerging risks, if and when they become material. The Board engages with the Manager, at each Board meeting, to understand how climate change, represented by environmental factors as part of ESG, is a key consideration within the Manager's investment process (see also pages 38 to 40 for further information on the Manager's overall approach to ESG).
Financial risks The Company's investment activities expose it to a variety of financial risks which include foreign currency risk and interest rate risk.	Further details are disclosed in note 17 to the financial statements, together with a summary of the policies for managing these risks.

The Board regularly reviews emerging risks facing the Company, which are identified by a variety of means, including advice from the Company's professional advisors, the AIC, and Directors' knowledge of markets, changes and events. A failure to have in place appropriate procedures to assist in identifying emerging risks may cause reactive actions and, in the worst case, could cause the Company to become unviable or otherwise fail.

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

Gearing

As at 30 September 2021, the Company had in place structural gearing in the form of £16,096,000 Bonds 6.25% 2031 (the "Bonds"). The Board is responsible for determining the gearing strategy for the Company, with day-to-day gearing decisions being made by the Manager within the remit set by the Board. The Board has set its gearing limit at a maximum of 20% of the net asset value at the time of draw down. The Board monitors the gearing position regularly and considers alternative financing options. On 2 November 2020, the Company repurchased and cancelled £43,904,000 principal amount of the Bonds; see note 13 to the financial statements for further information.

Board Diversity

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

Promoting the Company

The Board recognises the importance of promoting the Company to prospective investors both for improving liquidity and enhancing the value and rating of the Company's shares. The Board believes an effective way to achieve this is through subscription to, and participation in, the promotional programme (the "Programme") run by abrdn on behalf of a number of investment trusts under its management. The Company's financial contribution to the Programme is matched by abrdn which regularly reports to the Board, including analysis of the effectiveness of the Programme as well as updates on the shareholder register and any changes in the composition of that register.

The purpose of the Programme is both to communicate effectively with existing shareholders and to gain new shareholders with the aim of improving liquidity and enhancing the value and rating of the Company's shares. Communicating the long-term attractions of the Company is key and therefore the Company also supports abrdn's investor relations programme which involves regional roadshows, promotional and public relations campaigns.

Environmental, Social and Human Rights Issues

The Company has no employees as the Board has delegated the day to day management and administrative functions to the Manager. There are therefore no disclosures to be made in respect of employees. The Company's socially responsible investment policy is set out below and the Board maintains oversight and retains responsibility for the policy.

Socially Responsible Investment Policy

The Directors review the Manager's policy that encourages companies in which investments are made to adhere to best practice in the area of corporate governance and socially responsible investing. They believe that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in both areas. The Manager's ultimate objective, however, is to deliver superior investment returns for its clients. Accordingly, whilst the Manager will seek to favour companies which pursue best practice in these areas, this should not be to the detriment of the return on the investment portfolio. Further details on the Manager's Environmental, Social and Governance ("ESG") engagement process, including a case study, can be found on pages 38 to 40.

UK Stewardship Code and Proxy Voting as an Institutional Shareholder

Responsibility for actively monitoring the activities of portfolio companies has been delegated by the Board to the Manager which has sub-delegated that authority to the Investment Manager. The full text of the Company's response to the FRC's Stewardship Code 2020 may be found on its website.

Modern Slavery Act

Due to the nature of the Company's business, being an investment company that does not offer goods and services to customers, the Board considers that it is not within the scope of the Modern Slavery Act 2015 because it has no turnover. The Company is therefore not required to make a slavery and human trafficking statement. In addition, the Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. However, at the portfolio level, the Manager engages on environmental issues with underlying investments as part of its ESG policy.

Overview of Strategy Continued

Viability Statement

In accordance with the provisions of the UKLA's Listing Rules and the FRC's UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the 12 months required by the "Going Concern" provision. The Board conducted this review for the period up to the AGM in 2027, being a five year period from the date of shareholders' approval of this Report. The five year review period was selected because it is aligned with the medium term performance period of five years over which the Company is assessed in relation to its investment objective to seek to provide income and capital appreciation over the long term through investment in a globally diversified multi-asset portfolio. The Board considers that this period, which is equally applicable to the Company's proposed new investment objective as outlined in the Chairman's Statement, reflects a balance between looking out over a long term horizon and the inherent uncertainties of looking out further than five years.

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

- the principal risks and uncertainties detailed on pages 11 to 14 and the steps taken to mitigate these risks;
- the relevance of the Company's investment objective and investment policy, especially in the current low yield environment, which targets a truly diversified multi-asset approach to generate highly attractive long-term income and capital returns;
- a material proportion of the Company's investment portfolio is invested in securities which are realisable within a short timescale;
- the Company's reduced cash outflows due to lower interest payments following the repurchase of the Bonds;
- the level of share buy backs carried out during the year;
- the annual continuation vote to be put to shareholders at the AGM on 22 February 2022; and
- the level of demand for the Company's shares.

The five-year review considers the Company's cash flow, cash distributions and other key financial ratios over the period. The five-year review also makes certain assumptions about the normal level of expenditure likely to occur and considers the impact on the financing facilities of the Company.

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

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

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

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

Taking into account the Company's current position and the potential impact of its principal risks and uncertainties, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of five years from the date of this Report, subject to shareholders' approval of the continuation vote at each AGM, noting the level of comprehensive support given at the last AGM.

Outlook

The Board's view on the general outlook for the Company can be found in the Chairman's Statement on page 8 under "Outlook" while the Investment Manager's views on the outlook for the portfolio are included in its report on page 28.

On behalf of the Board
Davina Walter
Chairman
8 December 2021

Promoting the Success of the Company

The Board is required to report how it has discharged its duties and responsibilities under section 172 of the Companies Act 2006 during the year under review. Under this requirement, the Directors have a duty to promote the success of the Company for the benefit of its members (shareholders) as a whole, taking into account the likely long term consequences of decisions, the need to foster relationships with the Company's stakeholders, and the impact of the Company's operations on the environment. In addition, the Directors must act fairly between shareholders and be cognisant of maintaining the reputation of the Company.

The Purpose of the Company and Role of the Board

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

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

The Board's philosophy is that the Company should operate in a transparent culture where all parties are treated with respect as well as the opportunity to offer practical challenge and participate in positive debate which is focused on the aim of achieving the expectations of shareholders and other stakeholders alike. The Board reviews the culture and manner in which the Manager operates at its regular meetings and receives regular reporting and feedback from the key service providers.

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

How the Board Engages with Stakeholders

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

Stakeholder	How the Board Engages
Shareholders	Shareholders are key stakeholders and the Board places great importance on communication with them, and meet, in the absence of the Manager, with current and prospective shareholders to discuss performance and to receive shareholder feedback. The Board welcomes all shareholders' views. Regular updates are provided to shareholders through the Annual Report, Half Yearly Report, Manager's monthly factsheets, company announcements, including daily net asset value announcements, and the Company's website.
Manager	The Investment Manager's Report on pages 23 to 28 details the key investment decisions taken during the year. The Investment Manager has continued to manage the Company's assets in accordance with the mandate provided by shareholders, with the oversight of the Board. The Board regularly reviews the Company's performance against its investment objective and the Board undertakes an annual strategy review to ensure that the Company is positioned well for the future delivery of its objective for its stakeholders. The Board receives presentations from the Investment Manager at every Board meeting to help it to exercise effective oversight of the Investment Manager and the Company's strategy. The Board, through the Management Engagement Committee, formally reviews the performance of the Manager at least annually. More details are provided on page 47.
Investee	Responsibility for actively monitoring the activities of investee companies and funds has been delegated by the

Promoting the Success of the Company Continued

Stakeholder	How the Board Engages
Companies and Funds	Board to the Manager which has sub-delegated that authority to the Investment Manager. The Board has also given discretionary powers to the Investment Manager to exercise voting rights on resolutions proposed by the investee companies within the Company's portfolio. The Board and Manager are committed to investing in a responsible manner and the Investment Manager integrates environmental, social and governance considerations into its research and analysis as part of the investment decision-making process. Through engagement and exercising voting rights, the Investment Manager actively works with companies to improve corporate standards, transparency and accountability. Further details are provided on pages 38 to 40.
Service Providers	The Board seeks to maintain constructive relationships with the Company's suppliers, either directly or through the Manager, with regular communications and meetings. The Audit Committee conducts an annual review of the performance, terms and conditions of the Company's main service providers to ensure they are performing in line with Board expectations and providing value for money.
Debt Providers	On behalf of the Board, the Manager maintains a positive working relationship with Law Debenture Trust p.l.c. as trustee on behalf of the holders of the Company's Bonds, ensuring compliance with its covenants.

Specific Examples of Stakeholder Consideration During the Year

While the importance of giving due consideration to the Company's stakeholders is not new, and is considered as part of every Board decision, the Directors were particularly mindful of stakeholder considerations during the following decisions undertaken during the year ended 30 September 2021.

Review of Company's strategy and Bonds

The Board continues to evolve its strategy to ensure that the investment proposition is delivered to shareholders and other stakeholders in line with their expectations. Further to a strategic review concluded in October 2020, the Company announced on 2 November 2020 that it had bought back a total of £43.9m of its Bonds. Further information may be found in the Chairman's Statement on page 6 and in note 13 to the Financial Statements.

Independent evaluation of the Board

During July 2021, the Company engaged Lintstock Ltd to undertake an independent external evaluation of the effectiveness of the Board. Further information may be found in the Directors' Report on page 47.

Response to COVID-19

In response to COVID-19, the Company sought and received more regular reporting from the Manager on its own operations, and via the Manager on the other key service providers to the Company, that each continued to be able to meet its obligations to the Company. Further information may be found on page 12.

Performance and Results

Performance (total return)

	31 March 2017[B] – 30 September 2021 % return	31 December 2020[C] 30 September 2021 % return	1 year % return	3 years % return	5 years % return
Net asset value – debt at par[A]	+14.3	+9.9	+6.3	+8.3	+17.1
Net asset value – debt at fair value[A]	+21.0	+10.5	+12.5	+12.8	+24.2
Share price[A]	+8.4	+4.3	+15.6	–6.0	+16.2

[A] Considered to be an Alternative Performance Measure. Total return represents the capital return plus dividends reinvested. Further details can be found on page 105.
[B] Change of Investment Objective and Investment Policy on 31 March 2017.
[C] Change of Investment Objective and Investment Policy on 31 December 2020.
Source: abrdn, Morningstar and Lipper.

Ten Year Financial Record

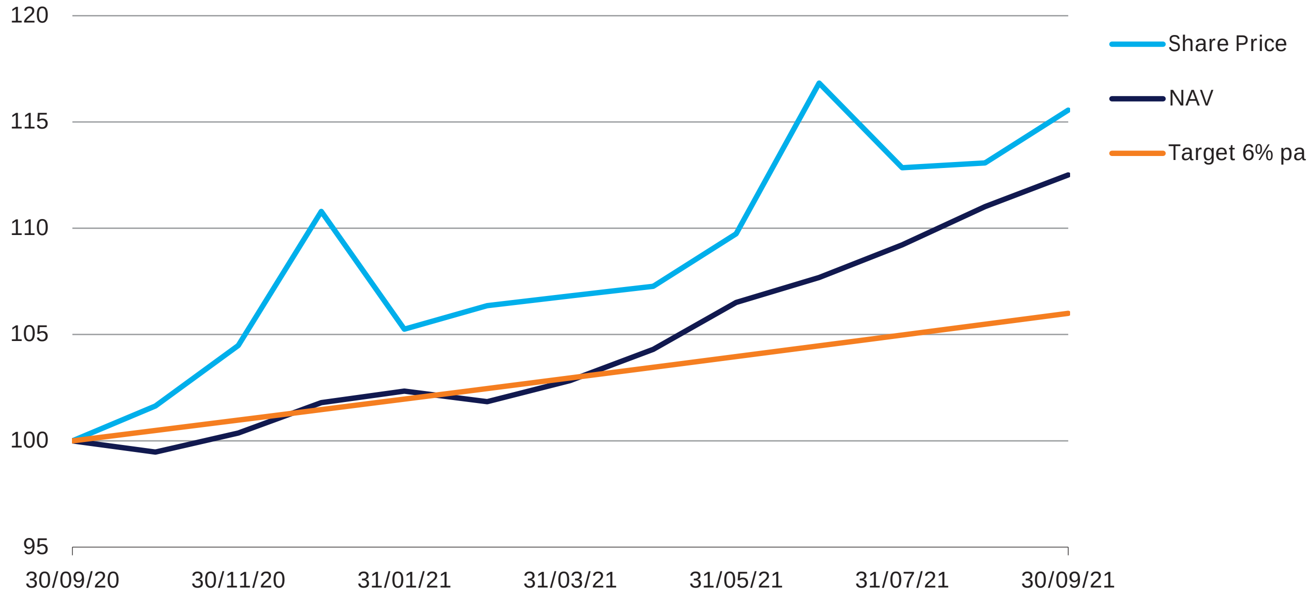
Year to/As at 30 September	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total revenue (£'000)	21,887	22,382	23,608	23,120	23,265	17,961	23,262	22,106	20,783	18,878
Per Ordinary share (p)										
Net revenue return	6.6	6.6	7.0	7.1	7.6	5.3	6.2	5.7	5.6	5.1
Total return	19.6	19.3	9.3	(4.5)	1.3	8.0	2.8	2.6	(1.4)	6.7
Net dividends payable	6.112	6.252	6.44	6.54	6.54	5.89	5.24	5.36	5.44	5.52
Net asset value per Ordinary share (p)										
Debt at par value	131.4	144.5	147.5	136.6	131.6	132.7	130.3	128.1	121.7	123.5
Debt at fair value	125.1	139.3	143.3	131.0	123.6	126.4	124.2	119.9	113.4	121.7
Equity shareholders' funds (£'000)	382,535	418,345	426,865	374,832	351,521	436,767	428,129	413,679	386,230	382,118

Dividends

	Rate	xd date	Record date	Payment date
First interim 2021	1.38p	4 March 2021	5 March 2021	31 March 2021
Second interim 2021	1.38p	17 June 2021	18 June 2021	15 July 2021
Third interim 2021	1.38p	30 September 2021	1 October 2021	28 October 2021
Fourth interim 2021	1.38p	23 December 2021	24 December 2021	20 January 2022
2021	5.52p			
First interim 2020	1.36p	5 March 2020	6 March 2020	27 March 2020
Second interim 2020	1.36p	18 June 2020	19 June 2020	10 July 2020
Third interim 2020	1.36p	24 September 2020	25 September 2020	16 October 2020
Fourth interim 2020	1.36p	24 December 2020	29 December 2020	22 January 2021
2020	5.44p			

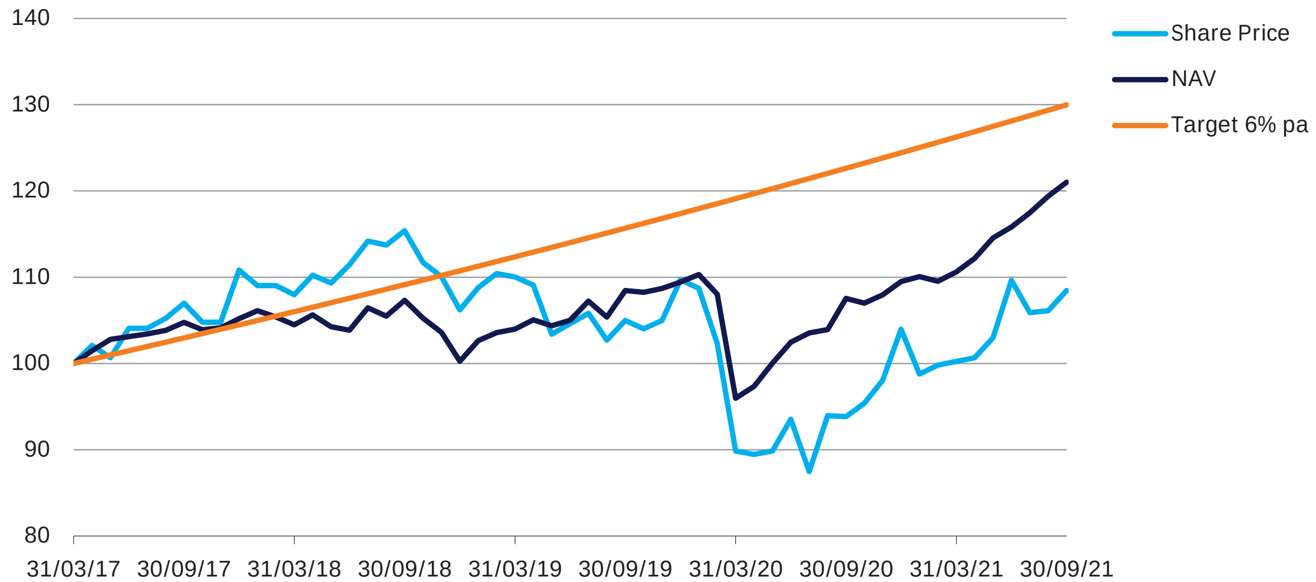
Performance and Results Continued

Total Return of NAV (debt at fair value) and Share Price
Year ended 30 September 2021



Source: Morningstar & Lipper

Total Return of NAV (debt at fair value) and Share Price
31 March 2017 to 30 September 2021 (all figures rebased to 100 at 31 March 2017)



Source: Morningstar & Lipper

Information about the Manager

Aberdeen Standard Fund Managers Limited

The Company's Manager is Aberdeen Standard Fund Managers Limited, a subsidiary of abrdn plc which manages a combined £532 billion (as at 30 June 2021) in assets for a range of clients, including individuals and institutions, through mutual and segregated funds.

The Investment Team

Nalaka De Silva
Head of Private Markets Solutions

Nalaka has 19 years' experience in developing, implementing and managing strategies across the Public and Private Markets spectrum. This includes investments across Private Equity, Infrastructure, Real Estate, Natural Resources and Private Credit on a global basis. Solutions based strategies are designed around client outcomes including growth, income and proactive ESG strategies.

Nalaka joined abrdn in 2012. Prior to this, Nalaka held senior roles at Australian and European Investment management firms. He has lead M&A activity, off-market acquisitions and divestments of assets together with offshore and onshore capital raising in debt and equity markets. Nalaka is a qualified Chartered Accountant and holds a postgraduate degree in Commercial Law and Accounting.

Jennifer Mernagh
Investment Director

Jen is an Investment Director in abrdn's Multi Asset & Investment Solutions Research team and has 20 years of experience in investment management and strategy research, covering both public and Private Markets. She specialises in alternative investing, and leads asset allocation and strategy research that contributes to portfolios investing across public and Private Markets. Jen has held various portfolio management and research positions during her career, including as a member of the Global Macro investment team on the Alternative Investment Strategies desk.

Prior to joining abrdn in 2010, Jen worked for Royal Bank of Scotland where she managed alternative investment portfolios on behalf of Coutts clients. She started her career as an Analyst at Sanlam, a South African financial services company. Jen graduated with a BSc in Investment and Financial Risk Management from City University. She represents abrdn on the Alternative Investment Management Association's Council.

Nic Baddeley
Investment Manager

Nic has 7 years' experience in investment analysis and management working across public and private asset classes. He is responsible for the management of private market portfolios undertaken by the Private Markets Solutions desk, as well as the continual development of investment processes, portfolio management and risk management techniques. Prior to joining the current team, Nic worked as an analyst with the global listed real estate team, responsible for sector coverage of the Chinese housebuilders, portfolio construction, and risk measurement.

Nic joined abrdn in 2015, prior to which he worked as a data scientist for global data consultancy, and as an investment analyst at Mercer focussing on strategy analysis and fund recommendations for institutional investors. Nic graduated from the University of Edinburgh with an MA (Hons) degree in Psychology and is a CFA® charterholder.

Information about the Manager Continued

The Investment Process

Risk management is embedded in the Investment Manager's process. The approach is based around four pillars: Diversification principles, Risk models, Scenario analysis and Peer review. In addition, liquidity risk is also actively monitored, both by the Investment Manager and via regular independent stress tests.

Further detail on each of the pillars is provided below:

- Diversification principles
  The Investment Manager believes that diversification is a necessary element of any robust multi-asset portfolio, reducing portfolio volatility in the short term and reducing the reliance on any one asset class over the medium to long-term. Diversification benefits arise from the range of assets that are considered within the Company's portfolio; the longer-term modelling that is used to establish the strategic framework; and they are also actively considered as part of the day to day decision making for the portfolio. The Investment Manager seeks to ensure that there is not a disproportionate exposure or contribution to portfolio risk from any one asset class or investment.

- Risk models
  The second pillar of the risk management approach is the use of quantitative risk models. Although the Investment Manager acknowledges that risk models can have their limitations, it believes that they are a valuable input into the broader process. In particular, they can provide an efficient, clear and objective view on the portfolio's risk exposures at any given time.

- Scenario analysis
  While the risk models include certain historic stress test scenarios in their analysis, it is important to also consider how investments in the portfolio might be expected to behave in various hypothetical scenarios. The scenario analysis harnesses both the experience of the investment team and the broader insights gained from across abrdn. Recent discussions have addressed, for example, the potential for a trade war between the US and China and improving international relations with North Korea. In each case, the Investment Manager is seeking to gain comfort that the potential risk of, and impact from, any given scenario is acceptable. This helps to ensure that the portfolio is resilient to the wide range of scenarios that might play out over time.

- Peer review
  To ensure that the Investment Manager is capturing the best ideas within the portfolio, the investment process has been designed to source views from across the business and reflect back its own insights. On a formal basis, the peer review process also includes oversight from a monthly meeting of the Investment Manager's Diversified Asset Review Group as well as input from abrdn's independent risk team and liquidity stress tests undertaken by the dealing desk.

Investment Manager's Report

The past year has presented a uniquely risky environment due to the number of different ways that COVID-19, and governments' response to it, could have evolved. The path of the virus, the varied approach to vaccine rollout and virus management, combined with monetary and fiscal support, and the resulting implications, have led to big swings in market sentiment during the year.

However, the gradual reopening of economies across the globe, and the demand arising from the resumption of activity, as well as the acceleration of certain secular trends, has led to higher than expected earnings from many companies. Few market commentators or participants anticipated the resurgence in growth and demand that we have witnessed during the year.

Equity markets were the main beneficiaries of the resulting exuberance while credit spreads tightened delivering particularly strong returns in high yield. Despite the uncertainty around inflation and the possibility of interest rate hikes, investors have not been put off – private equity deal activity continued to increase in the first half of 2021. The technology sector has remained particularly resilient during the pandemic, attracting the majority of deal flow.

Global government bonds were extremely volatile during the year, losing considerable capital value. Expectations of interest rate hikes picked up and the timing and magnitude of changes to central bank support, worried bond investors and, latterly, concerns about the persistence of inflation affected the bond markets. Across private credit, although central banks indicated a cut back in support, appetite for the asset class increased and overall fundraising remained strong.

Within infrastructure, deal activity surged across telecoms and significant allocations were made to the energy and renewables sectors. Transport also showed signs of recovery as more investors started to take a longer-term view on passenger travel, but deal volumes were still well below the pre-pandemic highs.

In real estate, the polarisation trend looks set to last. The retail sector remains fragmented. Retail that is skewed towards grocery, value and core bulky goods started to see rising capital values - in contrast, discretionary and fashion-led retail encountered losses. Meanwhile, logistics and residential were favoured as capital continued to flow in to these sectors. Offices in prime locations have held their values so far but there has been increasing differentiation with secondary offices challenged, and risks rising.

Meanwhile, in Emerging Markets, the differentiation in the vaccine rollout and virus control policies, and latterly food price and energy inflation (which form a larger part of the inflation calculation than in Developed Markets), held back bond price progress, although this was largely offset by income.

Concerns over the troubled Chinese property developer, Evergrande, and whether the Chinese government would be able to control the impact of the possible failure of the company, caused significant volatility in stock markets during September. As of the time of writing, this seemed to be under control, and we suspect this will continue to remain the case, but are monitoring the situation closely.

A diversified, simplified strategy leading to broad-based positive performance

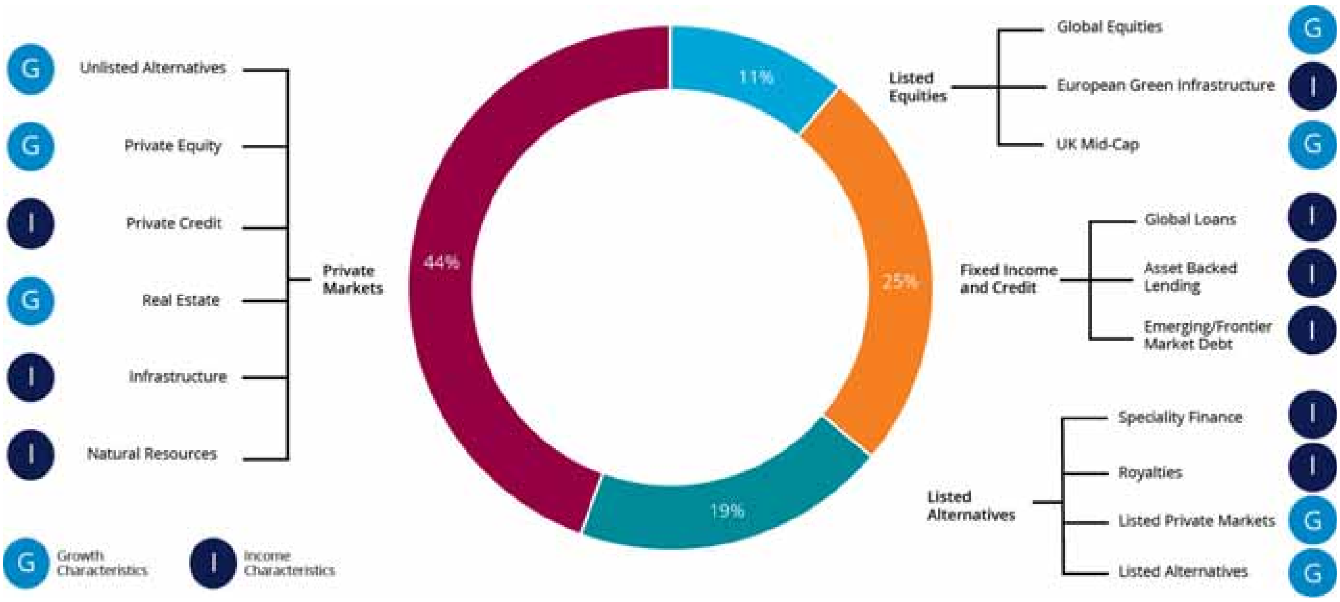
The Company has enjoyed a good year, with a NAV total return (including income, with debt measured at fair value) of 12.5% and a share price total return of 15.6%. This is an important step for the Company towards achieving its stated return target of 6% annualised on a five year rolling basis.

Through building a well-diversified portfolio of investments, including a substantial exposure to infrastructure and real assets, the Company has responded well to the bouts of shorter term volatility that have swept the markets during the last year. The Company has been able to take a long term view regarding how economies will evolve, supported by the breadth of research and investment capabilities across the abrdn franchise. Given the goal of delivering a suite of diversified returns due to the latitude of the mandate, pleasingly, positive returns have been generated across the majority of the portfolio.

Remaining resilient to the challenges posed by the current environment is a key aim. The investment strategy seeks to achieve diversification across asset classes within a simplified framework under four main headings: Private Markets, Fixed Income & Credit, Listed Alternatives and Listed Equities. Exposure to the broad expertise of abrdn across these asset classes, including approximately 350 Private Markets-focused investment professionals, allows the Company to allocate to best in class products, both internally and externally.

Investment Manager's Report Continued

Investment portfolio breakdown as at 30 September 2021



Source: abrdn

Private markets

During the year, the Company increased from 25% to 44% Private Markets' exposure. As described earlier, we invested its capital into a number of different Private Markets opportunities that we believe will deliver growth and/or cash flows for the Company. This was principally through investments in Private Credit (Mount Row Credit Fund II and PIMCO Private Income Fund), diversified Private Markets (Aberdeen Global Private Markets Fund), Infrastructure (additional investment into existing funds, and a new investment in the Pan European Infrastructure Fund), Private Equity (Secondary Opportunities Fund IV and Bonaccord Capital Partners), and Royalties (additional investment into Healthcare Royalty Partners IV).

Performance was pleasing from most sub-asset classes, but was driven mostly by Infrastructure and Private Equity. Performance was broad-based, but there were particular contributors which we outline in case studies. Burford Opportunity Fund was a large positive driver as a healthcare insurance related case in the United States was concluded in its favour, triggering a sizeable payout for the Company.

The Pan European Infrastructure Fund holding also made a large positive contribution to performance. The investment, which was identified by abrdn's network, involved buying part of an existing portfolio of well-performing UK ports, and a water supply and treatment utility, at a sizeable discount to the portfolio's inherent value. This uplift has been further enhanced, since purchase, as an unsolicited offer was received for the ports business.

The heightened demand for Private Markets investments is symptomatic of the struggle to generate differentiated performance in listed markets and forms part of the reason why we believe the Company is well placed to generate long term attractive returns for shareholders, which may not be easily accessed elsewhere.

In the future, we expect to increase further the proportion of the Company's portfolio in Private Market investments as these specialist managers identify attractive opportunities which can be funded from the Company's liquid assets.

We anticipate that there will be £39 million of additional net investments into the current Private Market investments over the next 12 months. After this, future investments will broadly balance capital returned, resulting in a consistent Private Markets exposure.

New Private Markets investments made during the year

Aberdeen Standard Secondary Opportunity Fund IV

The Aberdeen Standard Secondary Opportunity Fund IV ("SOF IV") investment was made to ensure a pipeline of mature private equity assets was purchased by the Company. Prior to this, there had been an ad-hoc series of co-investments made alongside the abrdn Private Equity team (Komodo & Maj IV/V), but given the strong performance and attractive pipeline, the decision was made to formalise this.

SOF IV completed its fund raising (reaching $556m) in June and is successfully investing these funds. The team's ability to find attractive niche opportunities has meant that performance to date has been strong, with a 70% return on investments made to date.

Top drivers of performance were Project Hyde Park and Project Jordan. Project Hyde Park, already valued at 170% above its purchase price, comprises a diversified portfolio of interests in European and US funds with tech-enabled portfolio exposures which was originally purchased at a double digit discount to its inherent value. Project Jordan was a complex deal to acquire a portfolio of five US holdings in the resilient business services sector at an attractive valuation, which have seen recent uplifts as portfolio companies perform ahead of pre-Covid budgets.

Looking ahead, the team are seeing an increased pipeline of diversified opportunities after a lull in 2020 and expect 2021 to be a record year for transaction volumes.

Healthcare Royalty Partners IV ("HCR IV")

HCR IV invests in healthcare royalty streams primarily in the US. The royalties provide income from drug sales, tied to the life of the underlying product's patent. The fund has made investments in a wide range of royalty streams, including a treatment for migraines and an inhaler therapy for chronic obstructive pulmonary disease. Performance to date has been strong at the most recent valuation point, driven by a third party acquiring one of the underlying treatment patent owners at a price significantly above its inherent value.

HCR had planned on aggregating its funds into a single vehicle listed on a public stockmarket, which would have generated a large capital return to the Company due to the nature of the valuation methodologies used and changes to the capital structure. However, this planned flotation was delayed as market conditions turned unfriendly and the desired valuation would not have been met. Whilst we are happy with the income generated from this ongoing investment, the potential flotation could happen, which may yet result in a profitable sale for the Company.

Aberdeen Standard Global Private Markets Fund ("GPMF")

The Aberdeen Global Private Markets Fund is a diversified private market fund, investing across the major private market asset classes. The investment was made to provide immediate diversified Private Markets exposure as we wait for the Company's pipeline of private market commitments to draw down capital.

Performance to date has been strong:

- a total contribution of +0.42% to performance over the year under review;
- the main driver of performance has been the Private Equity portfolio, in particular the US Venture Capital portfolio from where we have seen the successful IPO of several investments, including:
  - A popular cryptocurrency exchange
  - A fast-growing FX focussed fintech company
  - An online gaming universe; and
- The infrastructure programme also continued to deliver consistent performance, with the large European focused core fund generating above target returns

GPMF continues to diversify its portfolio with two new co-investments within Real Estate in the Chinese Logistics sector added over the last six months. The Private Credit portfolio in India continues to navigate any COVID related headwinds with minimal losses.

Bonaccord Capital Partners

Bonaccord Capital Partners targets investment in alternative asset management companies. These provide a steady stream of income returns from management fees. There is the potential for additional income depending on the performance of the underlying investment portfolio.

There is also the prospect of long-term capital appreciation, over and above income, driven by the growth of these businesses.

PIMCO Private Income Fund

PIMCO's Private Income Fund seeks to deploy capital fluidly across credit sectors and over economic cycles with a balance of income distribution and capital appreciation.

We expect the Private Income Fund to combine PIMCO's significant credit market presence, research capabilities and macroeconomic views, to create a differentiated private credit

Investment Manager's Report Continued

strategy, supported by proprietary analytical tools and sound management practice.

Investcorp Mount Row Credit II

Investcorp is recognised as one of Europe's core leveraged loan managers, having been active in the market for over 15 years.

Mount Row II offers the opportunity to access the European senior secured loan market with consistent cash returns, strong relative value and limited volatility from a well-diversified fund of defensive assets. The fund also offers efficient deployment via the secondary market, together with reinvesting capital throughout the investment period.

Fixed Income & Credit

Fixed Income & Credit was the primary funding source for the Private Market investment drawdowns, reducing from 35% to 26% of the portfolio during the year. The reduction principally came from Emerging Market Debt and Asset Backed Securities ("ABS"), followed by Global Loans. An ABS issues a series of bonds with different credit ratings which are backed by pools of assets such as corporate loans, mortgages or credit card debt. Owners of the highest-rated bonds are less likely to experience defaults but receive the lowest return while owners of lower rated bonds benefit from the highest potential return but are also the first to experience losses when defaults occur.

Similar to Private Markets, performance was broad-based, deriving from ABS, including Junior ABS, as well as from Emerging Market Bonds and Global Loans. Contribution to returns was led by Blackstone Loan Financing, described in more detail below, and TwentyFour Asset Backed Opportunities. TwentyFour, which invests in UK and European residential mortgage backed securities and collateralised loan obligations, made money from both capital appreciation of these assets, and from income. Performance was supported by the improving economic outlook, and therefore creditworthiness of borrowers, a benign credit environment, and positive investor flows into the asset class given its floating rate nature (affording inbuilt inflation protection).

Blackstone Loan Financing

The company invests in the most junior tranches of collateralised loan obligations (CLOs) which offer double digit expected returns in return for taking the first loss on any underlying loan defaults. Investors were well rewarded for taking the risk, and the company returned c. 24% during the period, contributing 0.84% to the Company's performance, principally delivering income, but also some capital appreciation.

We felt confident taking this risk due to our conviction that there was a backdrop of helpful monetary and fiscal policy, coupled with the rapid resumption of economic growth, meaning that credit markets were well supported. During the period, default rates have been driven down to very low levels, and at the same time cash flows have been sustained. Looking ahead, we believe that this backdrop for the leveraged loan market will remain positive due to healthy corporate earnings, stable interest coverage and relatively low levels of expected defaults.

Listed Alternatives

The proportion of the portfolio in Listed Alternatives reduced from 22% to 19% over the year as we sold holdings to fund certain Private Market investments. The principal funding source was the proceeds from our investment in Alternative Credit Investments which was bought by a private investor at a significant price above its inherent value in March. This 'take-private' transaction was one of several, either completed or announced, that the Company's shareholders benefited from as part of the Listed Alternatives exposure during the period.

Other take-private transactions that the Company benefitted from included KKR's purchase of John Laing, and Blackstone/AGP's bid for GCP Student Living.

Listed equity

We lowered the proportion of the portfolio in Listed Equity investments during the year, moving from 14% to 13%, reflecting the increased funding requirement for Private Market investments. However, this included reaching a low of 9% in November 2020, which was reversed later in the year, as the scale of fiscal spending promises around the world, but notably in the United States, pointed to expectations of three years of above trend global growth.

Performance was driven by both passive and active strategies. The ASI UK Mid-Cap Fund performed well from the point of investment in December 2020. This investment was made in order to benefit from growth opportunities in UK markets, one of our favoured equity markets over the long term due to its undervaluation by comparison to other markets, coupled with the economic growth anticipated as discussed previously.

The transition outlined in the last Annual Report is nearing completion

During the last year the portfolio has undergone a planned transition to invest in a greater proportion of Private Markets assets. This transition is nearing completion, and at 30 September 2021, Private Markets made up 44% of the portfolio, an increase from 25% at 30 September 2020. This was predominantly funded by a decrease in Fixed Income & Credit where we reduced exposure to Emerging Market Debt and Asset Backed Securities.

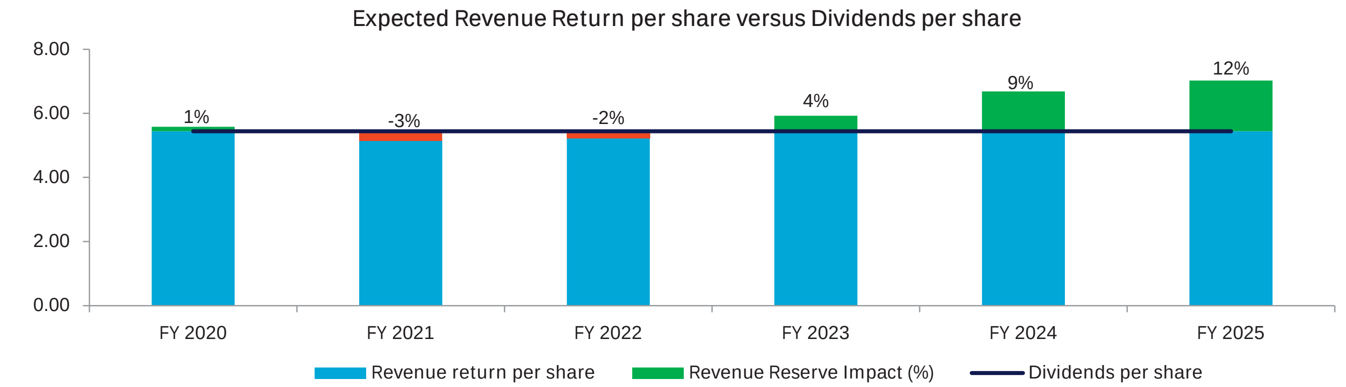
We were encouraged with the progress made with investing capital into Private Markets, which speaks to the origination capabilities of abrdn's private market platforms which are able to source deals and manage investments for clients.

ESG factors as part of risk management

ESG considerations form a key part of our investment analysis and decision making when making new investments. In Private Markets we consider the following ESG factors: environment, social capital, human capital, business models and leadership & governance. These factors are considered throughout the investment process from the point of idea generation, through to portfolio construction, implementation, monitoring and risk management. Key issues are identified and scored over time through the use of our systematic ESG analysis framework (based on the Sustainable Accounting Standards Board Framework) which identifies key materiality issues by sector. Investments are then scored across operational and governance dimensions which encompass elements including climate change, labour management, corporate behaviour and corporate governance.

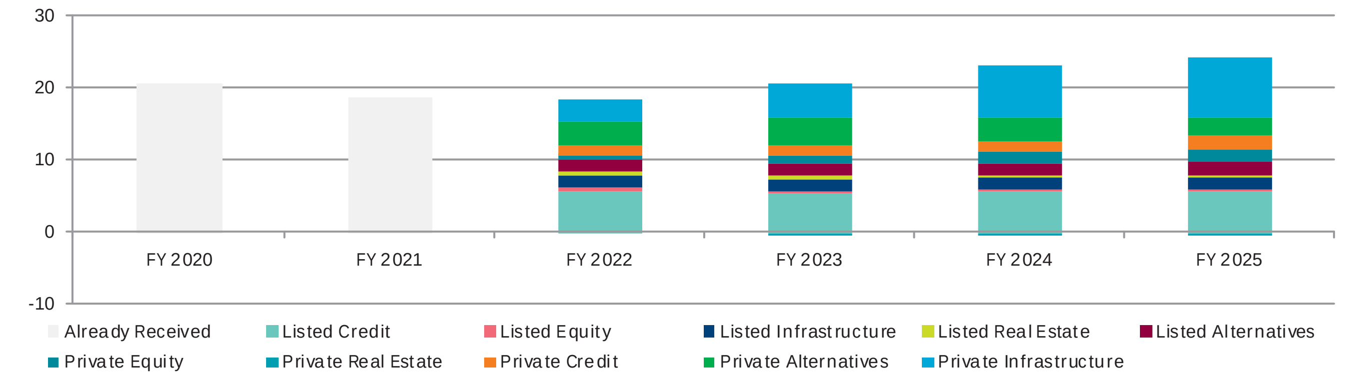
The Company's forecast revenue return versus dividends per share

As we have moved through the first stage of the transition, we have made use of the Company's revenue reserves to cover the planned slight shortfall in income received versus dividends paid out this year. Revenue reserves are a feature of investment companies which allow them to withhold a proportion of annual income which can be drawn on in the future, as required. As the Private Markets portfolio grows and matures, we anticipate income to move to surplus in 2023, and then continue to grow from 2024 onwards.



Source: abrdn. Not a profit forecast.

We continue to expect a diversified stream of income generation, as displayed in the chart below.



Source: abrdn estimates. Not a profit forecast.

Investment Manager's Report Continued

Outlook

We expect global growth to slow from here, and although we believe we are past the peak of the recovery, growth will remain high on a relative basis. The growth generated by the sudden reopening of economies, as well as the supportive policy backdrop, is resulting in higher inflation than anticipated, but we still believe that this inflation will be transitory in Developed Markets. The same is true for many Emerging Markets, some of which have been forced to raise interest rates, but we believe that their vaccination roll out is progressing well and that inflation will also be transitory there as well.

Turning to monetary policy, whilst we expect a less accommodative stance, particularly from the US Federal Reserve which has been key, we believe that it remains supportive, and that fiscal policy will take over in terms of market support in the long run.

While there remains doubt over how economies may evolve, including the impact of the emerging omicron variant of COVID-19, we consider that the Company is well positioned for this uncertain environment owing to the public private multi-asset nature of the investment policy. Firstly, this allows the Company to access Private Markets investments that have the potential to deliver returns in excess of those available from public markets. Secondly, there is the potential for capital growth, which we believe will continue to be available in certain Listed Equities markets. Finally, there is the income generation capability that we expect to be available from holdings in Fixed Income & Credit and Listed Alternatives.

Given the high level of cash available to be invested in Private Markets (also known as 'dry powder'), we expect private equity to remain a highly competitive environment. However, the specialist managers working on behalf of the Company have a history of targeting selected direct and indirect opportunities to capture the growth potential. In addition, several of our portfolios are reaching harvest stage (Maj IV and Komodo), so a high level of dry powder in the industry is a positive for exit valuations.

Investor appetite for infrastructure remains healthy, especially for social and economic infrastructure with long-term, inflation-linked contracts providing yield and inflation protection. In addition, as the world goes through the energy transition, demand for climate and renewable infrastructure is ever increasing, remaining supportive of investment opportunities in this space.

In Private Credit, as government economic support starts to taper, we believe that there will be opportunities for private financing as companies potentially face a slightly tighter lending environment. However, the quality of deals is vital and focus should be on assets offering good risk/reward balance and downside protection.

Within real estate, the Company is well positioned to capture the trend of dislocation in the office market, and tailwinds for residential markets with the investment in the Aberdeen European Residential Opportunities Fund. The focus on any further investments in this sector remains on assets with the highest conviction and long-term securely contracted income. We maintain a forensic approach to seeking value in favoured markets.

The exposure to Emerging Market Debt will benefit shareholders, both in terms of income distributions, but also from capital returns. This follows on from Central Banks resisting the urge to bring in measures to slow down the economy as inflation concerns abate and economies begin to function more normally following completion of the vaccine roll out.

At the same time the Company has a good degree of protection if we move into an inflationary environment, although this is not our base case. The Company has a reasonably high weighting to infrastructure and real estate assets, both within its Private Markets and Listed Alternatives exposures. The cash flows of these assets are often inflation linked, and contracted either directly or indirectly to government. In addition, the portfolio is exposed to floating rate credit instruments across Private Markets, Fixed Income & Credit, and to a lesser extent, Listed Alternative assets.

Concurrently, the specialist investments in vehicles such as HCR IV and Burford will continue to be driven by factors unrelated to the business cycle and economic climate. We feel that the Company is well positioned for the current environment, and insulated to a certain degree from what we would consider to be less likely, but plausible, scenarios.

Nalaka De Silva, Head of Private Markets Solutions
Jennifer Mernagh, Investment Director
Nic Baddeley, Investment Manager
8 December 2021

Portfolio

The portfolio consists of a wide range of assets managed by specialist teams within abrdn and also selected third party managers. Some of these investments are longer term in nature and are not otherwise readily available to private investors.

Wind turbines, forming part of the portfolio of investments within the BlackRock Renewable Income Fund - UK, which is owned by the Company

Ten Largest Investments

As at 30 September 2021

	At 30 September 2021 % of Total investments	At 30 September 2020 % of Total investments
TwentyFour Asset Backed Opportunities Fund Investments in mortgages, SME loans originated in Europe	6.8	14.9
Aberdeen Standard Global Private Markets Fund[A] Multi-strategy private markets exposure	4.4	–
Neuberger Berman CLO Income Fund Floating-rate exposure to securitised non-investment grade corporate bonds	4.0	–
SL Capital Infrastructure II[AB] European economic infrastructure	3.8	4.7
Burford Opportunity Fund[B] Diverse portfolio of litigation finance investments initiated by Burford Capital	3.3	3.3
Aberdeen Property Secondaries Partners II[AB] Realisation of value from property funds which are in run-off	3.2	3.2
Aberdeen European Residential Opportunities Fund[AB] Conversion of commercial property into residential	3.1	2.6
ASI UK Mid-Cap Equity[A] An actively managed mid-cap strategy, focused on bottom-up stock selection	2.8	–
Healthcare Royalty Partners IV[B] Invests in healthcare royalty streams primarily in the US	2.8	0.2
BioPharma Credit Provides capital to the life sciences industry via loans backed by royalties on product sales	2.6	2.7

[A] Denotes abrdn plc managed products
[B] Unlisted holdings

Private Markets Investments

As at 30 September 2021

Company	Valuation 2021 £'000	Total Investments 2021 %	Valuation 2020 £'000
Private Equity			
Truenoord Co-Investment[B]	8,011	2.0	6,812
Bonaccord Capital Partners I-A[B]	6,274	1.6	–
Aberdeen Standard Secondary Opportunities Fund IV[AB]	5,478	1.4	2,805
HarbourVest International Private Equity VI[B]	3,020	0.8	2,796
Maj Invest Equity 4[B]	2,806	0.7	2,262
Maj Invest Equity 5[B]	1,785	0.4	828
Mesirow Financial Private Equity IV[B]	1,272	0.3	1,451
HarbourVest VIII Buyout Fund[B]	353	0.1	529
Dover Street VII[B]	235	0.1	252
Mesirow Financial Private Equity III[B]	214	0.1	371
Top ten holdings	29,448	7.5	
Other holdings	261	0.1	
Total Private Equity	29,709	7.6	
Real Estate			
Aberdeen Property Secondaries Partners II[AB]	12,568	3.2	13,425
Aberdeen European Residential Opportunities Fund[AB]	11,869	3.1	11,248
Cheyne Social Property Impact Fund[B]	5,196	1.3	6,073
Total Real Estate	29,633	7.6	
Infrastructure			
SL Capital Infrastructure II[AB]	14,745	3.8	20,264
Aberdeen Global Infrastructure Partners II (USD)[AB]	9,705	2.5	6,899
BlackRock Renewable Income – UK[B]	8,055	2.1	7,809
Aberdeen Global Infrastructure Partners II (AUD)[AB]	5,949	1.5	4,785
Andean Social Infrastructure Fund I[AB]	5,886	1.5	1,629
Pan European Infrastructure Fund[B]	4,352	1.1	–
Total Infrastructure	48,692	12.5	
Natural Resources			
Agriculture Capital Management Fund II[B]	3,575	0.9	3,636
Total Natural Resources	3,575	0.9	
Private Credit			
Mount Row Credit Fund II[B]	9,850	2.5	–
PIMCO Private Income Fund Offshore Feeder I LP[B]	7,416	1.9	–
Total Private Credit	17,266	4.4	

As at 30 September 2021

Company	Valuation 2021 £'000	Total Investments 2021 %	Valuation 2020 £'000
Other			
Aberdeen Standard Global Private Markets Fund[AB]	17,251	4.4	–
Burford Opportunity Fund[B]	12,794	3.3	14,092
Healthcare Royalty Partners IV[B]	10,779	2.8	940
Markel CATCo Reinsurance Fund Ltd – LDAF 2019 SPI[B]	1,305	0.3	3,405
Markel CATCo Reinsurance Fund Ltd – LDAF 2018 SPI[B]	1,058	0.3	4,396
Blue Capital Alternative Income[B]	46	–	280
Total Other	43,233	11.1	
Total Private Markets	172,108	44.1	

[A] Denotes abrdn plc managed products
[B] Unlisted holdings

Listed Alternatives

As at 30 September 2021

Company	Valuation 2021 £'000	Total Investments 2021 %	Valuation 2020 £'000
Listed Alternatives			
BioPharma Credit	10,071	2.6	11,608
Greencoat UK Wind	5,751	1.5	4,426
3I Infrastructure	4,771	1.2	1,563
Honeycomb Investment Trust	4,769	1.2	4,517
HICL Infrastructure	3,876	1.0	8,317
Round Hill Music Royalty Fund	3,644	1.0	–
Tufton Oceanic Assets	3,444	0.9	2,661
NextEnergy Solar Fund	2,957	0.7	–
Greencoat Renewables	2,798	0.7	3,332
GCP Asset Backed Income Fund	2,761	0.7	3,015
Top ten holdings	44,842	11.5	
Other holdings	34,212	8.7	
Total Listed Alternatives	79,054	20.2	

Fixed Income & Credit Investments

As at 30 September 2021

Company	Valuation 2021 £'000	Total Investments 2021 %	Valuation 2020 £'000
Structured Credit			
TwentyFour Asset Backed Opportunities Fund	26,708	6.8	63,837
Neuberger Berman CLO Income Fund	15,499	4.0	–
Blackstone/GSO Loan Financing	6,878	1.7	6,504
Aberdeen Standard Alpha – Global Loans Fund[A]	5,042	1.3	10,347
Fair Oaks Income Fund	1,971	0.5	1,433
Marble Point Loan Financing	1,460	0.4	1,918
Total Structured Credit	57,558	14.7	
Emerging Market Debt			
Aberdeen Standard SICAV I – Frontier Markets Bond Fund[A]	5,974	1.5	9,735
Country			
Mexico (United Mexican States) 6.5% 09/06/22	2,056	0.5	3,703
Brazil (Fed Rep of) 10% 01/01/27	1,952	0.5	2,950
Russian Federation 6.9% 23/05/29	1,932	0.5	2,953
Mexico Bonos Desarr Fix Rt 10% 05/12/24	1,895	0.5	1,140
Colombia (Rep of) 10% 24/07/24	1,287	0.3	1,797
Indonesia (Rep of) 8.375% 15/03/34	1,265	0.3	1,604
Indonesia (Rep of) 8.125% 15/05/24	1,224	0.3	1,783
Brazil (Fed Rep of) 10% 01/01/25	1,107	0.3	1,383
South Africa (Rep of) 8% 31/01/30	1,067	0.3	2,061
South Africa (Rep of) 8.75% 31/01/44	1,040	0.3	980
Top ten holdings	14,825	3.8	
Other holdings	19,241	5.0	
Total Emerging Market Debt	40,040	10.3	
Total Fixed Income & Credit	97,598	25.0	

[A] Denotes abrdn plc managed products

Listed Equities

As at 30 September 2021

Company	Valuation 2021 £'000	Total Investments 2021 %	Valuation 2020 £'000
UK Equities			
ASI UK Mid-Cap Equity[A]	10,895	2.8	–
Core Growth Sustainable Equity sleeve	30,188	7.8	
European Green Infrastructure sleeve	603	0.1	
Total Equities	41,686	10.7	

[A] Denotes abrdn plc managed products

Net Assets Summary

As at 30 September 2021

	Valuation 2021 £'000	Net assets 2021 %	Valuation 2020 £'000	Net assets 2020 %
Total investments	390,446	102.2	428,859	111.1
Cash and cash equivalents[A]	7,315	1.9	18,095	4.7
Forward contracts	(2,917)	(0.8)	(3,999)	(1.0)
6.25% Bonds 2031	(15,664)	(4.1)	(59,540)	(15.5)
Other net assets	2,938	0.8	2,815	0.7
Net assets	382,118	100.0	386,230	100.0

[A] Includes outstanding settlements

Manager's ESG Engagement

The Manager does not judge the suitability of an investment from an ESG perspective on a purely binary basis. Instead, a dynamic approach is taken, investing in companies where the greatest alignment to mitigating the risks can be seen or pursued further through their commitment to improving their ESG profile. The Manager believes in active engagement with its investments and potential investments: from providing initial guidance on suitable metrics through to holding the company to account for delivering on its promises. It is through this filter that the Manager is comfortable investing in, for example, sectors such as mining and oil & gas, subject to the belief that a company is taking the necessary action to address the energy transition. The Manager has high expectations for these companies given that many commodities are necessary for the transition to a low carbon future.

Core beliefs: Assessing Risk, Enhancing Value

There are three core principles which underpin the Investment Manager's integrated ESG approach. Firstly, ESG factors can materially impact financial returns and the long term success of the investment strategy. Secondly, by integrating ESG factors into investment decisions the Investment Manager generates a better understanding of how well companies are managing ESG risks and opportunities and this insight supports better decision making. Finally, active engagement with company management teams is central to enhancing value and a standard part of the Investment Manager's ongoing stewardship programme.

Responsible Investing – Integration of ESG into the Investment Manager's Process

"By embedding ESG factors into the active equity investment process, we aim to reduce risk, enhance potential value for investors and foster companies that can contribute positively to the world." abrdn

Financial Returns	ESG factors can be financially material – the level of consideration they are given in a company will ultimately have an impact on corporate performance, either positively or negatively. Those companies that take their ESG responsibilities seriously tend to outperform those that do not.
Fuller Insight	Systematically assessing a company's ESG risks and opportunities alongside other financial metrics allows the Investment Manager to make better investment decisions.
Corporate Advancement	Informed and constructive engagement helps foster better companies, protecting and enhancing the value of the Company's investments.

"We believe that the market systematically undervalues the importance of ESG factors. We believe that in-depth ESG analysis is part of both fundamental company research and portfolio construction and will lead to better client outcomes." abrdn

Researching Companies: Deeper Company Insights for Better Investor Outcomes

The Investment Manager's portfolio managers, sector analysts, ESG equity analysts and central ESG Investment Team collaborate to generate a deep understanding of the ESG risks and opportunities associated with each company. The central ESG team also produces research into specific themes (e.g. labour relations or climate change), sectors (e.g. forestry) and ESG topics to understand and highlight best practice.

Global Networks: Working Together on Climate Change

The Investment Manager is a signatory to the UN Principles for Responsible Investment and actively collaborates on ESG issues with global asset managers and asset owners. Climate change is a particular area of focus because the physical and transition risks related to climate change have the potential to be financially material for many companies. The Investment Manager has been actively involved in initiatives such as Climate Action100+ and Institutional Investors Group on Climate Change ("IIGCC") Net Zero Framework and also supports the Task Force on Climate Related Disclosures ("TCFD") which aims to strengthen climate related reporting globally.

Portfolio Management Team

ESG House Score

- Responsibility of **ESG analyst**
- Based on quantitative data
- Incorporates abrdn's views on materiality and sector specific risks
- Uses wide range of data sources including MSCI, Trucost, voting analysis and abrdn's investment insights
- Aims to be forward looking

ESG Investment Team

- Global insights
- Thematic research
- Co-ordination across asset classes

Equity ESG Quality Score

- Responsibility of portfolio manager and sector analysts
- Based on fundamental bottom up analysis of individual companies by on-desk analysts
- Assesses the ESG quality of companies
- Reflective of equity analyst expertise
- Incorporates engagement with companies on ESG issues

Portfolio Managers & Sector Analysts	All of the Investment Manager's equity portfolio managers and sector analysts seek to engage actively with companies to gain insight into their specific risks and provide a positive ongoing influence on their corporate strategy for governance, environmental and social impact.
ESG Equity Analysts	The Investment Manager has dedicated and highly experienced ESG equity analysts located across the UK, US, Asia and Australia. Working as part of individual investment teams, rather than as a separate department, these specialists are integral to pre-investment due diligence and post-investment ongoing company engagement. They are also responsible for taking thematic research produced by the central ESG Investment Team, interpreting and translating it into actionable insights and engagement programmes for its regional investment strategies.
ESG Investment Team	This central team of more than 20 experienced specialists based in Edinburgh and London provides ESG consultancy and insight for all asset classes. Taking a global approach both identifies regions, industries and sectors that are most vulnerable to ESG risks and identifies those that can take advantage of the opportunities presented. Working with portfolio managers, the team is key to the Investment Manager's active stewardship approach of using shareholder voting and corporate engagement to drive positive change.

Manager's ESG Engagement Continued

Listed Equities

ESG Research Process: Introduction

The Investment Manager employs around 150 equity professionals globally. A systematic and globally-applied approach to evaluating stocks allows the Investment Manager to compare companies consistently on their ESG credentials – both regionally and against their peer group. The Investment Manager uses a combination of external and proprietary in-house quantitative scoring techniques to complement and cross-check analyst-driven ESG assessments. ESG analysis is peer-reviewed within the equities team, and ESG factors impacting both sectors and stocks are discussed as part of the formal sector reviews.

ESG House Score

The ESG House Score is produced by the ESG Equity Analysts. The ESG House Score framework has two main pillars which include detailed operational and governance metrics. The underlying key performance indicators are weighted according to how material they are for each sector and country and populated from proprietary and external data sources such as MSCI and Trucost. The scores are standardised to allow the Investment Manager to see how individual companies rank in a global context. These scores complement the fundamental analysis of the equity analysts and the ranking of companies from Laggards to Best in Class.

Equity ESG Quality Score

The Investment Manager's equity sector analysts have a fully integrated approach to ESG analysis. Within the equity investment process, every company is given a proprietary Quality Rating which has five components: industry analysis, business model analysis, analysis of the company's moat or competitive advantage, consideration of ESG factors, assessment of management and analysis of financials. In considering the ESG Quality Score the analyst considers these key questions:

- Which ESG issues are relevant for this company, how material are they, and how are they being addressed?
- What is the assessment of the quality of this company's governance, ownership structure and management?
- Are incentives and key performance indicators aligned with the company's strategy and the interests of shareholders?

Having considered the regional universe and peer group in which the company operates, the Investment Manager's equity team then allocates it an ESG Quality rating between one and five (see below). This is applied across every stock that the Investment Manager covers globally. To be considered 'best in class', the management of ESG factors must be a material part of the company's core business strategy; management must provide excellent disclosure of data on key risk; management must also have clear policies and strong governance structures, among other criteria.

Working with Companies: Staying Engaged, Driving Change

The Investment Manager continuously monitors and actively engages with the companies in which it invests to maintain ESG focus and improvement. This stewardship of client's assets consists of four interconnected and equally important activities by the Investment Manager to monitor, contact, engage and act.

The Investment Manager actively and regularly engages with the management teams of companies in which they are invested in order to share examples of best practice seen in other companies and to effect positive change. The Investment Manager also actively engages with management teams to explain voting decisions at company annual general meetings. The Investment Manager's engagement extends beyond the company's management team and can include many other stakeholders such as non-government agencies, industry and regulatory bodies, as well as activists and the company's clients.

Priorities for engagement are established by the use of the ESG House Score, in combination with bottom-up research insights from investment teams across asset classes, and areas of thematic focus from our company-level stewardship activities. What gets measured gets managed, so the Investment Manager strongly encourages companies to set clear targets or key performance indicators on all material ESG risks.

Monitor	Contact	Engage	Act
Ongoing due diligence · Business performance · Company financials · Corporate governance · Company's key risks and opportunities	Frequent dialogue · Senior executives · Board members · Heads of departments and specialists · Site visits	Exercise rights · Attend AGM/EGMs · Always vote · Explain voting decisions · Maximise influence to drive positive outcomes	Consider all options · Increase or decrease shareholding · Collaborate with other investors · Take legal action if necessary

Governance

The Company is registered as a public limited company and has been approved by HM Revenue & Customs as an investment trust. The Company is committed to high standards of corporate governance and applies the principles identified in the UK Corporate Governance Code and the AIC Code of Corporate Governance.

Your Board of Directors

The Directors supervise the management of the Company and represent the interests of shareholders.

The current Directors' details, all of whom are non-executive and independent of the Manager, are set out on pages 43 and 44, and include their individual contribution to the Company.

Davina Walter

Status:
Chairman

Experience:
Appointed a Director on 1 February 2019, Senior Independent Director on 27 February 2019 and Chairman on 26 February 2020, Davina is an experienced investment professional who has been actively involved with investment trusts since 1985 when she joined Henderson (now Janus Henderson) as a fund manager. She is a Director of JPMorgan Elect plc and Miton UK MicroCap Trust plc. She also acts as an independent investment consultant for charities. Having started her career at Cazenove & Co, ending up as Head of US equity research, she then spent over 16 years as an investment manager, most recently as a Managing Director at Deutsche Asset Management.

Length of service:
2 years

Last re-elected to the Board:
2021

Committee membership:
Management Engagement Committee (Chairman) and Nomination Committee (Chairman)

Contribution
The Nomination Committee, chaired by the Senior Independent Director, has reviewed the contribution of Davina Walter in light of her proposed re-election at the forthcoming AGM and has concluded that she continues to chair the Company expertly, fostering a collaborative spirit between the Board and Manager while ensuring that meetings remain focussed on the key areas of stakeholder relevance.

Tom Challenor

Status:
Senior Independent Non-Executive Director and Chairman of the Audit Committee

Experience:
Appointed a Director on 6 April 2017 and Chairman of the Audit Committee on 31 October 2018, Tom is Senior Independent Director of Euroclear UK & International Limited and a former non-executive director of Aberdeen UK Tracker Trust plc, Cofunds Limited, Xtrakter Limited and Threadneedle Lux (SICAV). At Threadneedle Asset Management he was Director of Strategy and Risk from 2005 to 2009 and Chief Financial Officer from 1997 to 2005. He is also a non-executive director of Threadneedle India Fund Limited.

Length of service:
4 years

Last re-elected to the Board:
2021

Committee membership:
Audit Committee (Chairman), Management Engagement Committee and Nomination Committee

Contribution
The Nomination Committee has reviewed the contribution of Tom Challenor in light of his proposed re-election at the forthcoming AGM and has concluded that he continues to chair the Audit Committee expertly as well as bringing to the Board his experience of internal controls and risk management in an investment setting.

Trevor Bradley

Status:
Independent Non-Executive Director

Experience:
Appointed a Director on 1 August 2019, Trevor was a partner and member of the Management Board at Ruffer LLP. He was responsible for growing and leading the firm's institutional investment business and managed over £1 billion of multi-asset portfolios for pension funds, charities and other institutions. Prior to Ruffer, he was a management consultant at McKinsey & Company and a UK equity portfolio manager at Mercury Asset Management. He is a Trustee Director of BBC Children in Need and Chair of its Investment Committee.

Length of service:
2 years

Last re-elected to the Board:
2021

Committee membership:
Audit Committee, Management Engagement Committee and Nomination Committee

Contribution
The Nomination Committee has reviewed the contribution of Trevor Bradley in light of his proposed re-election at the forthcoming AGM and has concluded that he continues to bring to the Board his knowledge of investment management as well as experience in investment companies.

Your Board of Directors Continued

Anna Troup

Status:
Independent
Non-Executive Director

Experience:
Appointed a Director on 1 August 2019, Anna qualified as a solicitor with Slaughter and May. She has been employed in the financial services industry since 1997, having spent over 10 years at Goldman Sachs and more than 12 years as an investment management professional, most recently as head of UK Bespoke Solutions at Legal & General Investment Management. She is non executive chairman of T Bailey Fund Services Ltd and a non executive director of MS Amlin Investment Management Limited, Charles Stanley PLC, Charles Stanley & Co Ltd, the Pension Protection Fund and BAE Systems Pension Funds Investment Management Limited.

Length of service:
2 years

Last re-elected to the Board:
2021

Committee membership:
Audit Committee, Management Engagement Committee and Nomination Committee

Contribution
The Nomination Committee has reviewed the contribution of Anna Troup in light of her proposed re-election at the forthcoming AGM and has concluded that she continues to bring to the Board her expertise in investment management and the wider financial services sector.

Alistair Mackintosh

Status:
Independent
Non-Executive Director

Experience:
Appointed a Director on 1 May 2021, Alistair was a partner with Actis LLP, a leading investor in growth markets across Africa, Asia and Latin America from its inception in 2004 until 2018. He served as Chief Investment Officer for twelve years, and chaired the Investment Committees of Actis' Private Equity, Infrastructure, Energy and Real Estate funds. Previously, Alistair spent fifteen years with PPM Capital Ltd (now Silverfleet Capital), the mid-market private equity business of Prudential plc.

Length of service:
7 months

Last re-elected to the Board:
Due for election at the Annual General Meeting on 22 February 2022

Committee membership:
Audit Committee, Management Engagement Committee and Nomination Committee

Contribution
The Nomination Committee has reviewed the contribution of Alistair Mackintosh in light of his proposed election at the forthcoming AGM and has concluded that he brings to the Board considerable expertise in Private Markets.

Directors' Report

The Directors present their report and the audited financial statements for the year ended 30 September 2021.

Results and Dividends

The financial statements for the year ended 30 September 2021 may be found on pages 69 to 97. The Company's revenue return was 5.14p per share for the year ended 30 September 2021 (2020 - 5.58p).

First, second and third interim dividends, each of 1.38p per Ordinary share, were paid on 27 March 2021, 10 July 2021 and 16 October 2021, respectively.

The Directors are declaring a fourth interim dividend of 1.38p per Ordinary share payable on 20 January 2022 to shareholders on the register on 24 December 2021. The ex-dividend date is 23 December 2021. The Company intends to pay four interim dividends each year and, in line with corporate governance best practice, a resolution in respect of this dividend policy will be put to shareholders at each Annual General Meeting.

Investment Trust Status

The Company is registered as a public limited company in Scotland under number SC3721 and is an investment company within the meaning of Section 833 of the Companies Act 2006. The Company has been approved by HM Revenue & Customs as an investment trust subject to it continuing to meet the relevant eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of Part 2 Chapter 3 Statutory Instrument 2011. The Directors are of the opinion that the Company has conducted its affairs for the year ended 30 September 2021 so as to enable it to comply with the ongoing requirements for investment trust status.

Individual Savings Accounts

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

Capital Structure and Voting rights

The issued Ordinary share capital at 30 September 2021 consisted of 309,318,738 Ordinary shares (2020 - 317,330,238) with voting rights and 28,433,068 Ordinary shares (2020 - 48,080,636) held in treasury. The Company cancelled 27,659,068 treasury shares on 31 March 2021. A total of 8,011,500 Ordinary shares were bought back into treasury during the year ended 30 September 2021 (2020 - 5,651,467). A total of 141,379 Ordinary shares were bought back into treasury between 1 October 2021 and the date of approval of this Annual Report resulting in 309,177,359 Ordinary shares in issue, with voting rights, and 28,574,447 Ordinary shares in treasury.

In the event of the share price trading at a premium to the NAV per share, Ordinary shares can be re-issued out of treasury less expensively than new Ordinary shares can be issued. Although shares may be held in treasury indefinitely the Board is mindful of the total number of shares held and has, therefore, decided to adopt a policy (the "Policy") such that, in the event that the number of treasury shares represents more than 10% of the Company's issued share capital (excluding treasury shares) at the end of any financial year, the Company will cancel a proportion of its treasury shares such that the remaining balance will equal 7.5% of the issued share capital (excluding treasury shares). The Company cancelled 27,659,068 Ordinary shares from treasury on 31 March 2021 to leave its issued share capital at the year end comprising 309,318,738 shares with voting rights and an additional 28,433,068 shares in treasury, equivalent to 9.2% of the total, excluding treasury shares. As the treasury shares represented 9.2%, which is less than 10% of the Company's issued share capital (excluding treasury shares) at the date of approval of this Report, no additional treasury shares were cancelled on 30 September 2021.

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

There are no restrictions on the transfer of Ordinary shares in the Company other than certain restrictions which may from time to time be imposed by law.

On 2 November 2020, the Company bought back and cancelled £43,904,000 of its 6.25% Bonds 2031, at a price of £67,654,000 to leave £16,096,000 at 30 September 2021.

Management Agreement

The Company has appointed Aberdeen Standard Fund Managers Limited ("ASFML"), a wholly-owned subsidiary of abrdn plc, as its alternative investment fund manager.

ASFML has been appointed to provide investment management, risk management, administration and company secretarial services as well as promotional activities. The Company's portfolio is managed by Aberdeen Asset Managers Limited ("AAML") by way of a group delegation agreement in place

Directors' Report Continued

between ASFML and AAML. In addition, ASFML has sub-delegated administrative and secretarial services to Aberdeen Asset Management PLC and promotional activities to AAML.

The Manager charges a monthly fee at the rate of one-twelfth of 0.50% on the first £300 million of NAV and 0.45% of NAV in excess of £300 million. In calculating the NAV, the 6.25% bonds due 2031 are valued at fair value. The value of any investments in ETFs, unit trusts, open ended and closed ended investment companies and investment trusts of which the Manager, or another company within the abrdn plc group is the operator, manager or investment adviser, is deducted from net assets. Details of the management fee charged during the year are included in note 4 to the financial statements.

The management agreement has in place a six months' notice period. In the event of termination by the Company on less than the agreed notice period, compensation is payable to the Manager in lieu of the unexpired notice period.

Corporate Governance

The Statement of Corporate Governance, which forms part of the Directors' Report, may be found on page 51.

Director	Scheduled Board Meetings	Audit Committee Meetings	Management Engagement Committee Meetings	Nomination Committee Meetings
Davina Walter [A]	4 (4)	- (-)	2 (2)	3 (3)
Tom Challenor	4 (4)	2 (2)	2 (2)	3 (3)
Trevor Bradley	4 (4)	2 (2)	2 (2)	2 (3)
Anna Troup	4 (4)	2 (2)	2 (2)	3 (3)
Alistair Mackintosh [B]	2 (2)	1 (1)	1 (1)	1 (1)
Julian Sinclair [C]	3 (3)	2 (2)	2 (2)	1 (1)

Notes:
A Davina Walter, as Chairman of the Board, is not a member of the Audit Committee
B appointed a Director on 1 May 2021
C resigned as a Director on 4 June 2021

Directors

As at 30 September 2021, the Board comprised five non-executive Directors (2020 – five).

The Directors attended scheduled meetings of the Board and Board Committees during the year ended 30 September 2021 as set out in the table (with their eligibility to attend the relevant meetings in brackets). The Directors meet more regularly when business needs require. In addition, there were ad hoc Committee meetings when not all Directors were required to attend.

The names, biographies and contribution of each of the current Directors are shown on pages 43 and 44 and indicate their range of skills and experience as well as their length of service.

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

Alistair Mackintosh was appointed a Director on 1 May 2021 and Julian Sinclair retired as a Director on 4 June 2021. In line with best practice in corporate governance, all Directors offer themselves for election or re-election at the AGM. Alistair Mackintosh, being eligible, offers himself for election as a Director of the Company. Davina Walter, Tom Challenor, Trevor Bradley and Anna Troup each retire and, being eligible, each submits themselves for re-election at the AGM. The Board believes that all current Directors remain, and all Directors during the year ended 30 September 2021 were, and continue to be, independent of the Manager and free from any relationship which could materially interfere with the exercise of their judgement on issues of strategy, performance, resources and standards of conduct. In addition, the Board confirms that each Director demonstrates commitment to the role and their performance remains effective which supports their individual contribution to the role.

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

The Role of the Chairman and Senior Independent Director

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

The Senior Independent Director acts as a sounding board for the Chairman and acts as an intermediary for other Directors, when necessary. Working closely with the Nomination Committee, the Senior Independent Director takes responsibility for an orderly succession process for the Chairman, and leads the annual appraisal of the Chairman's performance. The Senior Independent Director is also available to shareholders to discuss any concerns they may have. Tom Challenor succeeded Julian Sinclair as Senior Independent Director on 4 June 2021.

Board Committees

The Board has appointed a number of Committees, as set out below. Copies of their terms of reference, which define the responsibilities and duties of each Committee, are available on the Company's website, or upon request from the Company. The terms of reference of each of the Committees are reviewed and re-assessed by the Board for their adequacy on an ongoing basis.

Audit Committee

The Audit Committee's Report is contained on pages 55 to 57.

Management Engagement Committee

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

The Board conducts a formal annual evaluation of the performance of, and contractual relationship with, the Manager and those third parties appointed by the Manager. The evaluation includes consideration of the investment strategy and process of the Manager, noting performance against the benchmark over the long term and the quality of the support that the Company receives from the Manager. Having regard to the strategic review which the Board had concluded in the first quarter of the Company's financial year, the Board confirms that it is satisfied that the continuing appointment of the Manager, on the terms agreed, is in the interests of shareholders as a whole.

Nomination Committee

The Nomination Committee consists of all the Directors and was chaired by Davina Walter throughout the year. The Committee reviews the effectiveness of the Board, succession planning, Board appointments, appraisals, training and the remuneration policy. As stated in the Directors' Remuneration Report on pages 52 to 54, the Nomination Committee determines the level of Directors' fees and there is no separate Remuneration Committee.

An external evaluation was undertaken in July 2021 by Lintstock Ltd, an independent external board evaluation service provider which has no other connection with the Company.

Assisted by Lintstock, the Board has assessed that it had in place the appropriate balance of skills, experience, length of service and knowledge of the Company while recognising the advantages of diversity. Details of the individual contribution provided by each Director during the year are set out on pages 43 and 44.

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

Directors' and Officers' Liability Insurance

The Company's Articles of Association indemnify each of the Directors 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. In addition, the Directors have been granted qualifying indemnity provisions by the Company which are currently in force. Directors' and Officers' liability insurance

Directors' Report Continued

cover has been maintained throughout the year at the expense of the Company.

Management of Conflicts of Interest

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

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

The Board takes a zero-tolerance approach to bribery and has adopted appropriate procedures designed to prevent bribery. The Manager also takes a zero-tolerance approach and has its own detailed policy and procedures in place to prevent bribery and corruption.

Going Concern

The Financial Statements of the Company have been prepared on a going concern basis. This conclusion is consistent with the Company's longer term Viability Statement on page 16.

The Directors are mindful of the principal risks and uncertainties disclosed on pages 11 to 14, including the ongoing disruption caused by COVID-19, and have reviewed forecasts detailing revenue and liabilities. The Directors are satisfied that: the Company is able to meet all of its liabilities from its assets, including its ongoing charges, so possesses sufficient resources to continue in operational existence for the foreseeable future and at least 12 months from the date of approval of this Annual Report; the Company is financially sound; and the Company's key third party service providers had in place appropriate business continuity plans and had, and will, be able to maintain service levels despite the ongoing impact of COVID-19.

Whilst the Company is obliged to hold a continuation vote at the 2022 AGM, as ordinary resolution 11, the Directors do not believe this should automatically trigger the adoption of a basis other than going concern in line with the Association of Investment Companies ("AIC") Statement of Recommended Practice ("SORP") which states that it is more appropriate to prepare financial statements on a going concern basis unless a continuation vote has already been triggered and shareholders have voted against continuation.

Substantial Interests

As at 30 September 2021, the following interests over 3% in the issued Ordinary share capital of the Company had been disclosed in accordance with the requirements of the FCA's Disclosure Guidance and Transparency Rules:

Shareholder	Number of shares held	% held [B]
abrdn Retail Plans [A]	32,445,344	10.5
Interactive Investor [A]	28,807,510	9.3
Hargreaves Lansdown [A]	22,091,720	7.1
abrdn	20,684,093	6.7
1607 Capital Partners	14,809,888	4.8
Investec Wealth & Investment	12,038,104	3.9
Charles Stanley	10,199,588	3.3
Brewin Dolphin	9,742,412	3.2
Smith & Williamson Wealth Management	9,282,143	3.0

[A] Non-beneficial interest
[B] Based on 309,318,738 Ordinary shares in issue (excluding treasury shares) as at 30 September 2021

Relations with Shareholders

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

Regular updates are provided to shareholders through the Annual Report, Half Yearly Report, monthly factsheets and daily net asset value announcements, all of which are available through the Company's website at: aberdeendiversified.co.uk. The Annual Report is also widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up-to-date information on the Company through its website or via abrdn Investment Trusts Customer Services Department (see page 114 for details).

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

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

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

Criminal Finances Act 2017

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

Accountability and Audit

The responsibilities of the Directors and the auditor in connection with the financial statements appear on pages 58 and 65.

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

Annual General Meeting

The Annual General Meeting will be held at 12.30 p.m. on Tuesday 22 February 2022 at the South Place Hotel, 3 South Place, London, EC2M 2AF. The Notice of the Meeting is included on pages 109 to 113. Resolutions including the following business will be proposed:

Continuation of the Company (Resolution 11)

In accordance with Article 175 of the Articles of Association of the Company adopted by shareholders on 23 February 2021, the Directors are required to propose an ordinary resolution at each AGM and annually thereafter, that the Company continue as an investment trust. Accordingly, the Directors are proposing, as ordinary resolution 11, that the Company continues as an investment trust and recommend that shareholders support the continuation of the Company.

Allotment of Shares (Resolution 12)

Resolution 12 will be proposed as an ordinary resolution to confer an authority on the Directors, in substitution for any existing authority, to allot up to 10% of the issued Ordinary share capital of the Company (excluding treasury shares) as at the date of the passing of the resolution (up to a maximum aggregate nominal amount of £7.7m based on the number of Ordinary shares in issue as at the date of this Report) in accordance with Section 551 of the Companies Act 2006. The authority conferred by this resolution will expire at the next Annual General Meeting of the Company or, if earlier, 31 March 2023 (unless previously revoked, varied or extended by the Company in general meeting).

The Directors consider that the authority proposed to be granted by resolution 12 is necessary to retain flexibility.

Limited Disapplication of Pre-emption Provisions (Resolution 13)

Resolution 13 will be proposed as a special resolution and seeks to give the Directors power to allot Ordinary shares or to sell Ordinary shares held in treasury (see below) (i) by way of a rights issue (subject to certain exclusions); (ii) by way of an open offer or other offer of securities (not being a rights issue) in favour of existing shareholders in proportion to their shareholdings (subject to certain exclusions); and (iii) to persons other than existing shareholders for cash up to a maximum aggregate nominal amount representing 10% of the Company's issued Ordinary share capital as at the date of the passing of the resolution (up to an aggregate nominal amount of £7.7m based on the number of Ordinary shares in issue as at the date of this Report), without first being required to offer such shares to existing shareholders pro rata to their existing shareholding.

This power will expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, 31 March 2023 (unless previously revoked, varied or extended by the Company in general meeting).

The Company may buy back and hold shares in treasury and then sell them at a later date for cash rather than cancelling them. Such sales are required to be on a pre-emptive, pro rata basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot

Directors' Report Continued

unissued Ordinary share capital on a non pre-emptive basis, resolution 13 will also give the Directors power to sell Ordinary shares held in treasury on a non pre-emptive basis, subject always in both cases to the limitations noted above. Pursuant to this power, Ordinary shares would only be issued for cash, and treasury shares would only be sold for cash, at a premium to the net asset value per share (calculated after the deduction of prior charges at market value). Treasury shares are explained in more detail under the heading "Market Purchase of the Company's own Ordinary Shares" below.

Market Purchase of the Company's own Ordinary Shares (Resolution 14)

Resolution 14 will be proposed as a special resolution to authorise the Company to make market purchases of its own Ordinary shares. The Company may do either of the following things in respect of its own Ordinary shares which it buys back and does not immediately cancel but, instead, holds in treasury:

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

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

The maximum aggregate number of Ordinary shares which may be purchased pursuant to the authority is 14.99% of the issued Ordinary share capital of the Company (excluding treasury shares) as at the date of the passing of the resolution (approximately 46.3 million Ordinary shares). The minimum price which may be paid for an Ordinary share is 25p (exclusive of expenses). The maximum price (exclusive of expenses) which may be paid for the shares is the higher of a) 5% above the average of the middle market quotations of the Ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the shares for the five business days immediately preceding the date of purchase; and b) the higher of the price of the last independent trade and the highest current independent bid on the main market for the Ordinary shares.

This authority, if conferred, will expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on 31 March 2023 (unless previously revoked, varied or extended by the Company in general meeting) and will be exercised only if it would result in an increase in net asset value per Ordinary share for the remaining shareholders and if it is in the best interests of shareholders as a whole.

Holding General Meetings on not less than 14 days' clear notice (Resolution 15)

Under the Companies Act 2006, the notice period for all general meetings of the Company is 21 clear days' notice. Annual general meetings will always be held on at least 21 clear days' notice but shareholders can approve a shorter notice period for other general meetings. Resolution 15, which is a special resolution, seeks the authority from shareholders for the Company to be able to hold general meetings (other than Annual General Meetings) on not less than 14 clear days' notice. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Companies Act 2006 (as amended by the Shareholders' Rights Regulations) before it can call a general meeting on not less than 14 days' clear notice.

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

Recommendation

The Directors consider that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders and recommend that shareholders vote in favour of the resolutions as they intend to do in respect of their own beneficial shareholdings, amounting to 270,047 Ordinary shares, representing 0.08% of the issued share capital (excluding treasury shares).

By order of the Board
Aberdeen Asset Management PLC
Company Secretary
1 George Street
Edinburgh EH2 2LL
8 December 2021

Statement of Corporate Governance

Aberdeen Diversified Income and Growth Trust plc (the "Company") is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and this statement describes how the Company has applied the principles identified in the UK Corporate Governance Code as published in July 2018 (the "UK Code"), which is available on the Financial Reporting Council's (the "FRC") website: **frc.org.uk**, and is applicable for the Company's year ended 30 September 2021.

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

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

The Board confirms that, during the year, the Company has complied with the principles and provisions of the AIC Code and the relevant provisions of the UK Code, except for those provisions relating to:

- the role and responsibility of the chief executive;
- executive directors' remuneration; and
- the requirement for an internal audit function.

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

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

- the composition and operation of the Board and its Committees are detailed on page 47 and, in respect of the Audit Committee, on page 55;
- the Board's policy on diversity is on page 15;
- the Company's approach to internal control and risk management is detailed on pages 55 and 56;
- the contractual arrangements with, and annual assessment of, the Manager are set out on pages 45 and 46, respectively;
- the Company's capital structure and voting rights are summarised on page 45;
- the substantial interests disclosed in the Company's shares are listed on page 48;
- the rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are summarised on page 52. There are no agreements between the Company and its Directors concerning compensation for loss of office; and
- the powers to issue or buy back the Company's ordinary shares, which are sought annually, and any amendments to the Company's Articles of Association require a special resolution (75% majority) to be passed by shareholders and information on these resolutions may be found on pages 49 and 50.

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

8 December 2021

Directors' Remuneration Report

This Directors' Remuneration Report comprises three parts:

i. a Remuneration Policy which is subject to a binding shareholder vote every three years, or sooner if varied during this interval; most recently approved by shareholders at the AGM on 26 February 2020 where 99.1% of the votes were cast in favour of the relevant resolution while 0.9% were cast against; the resolution is due to be put to shareholders again at the AGM in 2023;

ii. an Implementation Report which is subject to an advisory vote on the level of remuneration paid during the year; and

iii. an Annual Statement.

The law requires the Company's auditor to audit certain of the disclosures provided in the Directors' Remuneration Report. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the report on pages 59 to 66.

Remuneration Policy

The Directors' Remuneration Policy is determined by the full Board, chaired by Davina Walter, and a separate Remuneration Committee has not been established.

The Board's policy is that the remuneration of non-executive Directors should be sufficient to attract and retain the Directors needed to oversee the Company properly and to reflect its specific circumstances. The remuneration should also reflect the nature of the Directors' duties, responsibilities, the value of their time spent and be fair and comparable to that of other investment trusts that are similar in size, and have similar capital structures and similar investment objectives.

Fees paid to the directors of companies within the Company's peer group are also taken into account and the Company Secretary provides the Directors with relevant comparative information.

The policy also provides that the Chairman of the Board and of each Committee may be paid a fee which is proportionate to the additional responsibilities involved in that position. In order to avoid conflicts of interest, each Director absents themselves from the consideration of their own fee. There were no changes to the Directors' Remuneration Policy during the year nor are there any proposals for changes in the foreseeable future.

No communications were received from shareholders regarding Directors' remuneration during the year.

Limits on Directors' Remuneration

Directors' fees are set within the limits of the Company's Articles of Association which limit the aggregate fees payable to the Board of Directors per annum. The current limit is £300,000 per annum which may only be increased by shareholder ordinary resolution.

The level of fees for the years ended 30 September 2021 and 2020 is set out in the following table. Fees are reviewed annually and increased, if considered appropriate.

	30 September 2021 £	30 September 2020 £
Chairman	43,750	43,750
Chairman of Audit Committee	32,000	31,500
Senior Independent Director	29,000	28,500
Director	27,000	26,500

Appointment

- The Company only intends to appoint non-executive Directors.
- All the Directors are non-executive and are appointed under the terms of Letters of Appointment.
- Directors must retire and be subject to election at the first Annual General Meeting after their appointment, and be subject to re-election at least every three years thereafter. Notwithstanding this, the Board has agreed that all Directors shall retire and, if eligible, stand for re-election at each AGM.
- Any Director newly appointed to the Board will receive the fee applicable to each of the other Directors at the time of appointment together with any other fee then currently payable in respect of a specific role which the new Director is to undertake for the Company.
- No incentive or introductory fees will be paid to encourage a person to become a Director.
- Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.
- Directors are entitled to re-imbursement of out-of-pocket expenses incurred in connection with the performance of their duties, including travel expenses, which are considered to be taxable expenses.
- The Company indemnifies its Directors for all costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties as a Director of the Company.

Performance, Service Contracts, Compensation and Loss of Office

- The Directors' remuneration is not subject to any performance related fee.
- No Director has a service contract.
- No Director was interested in contracts with the Company during the period or subsequently.
- The terms of appointment provide that a Director may be removed without notice.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or any assets of the Company.
- Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors.
- It is the Board's intention that this Remuneration Policy applies for the three year period ending 30 September 2022.

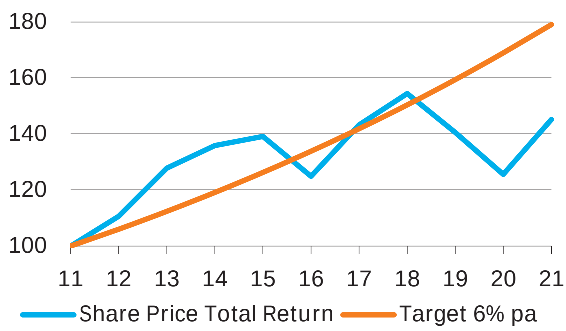
Implementation Report

Review of Directors' Fees

The level of Directors' fees was last revised with effect from 1 October 2020. The Board carried out a review of the level of Directors' fees during the year, including benchmarking against similar investment companies, and concluded that Directors' fees would change, with effect from 1 October 2021, to the following rates per annum: £44,600 (Chairman), £32,600 (Audit Committee Chairman), £29,600 (Senior Independent Director) and £27,500 for each other Director.

Company Performance

The graph below shows the share price return (assuming all dividends are reinvested) to Ordinary shareholders compared to a 6% total return over the ten year period ended 30 September 2021 (rebased to 100 at 30 September 2011). This index was chosen for comparison purposes as it is the objective used for investment performance measurement purposes.



Statement of Voting at General Meeting

At the Company's last AGM, held on 23 February 2021, shareholders approved, as Resolution 2, the Directors' Remuneration Report (other than the Directors' Remuneration Policy) in respect of the year ended 30 September 2020. The proxy votes shown in the following table were received on the Resolution:

Resolution	For and Discretionary	Against	Withheld
2. Receive and adopt the Directors' Remuneration Report (excluding the Directors' Remuneration Policy)	91.8m (99.1%)	816,223 (0.9%)	544,759

Spend on Pay

As the Company has no employees, the Directors do not consider it meaningful to present a table comparing remuneration paid to employees with distributions to shareholders. The total fees paid to Directors are shown in the table.

Audited Information

Directors' Interests in the Company

The Directors are not required to have a shareholding in the Company. The Directors (including their connected persons) at 30 September 2021 and 30 September 2020 had no interest in the share capital of the Company other than those interests, all of which are beneficial, shown in the following table. In addition, no Director had any interest in the Company's 6.25% Bonds 2031 during the year under review or up to and including the date of approval of this Report.

	30 September 2021 Ordinary shares	30 September 2020 Ordinary shares
Davina Walter	31,785	17,008
Tom Challenor	158,262	157,418
Trevor Bradley	50,000	25,000
Anna Troup	5,000	5,000
Alistair Mackintosh [A]	25,000	n/a
Julian Sinclair	n/a	187,098

[A] Held via a family investment company

There have been no changes to the Directors' interests in the share capital of the Company since the year end up to the date of approval of this Report other than the purchase by Tom Challenor of 210 shares on 29 October 2021 in relation to dividend reinvestment.

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Directors' Remuneration Report Continued

Fees Payable

The Directors who served during the year received the following fees, which exclude employers' National Insurance contributions. Fees are pro-rated where a change takes place during a financial year. There were no payments to third parties included in the fees referred to in the table. All fees are at a fixed rate and there is no variable remuneration. Taxable benefits refer to travel costs associated with Directors' attendance at Board and Committee meetings.

	Year ended 30 September 2021		
	Base fee £	Taxable benefits £	Total £
Davina Walter (Chairman)	43,750	-	43,750
Tom Challenor [A]	32,644	-	32,644
Trevor Bradley	27,000	-	27,000
Anna Troup	27,000	-	27,000
Alistair Mackintosh [B]	11,250	-	11,250
Julian Sinclair [C]	19,656	-	19,656
	161,300	-	161,300

[A] Tom Challenor succeeded Julian Sinclair as Senior Independent Director on 4 June 2021 and was paid a composite fee of £34,000 to reflect this appointment in addition to his position as Chairman of the Audit Committee. With effect from 1 October 2021, Tom Challenor's composite fee will be £34,700.

[B] Appointed a Director on 1 May 2021

[C] Resigned as a Director on 4 June 2021

	Year ended 30 September 2020		
	Base fee £	Taxable benefits £	Total £
Davina Walter (Chairman) [A]	37,527	275	37,802
Julian Sinclair	27,684	247	27,931
Tom Challenor	31,500	267	31,767
Trevor Bradley	26,500	419	26,919
Anna Troup	26,500	625	27,125
James Long [B]	17,852	41	17,893
	167,563	1,874	169,437

[A] Appointed Chairman on 26 February 2020

[B] Resigned as a Director on 26 February 2020

Annual Percentage Change in Directors' Remuneration

The tables set out the annual percentage change in Directors' fees and taxable benefits for the years ended 30 September 2020 and 2021.

	Year ended 30 September 2021	
	Fees %	Taxable Benefits %
Davina Walter (Chairman) [A]	+16.6	-100.0
Tom Challenor [B]	+3.6	-100.0
Trevor Bradley [C]	+1.9	-100.0
Anna Troup [C]	+1.9	-100.0
Alistair Mackintosh [D]	n/a	n/a
Julian Sinclair [E]	-29.0	-100.0

[A] Appointed Chairman on 26 February 2020
[B] Appointed Senior Independent Director on 4 June 2021
[C] Appointed a Director on 1 August 2019
[D] Appointed a Director on 1 May 2020
[E] Resigned as a Director on 4 June 2021

	Year ended 30 September 2020	
	Fees %	Taxable Benefits %
Davina Walter (Chairman) [A]	+1.0	n/a
Julian Sinclair	+6.5	n/a
Tom Challenor	+6.1	n/a
Trevor Bradley [B]	+511.6	+376.1
Anna Troup [C]	+511.6	-185.9
James Long [D]	-41.1	-79.3

[A] Appointed Chairman on 26 February 2020 so the figures are not comparable
[B] Appointed a Director on 1 August 2019; in relation to Taxable Benefits, these are equivalent to 1.6% of the Directors' fees for the year ended 30 September 2020
[C] Appointed a Director on 1 August 2019; in relation to Taxable Benefits, these are equivalent to 2.4% of the Directors' fees for the year ended 30 September 2020
[D] Resigned as a Director on 26 February 2020

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, it is confirmed that the above Remuneration Report summarises, as applicable, for the year to 30 September 2021:

- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the year; and
- the context in which the changes occurred and decisions have been taken, including management of any potential conflicts of interest arising and reflected any feedback from shareholders.

Davina Walter
Chairman
8 December 2021

Report of the Audit Committee

The Audit Committee presents its Report for the year ended 30 September 2021.

Committee Composition

An Audit Committee has been established which was chaired by Tom Challenor throughout the year and consisted of the whole Board with the exception of Davina Walter. In compliance with July 2018 UK Code on Corporate Governance (the "Code"), the Chairman of the Board is not a member of the Committee but attends the Audit Committee by invitation of the Chairman

The Directors have satisfied themselves that at least one of the Committee's members has recent and relevant financial experience - Tom Challenor is a Fellow of the Institute of Chartered Accountants in England & Wales – and that, collectively, the Audit Committee possesses competence appropriate for the investment trust sector.

Role of the Audit Committee

The principal role of the Audit Committee is to assist the Board in relation to the reporting of financial information, the review of financial controls and the management of risk. The Committee has defined terms of reference which are reviewed and re-assessed for their adequacy on at least an annual basis. Copies of the terms of reference are published on the Company's website and are available from the Company Secretary on request.

The Committee's main functions are listed below:

- to review and monitor the internal control systems and risk management systems (including review of non-financial risks) on which the Company is reliant (the Directors' statement on the Company's internal controls and risk management is set out below);
- to consider whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the half-yearly and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Manager;
- to review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, half-yearly financial reports, announcements and related formal statements;
- to review the content of the Annual Report and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- to meet with the auditor to review the proposed audit programme of work and the findings of the auditor. The Committee shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the auditor to supply non-audit services;
- to review a statement from the Manager detailing the arrangements in place within the Manager whereby staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters;
- to make recommendations in relation to the appointment of the auditor and to approve the remuneration and terms of engagement of the auditor; and
- to monitor and review the auditor's independence, objectivity, effectiveness, resources and qualification.

Activities During the Year

The Audit Committee met twice during the year when, amongst other matters, it considered the Annual Report and the Half-Yearly Financial Report. Representatives of Aberdeen Standard Investment's internal audit department and risk and compliance department reported to the Committee on matters such as internal control systems, risk and the conduct of the business in the context of its regulatory environment. Further information may be found on page 12 regarding the additional assurance sought and received by the Company from its key service providers covering the discharge of their obligations in light of COVID-19.

Internal Control

There is an ongoing process, for identifying, evaluating and managing the Company's significant business and operational risks, which has been in place for the year ended 30 September 2021 and up to the date of approval of the Annual Report, which is regularly reviewed by the Board and complies with the FRC's guidance on internal controls.

The Board has overall responsibility for ensuring that there is a system of internal controls in place and a process for reviewing its effectiveness. Any system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Report of the Audit Committee Continued

The design, implementation and maintenance of controls and procedures to safeguard the assets of the Company and to manage its affairs properly extends to operational and compliance controls and risk management. The Board, through the Audit Committee, has prepared its own risk controls self-assessment which lists potential risks relating to strategy; shareholders; Board; investment management; promotional activities; company secretarial; depositary; third party service providers and other external factors. The Board considers the potential cause and possible effect of these risks as well as reviewing the controls in place to mitigate these potential risks.

Clear lines of accountability have been established between the Board and the Manager. The Board receives six-monthly reports from the Manager's risk and compliance and internal audit teams covering key performance and risk indicators and considers control and compliance issues brought to its attention. In carrying out its review, the Board has had regard to the activities of the Manager, including its internal audit and compliance functions, and of the auditor.

The Board has reviewed the Manager's process for identifying and evaluating the significant risks faced by the Company and the policies and procedures by which these risks are managed. The Board has also reviewed the effectiveness of the Manager's system of internal control including its annual internal controls report prepared in accordance with the International Auditing and Assurance Standards Board's International Standard on Assurances Engagements ("ISAE") 3402, "Assurance Reports on Controls at a Service Organisation".

Risks are identified and documented through a risk management framework by each function within the Manager's activities. Risk is considered in the context of the FRC's guidance on internal controls and includes financial, regulatory, market, operational and reputational risk. This helps the internal audit risk assessment model identify those functions for review. Any weaknesses identified are reported to the Board and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Board.

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

- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers;
- the Board and Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board;
- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance; the emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception;
- as a matter of course the Manager's compliance department continually reviews its operations; and
- at its meeting in November 2021, the Audit Committee carried out an annual assessment of internal controls for the year ended 30 September 2021 by considering documentation from the Manager, including the internal audit and compliance functions, and taking account of events since 30 September 2021.

The Board has considered the need for an internal audit function. However, the Company has no employees and the day-to-day management of the Company's assets has been delegated to the Manager which has its own compliance and internal control systems. The Board has therefore decided to place reliance on those systems and internal audit procedures and has concluded that it is not necessary for the Company to have its own internal audit function.

Financial Statements and Significant Risks

During its review of the Company's financial statements for the year ended 30 September 2021, the Audit Committee considered, through review of reports and other documentation, the following significant issues, in particular those communicated by the auditor during its planning and reporting of the year end audit:

Valuation and Existence of Investments

How the issue was addressed - The Company's investments have been valued in accordance with the accounting policies, as disclosed in note 2 to the financial statements, which are consistent with the International Private Equity and Venture Capital Valuation Guidelines – Edition 2018. Within the FRS 102 Fair Value hierarchy, all investments are categorised as either Level 1 or 2 other than 30 investments (2020 - 25), totalling £172.1m (2020 - £117.2m), which are categorised as Level 3. The portfolio holdings and their pricing is reviewed and verified by the Manager on a regular basis and management accounts, including a full portfolio listing, are prepared for each Board meeting. The Audit Committee rigorously challenges the assumptions underlying valuation of unlisted investments. The Company engages the services of an independent Depositary to hold the assets of the Company. The Depositary checks the consistency of its records with those of the Manager on a monthly basis and reports to the Board on an annual basis.

Recognition of Investment Income

How the issue was addressed - the recognition of investment income is undertaken in accordance with accounting policy note 2(b) to the financial statements. Special dividends are allocated to the capital or revenue accounts according to the nature of the payment and the intention of the underlying company. The Directors also review, at each meeting, the Company's income, including income received, revenue forecasts and dividend comparisons.

Recognition of a Deferred Tax Asset

How the issue was addressed - as at 30 September 2021, the Company has recognised a deferred tax asset of £2.7m (2020 – £2.1m) as it is considered likely that accumulated unrelieved management expenses and loan relationship deficits will be extinguished in future years. In arriving at the amount recognised, the Audit Committee has considered and adopted the Manager's estimate of the future levels of taxable income forecast to be generated by the Company and its utilisation of management expenses.

Maintenance of Investment Trust Status

How the issue was addressed - The Company has been approved as an investment trust under Sections 1158 and 1159 of the Corporation Tax Act 2010. Ongoing compliance with the eligibility criteria is monitored on a regular basis by the Manager and reported at each Board meeting.

Review of Auditor

The Audit Committee has reviewed the effectiveness of the auditor, PricewaterhouseCoopers LLP ("PwC") including:

- Independence - the auditor discusses with the Audit Committee, at least annually, the steps it takes to ensure its independence and objectivity and makes the Committee aware of any potential issues, explaining all relevant safeguards.
- Quality of audit work - including the ability to resolve issues in a timely manner (identified issues are satisfactorily and promptly resolved), its communications/presentation of outputs (the explanation of the audit plan, any deviations from it and the subsequent audit findings are comprehensive and comprehensible), and its working relationship with management (the auditor has a constructive working relationship with the Manager).
- Quality of people and service - including continuity and succession plans (the audit team is made up of sufficient, suitably experienced staff with provision made for knowledge of the investment trust sector and retention on rotation of the audit director).

In reviewing the auditor, the Committee also took into account the FRC's latest Audit Quality Inspection Report for PwC.

Audit Tender

This year's audit of the Company's Annual Report is the second performed by PwC since their appointment following an audit tender process held by the Company in 2019 and is therefore the second year for which the senior statutory auditor, Shujaat Khan, has served.

Shareholders will have the opportunity to vote on the re-appointment of PricewaterhouseCoopers LLP as auditor, as Resolution 9, at the forthcoming AGM.

Provision of Non-Audit Services

The Committee has established a policy on the supply of non-audit services provided by the auditor. Such services are considered on an individual basis and may only be provided if the service is at a reasonable and competitive cost and does not constitute a conflict of interest or potential conflict of interest or prevent the auditor from remaining objective and independent. In addition, non-audit services will only be approved by the Committee if in compliance with the Financial Reporting Council's and EU Public Interest Entity's independence requirements. All non-audit services require the pre-approval of the Committee. Non-audit fees paid to the auditor during the year under review amounted to £20,000 (2020 - £17,500), comprising £16,000 (2020 - £13,500) for the review of the Half-Yearly Financial Report and £4,000 (2020 - £4,000) in relation to covenant compliance requirements for the Bond.

Tom Challenor
Chairman of the Audit Committee
8 December 2021

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements, in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland'.

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

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

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

We confirm that to the best of our knowledge:

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

On behalf of the Board,
Davina Walter
Chairman
8 December 2021

Independent Auditors' Report to the members of Aberdeen Diversified Income and Growth Trust plc

Report on the audit of the financial statements

Opinion

In our opinion, Aberdeen Diversified Income and Growth Trust plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2021 and of its returns and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Financial Position as at 30 September 2021; the Statement of Comprehensive Income; the Statement of Changes in Equity; the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 5 to the financial statements, we have provided no non-audit services to the Company in the period under audit.

Our audit approach

Overview

Audit Scope

- The Company is a standalone Investment Trust Company and engages Aberdeen Standard Fund Managers Limited (the "AIFM") to manage its assets.
- We conducted our audit of the financial statements using information from the AIFM to whom the Directors have delegated the provision of all administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at both the Fund Manager and the Administrator, and adopted a fully substantive testing approach using reports obtained from the AIFM.

Key Audit Matters

- Valuation and existence of investments
- Income from investments
- Ability to continue as a going concern (Continuation Vote)

Materiality

- Overall materiality: £3.80 (2020: £3.80m) based on approximately 1% of Net assets
- Performance materiality: £2.85m

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, 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. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Ability to continue as a going concern (continuation vote) is a new key audit matter this year. Considerations of impacts of COVID-19, which was a key audit matter last year, is no longer included because of the reduced uncertainty of the impact of COVID-19 in the current year as markets and economies continue to recover. Otherwise, the key audit matters below are consistent with last year.

Independent Auditors' Report to the members of Aberdeen Diversified Income and Growth Trust plc Continued

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments Refer to the Audit Committee Report (pages 56 and 57), the Accounting Policies (page 75) and the Notes to the Financial Statements (pages 81 and 82). Level 1 and 2 investments at the year end are valued at £218.3m. Level 3 investments at year end were valued at £170.6m. We focused on the valuation and existence of investments because they represent the principal element of the net asset value of the Company as disclosed on the Balance Sheet in the Financial Statements. In addition, the valuation of Level 3 investments requires significant judgement to be applied by the Directors in considering the methodology and assumptions applied by underlying investment managers in valuing assets. Changes to key inputs to the estimates and/or the judgements made can result in a material change to the fair value of Level 3 investments.	**Investments for which a market price is available (Level 1 and 2 investments)** We tested the valuation of the level 1 and 2 investments by agreeing the prices used in the valuation to independent third party sources. We tested the existence of these investments by agreeing 100% of investment holdings to an independent custodian confirmation. No material misstatements were identified. **Investments for which a market price is not readily available (Level 3)** We understood and evaluated the valuation methodology applied by the Directors, in consultation with the Manager, by reference to the International Private Equity and Venture Capital Valuation guidelines (IPEV) and the requirements of UK GAAP. Furthermore, our testing of Level 3 investments included: · Obtaining a reconciliation of the investments that summarised year on year movements including any drawdowns and distributions in the period; · Checking that the valuation used in the financial statements was consistent with the company's accounting records including the reconciliation; · Testing the existence of the unquoted investment portfolio by agreeing a sample of the holdings to independently obtained third party confirmations; · Testing a sample of distributions and drawdowns to underlying supporting documentations and ensured that the treatment of the distribution as either a return of capital or revenue was consistent with this documentation; · Checking the accuracy of the valuations recorded by the client to underlying investment manager valuation reports which we obtained independently from the investment manager; · Where investment manager valuation reports were not available as at the reporting date, we considered the appropriateness of the valuation used by management and any material changes applied to the most recent valuation reports received; · We considered the methodology and valuation approach applied by investment managers to check that it was in line with the requirements of IPEV; and · In addition, for a risk-based sample, we engaged our internal valuation experts to consider whether the valuations used by the company were considered to be within a reasonable range and whether any publicly available evidence contradicted the valuations recorded; We also read the minutes of meetings of the AIFM's internal Fair Value Pricing Committee where the valuations of certain Level 3 investments were discussed and adjustments to fair value were agreed to check the consistency of discussions with our testing and understanding of the investments. No material misstatements were identified.
Income from investments Refer to the Audit Committee Report (page 57), the Notes to the Financial Statements (page 77) and the Accounting Policies (page 74).	We assessed the revenue recognition accounting policy applied for compliance with UK GAAP and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy.

Key audit matter	How our audit addressed the key audit matter
ISAs (UK) presume there is a risk of fraud in income recognition because of the pressure management may feel to achieve a certain objective. In this instance, we consider that 'income' refers to all the Company's income streams, both revenue and capital (including gains and losses on investments). Income from investments comprised dividend income, fixed interest income, distributions from Level 3 investments, and gains and losses on investments. We focused on the accuracy, completeness and occurrence of investment income recognition as incomplete or inaccurate income could have a material impact on the Company's net asset value and return for the year. We also focused on the accounting policy for investment income recognition and the presentation of investment income in the Income Statement for compliance with the requirements of The Association of Investment Companies Statement of Recommended Practice (the "AIC SORP"), as incorrect application could indicate a misstatement in income recognition.	Dividend Income We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data for all investments for which distribution information was publicly available. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends for all listed investments during the year, and no unrecorded dividends were found. To test the occurrence assertion, we tested that all dividends recorded in the year had been declared in the market by investment holdings, and we traced a sample of dividends received to bank statements. We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. No material misstatements were identified. Fixed Interest income We tested fixed interest income for a sample of investments by recalculating the expected coupon interest and amortisation, using the opening and closing portfolios and coupon rates and maturity dates obtained from independent third-party sources. No material misstatements were identified. Collective investment scheme income For a sample of distributions from collective investment schemes recorded in the period we tested the accuracy and occurrence of the amounts by agreeing the amounts to distribution notices and bank statements. No material misstatements were identified. Gains and losses on investments The gains/losses on investments held at fair value comprise realised and unrealised gains/losses. For unrealised gains and losses, we tested 100% of the Level 1 and Level 2 investments and sample tested the valuation of the Level 3 investments at the year-end (see above), together with testing the reconciliation of opening and closing investments. For realised gains and losses, we tested a sample of disposal proceeds by agreeing the proceeds to bank statements and we re-performed the calculation of a sample of realised gains and losses. No material misstatements were identified.
Ability to continue as a going concern (Continuation Vote) Refer to the Chairman's Statement (page 8), Viability Statement (page 16), the Going Concern Statement (page 48), and the Basis of Preparation and Going Concern in the Notes to the Financial Statements (page 73).	Our audit procedures and findings in respect of going concern are set out in the "Conclusions relating to Going Concern' section below.

Independent Auditors' Report to the members of Aberdeen Diversified Income and Growth Trust plc Continued

Key audit matter	How our audit addressed the key audit matter
A continuation vote is due to take place at the 2022 AGM in February, which, if passed, will allow the Company to continue as an investment trust for a further 12 months. As such, the Directors have considered and assessed the potential impact on the ability of the Company to continue as a going concern.	

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates. As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£3.80m (2020: £3.80m)
How we determined it	approximately 1% of Net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust company audits.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £2.85m for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £190,000 (2020: £190,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- evaluating management's assessment of operational impacts, considering their consistency with other available information and our understanding of the business and assessing the potential impact on the financial statements;
- obtaining and evaluating the Directors' going concern assessment which reflects conditions up to the point of approval of the Annual report. We obtained evidence to support the key assumptions and forecasts driving the Directors' assessment. This included reviewing the Directors' assessment of the Company's financial position and forecasts, their assessment of liquidity and

Bond covenant compliance as well as their review of the operational resilience of the Company and oversight of key third-party service providers; and;

- In addition, in relation to the continuation vote specifically, we considered:
  - the recommendation of the Directors to support the continuation vote;
  - the stability and diversity of the Company's shareholder register and the type of shareholders on the register;
  - the results of the previous continuation vote at the AGM in February 2021;
  - the Company's share price compared with its net asset value per share;
  - the Company's recent investment performance compared with its benchmark during the financial year and post year end up to the date of this audit report; and
  - the discussions with and/or feedback received by the Board and its professional advisers from a wide range of shareholders.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report on certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Independent Auditors' Report to the members of Aberdeen Diversified Income and Growth Trust plc Continued

Directors' Remuneration

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

Corporate Governance Statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Statement of Corporate Governance is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' 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 its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 58, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also 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.

In preparing the financial statements, the Directors are responsible for 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010 and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue (investment income and capital gains) or to increase net asset value, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- reviewing relevant meeting minutes, including those of the Board and the Audit Committee;
- assessment of the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of Level 3 investments;
- identifying and testing journal entries, in particular a sample of manual year end journal entries posted during the preparation of the financial statements; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Independent Auditors' Report to the members of Aberdeen Diversified Income and Growth Trust plc Continued

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; 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.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 26 February 2020 to audit the financial statements for the year ended 30 September 2020 and subsequent financial periods. The period of total uninterrupted engagement is two years, covering the years ended 30 September 2020 to 30 September 2021.

Shujaat Khan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
8 December 2021

Financial Statements

Solar panels for a project owned by SL Capital Infrastructure II Limited, one of the private markets holdings in the Company's investment portfolio.

Statement of Comprehensive Income

		Year ended 30 September 2021			Year ended 30 September 2020		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	10	–	22,879	22,879	–	(25,724)	(25,724)
Foreign exchange gains		–	6,839	6,839	–	6,924	6,924
Income	3	18,878	–	18,878	20,783	–	20,783
Investment management fees	4	(528)	(791)	(1,319)	(536)	(803)	(1,339)
Administrative expenses	5	(917)	(63)	(980)	(826)	(11)	(837)
Net return/(loss) before finance costs and taxation		17,433	28,864	46,297	19,421	(19,614)	(193)
Finance costs	6	(563)	(24,595)	(25,158)	(1,516)	(2,273)	(3,789)
Net return/(loss) before taxation		16,870	4,269	21,139	17,905	(21,887)	(3,982)
Taxation	7	(871)	500	(371)	(65)	(370)	(435)
Return/(loss) attributable to equity shareholders		15,999	4,769	20,768	17,840	(22,257)	(4,417)
Return/(loss) per Ordinary share (pence)	9	5.14	1.53	6.67	5.58	(6.96)	(1.38)

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

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

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

Statement of Financial Position

	Note	As at 30 September 2021 £'000	As at 30 September 2020 £'000
Non-current assets			
Investments at fair value through profit or loss	10	390,446	428,859
Deferred taxation asset	7	2,655	2,113
		393,101	430,972
Current assets			
Debtors	11	1,234	2,287
Derivative financial instruments		332	777
Cash and cash equivalents		7,201	17,413
		8,767	20,477
Creditors: amounts falling due within one year			
Derivative financial instruments		(3,249)	(4,776)
Other creditors	12	(837)	(903)
		(4,086)	(5,679)
Net current assets		4,681	14,798
Total assets less current liabilities		397,782	445,770
Non-current liabilities			
6.25% Bonds 2031	13	(15,664)	(59,540)
Net assets		382,118	386,230
Capital and reserves			
Called-up share capital	14	91,352	91,352
Share premium account		116,556	116,556
Capital redemption reserve		26,629	26,629
Capital reserve	15	106,572	109,551
Revenue reserve		41,009	42,142
Equity shareholders' funds		382,118	386,230
Net asset value per Ordinary share (pence)	16		
Bonds at par value		123.54	121.71
Bonds at fair value		121.73	113.40

The financial statements were approved by the Board of Directors and authorised for issue on 8 December 2021 and were signed on its behalf by:

Chairman

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

Statement of Changes in Equity

For the year ended 30 September 2021

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 October 2020		91,352	116,556	26,629	109,551	42,142	386,230
Return after taxation		–	–	–	4,769	15,999	20,768
Ordinary shares purchased for treasury	14	–	–	–	(7,748)	–	(7,748)
Dividends paid	8	–	–	–	–	(17,132)	(17,132)
Balance at 30 September 2021		91,352	116,556	26,629	106,572	41,009	382,118

For the year ended 30 September 2020

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 October 2019		91,352	116,556	26,629	137,509	41,633	413,679
Return after taxation		–	–	–	(22,257)	17,840	(4,417)
Ordinary shares purchased for treasury	14	–	–	–	(5,701)	–	(5,701)
Dividends paid	8	–	–	–	–	(17,331)	(17,331)
Balance at 30 September 2020		91,352	116,556	26,629	109,551	42,142	386,230

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

Statement of Cash Flows

	Note	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Operating activities			
Net return/(loss) before finance costs and taxation		46,297	(193)
Adjustments for:			
Dividend income		(15,857)	(14,853)
Fixed interest income		(3,006)	(5,929)
Interest income		1	1
Other income		(14)	–
Dividends received		15,964	10,911
Fixed interest income received		3,414	6,732
Interest received		(1)	(1)
Other income received		14	–
Unrealised (gains)/losses on forward contracts		(1,082)	7,193
Foreign exchange losses		205	51
(Gains)/losses on investments		(22,879)	25,724
Decrease in other debtors		12	10
(Decrease)/increase in accruals		(329)	253
Corporation tax paid		(382)	(143)
Taxation withheld		(237)	(229)
Net cash flow from operating activities		22,120	29,527
Investing activities			
Purchases of investments		(181,599)	(101,549)
Sales of investments		243,544	108,475
Net cash flow from investing activities		61,945	6,926
Financing activities			
Purchase of own shares to treasury		(7,748)	(5,701)
Repurchase of bonds	13	(67,654)	–
Interest paid		(1,533)	(3,752)
Equity dividends paid	8	(17,137)	(17,345)
Net cash flow used in financing activities		(94,072)	(26,798)
(Decrease)/increase in cash and cash equivalents		(10,007)	9,655
Analysis of changes in cash and cash equivalents during the year			
Opening balance		17,413	7,809
Foreign exchange		(205)	(51)
(Decrease)/increase in cash and cash equivalents as above		(10,007)	9,655
Closing balance		7,201	17,413

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

Notes to the Financial Statements

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

2. **Accounting policies**

   (a) **Basis of preparation.** The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Companies Act 2006 and the Association of Investment Companies ("AIC") Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the "SORP") issued in April 2021. They have also been prepared on a going concern basis and on the assumption that approval as an investment trust will continue to be granted.

   Whilst the Company is obliged to hold a continuation vote at the 2022 AGM, the Directors do not believe this should automatically trigger the adoption of a basis other than going concern in line with the AIC SORP which states that it is more appropriate to prepare financial statements on a going concern basis unless a continuation vote has already been triggered and shareholders have voted against continuation.

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

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

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

   – the buy-back of the majority of the Company's issued debt instruments in November 2020 and the positive impact this has on the Company's cash flow.

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

   The Directors are satisfied that: the Company is able to meet all of its liabilities from its assets, including its ongoing charges, so possesses sufficient resources to continue in operational existence for the foreseeable future and at least 12 months from the date of approval of this Annual Report; the Company is financially sound; and the Company's key third party service providers had in place appropriate business continuity plans and had, and will, be able to maintain service levels despite the ongoing impact of COVID-19.

   A substantial proportion of the Company's assets are invested in equity shares in companies and fixed interest securities listed on recognised stock exchanges and in most circumstances, including in the current market environment, are realisable within a short timescale. The Board has set limits for borrowing and regularly reviews cash flow projections and compliance with banking covenants, including the headroom available. On 2 November 2020 the Company repurchased 73.2% of its Bonds which substantially reduced the level of gearing and interest costs payable in the future. Having taken these factors into account as well as the impact of COVID-19 and having assessed the principal risks and other matters set out in the Viability Statement on page 16, the Directors believe that, after making enquiries, the Company has adequate resources to continue in operational existence for the foreseeable future and has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of this Report. Based on their assessment and considerations above, the Directors have concluded that the financial statements of the Company should continue to be prepared on a going concern basis and the financial statements have been prepared accordingly. Further detail is included in the Directors' Report (unaudited) on page 48.

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

Notes to the Financial Statements Continued

Significant accounting judgements, estimates and assumptions. The preparation of financial statements requires the use of certain significant accounting judgements, estimates and assumptions which require Directors to exercise judgement in the process of applying the accounting policies. The areas where judgements, estimates and assumptions have the most significant effect on the amounts recognised in the financial statements are the determination of the fair value of unlisted investments, as disclosed in note 2(e).

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

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

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

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

– expenses which are incidental to the acquisition or disposal of an investment are treated as capital and separately identified and disclosed in note 10;

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

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

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

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

The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue within the Statement of Comprehensive Income on the same basis as the particular item to which it relates using the Company's effective rate of tax for the year. The SORP recommends that the benefit of that tax relief should be allocated to capital and a corresponding charge made to revenue. The Company does not apply the marginal method of allocation of tax relief as any allocation of tax relief between capital and revenue would have no impact on shareholders' funds. Had this allocation been made, the charge to revenue and corresponding credit to capital for the year ended 30 September 2021 would have been £1,698,000 (2020 – £1,641,000).

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

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

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

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

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

(f) Borrowings. Borrowings are measured initially at the fair value of the consideration received, net of any issue expenses, and subsequently at amortised cost using the effective interest rate method. The finance costs of such borrowings are accounted for on an accruals basis using the effective interest rate method and have been charged 40% to revenue and 60% to capital in the Statement of Comprehensive Income up to 30 September 2021 to reflect the Company's investment policy and prospective income and capital growth.

The Company has treated the £23,750,000 premium paid to repurchase the 6.25% Bonds 2031 early by recognising it as a finance cost in the capital column of the Statement of Comprehensive Income. This is in line with guidance contained within the AIC SORP published in April 2021 and differs from the presentation in the half yearly report to 31 March 2021 where it was treated as a change in equity in the Statement of Changes in Equity. Further details can be found in note 6 on page 78 and note 13 on page 83.

(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.

Notes to the Financial Statements Continued

Capital redemption reserve. The capital redemption reserve is used to record the amount equivalent to the nominal value of any of the Company's own shares purchased and cancelled in order to maintain the Company's capital. This reserve is not distributable.

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

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

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

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

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

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

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

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

3. Income

	2021 £'000	2020 £'000
Income from investments		
UK listed dividends	3,876	4,353
Overseas listed dividends	5,523	4,709
Unquoted Limited Partnership income	6,230	3,880
Stock dividends	228	1,911
Fixed interest income	3,006	5,929
	18,863	20,782
Other income		
Interest	1	1
Other income	14	–
	15	1
Total income	18,878	20,783

4. Investment management fees

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	528	791	1,319	536	803	1,339

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

- 0.50% per annum in respect of the first £300 million of the net asset value (with the 6.25% Bonds 2031 at fair value); and
- 0.45% per annum in respect of the balance of the net asset value (with the 6.25% Bonds 2031 at fair value).

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

At the year end, an amount of £111,000 (2020 – £428,000) was outstanding in respect of management fees due by the Company.

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5. Administrative expenses

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Directors' remuneration	161	–	161	169	–	169
Custody fees	38	–	38	74	–	74
Depositary fees	45	–	45	47	–	47
Shareholders' services[A]	263	–	263	202	–	202
Registrar's fees	56	–	56	55	–	55
Transaction costs	–	27	27	–	11	11
Legal and professional fees	82	–	82	77	–	77
Auditor's remuneration:						
– statutory audit	55	–	55	44	–	44
– other non-audit services						
review of Bond compliance certificate	4	–	4	4	–	4
review of Half-yearly Report	16	–	16	14	–	14
Other expenses	197	36	233	140	–	140
	917	63	980	826	11	837

[A] Includes registration, savings scheme and other wrapper administration and promotional expenses, of which £260,000 (2020 – £200,000) was payable to ASFML to cover promotional activities during the year. There was £110,000 (2020 – £150,000) due to ASFML in respect of these promotional activities at the year end.

6. Finance costs

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
6.25% Bonds 2031	555	24,583	25,138	1,515	2,272	3,787
Bank interest	8	12	20	1	1	2
	563	24,595	25,158	1,516	2,273	3,789

The charge above for 6.25% Bonds 2031 includes a fee of £105,000 which was incurred in relation to consultancy advice on the early repayment of a portion of these bonds and the premium paid above amortised cost of £23,750,000.

7. Taxation

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) Analysis of charge for the year						
Current UK tax	437	–	437	107	–	107
Double taxation relief	(70)	–	(70)	(107)	–	(107)
Corporation tax prior year adjustment[A]	318	–	318	(66)	–	(66)
Overseas tax suffered	186	41	227	131	110	241
Current tax charge for the year	871	41	912	65	110	175
Movement in deferred tax asset	–	(541)	(541)	–	260	260
Total tax charge for the year	871	(500)	371	65	370	435

[A] Adjustment in 2021 relates to tax payable upon the reclassification on income as taxable which had previously considered to be non-taxable.

(b) **Factors affecting the tax charge for the year.** The tax assessed for the year is lower than the standard rate of corporation tax of 19.0% (2020 – same). The differences are explained as follows:

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return before taxation	16,870	4,269	21,139	17,905	(21,887)	(3,982)
Net return before taxation multiplied by the standard rate of corporation tax of 19.0% (2020 – same)	3,205	811	4,016	3,402	(4,159)	(757)
Effects of:						
Non taxable (gains)/losses on investments held at fair value through profit or loss	–	(4,553)	(4,553)	–	6,254	6,254
Exchange gains not taxable	–	(1,094)	(1,094)	–	(2,683)	(2,683)
Non taxable UK dividend income	(480)	–	(480)	(383)	–	(383)
Non taxable overseas dividend income	(591)	–	(591)	(1,276)	–	(1,276)
Disallowable expenses	–	4,524	4,524	4	3	7
Overseas tax suffered	186	42	228	131	110	241
Double taxation relief	(69)	–	(69)	(106)	–	(106)
Corporation tax prior year adjustment	318	–	318	(66)	–	(66)
Utilisation of excess management expenses	–	(1,387)	(1,387)	–	(1,056)	(1,056)
Effect of not applying the marginal method of allocation of tax relief	(1,698)	1,698	–	(1,641)	1,641	–
Movement in deferred tax asset	–	(541)	(541)	–	260	260
	871	(500)	371	65	370	435

(c) **Factors that may affect future tax charges.** As at 30 September 2021, the Company has recognised a deferred tax asset of £2,655,000 (2020 – £2,113,000) as it is considered likely that accumulated unrelieved management expenses and loan relationship deficits of £13,059,000 (2020 – £22,389,000) will be extinguished in future years. In arriving at the amount recognised, the Company has estimated the future levels of taxable income forecast to be generated and the utilisation of management expenses.

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8. Ordinary dividends on equity shares

	2021 £'000	2020 £'000
Third interim dividend for 2020 – 1.36p (2019 – 1.34p)	4,317	4,342
Fourth interim dividend for 2020 – 1.36p (2019 – 1.34p)	4,255	4,300
First interim dividend for 2021 – 1.38p (2020 – 1.36p)	4,285	4,352
Second interim dividend for 2021 – 1.38p (2020 – 1.36p)	4,275	4,337
	17,132	17,331

Set out below are the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Sections 1158 and 1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £15,999,000 (2020 – £17,840,000).

	2021 £'000	2020 £'000
First interim dividend for 2021 – 1.38p (2020 – 1.36p)	4,285	4,352
Second interim dividend for 2021 – 1.38p (2020 – 1.36p)	4,275	4,337
Third interim dividend for 2021 – 1.38p (2020 – 1.36p)	4,269	4,317
Fourth interim dividend for 2021 – 1.38p[A] (2020 – 1.36p)	4,267	4,262
	17,096	17,268

[A] The amount reflected above for the cost of the fourth interim dividend for 2021 is based on 309,177,359 Ordinary shares, being the number of Ordinary shares in issue, excluding shares held in treasury, at the date of this Report.

9. Return per Ordinary share

	2021 p	2020 p
Revenue return	5.14	5.58
Capital return	1.53	(6.96)
Total return	6.67	(1.38)

The figures above are based on the following:

	2021 £'000	2020 £'000
Revenue return	15,999	17,840
Capital return	4,769	(22,257)
Total return	20,768	(4,417)
Weighted average number of shares in issue[A]	311,534,668	319,818,316

[A] Calculated excluding shares held in treasury.

10. Investments

	2021 £'000	2020 £'000
Held at fair value through profit or loss		
Opening valuation	428,859	458,522
Opening investment holdings losses	17,375	10,202
Opening book cost	446,234	468,724
Movements during the year:		
Purchases at cost	182,048	105,254
Sales – proceeds	(243,196)	(109,114)
Sales – losses	(3,042)	(18,551)
Accretion of fixed income book cost	(144)	(79)
Closing book cost	381,900	446,234
Closing investment holdings gains/(losses)	8,546	(17,375)
Closing valuation of investments	390,446	428,859

The portfolio valuation	2021 £'000	2020 £'000
UK equities	113,609	174,403
Overseas equities	44,148	62,141
Fixed interest	40,040	64,760
Loan investments	20,541	10,347
Unlisted holdings	172,108	117,208
	390,446	428,859

Gains/(Losses) on investments	2021 £'000	2020 £'000
Realised losses	(3,042)	(18,551)
Net movement in investment holdings gains/(losses)	25,921	(7,173)
	22,879	(25,724)

The Company received £243,196,000 (2020 – £109,114,000) from investments sold in the period. The book cost of these investments when they were purchased was £246,238,000 (2020 – £127,665,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of investments.

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

	2021 £'000	2020 £'000
Purchases	155	154
Sales	181	35
	336	189

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

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

Investee	Class	% of Class
Aberdeen Standard SICAV I – Multi-factor Global Equity Income Fund[A]	Z QInc	100
Aberdeen Global Infrastructure Partners II	AUD	11
Aberdeen Global Infrastructure Partners II	USD	11
Aberdeen Standard Alpha – Global Loans Fund[A]	Z Inc	6
Aberdeen Standard SICAV I – Frontier Markets Bond Fund	I MInc	31
Aberdeen European Residential Opportunities Fund	B	6
Aberdeen Property Secondaries Partners II	A-1	21
Aberdeen Standard Global Private Markets Fund	GBP Acc	7
Andean Social Infrastructure Fund I	USD	13
Bonaccord Capital Partners I-A	USD	7
Blue Capital Alternative Income Fund	USD	5
Burford Opportunity Fund	USD	8
Cheyne Social Property Impact Fund	GBP	3
Maj Equity Fund 4	DKK	3
Markel CATCo Reinsurance Fund Ltd – LDAF 2018 SPI	B	3
Markel CATCo Reinsurance Fund Ltd – LDAF 2019 Liq[B]	B	3
Neuberger Berman Investment Funds	Inc	12
Secondary Opportunities Fund	USD	10
SL Capital Infrastructure II	EUR	4
TwentyFour Asset Backed Opportunities Fund[C]	I-1	20

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

[A] 35a Avenue John F Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
[B] Crawford House, 50 Cedar Avenue, Hamilton HM11, Bermuda
[C] Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY

11. Debtors

	2021 £'000	2020 £'000
Amounts due from brokers	335	682
Prepayments and accrued income	852	1,450
Taxation recoverable	47	47
Corporation tax recoverable	–	108
	1,234	2,287

12. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Amounts due to brokers	221	–
Interest on 6.25% Bonds 2031	55	208
Corporation tax payable	195	–
Other creditors	366	695
	837	903

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

	2021 £'000	2020 £'000
6.25% Bonds 2031[A]		
Balance at beginning of year	59,540	59,503
Amortisation of discount and issue expenses	28	37
Repurchase of bonds	(43,904)	–
Balance at end of year	15,664	59,540

[A] The fair value of the 6.25% Bonds using the last available quoted offer price from the London Stock Exchange as at 30 September 2021 was 131.9155p, a total of £21,233,000 (2020 – 143.2082p, total of £85,925,000).

At the year end the Company had in issue £16,096,000 (2020 – £60,000,000) Bonds 2031 which were issued at 99.343%. During the period, the Company repurchased £43,904,000 bonds at a cost of £67,654,000. The Company has treated the £23,750,000 premium paid to repurchase the 6.25% Bonds 2031 early by recognising it as a finance cost in the capital column of the Statement of Comprehensive Income. The Bonds have been accounted for in accordance with FRS 102, which require any discount or issue costs to be amortised over the life of the Bonds. The Bonds are secured by a floating charge over all of the assets of the Company.

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

14. Called up share capital

	Ordinary shares (number)	Treasury shares (number)	Total shares (number)	£'000
Allotted, called up and fully paid				
Ordinary shares of 25p each				
At 1 October 2020	317,330,238	48,080,636	365,410,874	91,352
Shares cancelled from treasury	–	(27,659,068)	(27,659,068)	–
Shares purchased for treasury	(8,011,500)	8,011,500	–	–
At 30 September 2021	309,318,738	28,433,068	337,751,806	91,352

During the year 8,011,500 (2020 – 5,651,467) Ordinary shares of 25p each were purchased to be held in treasury at a cost of £7,748,000 (2020 – £5,701,000). There were no Ordinary shares of 25p issued from treasury during the year (2020 – same).

Since the year end 141,379 Ordinary shares of 25p each have been purchased to be held in treasury by the Company for a total cost of £141,000.

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15. Capital reserve

	2021 £'000	2020 £'000
At 1 October	109,551	137,509
Movement in investment holding gains/(losses)	25,921	(7,173)
Losses on realisation of investments at fair value	(3,042)	(18,551)
Foreign exchange gains	6,839	6,924
Transaction and other costs	(63)	(11)
Finance costs	(24,595)	(2,273)
Purchase of own shares to treasury	(7,748)	(5,701)
Investment management fees	(791)	(803)
Overseas tax suffered	(41)	(110)
Deferred tax	541	(260)
At 30 September	106,572	109,551

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

Debt at par	2021	2020
Net asset value attributable (£'000)	382,118	386,230
Number of Ordinary shares in issue excluding treasury (note 14)	309,318,738	317,330,238
Net asset value per share (p)	123.54	121.71

Debt at fair value	£'000	£'000
Net asset value attributable	382,118	386,230
Add: Amortised cost of 6.25% Bonds 2031	15,664	59,540
Less: Market value of 6.25% Bonds 2031	(21,233)	(85,925)
	376,549	359,845
Number of Ordinary shares in issue excluding treasury (note 14)	309,318,738	317,330,238
Net asset value per share (p)	121.73	113.40

17. Financial instruments

Risk management. The Company's investment activities expose it to various types of financial risk associated with the financial instruments and markets in which it invests. The Company's financial instruments, other than derivatives, comprise securities and other investments, cash balances, liquid resources, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The Company also has the ability to enter into derivative transactions in the form of forward foreign currency contracts, futures and options, subject to Board approval, for the purpose of enhancing portfolio returns and for hedging purposes in a manner consistent with the Company's broader investment policy.

As at 30 September 2021 there were 33 open positions in derivatives transactions (2020 – 12).

Risk management framework. The directors of Aberdeen Standard Fund Managers Limited ("ASFML") collectively assume responsibility for ASFML's obligations under the AIFMD including reviewing investment performance and monitoring the Company's risk profile during the year.

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

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

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

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

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

In order to mitigate risk, the investment strategy is to select investments for their fundamental value. Asset selection is therefore based on disciplined accounting, market and sector analysis. It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular asset class. The Investment Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to consider investment strategy. Current strategy is detailed in the Chairman's Statement on page 6 and in the Investment Manager's Report on page 23.

The Board has agreed the parameters for net gearing/cash, which was 2.2% of net assets as at 30 September 2021 (2020 – 10.7%). The Manager's policies for managing these risks are summarised below and have been applied throughout the current and previous year. The numerical disclosures in the tables listed below exclude short-term debtors and creditors.

Market risk. The Company's investment portfolio is exposed to market price fluctuations, which are monitored by the Manager in pursuance of the investment objective as set out on page 9. Adherence to investment guidelines and to investment and borrowing powers set out in the management agreement mitigates the risk of exposure to any particular security or issuer. Further information on the investment portfolio is set out in the Investment Manager's Report on pages 23 to 28.

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

Interest rate risk. Interest rate movements may affect:

– the level of income receivable on cash deposits; and

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

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Management of the risk. The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions. Details of the 6.25% Bonds 2031 and interest rate applicable can be found in note 13 on page 84.

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

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

			2021			2020
	Within 1 year £'000	More than 1 year £'000	Total £'000	Within 1 year £'000	More than 1 year £'000	Total £'000
Exposure to fixed interest rates						
Fixed interest investments	4,386	29,680	34,066	3,404	51,621	55,025
Exposure to floating interest rates						
Fixed interest investments[A]	–	5,974	5,974	–	9,735	9,735
Loan investments[A]	–	20,541	20,541	–	10,347	10,347
Cash and cash equivalents	7,201	–	7,201	17,413	–	17,413
	11,587	56,195	67,782	20,817	71,703	92,520

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

Financial liabilities. The Company has borrowings by way of a bond issue, held at amortised cost of £15,664,000 (2020 – £59,540,000) details of which are in note 13 on page 83. The fair value of this loan has been calculated at £21,233,000 as at 30 September 2021 (2020 – £85,925,000).

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

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

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

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

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's net interest for the year ended 30 September 2021 would increase/decrease by £36,000 (2020 – increase/decrease £87,000). This is attributable to the Company's exposure to interest rates on its floating rate cash balances at 30 September 2021.

If interest rates had been 50 basis points higher and all other variables were held constant, a change in fair value of the Company's fixed rate financial assets and floating rate financial assets, which have an exposure to fixed interest securities, at the year ended 30 September 2021 of £60,581,000 (2020 – £75,107,000) would result in a decrease of £291,000 (2020 – £946,000). If interest rates had been 50 basis points lower and all other variables were held constant, a change in fair value of the Company's fixed rate financial assets at the year ended 30 September 2021 would result in an increase of £297,000 (2020 – £631,000).

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

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

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

		30 September 2021			30 September 2020	
	Investments £'000	Net monetary items £'000	Total currency exposure £'000	Investments £'000	Net monetary items £'000	Total currency exposure £'000
US Dollar	128,398	(2,552)	125,846	152,720	(2,633)	150,087
Euro	61,334	249	61,583	60,156	(994)	59,162
Other	51,640	1,057	52,697	58,956	1,363	60,319
	241,372	(1,246)	240,126	271,832	(2,264)	269,568

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

	2021 £'000	2020 £'000
US Dollar	12,585	15,009
Euro	6,158	5,916
Other	5,270	6,032
	24,013	26,957

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

Date of contract	Buy Currency	Sell Currency	Settlement date	Amount '000	Contracted rate	Unrealised gain/(loss) 30 September 2021 £'000
1 September 2021	JPY	GBP	9 December 2021	16,161	150.3681	137
1 September 2021	GBP	EUR	9 December 2021	63,954	1.1619	43
1 September 2021	GBP	NZD	9 December 2021	9,172	1.9558	18
7 September 2021	USD	GBP	9 December 2021	819	1.3485	19
13 September 2021	JPY	GBP	9 December 2021	1,855	150.3681	20
13 September 2021	GBP	NZD	9 December 2021	646	1.9558	3
14 September 2021	EUR	GBP	9 December 2021	327	1.1619	2
15 September 2021	EUR	GBP	9 December 2021	3,224	1.1619	15
15 September 2021	USD	GBP	9 December 2021	592	1.3485	15
16 September 2021	USD	GBP	9 December 2021	2,092	1.3485	52
20 September 2021	USD	GBP	9 December 2021	252	1.3485	4
20 September 2021	USD	GBP	9 December 2021	77	1.3485	1
23 September 2021	USD	GBP	9 December 2021	138	1.3485	3
						332
1 September 2021	GBP	AUD	9 December 2021	14,660	1.8662	(40)
1 September 2021	GBP	SEK	9 December 2021	8,983	11.7898	(50)
1 September 2021	GBP	NOK	9 December 2021	9,256	11.7781	(151)
1 September 2021	GBP	CAD	9 December 2021	9,161	1.7084	(169)
1 September 2021	GBP	USD	9 December 2021	114,704	1.3485	(2,584)
2 September 2021	GBP	USD	9 December 2021	150	1.3485	(4)
7 September 2021	EUR	GBP	9 December 2021	785	1.1619	(1)
13 September 2021	GBP	EUR	9 December 2021	912	1.1619	(7)
13 September 2021	GBP	NOK	9 December 2021	611	11.7781	(10)
13 September 2021	GBP	SEK	9 December 2021	900	11.7898	(10)
13 September 2021	GBP	AUD	9 December 2021	1,889	1.8662	(13)
13 September 2021	GBP	CAD	9 December 2021	756	1.7084	(19)
13 September 2021	GBP	EUR	9 December 2021	3,063	1.1619	(21)
13 September 2021	GBP	USD	9 December 2021	1,056	1.3485	(28)
16 September 2021	GBP	JPY	9 December 2021	279	150.3681	(1)
16 September 2021	GBP	EUR	9 December 2021	436	1.1619	(4)
16 September 2021	GBP	USD	9 December 2021	2,625	1.3485	(65)
17 September 2021	GBP	USD	9 December 2021	320	1.3485	(7)
21 September 2021	GBP	USD	9 December 2021	1,262	1.3485	(19)
28 September 2021	GBP	USD	9 December 2021	6,084	1.3485	(46)
						(3,249)

Date of contract	Buy Currency	Sell Currency	Settlement date	Amount '000	Contracted rate	Unrealised gain/(loss) 30 September 2020 £'000
3 September 2020	GBP	NOK	9 December 2020	14,598	12.0993	331
3 September 2020	JPY	GBP	9 December 2020	11,869	136.3636	423
10 September 2020	USD	GBP	9 December 2020	3,083	1.2933	23
15 September 2020	USD	GBP	9 December 2020	73	1.2933	–
						777
3 September 2020	GBP	AUD	9 December 2020	21,056	1.8041	(179)
3 September 2020	GBP	CAD	9 December 2020	14,583	1.7271	(106)
3 September 2020	GBP	EUR	9 December 2020	67,535	1.1012	(1,158)
3 September 2020	GBP	NZD	9 December 2020	14,379	1.9567	(124)
3 September 2020	GBP	SEK	9 December 2020	14,299	11.5658	(28)
3 September 2020	GBP	USD	9 December 2020	121,677	1.2933	(3,180)
18 September 2020	GBP	USD	9 December 2020	402	1.2933	(1)
						(4,776)

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

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

Management of the risk. It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. The allocation of assets to international markets and the stock selection process, as detailed in the section "Investment Policy and Investment Process" on pages 9 and 10, both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy.

Other price risk sensitivity. If market prices at the reporting date had been 10% higher or lower on investments held at fair value while all other variables remained constant, the return attributable to Ordinary shareholders and equity for the year ended 30 September 2021 would have increased/decreased by £32,834,000 (2020 – £35,229,000).

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

	Within 1 year £'000	Within 1-3 years £'000	Within 3-5 years £'000	More than 5 years £'000	Total £'000
6.25% Bonds 2031	–	–	–	16,096	16,096
Interest cash flows on 6.25% Bonds 2031	1,006	2,012	2,012	6,036	11,066
	1,006	2,012	2,012	22,132	27,162

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

Notes to the Financial Statements Continued

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

Management of the risk

– where the Manager makes an investment in a bond, corporate or otherwise, the credit ratings of the issuer are taken into account so as to manage the risk to the Company of default;

– investments in quoted bonds are made across a variety of industry sectors and geographic markets so as to avoid concentrations of credit risk;

– transactions involving derivatives are entered into only with investment banks, the credit rating of which is taken into account so as to minimise the risk to the Company of default;

– investment transactions are carried out with a number of brokers, whose credit-standing is reviewed periodically by the Manager, and limits are set on the amount that may be due from any one broker;

– the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the daily review of failed trade reports. In addition, both stock and cash reconciliations to the custodian's records are performed daily to ensure discrepancies are investigated in a timely manner. The Manager's Compliance department carries out periodic reviews of the custodian's operations and reports its finding to the Manager's Risk Management Committee; and

– cash is held only with reputable banks with acceptable credit quality. It is the Manager's policy to trade only with A- and above (Long Term rated) and A-1/P-1 (Short Term rated) counterparties.

Credit risk exposure. In summary, compared to the amounts in the Statement of Financial Position, the maximum exposure to credit risk at 30 September 2021 and 30 September 2020 was as follows:

	2021		2020	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Non-current assets				
Securities at fair value through profit or loss	390,446	60,581	428,859	75,107
Current assets				
Other debtors	90	90	187	187
Amounts due from brokers	335	335	682	682
Accrued income	813	813	1,418	1,418
Derivatives	332	332	777	777
Cash and short term deposits	7,201	7,201	17,413	17,413
	399,217	69,352	449,336	95,584

None of the Company's financial assets are secured by collateral or other credit enhancements and none of the Company's financial assets are past due or impaired (2020 – £nil).

Credit ratings. The following table provides a credit rating profile using Standard and Poor's credit ratings for the bond portfolio at 30 September 2021 and 30 September 2020:

	2021 £'000	2020 £'000
A	995	3,105
A–	1,026	2,217
AA–	265	–
B	719	1,834
B–	317	1,030
BB	2,857	5,108
BB–	3,489	5,000
BBB+	5,088	7,746
BBB	467	4,760
BBB–	2,434	–
Non-rated	22,383	33,960
	40,040	64,760

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

18. **Fair value hierarchy.** FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (ie as prices) or indirectly (ie derived from prices).

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

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

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

Notes to the Financial Statements Continued

The financial assets and liabilities measured at fair value in the Statement of Financial Position are grouped into the fair value hierarchy at the reporting date as follows:

As at 30 September 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets/(liabilities) at fair value through profit or loss				
Equity investments	131,049	26,708	172,108	329,865
Loan investments	–	20,541	–	20,541
Fixed interest instruments	–	40,040	–	40,040
Forward currency contracts – financial assets	–	332	–	332
Forward currency contracts – financial liabilities	–	(3,249)	–	(3,249)
Net fair value	131,049	84,372	172,108	387,529

As at 30 September 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets/(liabilities) at fair value through profit or loss				
Equity investments	109,124	125,953	117,208	352,285
Loan investments	1,467	10,347	–	11,814
Fixed interest instruments	–	64,760	–	64,760
Forward currency contracts – financial assets	–	777	–	777
Forward currency contracts – financial liabilities	–	(4,776)	–	(4,776)
Net fair value	110,591	197,061	117,208	424,860

Level 3 Financial assets at fair value through profit or loss	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Opening fair value	117,208	108,238
Purchases including calls (at cost)	65,762	25,895
Disposals and return of capital	(20,175)	(15,886)
Transfers from level 1	–	–
Transfers from level 2	–	–
Total gains or losses included in losses on investments in the Statement of Comprehensive Income:		
– assets disposed of during the year	2,448	(10,142)
– assets held at the end of the year	6,865	9,103
Closing balance	172,108	117,208

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

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Aberdeen European Residential Opportunities Fund	11,869	11,248
Aberdeen Global Infrastructure Partners II (AUD)	5,949	4,785
Aberdeen Global Infrastructure Partners II (USD)	9,705	6,899
Aberdeen Property Secondaries Partners II	12,568	13,425
Aberdeen Standard Global Private Markets Fund	17,251	–
Aberdeen Standard Secondary Opportunities Fund IV	5,478	2,805
Agriculture Capital Management Fund II	3,575	3,636
Andean Social Infrastructure Fund I	5,886	1,629
BlackRock Renewable Income – UK	8,055	7,809
Blue Capital Alternative Income	46	280
Bonaccord Capital Partners I-A	6,274	–
Burford Opportunity Fund	12,794	14,092
Cheyne Social Property Impact Fund	5,196	6,073
Dover Street VII	235	252
HarbourVest International Private Equity V	51	44
HarbourVest International Private Equity VI	3,020	2,796
HarbourVest VIII Buyout Fund	353	529
HarbourVest VIII Venture Fund	210	177
Healthcare Royalty Partners IV	10,779	940
Maj Invest Equity 4	2,806	2,262
Maj Invest Equity 5	1,785	828
Markel CATCo Reinsurance Fund Ltd – LDAF 2018 SPI	1,058	4,396
Markel CATCo Reinsurance Fund Ltd – LDAF 2019 SPI	1,305	3,405
Mesirow Financial Private Equity III	214	371
Mesirow Financial Private Equity IV	1,272	1,451
Mount Row Credit Fund II	9,850	–
Pan European Infrastructure Fund	4,352	–
PIMCO Private Income Fund Offshore Feeder I LP	7,416	–
SL Capital Infrastructure II	14,745	20,264
Truenoord Co-Investment	8,011	6,812
	172,108	117,208

There were no transfers between levels for financial assets and financial liabilities during the years ended 30 September 2021 and 30 September 2020.

For all other assets and liabilities (i.e. those not included in the hierarchy table) carrying value approximates to fair value with the exception of the 6.25% Bonds 2031. The basis of their fair value is detailed in note 13 on page 83.

Notes to the Financial Statements Continued

19. Related party transactions and transactions with the Manager

Related party transactions – Directors' fees and interests. Fees payable during the year to the Directors and their interests in shares of the Company are considered to be related party transactions and are disclosed within the Directors' Remuneration Report on pages 52 to 54. The balance of fees due to Directors at the year end was £Nil (2020 – £13,000).

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

– 0.50% per annum in respect of the first £300 million of the net asset value (with debt at fair value); and
– 0.45% per annum in respect of the balance of the net asset value (with debt at fair value).

Details of transactions during the year and balances outstanding at the year end are disclosed in note 4 on page 77.

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

The table below details all investments held at 30 September 2021 that were managed by the Group. For the period to 30 September 2021 no fees were levied in respect of these funds.

	30 September 2021 £'000
Aberdeen Standard Global Private Markets Fund[B]	17,251
SL Capital Infrastructure II[B]	14,745
Aberdeen Property Secondaries Partners II[C]	12,568
Aberdeen European Residential Opportunities Fund[B]	11,869
ASI UK Mid-Cap Equity[A]	10,895
Aberdeen Global Infrastructure Partners II (USD)[D]	9,705
Aberdeen Standard SICAV I – Frontier Markets Bond Fund[C]	5,974
Aberdeen Global Infrastructure Partners II (AUD)[D]	5,949
Andean Social Infrastructure Fund I[B]	5,886
Aberdeen Standard Secondary Opportunities Fund IV[C]	5,478
Aberdeen Standard Alpha – Global Loans Fund[A]	5,042
	105,362

[A] The Company is invested in a share class which is not subject to a management charge from the Group.
[B] The value of this holding is removed from the management fee calculation to ensure that no double counting occurs.
[C] An amount equivalent to the management fee received by the Manager on the underlying is offset against the management fee payable by the Company to ensure that no double counting occurs.
[D] The invested capital commitment is removed from the management fee calculation to ensure than no double counting occurs.

The Company also has an agreement with ASFML for the provision of secretarial, accounting and administration services and promotional activities. Details of transactions during the year and balances outstanding at the year end are disclosed in note 4 and note 5 on pages 77 and 78.

20. **Capital management policies and procedures.** The current investment objective of the Company is to seek to provide income and capital appreciation over the long term through investment in a globally diversified multi-asset portfolio.

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

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

– the planned level of gearing which takes into account the Investment Manager's views on the market (net gearing at the reporting period end is disclosed on page 3 and the calculation basis is set out on pages 106 and 107);

– the level of equity shares in issue; and

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

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

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

21. Analysis of changes in net debt

	At 1 October 2020 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 30 September 2021 £'000
Cash and cash equivalents	17,413	5,411	(15,623)	–	7,201
Forward contracts	(3,999)	1,082	–	–	(2,917)
Debt due after one year	(59,540)	–	43,904	(28)	(15,664)
Total	(46,126)	6,493	28,281	(28)	(11,380)

	At 1 October 2019 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 30 September 2020 £'000
Cash and cash equivalents	7,809	17,459	(7,855)	–	17,413
Forward contracts	3,195	(7,194)	–	–	(3,999)
Debt due after one year	(59,503)	–	–	(37)	(59,540)
Total	(48,499)	10,265	(7,855)	(37)	(46,126)

Notes to the Financial Statements Continued

22. **Commitments and contingent liabilities.** At 30 September 2021 the Company had commitments of £275,385,000 of which £80.158,000 remained outstanding (2020 – £81,078,000). Further details are given below. There were no contingent liabilities as at 30 September 2021 (2020 – £nil).

	Undrawn commitments 30 September 2021 £'000
Aberdeen Standard Secondary Opportunities Fund IV	15,004
Andean Social Infrastructure Fund I	11,448
SL Capital Infrastructure II	11,259
Bonaccord Capital Partners I-A	8,915
Healthcare Royalty Partners IV	8,141
ASI Hark III	7,416
Burford Opportunity Fund	6,600
Aberdeen Global Infrastructure Partners II (AUD)	6,315
Aberdeen Property Secondaries Partners II	1,275
Aberdeen European Residential Opportunities Fund	1,190
Maj Equity 5	773
Agriculture Capital Management Fund II	511
Maj Equity 4	398
Pan-European Infrastructure Fund I	276
Dover Street VII	164
HarbourVest International Private Equity VI	153
Mesirow Financial Private Equity IV	148
Mesirow Financial Private Equity III	70
HarbourVest VIII Buyout Fund	65
HarbourVest International Private Equity V	28
HarbourVest VIII Venture Fund	7
Aberdeen Global Infrastructure Partners II (USD)	2
	80,158

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

Corporate Information

Investor Information

Pre-investment Disclosure Document ("PIDD")

The Alternative Investment Fund Managers Directive ("AIFMD") requires Aberdeen Standard Fund Managers Limited, as the alternative investment fund manager ("AIFM") of Aberdeen Diversified Income and Growth Trust plc, 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 AIFMD are published in the Company's Pre-Investment Disclosure Document ("PIDD") which can be found on its website. The periodic disclosures required to be made by the AIFM under the AIFMD are set out on page 104.

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

abrdn has been contacted by investors informing us that they have received telephone calls and emails from people who have offered to buy their investment trust shares, purporting to work for abrdn.

abrdn 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 abrdn and any third party making such offers/claims has no link with abrdn.

abrdn does not 'cold-call' investors in this way. If you have any doubt over whether a caller is genuine, do not offer any personal information, end the call and contact the Customer Services Department (see page 114 for contact details).

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

Keeping You Informed

Further information on the Company can be found on its own dedicated website: aberdeendiversified.co.uk. This provides access to information on the Company's share price performance, capital structure, stock exchange announcements and a Manager's monthly factsheet. Alternatively you can call 0808 500 0040 (free when dialling from a UK landline) for information.

If you have any questions about the Company, the Manager or performance, please telephone the abrdn Customer Services Department (direct private investors) on 0808 500 0040.

Alternatively, please send an email to inv.trusts@abrdn.com or write to:

abrdn Investment Trusts
PO Box 11020
Chelmsford,
Essex CM99 2DB.

In the event of queries regarding holdings of shares, lost certificates, dividend payments or registered details, shareholders holding their shares in the Company directly should contact the Registrar, Computershare Investor Services PLC (see page 114 for contact details). Calls may be recorded and monitored randomly for security and training purposes. Changes of address must be notified to the Registrar in writing.

Dividend Tax Allowance

The annual tax-free personal allowance for dividend income is £2,000 for the 2021/22 tax year (2020/21 tax year; £2,000). Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will provide registered shareholders with a confirmation of dividends paid by the Company 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 in the Company

Individual 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 investors, shares can be bought directly through the abrdn Share Plan, abrdn Investment Trusts ISA or abrdn Investment Plan for Children.

abrdn Investment Plan for Children

abrdn operates the abrdn 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, including parents, grandparents and family friends (subject to the eligibility criteria as stated within the terms and conditions). 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%) where applicable. Selling costs are £10 + VAT, if applicable. 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 AAML in writing at any time.

Investor Information Continued

abrdn Share Plan

abrdn operates the abrdn 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%) where applicable. Selling costs are £10 + VAT, if applicable. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing AAML in writing at any time.

abrdn Investment Trusts ISA

abrdn operates the abrdn Investment Trusts ISA (“ISA”) through which an investment in the Company may be made of up to £20,000 in the 2020/21 tax year.

The annual ISA administration charge is £24 + VAT, if applicable, 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 Plan 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.

Nominee Accounts and Voting Rights

All investments in the abrdn Share Plan, abrdn Investment Trusts ISA or abrdn Investment Plan for Children are held in nominee accounts and investors are provided with the equivalent of full voting and other rights of share ownership.

How to Attend and Vote at Company Meetings

Investors who hold their shares in the Company via the abrdn Share Plan, abrdn Investment Trusts ISA or abrdn Investment Plan for Children and would like to attend and vote at Company meetings (including AGMs) will be sent for completion and return a Letter of Direction in connection with the relevant meeting.

Investors who hold their shares via another platform or share plan provider (for example Hargreaves Lansdown, Interactive Investor or AJ Bell) and would like to attend and vote at Company meetings (including AGMs) should contact their platform or share plan provider directly to make arrangements. Further details of how to attend and vote if you hold your shares via a platform or share plan provider are available at theaic.co.uk/aic/shareholder-voting-consumer-platforms

ISA Transfer

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

Contact Details and Literature Request Service

For information on the abrdn Share Plan, abrdn Investment Trusts ISA or abrdn Investment Plan for Children, including literature and application forms, please contact:

abrdn Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB

Telephone: 0808 500 0040
(free when dialling from a UK landline.)

Website: invtrusts.co.uk/en/investmenttrusts/literature-library

Terms and conditions for the abrdn Share Plan, abrdn Investment Trusts ISA and abrdn Investment Plan for Children can also be found under the literature section of invtrusts.co.uk.

There are a number of alternative ways in which you can buy and hold shares in this Company.

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. Some well-known online providers, which can be found through internet search engines, include:

- AJ Bell Youinvest
- Barclays Stockbrokers / Smart Investor
- Canaccord Genuity
- Charles Stanley Direct
- Equiniti
- Halifax Share Dealing
- Hargreaves Lansdown
- iDealing
- Interactive Investor
- The Share Centre

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 pimfa.co.uk.

Financial advisers

To find an adviser on investment trusts, visit 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 fca.org.uk/firms/systems-reporting/register/search
Email: register@fca.org.uk

Key Information Document

Investors should be aware that the PRIIPs Regulation requires the Investment Manager, as PRIIP manufacturer, to prepare a key information document ("KID") in respect of the Company. This KID must be made available by the Investment Manager to retail investors prior to them making any investment decision and it may be viewed on the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by the law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

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 seeking income and capital appreciation over the long term through investment in a globally diversified multi-asset portfolio and who understand and are willing to accept the risks of exposure to investing via a flexible multi-asset approach. 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, and intends to continue to do so for the foreseeable future, in order that its shares can be recommended by a financial adviser to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investments.

The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream pooled investment products because they are shares in an investment trust.

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 99 to 101 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.

Glossary

Aberdeen Asset Managers Limited or AAML or Investment Manager
Aberdeen Asset Managers Limited is a wholly owned subsidiary of abrdn plc and acts as the Company's investment manager. It is authorised and regulated by the FCA.

abrdn
A company listed on the London Stock Exchange as abrdn plc.

AIC
The Association of Investment Companies.

AIFMD
The Alternative Investment Fund Managers Directive - the AIFMD is European legislation which created a European-wide framework for regulating managers of 'alternative investment funds' ("AIFs"). It is designed to regulate any fund which is not a UCITS fund and which is managed and/or marketed in the EU. The Company has been designated as an AIF.

Alternative Performance Measure or APM
An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Closed-End Fund
A collective investment scheme which has a fixed number of shares which are not redeemable from the fund itself. Unlike open-ended funds, new shares/units are not created by managers to meet demand from investors; instead, shares are purchased (or sold) only in the market. Closed-end funds are normally listed on a recognised stock exchange, such as the London Stock Exchange, and shares can be bought and sold on that exchange.

Discount
The amount by which the market price per share of an Investment Trust is lower than the Net Asset Value per share. The discount is normally expressed as a percentage of the Net Asset Value per share.

Dividend Cover
Earnings per share divided by dividends per share expressed as a ratio.

Dividend Yield
The annual dividend expressed as a percentage of the share price.

FCA
Financial Conduct Authority.

Gearing
Net gearing is calculated by dividing total borrowings less cash or cash equivalents, by shareholders' funds expressed as a percentage.

Investment Trust
A type of Closed-End Fund which invests in other securities, allowing shareholders to share the risks, and returns, of collective investment.

Leverage
For the purposes of the Alternative Investment Fund Managers Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its Net Asset Value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other.

Manager, AIFM or ASFML
Aberdeen Standard Fund Managers Limited is a wholly owned subsidiary of abrdn plc and acts as the alternative investment fund manager for the Company. It is authorised and regulated by the FCA.

Net Asset Value or NAV
The value of total assets less liabilities. Liabilities for this purpose include current and long-term liabilities. The Net Asset Value divided by the number of shares in issue produces the Net Asset Value per share.

Ongoing Charges
Ratio of expenses as a percentage of average daily shareholders' funds calculated as per the AIC's industry standard method. This includes the Company's share of costs of holdings in investment companies on a look-through basis.

Premium
The amount by which the market price per share of an Investment Trust exceeds the Net Asset Value per share. The premium is normally expressed as a percentage of the Net Asset Value per share.

Price/Earnings Ratio
The ratio is calculated by dividing the market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.

Prior Charges

The name given to all borrowings including debentures, loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.

Total Assets

Total Assets as per the balance sheet less current liabilities (before deducting Prior Charges as defined above).

Total Return

Total Return involves reinvesting the net dividend in the month that the share price goes ex-dividend. The NAV Total Return involves investing the same net dividend in the NAV of the Company on the date the dividend was earned.

AIFMD Disclosures (Unaudited)

Aberdeen Standard Fund Managers Limited 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") which can be found on the Company's website.

There have been no material changes to the disclosures contained within the PIDD since its most recent update in December 2021.

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, note 17 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 ASFML; and
- 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 Company Secretaries, Aberdeen Asset Management PLC, on request (see page 114 for contact details) and the remuneration disclosures in respect of the AIFM's reporting period ended 31 December 2020 is 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:

	Gross Method	Commitment Method
Maximum level of leverage	3.50:1	2.50:1
Actual level at 30 September 2021	1.79:1	1.81:1

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 have been no changes to the circumstances in which the Company may be required to post assets as collateral and no 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 ASFML 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.

Alternative Performance Measures (Unaudited)

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

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

The tables below provide information relating to the NAVs and share prices of the Company on the dividend reinvestment dates during the years ended 30 September 2021 and 30 September 2020 and total returns.

2021	Dividend rate	NAV (debt at par)	NAV (debt at fair value)	Share price
30 September 2020	N/A	121.71p	113.40p	91.50p
24 December 2020	1.36p	116.25p	113.95p	99.10p
4 March 2021	1.38p	114.52p	112.52p	92.60p
17 June 2021	1.38p	119.60p	117.68p	100.40p
30 September 2021	1.38p	123.54p	121.73p	100.00p
Total return		+6.3%	+12.5%	+15.6%

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

Net asset value per Ordinary share – debt at fair value

The net asset value per Ordinary share with debt at fair value is calculated as follows:

	As at 30 September 2021 £'000	As at 30 September 2020 £'000
Net asset value attributable	382,118	386,230
Add: Amortised cost of 6.25% Bonds 2031	15,664	59,540
Less: Market value of 6.25% Bonds 2031	(21,233)	(85,925)
	376,549	359,845
Number of Ordinary shares in issue excluding treasury shares	309,318,738	317,330,238
Net asset value per share (p)	121.73	113.40

Alternative Performance Measures (Unaudited) Continued

Discount to net asset value per Ordinary share – debt at fair value. The discount is the amount by which the Ordinary share price is lower than the net asset value per Ordinary share – debt at fair value, expressed as a percentage of the net asset value – debt at fair value. The Board considers this to be the most appropriate measure of the Company's discount.

		30 September 2021	30 September 2020
Net asset value per Ordinary share (p)	a	121.73	113.40
Share price (p)	b	100.00	91.50
Discount	(a-b)/a	17.9%	19.3%

Dividend cover. Revenue return per Ordinary share divided by dividends declared for the year per Ordinary share expressed as a ratio.

		30 September 2021	30 September 2020
Revenue return per Ordinary share (p)	a	5.14	5.58
Dividends declared (p)	b	5.52	5.44
Dividend cover	a/b	0.93	1.03

Dividend yield. The annual dividend per Ordinary share divided by the share price, expressed as a percentage.

		30 September 2021	30 September 2020
Dividend per Ordinary share (p)	a	5.52	5.44
Share price (p)	b	100.00	91.50
Dividend yield	a/b	5.5%	5.9%

Net gearing – debt at par value. Net gearing with debt at par value 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 net amounts due to and from brokers at the period end, in addition to cash and short term deposits.

		30 September 2021	30 September 2020
Borrowings (£'000)	a	15,664	59,540
Cash (£'000)	b	7,201	17,413
Amounts due to brokers (£'000)	c	221	–
Amounts due from brokers (£'000)	d	335	682
Shareholders' funds (£'000)	e	382,118	386,230
Net gearing	(a-b+c-d)/e	2.2%	10.7%

Net gearing – debt at fair value. Net gearing with debt at fair value 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 net amounts due to and from brokers at the year end, in addition to cash and short term deposits per the Statement of Financial Position.

		30 September 2021	30 September 2020
Borrowings (£'000)	a	21,233	85,925
Cash (£'000)	b	7,201	17,413
Amounts due to brokers (£'000)	c	221	–
Amounts due from brokers (£'000)	d	335	682
Shareholders' funds (£'000)	e	376,549	359,845
Net gearing	(a-b+c-d)/e	3.7%	18.8%

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

	2021 £	2020 £
Investment management fees	1,319,000	1,339,000
Administrative expenses	980,000	837,000
Less: non-recurring charges[A]	(69,500)	(10,000)
Ongoing charges	2,229,500	2,166,000
Average net assets with debt at fair value	361,834,000	362,978,000
Ongoing charges ratio (excluding look-through costs)	0.62%	0.60%
Look-through costs[B]	0.83%	0.98%
Ongoing charges ratio (including look-through costs)	1.45%	1.58%

[A] Professional services considered unlikely to recur.

[B] Calculated in accordance with AIC guidance issued in October 2020 to include the Company's share of costs of holdings in investment companies on a look-through basis. The figure for 30 September 2020 has been restated in accordance with this guidance.

The ongoing charges ratio provided in the Company's Key Information Document is calculated in line with the PRIIPs regulations, which includes financing and transaction costs. This can be found within the literature library section of the Company's website: aberdeendiversified.co.uk.

General

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Aberdeen Diversified Income and Growth Trust plc (the "Company") will be held at 12.30 p.m. on 22 February 2022 at the South Place Hotel, 3 South Place, London, EC2M 2AF, for the following purposes:

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. To receive the Directors' Report, the Auditor's Report and the audited financial statements for the year ended 30 September 2021.
2. To receive and adopt the Directors' Remuneration Report (other than the Directors' Remuneration Policy) for the year ended 30 September 2021.
3. To approve the Company's dividend policy to continue to pay four quarterly interim dividends per year.
4. To elect Alistair Mackintosh as a Director of the Company*.
5. To re-elect Trevor Bradley as a Director of the Company*.
6. To re-elect Tom Challenor as a Director of the Company*.
7. To re-elect Anna Troup as a Director of the Company*.
8. To re-elect Davina Walter as a Director of the Company*.
9. To re-appoint PricewaterhouseCoopers LLP as auditor of the Company to hold office from the conclusion of the Annual General Meeting of the Company until the conclusion of the next general meeting at which financial statements and reports are laid before the Company.
10. To authorise the Directors to fix the remuneration of the auditor.

Continuation of the Company

11. To approve the continuation of the Company as an investment trust.

Authority to Allot

12. That the Directors be 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 up to an aggregate nominal amount of £7,729,433 (representing 10% of the total Ordinary share capital of the Company in issue as at the date of notice, excluding treasury shares, or, if less, the number representing 10% of the issued Ordinary share capital of the Company, excluding treasury shares, as of the date of the passing of this resolution) during the period expiring on the date of the next annual general meeting of the Company or on 31 March 2023, whichever is the earlier, but so that this authority, unless previously revoked, varied or renewed, shall allow the Company to make offers or agreements before the expiry of this authority which would or might require shares to be allotted or rights to be granted after such expiry and the Directors may allot shares and grant rights in pursuance of such an offer or agreement as if such authority had not expired.

To consider and, if thought fit, pass the following resolutions as special resolutions:

Disapplication of Pre-emption Rights

13. That the Directors be and they are hereby empowered, pursuant to sections 570 and 573 of the Act, to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority given in accordance with section 551 of the Act by resolution number 12 above as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

    (1) during the period expiring on the date of the next annual general meeting of the Company or on 31 March 2023, whichever is earlier, but so that this power shall, unless previously revoked, varied or renewed, enable the Company to make offers or agreements before the expiry of this power which would or might require equity securities to be allotted after the expiry of this power and the Directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired;

    (2) up to an aggregate nominal amount of £7,729,433 representing 10% of the total Ordinary share capital of the Company in issue, excluding treasury shares, as at the date of this notice, or, if less, the number representing 10% of the issued Ordinary share capital of the Company, excluding treasury shares, as of the date of the passing of this resolution); and

Notice of Annual General Meeting Continued

(3) at a price greater than the net asset value per share from time to time (as determined by the Directors and calculated excluding treasury shares).

This power applies to a sale of treasury shares which is an allotment of equity securities by virtue of section 560(3) of the Act as if in the first paragraph of this resolution the words "pursuant to the authority given in accordance with section 551 of the Act by resolution number 12 above" were omitted.

Authority to Make Market Purchases of Shares

14. That the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of fully paid Ordinary shares on such terms and in such manner as the Directors from time to time determine, and to cancel or hold in treasury such shares, provided always that:

    (1) the maximum number of shares hereby authorised to be purchased shall be an aggregate of 46,345,686 Ordinary shares or, if less, the number representing 14.99% of the Ordinary shares in issue (excluding shares already held in treasury) as at the date of the passing of this resolution;

    (2) the minimum price which may be paid for a share shall be 25 pence;

    (3) the maximum price (exclusive of expenses) which may be paid for a share shall be the higher of (a) an amount equal to 105% of the average of the middle market quotations for a share taken from, and calculated by reference to, the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the share is purchased; and (b) the higher of the price of the last independent trade and the highest current independent bid at the time the purchase is carried out;

    (4) the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company or on 31 March 2023, whichever is earlier, unless such authority is previously revoked, varied or renewed prior to such time; and

    (5) the Company may make a contract or contracts to purchase shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract or contracts notwithstanding such expiry above.

Authority to Call General Meetings on not less than 14 Clear Days' Notice

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

1 George Street	By order of the Board
Edinburgh EH2 2LL	Aberdeen Asset Management PLC
8 December 2021	Secretaries

* The biographies of the Directors offering themselves for election and re-election may be found on pages 43 and 44.

NOTES:

(1) Only those Shareholders registered in the Register at close of business on 18 February 2022 shall be entitled to attend and/or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time (the "specified time"). If the Annual General Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of shareholders to attend and/or vote at the adjourned meeting. If the Annual General Meeting is adjourned for a longer period, the time by which a person must be entered on the Register in order to have the right to attend and/or vote at the adjourned meeting is close of business two days (excluding non-working days) prior to the time of the adjourned meeting. Changes to entries on the Register after the relevant deadline shall be disregarded in determining the rights of any person to attend and/or vote at the Annual General Meeting.

(2) Holders of Ordinary shares are entitled to attend and vote at the Annual General Meeting or any adjournment thereof. If you wish to attend, there will be a members' register to sign on arrival.

(3) As at 8 December 2021 (being the last practicable day prior to the date of approval of this Report) the Company's issued share capital consisted of 337,751,806 Ordinary shares (28,574,447 of which were held in treasury). Each Ordinary share carries the right to one vote at general meetings. Therefore the total voting rights in the Company at 8 December 2021 were 309,177,359.

(4) A Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him or her, provided that if two or more proxies are appointed, each proxy must be appointed to exercise the rights attaching to different shares. A Form of Proxy is enclosed with this Notice. A proxy need not be a Shareholder of the Company. Completion and return of the Form of Proxy will not preclude Shareholders from attending or voting at the Annual General Meeting, if they so wish. Details of how to appoint the Chairman of the Annual General Meeting or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy. If you wish your proxy to speak on your behalf at the Annual General Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to the proxy. In the event that a Form of Proxy is returned without an indication as to how the proxy shall vote on the resolutions, the proxy will exercise his or her discretion as to whether, and if so how, he or she votes.

(5) To be valid, the Form of Proxy, together with the power of attorney or other authority, if any, under which it is executed (or a notarially certified copy of such power or authority) must be deposited with the Company's Registrar, for this purpose being Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible, but in any event not later than 48 hours (excluding non-working days) before the time fixed for the Annual General Meeting. If you have any queries relating to the completion of the Form of Proxy, please contact Computershare Investor Services on 0330 303 1184 (lines are open 8.30am to 5.30 p.m. Monday to Friday, excluding public holidays). Computershare Investor Services PLC cannot provide advice on the merits of the business to be considered nor give any financial, legal or tax advice. Alternatively, if the Shareholder holds his or her shares in uncertificated form (i.e. in CREST) they may vote using the CREST System (see note (11) below).

(6) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at its registered office or the address specified in note 5 above before the commencement of the Annual General Meeting or adjourned meeting at which the proxy is used.

(7) Where there are joint holders of any share, any one of such persons may vote at any Meeting, and if more than one of such persons is present at any meeting personally or by proxy, the vote of the senior holder who tenders the vote shall be accepted to the exclusion of the votes of other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the Register.

(8) Any 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 Annual General 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. Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the Shareholder who nominated the Nominated Person to enjoy information rights (or, perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that Shareholder, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interests in the Company (including any administrative matter). The statement of the rights of Shareholders in relation to the appointment of proxies in notes (4) to (6) does not apply to Nominated Persons. The rights described in these notes can only be exercised by Shareholders of the Company.

Notice of Annual General Meeting Continued

(9) Any corporation which is a Shareholder may authorise such person as it thinks fit to act as its representative at the Annual General Meeting. Any person so authorised shall be entitled to exercise on behalf of the corporation which he represents the same powers (other than to appoint a proxy) as that corporation could exercise if it were an individual Shareholder (provided, in the case of multiple corporate representatives of the same corporate Shareholder, they are appointed in respect of different shares owned by the corporate Shareholder or, if they are appointed in respect of the same shares, they vote the shares in the same way). To be able to attend and vote at the Annual General Meeting, corporate representatives will be required to produce prior to their entry to the Annual General Meeting evidence satisfactory to the Company of their appointment.

(10) To allow effective constitution of the Annual General Meeting, if it is apparent to the Chairman that no Shareholders will be present in person or by proxy, other than by proxy in the Chairman's favour, then the Chairman may appoint a substitute to act as proxy in his stead for any Shareholder, provided that such substitute proxy shall vote on the same basis as the Chairman.

(11) Notes on CREST Voting. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual, which is available to download from the Euroclear UK & Ireland ("Euroclear") website (euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

a) In order for a proxy appointment or instruction made using the CREST system to be valid, the appropriate CREST message (a "CREST proxy instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent 3RA50 by 12.30 p.m. on 18 February 2022. 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.

b) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear 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 CREST sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) takes(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by a particular time. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual.

c) The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. In any case, a proxy form must be received by the Company's Registrar no later than 12.30 p.m. on 18 February 2022.

(12) The attendance at the Annual General Meeting of Shareholders and their proxies and representatives is understood by the Company to confirm their agreement to receive any communications made at the Annual General Meeting.

(13) Shareholders are advised that unless otherwise provided, the telephone numbers and website addresses which may be set out in this Notice or the Form of Proxy/Form of Direction are not to be used for the purpose of serving information or documents on the Company including the service of information or documents relating to proceedings at the Annual General Meeting. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's shares already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result any person holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

(14) In accordance with Section 311A of the Companies Act 2006, the contents of this notice of Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Annual General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website, aberdeendiversified.co.uk.

(15) Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the Annual General Meeting which is put by a Shareholder attending the Annual General Meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered or if to do so would involve the disclosure of confidential information.

(16) Shareholders should note that it is possible that, pursuant to requests made by Shareholders 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 out before the Annual General Meeting; or (ii) any circumstance 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, that the shareholders propose to raise at the Annual General Meeting. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later that the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on the website.

(17) The "Vote Withheld" option on the Form of Proxy is provided to enable a member to abstain on any particular resolution. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "For" or "Against" a particular resolution.

(18) Participants in the abrdn Share Plan, abrdn Investment Trust ISA or abrdn Investment Plan for Children are entitled to vote by completing the enclosed Form of Direction and returning it in the accompanying envelope no later than 12.30 p.m. on 15 February 2022.

(19) Given the risks posed by the spread of variants of COVID-19, including Omicron, physical attendance at the Annual General Meeting may not be possible. If the law, Government guidance or terms and conditions stipulated by the venue for the Annual General Meeting so requires at the time of the meeting, the Chairman will limit, in his or her sole discretion, the number of individuals in physical attendance at the meeting. Notwithstanding this, the Company may still impose entry restrictions on certain persons wishing to attend the meeting in order to ensure the health and safety of those attending. In such circumstances, physical attendance may be limited to two persons as the minimum number required to form a quorum.

The Company strongly encourages Shareholders to appoint the Chairman as their proxy to ensure their votes are registered. Instructions for submitting a proxy are contained in Notes (4) to (7) above.

As set out in the Chairman's Statement on page 8, Shareholders are also encouraged to submit any questions in advance of the Annual General Meeting by email to: diversified.income@abrdn.com

Corporate Information

Directors
Davina Walter (Chairman)
Tom Challenor (Senior Independent Director and Audit Committee Chairman)
Trevor Bradley
Anna Troup
Alistair Mackintosh

Company Secretaries & Registered Office
Aberdeen Asset Management PLC
1 George Street
Edinburgh EH2 2LL

Company Number
Registered in Scotland under Company Number SC003721

Website
aberdeendiversified.co.uk

United States Internal Revenue Service FATCA Registration Number ("GIIN")
E3M4K6.99999.SL.826

Legal Entity Identifier Number ("LEI")
2138003QINEGCHYGW702

Points of Contact
The Chairman or Company Secretaries at the Registered Office of the Company

Twitter: @abrdnTrusts

LinkedIn: abrdn Investment Trusts

Customer Services and enquiries relating to the abrdn Share Plan, abrdn Investment Trusts ISA or abrdn Investment Plan for Children
abrdn Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB

Freephone: 0808 500 00 40
Brochure Request Line Freephone: 0808 500 4000
Lines are open 9.00 a.m. to 5.00 p.m. Monday to Friday, excluding public holidays

Email: inv.trusts@abrdn.com

Alternative Investment Fund Manager
Aberdeen Standard Fund Managers Limited
Bow Bells House
1 Bread Street
London EC4M 9HH

Authorised and regulated by the Financial Conduct Authority

Investment Manager
Aberdeen Asset Managers Limited
1 George Street
Edinburgh EH2 2LL

Authorised and regulated by the Financial Conduct Authority

Registrar (for direct shareholders)
Computershare Investor Services PLC operates a secure online website where shareholdings can be managed quickly and easily, including changing address or arranging to pay dividends directly into a bank account or receive electronic communications:

investorcentre.co.uk

Alternatively, please contact the registrar:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

E-mail is available via the above website
Telephone: 0330 303 1184
(UK calls cost 10p per minute plus network extras)
Lines are open 8.30 a.m. to 5.30 p.m. Monday to Friday, excluding public holidays

Independent Auditor
PricewaterhouseCoopers LLP

Depositary
The Bank of New York Mellon (International) Limited
1 Canada Square
London E14 5AL

Solicitors
Dickson Minto W.S.

Stockbrokers
Stifel Nicolaus Europe Limited

For more information visit **aberdeendiversified.co.uk**

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