Aberdeen Smaller Companies Income Trust PLC

An investment trust offering income and capital growth prospects from smaller UK listed companies

Half Yearly Report
30 June 2019

Contents

Objective

The objective of the Company is to provide a high and growing dividend and capital growth from a portfolio invested principally in the ordinary shares of smaller UK companies and UK fixed income securities.

Benchmark

FTSE SmallCap Index - excluding Investment Companies (total return).

Management

The Company's alternative investment fund manager is Aberdeen Standard Fund Managers Limited ("ASFML" or "the Manager") (authorised and regulated by the Financial Conduct Authority). The Company's portfolio is managed on a day-to-day basis by Aberdeen Asset Managers Limited ("AAML" or "the Investment Manager") by way of a delegation agreement in place between ASFML and AAML.

Highlights and Financial Calendar

	30 June 2019	31 December 2018	% change
Equity shareholders' funds (£'000)	73,473	63,052	+16.5
Net asset value per Ordinary share	332.31p	285.18p	+16.5
Share price (mid-market)	288.00p	224.00p	+28.6
Discount to net asset value per Ordinary share[A]	13.3%	21.5%	
Net gearing[A]	6.6%	6.2%	
Ongoing charges ratio[A]	1.27%	1.28%	

[A] Considered to be an Alternative Performance Measure. Further details can be found on pages 19 and 20.

Performance (total return)

	Six months ended 30 June 2019	1 year ended 30 June 2019	3 years ended 30 June 2019	5 years ended 30 June 2019
Share price[A]	+30.6%	+0.1%	+73.6%	+60.2%
Net asset value per Ordinary share[A]	+18.1%	–0.8%	+54.8%	+65.0%
FTSE SmallCap Index (ex IC's)	+6.1%	–8.6%	+24.8%	+30.3%
FTSE All-Share Index	+13.0%	+0.6%	+29.5%	+35.8%

[A] Considered to be an Alternative Performance Measure. Further details can be found on page 19.
Source: ASFML, Morningstar & Factset.

Financial Calendar

20 September 2019	Announcement of unaudited half yearly financial results for the six months ended 30 June 2019
September 2019	Half Yearly Report published and posted to shareholders
October 2019	Third interim dividend 2019 payable to shareholders
31 December 2019	Company's financial year end
January 2020	Fourth interim dividend 2019 payable to shareholders
March 2020	Announcement of annual financial results for the year ended 31 December 2019
March 2020	Annual Report and Accounts published and posted to shareholders
April 2020	First interim dividend 2020 payable to shareholders
30 April 2020 (12 noon)	Annual General Meeting
July 2020	Second interim dividend 2020 payable to shareholders

Interim Board Report - Chairman's Statement

Performance

In the six month period to the end of June 2019, I am pleased to report that the Trust has strongly outperformed its benchmark, the FTSE Smaller Companies Index (excl. Investment Trusts), returning 18.1% on a Net Asset Value (NAV) basis compared to the Index return of 6.1%. The Trust's share price increased by 30.6% in the period, with the discount to NAV narrowing substantially to 13.3%. The Trust's record of outperformance can also be seen in its 1, 3 and 5 year returns.

Trust Gearing and Debt

There has been no change to the level of borrowings the Company employs. The Trust has a 5 year £5m fixed rate loan facility and a 3 year £5m revolving credit facility, of which a total of £7m is currently drawn down. Portfolio gearing remains largely unchanged at the end of June 2019 at 6.1%, compared with gearing of 6.2% at the end of December 2018.

Dividend

You will have seen that the Board announced first and second quarter dividends year to date of 1.95p each (2018 – 1.80p each), an increase on last year's equivalent figures of 8.3%. This compares to an increase in the CPI for the first six months of this year of 0.75%.

With more of a focus on growth characteristics in the investment philosophy, the outlook for income growth looks attractive. The income account is also benefitting from some further special dividends, and there is a healthy reserve. The Company is well positioned to maintain solid dividend growth in the years to come.

Benchmark

Following discussions with the Manager, the Board has decided to implement a change to the Company's benchmark from the FTSE Smaller Companies ex Investment Trusts Index to the Numis Smaller Companies ex Investment Trusts Index (NSCI XIC) with effect from 1 January 2020. The NSCI XIC is the most common benchmark for UK Smaller Companies Trusts, and we feel now has more relevance to the holdings in the Company's portfolio.   Approximately 25% of the Company's stocks are in the FTSE Small Cap ex Investment Trusts index, compared to 32% in the NSCI XIC).] The Numis benchmark is currently outperforming the FTSE Smaller Companies Index (excl. Investment Trusts) to 30 June 2019 with a total return of 10.5%, making the Company's out-performance relevant to the Numis Index in the period 7.6%.

Preference Share Portfolio

Subsequent to the period end, the decision was taken to sell the Company's four preference share holdings and re-invest the proceeds into equities. The Portfolio Manager and the Board felt that Aviva's proposal last year to redeem its irredeemable shares had fundamentally changed investor sentiment toward the Preference Share market and that at this time the Company's capital could be better deployed in instruments with growing rather than flat income.

Outlook

Uncertainty remains in both political and economic markets globally, with the UK at elevated levels due to Brexit and Prime Ministerial changes. UK smaller companies markets have come under pressure given the perception of their domestic focus, however more recent news flow on US-China trade tensions highlights there are concerns across regions.

Following many years of bull markets, we are without doubt closer to the next downturn than the last. The Manager's investment process, based on bottom up stock selection rather than macro views, should guide us well through more difficult markets. The Manager takes a lower risk approach to Smaller Companies investing, and we believe the quality focus should protect the portfolio through more difficult markets. Investing in businesses which can grow throughout the cycle helps continue to deliver dividend growth to shareholders.

If the environment turns to one of lower economic growth, this will undoubtedly become tougher on our investments and their ability to sustain attractive growth rates. Whilst the quality focus should provide resilience, growth may be more challenging in the short term.

Robert Lister
Chairman

19 September 2019

Interim Board Report – Other

Principal Risks and Uncertainties

There are a number of risks which, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects. The Board has identified the principal risks and uncertainties facing the Company together with a description of the mitigating actions it has taken. These can be summarised under the following headings:

- Investment and Market
- Investment Portfolio Management
- Gearing
- Income and Dividend
- Operational

Details of these risks are provided in detail on pages 5 to 6 of the 2018 Annual Report. The principal risks have not changed nor are they expected to change in the second half of the financial year ended 31 December 2019.

In addition to these risks, the outcome of the UK Government's negotiations with the European Union on Brexit is still unclear at the date of this report. This remains an economic risk for the Company, principally in relation to the potential impact of Brexit on UK companies within the portfolio and on the Manager's operations. Whilst most of the portfolio holdings are UK-based companies, many have operations overseas with broad and geographically diverse earnings streams. Aberdeen Standard Investments has a significant Brexit program in place aimed at ensuring that they can continue to satisfy their clients' investment needs post Brexit.

In all other respects, the Company's principal risks and uncertainties have not changed materially since the year end.

Going Concern

In accordance with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued in September 2014, the Directors have undertaken a rigorous review and consider both that there are no material uncertainties and that the adoption of the going concern basis of accounting is appropriate. The Company's assets consist principally of equity shares in companies listed on the London Stock Exchange.

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

Directors' Responsibility Statement

The Directors are responsible for preparing the Half Yearly Financial Report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- the condensed set of Financial Statements has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'

- the Interim Board Report includes a fair review of the information required by rule 4.2.7R of the Disclosure and Transparency Rules (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of Financial Statements and a description of the principal risks and uncertainties for the remaining six months of the financial year)

- the Interim Board Report includes a fair review of the information required by 4.2.8R (being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could do so).

The Half Yearly Financial Report for the six months to 30 June 2019 comprises the Interim Board Report and a condensed set of financial statements.

For and on behalf of the Board of Aberdeen Smaller Companies Income Trust PLC

Robert Lister
Chairman

19 September 2019

Investment Manager's Review

Overview

The first half of 2019 has been a strong period of performance for the Trust, in supportive market conditions. With a Net Asset Value (NAV) total return of +18.1%, this reflects significant outperformance relative to the benchmark return for FTSE Small Cap ex Investment Companies of +6.1%. Long term performance remains very favourable over 3 and 5 year time periods, with 3 year NAV growth of +54.8% vs the benchmark of +24.8%, and 5 year NAV growth of +65.0% vs the benchmark of +30.3%. Despite some negative sentiment towards smaller companies in the UK, given the perception that it is domestically focused, we have been pleased to see the discount narrow over the period with a 30.6% total return in the share price over the first 6 months of the year.

Despite continued macro uncertainty, heightened by political volatility around Brexit, markets have shown a lot of resilience. Having sold off in the latter part of 2018, with concerns around economic growth levels and the prospect of interest rate rises, we started 2019 with a strong market rally. Valuations on the UK market had fallen, and relative to other regions limited growth was being priced in which has helped attract investors back into the UK despite broader high level concerns. What is evident though is that FTSE Small Cap ex Investment Companies has lagged other markets in the UK, driven by its more domestic focus and the markets concerns about the UK in particular and the outcome of Brexit. FTSE 100 and FTSE 250 have performed stronger so far this year, given their more international exposure, as investors continue to look overseas for what they consider more resilient exposures and perhaps also more defensive and lower risk investments.

The UK market contains a wide and diverse range of companies, sometimes even more so at the smaller end. Through our bottom up stock selection focus we identify businesses which have Quality, Growth and Momentum characteristics, with an income balance. We do not look to take macroeconomic calls or time the cycle, but instead focus on identifying businesses which we believe have the levers and ability to grow in a sustainable manner, despite the external distractions the economy might experience. In difficult market environments and at times when economic growth slows, quality is a characteristic we believe comes into even more focus. Quality businesses with healthy balance sheets, management teams with a strong pedigree, good corporate governance and strong competitive positions have the ability to be resilient through more difficult periods, and even improve their positioning when peers may be struggling.

Equity Portfolio

Strong stock selection has been a significant contributor to the outperformance the Trust has delivered over the first half of the year. **Aveva** shares continued their excellent long term performance driven by reporting strength. Their organic growth has remained at attractive levels, with further growth support coming through the benefits of the integration with Schneider Software. The integration of the businesses has made good progress, with benefits being seen on product innovation and through the sales teams already. **Intermediate Capital** has been a positive contributor, with significant earnings and dividend expectations increases. We believe the business model is higher quality than historically, with a more diversified revenue stream, and will be less cyclical then previous downturns. They are increasingly asset light given the increasing importance of the third-party asset management. Encouragingly they continue to attract assets, and given the long term and closed ended nature of funds, we view these as lower risk in more difficult times. **Dechra Pharmaceuticals**, a long term winner for the portfolio, has contributed positively again this period with both organic and acquisitive growth being at attractive levels, helped by new product innovation and distribution gains. The cash generation strength helps finance investment for growth as well as a dividend yield which remains attractive. The continued positive contribution from these long term holdings in the Trust highlights the merits of our desire to "run our winners". 2 newer holdings which have been strong positive contributors are **AJ Bell** and **Games Workshop**. We participated in the IPO of AJ Bell where we believed the strong market position of this founder run business could be even further enhanced through market share gains. Their product offering has many strengths and with attractive fee levels they are not subject to the same degree of fee pressures that some other players face. This helps convert Assets Under Administration growth into both earnings growth and cash generation. We were impressed with the collaborative and collegiate culture within the business, driven heavily by the founder and significant shareholder Andy Bell. Games Workshop, the hobbyist retailer, has delivered very appealing growth levels over recent periods with the business increasingly focused on online penetration and international markets. Their ownership of the intellectual property for Warhammer provides barriers to entry, and Games Workshop is a good example of where we invest in dominant players in what may be a niche market, but then that niche can expand globally and therefore, the addressable market can provide growth for years to come. The cash generation from growth has provided surplus capital, and despite also investing in capacity, the management team look to return this excess cash to shareholders.

The main detractors from performance have been non-holds over the period. Two of these, **KCOM** and **Tarsus**, are companies which have been bid for, driving their share price strength. **Burford** shares lagged the market rally following a couple of years of very strong performance. Given their high rating they are dependent on strong growth dynamics to sustain this, and in the period we also saw some negative market commentary challenging some governance and accounting areas. Post the period end, the aggressive short seller Muddy Waters published a short sell note on Burford, challenging a number of areas including accounting and corporate governance. Shares were heavily depressed on this report, and have since only recovered a small degree of the fall. We continue to engage with the Burford team, and are evaluating this investment on an ongoing basis.

Somero unfortunately issued a profit warning, blaming wet weather in the US. The weather disruption has made concrete laying very difficult in some regions, and therefore has detracted from sales of new equipment. Their customer's order books remain at healthy levels, however in the short term the lower earnings do depress the potential levels of shareholder returns through dividends.

Following the portfolio repositioning done in late 2018, and the increasing focus on investing in growth businesses, we have continued to add some new holdings. The portfolio is focused on investments which deliver attractive income yields, but also which have strong Quality, Growth and Momentum dynamics. The portfolio continues to have an attractive dividend yield, and through investing in faster growing businesses we look to focus on growth of income.

New holdings include **Kesko, Games Workshop, Paypoint, Somero, MJ Gleeson, Moneysupermarket** and **Barclays Bank 9% 2023-Perpetual**. These investments exhibit those Quality Growth Momentum dynamics we look for, have attractive yields and score well on our stock screening tool, the Matrix**. Kesko** is a Finnish business with a high market share in Finnish food retail. This business has been successfully positioned with a unique offering that has protected it versus competitors, and should provide a solid defensive core. The next stage is an improvement in their Building and Technical business, which is B2B and B2C. They have a strong balance sheet, which will allow them to do M&A. **Games Workshop,** is the hobbyist business that owns the intellectual propertyand manufactures the products of "Warhammer". They are driving strong growth from increasing online customer interaction, increasing trade accounts, new product launches, and store growth with increasingly global exposure. The capacity expansion of the new facility should provide further growth capabilities. They have a net cash balance sheet and are highly cash generative. **Paypoint,** is a relatively defensive player providing retail payment services. They have strong market positions across the service range in the UK, and their Romanian business is also well positioned with good growth opportunities. Their balance sheet is healthy and cash generation is good. **Somero** has a very attractive matrix score and a high dividend yield. This US based manufacturer of concrete "screeds" continues to deliver strong growth and cash generation. Utilising their machinery means the quality of flat concrete flooring is significantly higher, but also the cost and time of laying it is reduced, delivering a good return on investment to customers. They pay a good dividend, and then supplement that with paying out 50% of cash above $15m. **Moneysupermarke**t has had a difficult couple of years, but both end markets and their operational strategy are seeing improvements. Under new management, they have reinvested in technology, with a real focus on personalisation. Building closer customer relationships means long term they should be able to spend less on customer acquisition. This would improve the quality of the revenue stream, through more repeat business, and also drive operational leverage. Shares sit on a discount to other platform stocks, and their free cash flow generation is very attractive. With a strong net cash balance sheet, they have announced a capital return to shareholders, however unfortunately the fund struggled to build a full position in advance of this due to illiquidity given multiple funds were trading. Their standard yield is around 3%, but this year including special cash it is yielding 5%. **MJ Gleeson**, was added after another good meeting with management. It screens well on our internal screening tool, the Matrix and has a dividend yield over 4%. Whilst shares do get impacted by sentiment on housebuilders, MJ Gleeson has a very unique market position. Their affordability, simple operational structure, unique client base, ability to expand their model into new regions through replication. They have a well-placed strategic land business in the South, which can either generate a steady profit stream over years, or could be sold and generate an upfront monetisation of that business, which we would hope might be returned to shareholders. It also trades on an attractive valuation for strong sustainable earnings growth.

We exited holdings in **Scandinavian Tobacco, Victoria, Smart Metering Systems, Elementis, Genus, Anglian Water** bonds and **RPC** (post bid). These businesses did not fit our Quality Growth Momentum focus, with many facing more challenging times where they were seeing earnings downgrades. We have also taken some profit in names such as **Aveva** and **Dechra**, keeping position sizes under control post strong performance.

Since the period end, we have also taken the opportunity to exit all of the Company's preference share holdings. This was done in a disciplined manner over a few weeks, the positions being sold down as natural liquidity presented itself. Whilst the yield from the preference shares was attractive, they did not deliver income growth which consequently dragged the overall total growth rate of income from the portfolio.

Given the heightened focus on liquidity of portfolios, we would like to take this opportunity to highlight that we have not made any investments on behalf of the Company in unquoted securities.

Fixed Income Portfolio

Amid continuing disappointing economic data and trade worries, the rally in global government bond markets were driven largely by expectations of increasing dovishness from leading global central banks. The ECB essentially confirmed that it was moving towards policy easing, both through cutting interest rates and restarting asset purchases. While in the US, the US Federal Reserve cut interest rates by 25 basis points and signalled the potential for more. In the UK, with the UK's economic future still in a state of flux, growth is likely to remain subdued with investment spending in particular being sensitive to the elevated uncertainty.

Corporate bond markets continued to deliver strong returns, driven again by both tightening credit risk premiums and falling government bond yields. Both quarterly earnings and first half results across a variety of sectors reflected the mixed global macroeconomic environment. However, management's financial and strategic discipline has been encouraging. Credit spreads have recovered all their spread widening which was seen in the fourth quarter of 2018.

With respect to portfolio activity, we added a holding in **Barclays Bank 9% 2023- Perpetual** rated BB+/Ba2/BBB bond to the portfolio, to replace the Anglian Water bond. The upside from Barclays comes from its potential for early redemption prior to its first call date, October 2023, as the bond is non-compliant for capital adequacy purposes post January 2022. Additionally, the yield was more attractive and the switch reduced duration by 3 years, driving less sensitivity to changes in government bond yields. This also reduced exposure to the water sector, where there is a Labour threat of nationalisation which might drive volatility around the time of a general election.

Investee Company Stewardship

We met with the Senior Independent Director of Hilton Food Group and had a good discussion on the how the changes on the board and at the executive level have been performing. The CEO has moved to the new role of Executive Chairman for a period of two years to oversee the restructuring of the Australian joint venture. The Chief Operating Officer has moved to the role of Group CEO. Both appear to be performing well in their new roles; the CEO has had decent feedback from investors for his performance on the investor roadshows. The new Executive Chair has taken a step back from the running of the day to day business and now focuses on the Australian business and his duties as Chairman. We encouraged the company that more needs to be done on diversity especially on the board; they need to appoint another female Non-Executive Director to improve the balance on the board, subject to finding the right candidate.

At Cineworld, we met the Chair and Deputy Chair to discuss board composition and succession planning. The Deputy Chair will take over at the 2020 AGM and we discussed why such a long handover was necessary and how they will work together in the interim. We also discussed executive succession which, although some way off, will need to be handled carefully given the key role of the two Greidinger brothers who are CEO and Deputy CEO and whose family own 28% of the shares. Finally, we discussed the audit tender process and the key audit matters arising from the Regal acquisition.

Post the note issued by Muddy Waters, we have engaged with Burford Capital's management on a number of separate occasions. We continue to engage with them on business operations and governance. We believe Burford had been aware of the desire by investors to improve areas of governance prior to this report and we are pleased with the public announcements made recently about board composition, a possible US listing and the change of CFO.

Outlook

Whilst some market concerns such as interest rate rises have eased since late 2018, other areas have come to the fore. Economic growth looks to be slowing, US-China trade tensions remain volatile, the outcome of Brexit remains uncertain, and after many years of bull markets investors are conscious that these can't last forever. These dynamics create a lot of uncertainty and volatility, but despite these the market has remained positive throughout the period. Towards the end of the first half this looks to be coming under some challenge, with tougher sentiment and performance in global markets.

Our investment process focused on stock analysis as the key driver of decision making, rather than taking macroeconomic driven views. We look to invest in companies who can prove resilient through tougher times, which have structural growth drivers, their own independent levers for growth, are driven by management teams with a strong pedigree and have good corporate governance to protect our interests. In this process we are not looking to time markets, and our focus on Quality Growth and Momentum with an Income focus remains true despite where we may prove to be in economic cycles, although if the economy widely slows down, growth will be more challenging for companies to achieve. In tougher periods we believe the market will reward companies with Quality aspects who prove resilient, so if we enter a more sustained downturn, we think our focus on Quality will be helpful in terms of risk reduction.

The UK market remains an attractive universe of diverse businesses, an opportunity to access a wide variety of end markets and themes globally, and gain exposure to overseas earnings where that is seen as attractive. The 'Matrix', our stock screening tool, will continue to guide us towards utilising our analytical resources on the stocks which are most suitable for inclusion in the portfolio.

Aberdeen Asset Managers Limited
19 September 2019

Portfolio – Ten Largest Equity Investments

As at 30 June 2019

Company	Sector	Market value £'000	Total portfolio %
Aveva One of the world's leading engineering, design and information management software providers to the process, plant and marine industries. Aveva's world-leading technology was originally developed and spun out of Cambridge University and today the business operates in 46 countries around the world.	Software & Computer Services	3,845	4.9
Intermediate Capital ICG is a specialist asset manager with 29 years' history in private debt, credit and equity. ICG is focused on providing capital to help companies grow through private and public markets. We operate across four asset classes – corporate, capital markets, real assets and private equity solutions.	Financial Services	3,090	4.0
Assura Assura is a long-term investor and developer of primary care property, working with general practitioners, health professionals and National Health Services to deliver patient care.	Real Estate Investment Trusts	3,017	3.9
Dechra Pharmaceuticals An international specialist veterinary pharmaceuticals business that manufactures and distributes veterinary products in more than 50 countries around the world. Recent acquisitions have enhanced the pipeline of drugs as well as granted access to new markets.	Pharmaceuticals & Biotechnology	2,789	3.6
DiscoverIE DiscoverIE Group is a supplier of niche electronic products, manufacturing customs designed and built electronics to industrial and medical companies across Europe and South Africa.	Support Services	2,720	3.5
Hollywood Bowl Leisure operator focused on ten pin bowling in the UK. Growth driven by refurbishments, new site openings, and acquisitions; generating attractive returns and cash generation.	Travel & Leisure	2,540	3.3
Telecom Plus Telecom Plus, through its Utility Warehouse brand, is a supplier of energy and telephony services to UK households. It is a reseller which makes money from managing the end customer relationship.	Fixed Line Telecommunications	2,395	3.1
Big Yellow Big Yellow is the UK's brand leader in self storage. It operates from a platform of 92 stores, including 19 stores branded as Armadillo Self Storage, in which the Group has a 20% interest. Big Yellow provides self storage solutions for homes and business and combines the latest technology with excellent customer service and a network of storage facilities across London and the UK in high profile, easy-to-access locations.	Real Estate Investment Trusts	2,283	2.9
Victrex The leading global manufacturer of PEEK polymer which is a high performance thermoplastic. With its high strength and performance qualities it is used as an alternative product to metal in a number of different industries. Victrex's dominant position is entrenched through their reputation and product quality as well as their track record in commercialising applications for PEEK.	Chemicals	2,175	2.8
Unite Unite Students is the leading provider of student accommodation in the UK, providing homes for 50,000 students across 28 cities. As the largest manager and developer of purpose-built student accommodation, Unite Students is a pioneer, supporting the country's world-leading higher education sector.	Real Estate Investment Trusts	2,160	2.8
Ten largest equity investments		**27,014**	**34.8**

Portfolio – Other Equity Investments

As at 30 June 2019

Company	Sector	Market value £'000	Total portfolio %
FDM	Software & Computer Services	2,141	2.7
AJ Bell	Financial Services	2,130	2.7
Morgan Sindall	Construction and Materials	2,105	2.7
Burford Capital	Financial Services	2,079	2.7
XP Power	Electronic & Electrical Equipment	2,076	2.7
Chesnara	Life Insurance	1,951	2.5
Hilton Food	Food Producers	1,905	2.4
Robert Walters	Support Services	1,875	2.4
Close Brothers	Financial Services	1,810	2.3
Workspace	Real Estate Investment Trusts	1,743	2.2
Twenty largest equity investments		**46,829**	**60.1**
Fisher (James) & Sons	Industrial Transportation	1,691	2.2
Moneysupermarket.com	Media	1,669	2.1
Games Workshop	Leisure Goods	1,652	2.1
Barr (A.G.)	Beverages	1,636	2.1
Ultra Electronics	Aerospace & Defense	1,532	2.0
Midwich	Support Services	1,489	1.9
Hiscox	Non-life Insurance	1,489	1.9
Cineworld	Travel & Leisure	1,425	1.8
Abcam	Pharmaceuticals & Biotechnology	1,402	1.8
Rathbone Brothers	Financial Services	1,365	1.8
Thirty largest equity investments		**62,179**	**79.8**
Savills	Real Estate Investment & Services	1,265	1.6
Liontrust Asset Management	Financial Services	1,249	1.6
Paypoint	Support Services	1,143	1.5
Diploma	Support Services	1,098	1.4
Kesko 'B' [A]	Food & Drug Retailers	1,032	1.3
MJ Gleeson	Household Goods & Home Construciton	831	1.1
Somero Enterprises	Industrial Engineering	783	1.0
Hansteen	Real Estate Investment Trusts	684	0.9
Fuller Smith & Turner 'A'	Travel & Leisure	581	0.7
Hostelworld	Travel & Leisure	507	0.7
Forty largest equity investments		**71,352**	**91.6**
Cairn Homes	Household Goods & Home Construction	489	0.6
Oxford Instruments	Electronic & Electrical Equipment	372	0.5
Euromoney Institutional Investor	Media	242	0.3
Stock Spirits	Beverages	145	0.2
Total equity investments		**72,600**	**93.2**

[A] All investments are listed on the London Stock Exchange (sterling based), except those marked, which are listed on overseas exchanges.

Portfolio - Other Investments

As at 30 June 2019

Company	Market value £'000	Total portfolio %
Convertible Preference Shares		
Balfour Beatty Cum Conv 10.75%	936	1.2
Total Convertible Preference Shares	**936**	**1.2**
Corporate Bonds		
SSE 3.875% Var Perp	506	0.6
Barclays Bank 9% Perp	375	0.5
Total Corporate Bonds	**881**	**1.1**
Preference Shares[A]		
Aviva 8.75%	1,303	1.7
General Accident 8.875%	1,293	1.6
Ecclesiastical Insurance 8.625%	918	1.2
Total Preference Shares	**3,514**	**4.5**
Total Other Investments	**5,331**	**6.8**
Total Investments	**77,931**	**100.0**

[A] None of the Preference Shares listed have a fixed redemption date.

All investments are listed on the London Stock Exchange (Sterling based).

Distribution of Assets and Liabilities

	Valuation at 31 December 2018		Movement during the period			Valuation at 30 June 2019	
	£'000	%	Purchases £'000	Sales £'000	Gains/ (losses) £'000	£'000	%
Listed investments							
Equities	61,663	97.9	12,260	(25,153)	23,830	72,600	98.8
Convertible preference shares	954	1.5	–	–	(18)	936	1.3
Corporate bonds	1,026	1.6	380	(543)	18	881	1.2
Preference shares	3,200	5.1	–	–	314	3,514	4.8
	66,843	106.1	12,640	(25,696)	24,144	77,931	106.1
Current assets	3,414	5.4				2,777	3.8
Other current liabilities	(222)	(0.4)				(250)	(0.4)
Loans	(6,983)	(11.1)				(6,985)	(9.5)
Net assets	**63,052**	**100.0**				**73,473**	**100.0**
Net asset value per share	**285.18p**					**332.31p**	

Condensed Statement of Comprehensive Income

	Notes	Six months ended 30 June 2019 (unaudited) Revenue £'000	Capital £'000	Total £'000	Six months ended 30 June 2018 (unaudited) Revenue £'000	Capital £'000	Total £'000	Year ended 31 December 2018 (audited) Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments at fair value		–	10,297	10,297	–	249	249	–	(12,256)	(12,256)
Currency (losses)/gains		–	(10)	(10)	–	–	–	–	1	1
Revenue										
Dividend income	2	1,546	–	1,546	1,512	–	1,512	2,513	–	2,513
Interest income from investments	2	22	–	22	46		46	87		87
Other income	2	5	–	5	1	–	1	4	–	4
		1,573	10,287	11,860	1,559	249	1,808	2,604	(12,255)	(9,651)
Expenses										
Investment management fee		(80)	(186)	(266)	(88)	(206)	(294)	(166)	(389)	(555)
Other administrative expenses		(194)	–	(194)	(187)	–	(187)	(374)	–	(374)
Finance costs		(33)	(76)	(109)	(26)	(61)	(87)	(56)	(130)	(186)
Profit/(loss) before tax		1,266	10,025	11,291	1,258	(18)	1,240	2,008	(12,774)	(10,766)
Taxation	3	(8)	–	(8)	(11)	–	(11)	(11)	–	(11)
Profit/(loss) attributable to equity holders		**1,258**	**10,025**	**11,283**	**1,247**	**(18)**	**1,229**	**1,997**	**(12,774)**	**(10,777)**
Return per Ordinary share (pence)	5	**5.69**	**45.34**	**51.03**	**5.64**	**(0.08)**	**5.56**	**9.03**	**(57.77)**	**(48.74)**

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with IFRS. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies (AIC). All items in the above statement derive from continuing operations.

The Company does not have any income or expense that is not included in profit for the year, and therefore the "Profit/(loss) attributable to equity holders" is also the "Total comprehensive income attributable to equity holders" as defined in IAS 1 (revised).

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

Condensed Balance Sheet

	Notes	As at 30 June 2019 (unaudited) £'000	As at 30 June 2018 (unaudited) £'000	As at 31 December 2018 (audited) £'000
Non-current assets				
Equities		72,600	75,214	61,663
Convertible preference shares		936	972	954
Corporate bonds		881	1,731	1,026
Preference shares		3,514	3,674	3,200
Securities at fair value		77,931	81,591	66,843
Current assets				
Cash		2,166	724	3,071
Other receivables		611	745	343
		2,777	1,469	3,414
Current liabilities				
Bank loan		(2,000)	(2,000)	(2,000)
Trade and other payables		(250)	(225)	(222)
		(2,250)	(2,225)	(2,222)
Net current assets/(liabilities)		527	(756)	1,192
Total assets less current liabilities		78,458	80,835	68,035
Non-current liabilities				
Bank loan		(4,985)	(4,981)	(4,983)
Net assets		**73,473**	**75,854**	**63,052**
Share capital and reserves				
Called-up share capital		11,055	11,055	11,055
Share premium account		11,892	11,892	11,892
Capital redemption reserve		2,032	2,032	2,032
Capital reserve	6	44,984	47,715	34,959
Revenue reserve		3,510	3,160	3,114
Equity shareholders' funds		**73,473**	**75,854**	**63,052**
Net asset value per Ordinary share (pence)	7	**332.31**	**343.08**	**285.18**

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

Condensed Statement of Changes in Equity

Six months ended 30 June 2019 (unaudited)

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
As at 31 December 2018	11,055	11,892	2,032	34,959	3,114	63,052
Profit for the period	–	–	–	10,025	1,258	11,283
Dividends paid in the period	–	–	–	–	(862)	(862)
As at 30 June 2019	**11,055**	**11,892**	**2,032**	**44,984**	**3,510**	**73,473**

Six months ended 30 June 2018 (unaudited)

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
As at 31 December 2017	11,055	11,892	2,032	47,733	2,709	75,421
(Loss)/profit for the period	–	–	–	(18)	1,247	1,229
Dividends paid in the period	–	–	–	–	(796)	(796)
As at 30 June 2018	**11,055**	**11,892**	**2,032**	**47,715**	**3,160**	**75,854**

Year ended 31 December 2018 (audited)

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
As at 31 December 2017	11,055	11,892	2,032	47,733	2,709	75,421
(Loss)/profit for the year	–	–	–	(12,774)	1,997	(10,777)
Dividends paid in the year	–	–	–	–	(1,592)	(1,592)
As at 31 December 2018	**11,055**	**11,892**	**2,032**	**34,959**	**3,114**	**63,052**

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

Condensed Cash Flow Statement

	Six months ended 30 June 2019 (unaudited) £'000	Six months ended 30 June 2018 (unaudited) £'000	Year ended 31 December 2018 (audited) £'000
Cash flows from operating activities			
Dividend income received	1,381	1,531	2,498
Interest income received	4	29	90
Other income received	–	1	4
Investment management fee paid	(254)	(304)	(526)
Other cash expenses	(167)	(195)	(370)
Cash generated from operations	964	1,062	1,696
Interest paid	(100)	(94)	(162)
Overseas taxation suffered	(15)	(26)	(27)
Net cash inflows from operating activities	849	942	1,507
Cash flows from investing activities			
Purchases of investments	(12,645)	(5,682)	(14,690)
Sales of investments	11,763	5,678	17,295
Net cash (outflows)/inflows from investing activities	(882)	(4)	2,605
Cash flows from financing activities			
Loan repaid	–	–	(7,000)
Loan drawndown	–	–	7,000
Costs relating to drawdown of loan	–	–	(32)
Equity dividends paid	(862)	(796)	(1,592)
Net cash outflows from financing activities	(862)	(796)	(1,624)
Net (decrease)/increase in cash and cash equivalents	**(895)**	**142**	**2,488**
Analysis of changes in cash and cash equivalents during the period			
Opening balance	3,071	582	582
Currency (losses)/gains	(10)	–	1
(Decrease)/increase in cash and cash equivalents as above	(895)	142	2,488
Cash and cash equivalents at the end of the period	**2,166**	**724**	**3,071**

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

Notes to the Financial Statements

1. Accounting policies

Basis of preparation

The condensed financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') 34 – 'Interim Financial Reporting', as adopted by the International Accounting Standards Board ('IASB'), and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') of the IASB. They have also been prepared using the same accounting policies applied for the year ended 31 December 2018 financial statements, which received an unqualified audit report.

The financial statements have been prepared on a going concern basis. In accordance with the Financial Reporting Council's guidance on 'Going Concern and Liquidity Risk' the Directors have undertaken a review of the Company's assets which principally consist of equity shares in companies listed on the London Stock Exchange.

2. Income

	Six months ended 30 June 2019 £'000	Six months ended 30 June 2018 £'000	Year ended 31 December 2018 £'000
Income from investments			
Dividend income from UK equity securities	1,212	1,141	1,912
Dividend income from overseas equity securities	215	251	349
Property income distribution	119	89	221
Stock dividends from UK equity securities	–	31	31
	1,546	1,512	2,513
Interest income from investments	22	46	87
	1,568	1,558	2,600
Other income			
Bank interest	5	1	4
Total revenue income	**1,573**	**1,559**	**2,604**

3. Taxation

The tax expense reflected in the Condensed Statement of Comprehensive Income represents irrecoverable withholding tax suffered on overseas dividend income.

4. Dividends

The following table shows the revenue for each period less the dividends declared in respect of the financial period to which they relate.

	Six months ended 30 June 2019 £'000	Six months ended 30 June 2018 £'000	Year ended 31 December 2018 £'000
Profit attributable	1,258	1,247	1,997
Dividends declared	(862)[A]	(796)[B]	(1,625)[C]
	396	**451**	**372**

[A] Dividends declared relate to first two interim dividends (both 1.95p each) declared in respect of the financial year 2019.
[B] Dividends declared relate to first two interim dividends (both 1.80p each) declared in respect of the financial year 2018.
[C] Dividends declared relate to the four interim dividends declared in respect of the financial year 2018 totalling 7.35p.

Notes to the Financial Statements continued

5. Return per Ordinary share	Six months ended 30 June 2019 p	Six months ended 30 June 2018 p	Year ended 31 December 2018 p
Revenue return	5.69	5.64	9.03
Capital return	45.34	(0.08)	(57.77)
Net return	**51.03**	**5.56**	**(48.74)**

The returns per Ordinary share are based on the following figures:

	Six months ended 30 June 2019 £'000	Six months ended 30 June 2018 £'000	Year ended 31 December 2018 £'000
Revenue return	1,258	1,247	1,997
Capital return	10,025	(18)	(12,774)
Net return	**11,283**	**1,229**	**(10,777)**
Weighted average number of shares in issue	**22,109,765**	**22,109,765**	**22,109,765**

6. Capital reserves

The capital reserve reflected in the Condensed Balance Sheet at 30 June 2019 includes gains of £23,747,000 (30 June 2018 – gains of £29,551,000; 31 December 2018 – gains of £15,898,000) which relate to the revaluation of investments held at the reporting date.

7. Net asset value per Ordinary share

The net asset value per Ordinary share and the net asset values attributable to Ordinary shareholders at the period end calculated in accordance with the Articles of Association were as follows:

	As at 30 June 2019 (unaudited)	As at 30 June 2018 (unaudited)	As at 31 December 2018 (audited)
Attributable net assets (£'000)	73,473	75,854	63,052
Number of Ordinary shares in issue	22,109,765	22,109,765	22,109,765
Net asset value per Ordinary share (p)	332.31	343.08	285.18

8. Transaction costs

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

	Six months ended 30 June 2019 £'000	Six months ended 30 June 2018 £'000	Year ended 31 December 2018 £'000
Purchases	55	31	74
Sales	7	4	11
	62	**35**	**85**

9. Fair value hierarchy

Under IFRS 13 'Fair Value Measurement' an entity is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The financial assets measured at fair value in the Condensed Balance Sheet are grouped into the fair value hierarchy as follows:

At 30 June 2019 (unaudited)	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	72,600	–	–	72,600
Quoted convertibles, bonds and preference shares	b)	–	5,331	–	5,331
		72,600	**5,331**	**–**	**77,931**

At 30 June 2018 (unaudited)	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	75,214	–	–	75,214
Quoted convertibles, bonds and preference shares	b)	–	6,377	–	6,377
		75,214	**6,377**	**–**	**81,591**

At 31 December 2018 (audited)	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	61,663	–	–	61,663
Quoted convertibles, bonds and preference shares	b)		5,180	–	5,180
		61,663	**5,180**	**–**	**66,843**

a) Quoted equities

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

b) Quoted convertibles, bonds and preference shares

The fair value of the Company's investments in quoted convertibles, bonds and preference shares has been determined by reference to their quoted bid prices at the reporting date. Investments categorised as Level 2 are not considered to trade in active markets.

There have been no transfers of assets between levels of the fair value hierarchy during any of the the periods covered in this Report.

10. Related party transactions

There were no related party transactions during the period.

Notes to the Financial Statements continued

11. Transactions with the Manager

The Company has agreements with Aberdeen Standard Fund Managers Limited ("ASFML" or "the Manager") for the provision of investment management, secretarial, accounting and administration and promotional activities.

The management fee was calculated at an annual rate of 0.75% of the net assets of the Company adding back bank debt, calculated and paid monthly until 18 April 2018. With effect from 19 April 2018, the Company and the Manager agreed that the management fee be calculated at an annual rate of 0.75% of the net assets of the Company, calculated and paid monthly. During the period £266,000 (30 June 2018 – £294,000; 31 December 2018 – £555,000) of investment management fees were payable to the Manager, with a balance of £92,000 (30 June 2018 – £41,000; 31 December 2018 – £80,000) being payable to ASFML at the period end. There were no commonly managed funds held in the portfolio during the period to 30 June 2019 (30 June 2018 and 31 December 2018 – none). The management fee is chargeable as follows:- 30% to revenue and 70% to capital.

During the period expenses of £32,000 (30 June 2018 – £30,000; 31 December 2018 – £64,000) were payable to the Manager in connection with the promotion of the Company. The balance outstanding at the period end was £32,000 (30 June 2018 – £30,000; 31 December 2018 – £16,000).

12. Segmental information

The Company is engaged in a single segment of business, which is to invest in equity securities and debt instruments. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based on the Company as one segment.

13. Publication of non-statutory accounts

The financial information contained in this Half Yearly Financial Report does not constitute statutory accounts as defined in Sections 434 – 436 of the Companies Act 2006. The financial information for the six months ended 30 June 2019 and 30 June 2018 has not been audited.

The information for the year ended 31 December 2018 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the auditors on those accounts contained no qualification or statement under Section 498 (2), (3) or (4) of the Companies Act 2006.

14. This Half Yearly Financial Report was approved by the Board on 19 September 2019.

Alternative Performance Measures

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

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

The tables below provide information relating to the NAV and share price of the Company on the dividend reinvestment dates during the six months ended 30 June 2019 and the year ended 31 December 2018.

Six months ended 30 June 2019	Dividend rate	NAV	Share price
31 December 2018	N/A	285.18p	224.00p
3 January 2019	1.95p	282.14p	225.50p
4 April 2019	1.95p	319.23p	270.50p
30 June 2019	N/A	332.31p	288.00p
Total return		**+18.1%**	**+30.6%**

Year ended 31 December 2018	Dividend rate	NAV	Share price
31 December 2017	N/A	341.12p	288.00p
4 January 2018	1.80p	339.42p	291.50p
5 April 2018	1.80p	327.65p	284.00p
12 July 2018	1.80p	339.87p	295.50p
4 October 2018	1.80p	321.46p	267.00p
31 December 2018	N/A	285.18p	224.00p
Total return		**–14.6%**	**–20.2%**

Discount to Net Asset Value per Ordinary share

The amount by which the market price per Ordinary share of 288.00p (31 December 2018 – 224.00p) is lower than the net asset value per Ordinary share, expressed as a percentage of the net asset value per Ordinary share.

Net gearing

Net gearing measures the total borrowings of £6,985,000 (31 December 2018 – £6,983,000) less cash and cash equivalents of £2,166,000 (31 December 2018 – £3,071,000) divided by shareholders' funds of £73,473,000 (31 December 2018 – £63,052,000), expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes amounts due to and from brokers at the period end, in addition to cash and short term deposits.

Alternative Performance Measures continued

Ongoing charges

Ongoing charges is considered to be an alternative performance measure. 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. The ratio for 30 June 2019 is based on forecast ongoing charges for the year ending 31 December 2019.

	30 June 2019	31 December 2018
Investment management fees (£'000)	541	555
Administrative expenses (£'000)	371	374
Ongoing charges (£'000)	**912**	**929**
Average net assets (£'000)	**71,818**	**72,296**
Ongoing charges ratio	**1.27%**	**1.28%**

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

Investor Information

How to Invest

Investors can buy and sell shares in Aberdeen Smaller Companies Income Trust PLC (the "Company") directly through a stockbroker or an online dealing and investment platform or indirectly through a lawyer, accountant or other professional adviser. Alternatively, for retail clients, shares can be bought directly through the Aberdeen Standard Investment Trust Share Plan, Individual Savings Account ("ISA") or Investment Plan for Children.

Aberdeen Standard Investment Trust Share Plan

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

Aberdeen Standard Investment Trust ISA

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

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

ISA Transfer

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

Aberdeen Standard Investment Plan for Children

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

Nominee Accounts and Voting Rights

In common with other schemes of this type, all investments in the Aberdeen Standard Children's Plan, Investment Trust Share Plan and Investment Trust ISA are held in nominee accounts and investors have full voting and other rights of share ownership.

Dividend Tax Allowance

The annual tax-free personal allowance for dividend income, for UK investors, is £2,000 for the 2019/20 tax year. Above this amount, individuals pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company provides registered shareholders with a confirmation of dividends paid 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.

Keeping You Informed

The Company's Ordinary share price appears under the heading 'Investment Companies' in the Financial Times and information of the Company may be found on its dedicated website: aberdeensmallcompanies.co.uk. This provides access to information on the Company's share price performance, capital structure, London Stock Exchange announcements, current and historic Annual and Half-Yearly Reports, and the latest monthly factsheet on the Company issued by the Manager.

Details on the Company or literature and application forms on Aberdeen Standard investment trust products can be found:

Investor Information continued

Website: invtrusts.co.uk
Email: inv.trusts@aberdeenstandard.com
Tel: 0808 500 0040
Address: Aberdeen Standard Investment Trust Administration, PO Box 11020, Chelmsford, Essex CM99 2DB

Terms and conditions for the Aberdeen Standard investment trust products can be found under the Literature section of this website.

If you have an administrative query which relates to a direct shareholding in the Company, please contact Equiniti Limited, the Company's Registrars (see page 24 for details).

Key Information Document ("KID")

The KID relating to the Company and published by the Manager can be found on the Manager's website at: invtrusts.co.uk/en/fund-centre#literature.

Suitable for Retail/NMPI Status

The Company's shares are intended for investors, primarily in the UK, including retail investors, professionally-advised private clients and institutional investors who are seeking exposure to smaller companies in the United Kingdom and who understand and are willing to accept the risks of exposure to equities.

Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

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

Online Dealing providers and platforms

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the Company, such as self-invested personal persion (SIPP). 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 You Invest; Alliance Trust Savings; Barclays Stockbrokers; Charles Stanley Direct; Halifax Share Dealing; Fidelity Personal Investing; Hargreave Hale; Hargreaves Lansdown; Idealing; Interactive Investor; Selftrade; The Share Centre; Stocktrade.

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 who recommends 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
Website: fca.org.uk/firms/systems-reporting/register/search
Email: register@fca.org.uk

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

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

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

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

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 above information 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.

Corporate Information

Directors
Robert Lister, Chairman
David Fletcher
Dagmar Kent Kershaw
Barry Rose

Manager, Secretary and Registered Office

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
(Authorised and regulated by the Financial Conduct Authority)

Secretary and Registered Office
Aberdeen Asset Management PLC
1 George Street
Edinburgh
EH2 2LL
Telephone: 0131 528 4000

Company Registration Number
SC137448 (Scotland)

Website
www.aberdeensmallercompanies.co.uk

Broker
Winterflood Securities

Auditors
Ernst & Young LLP

Depositary
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Textel/Hard of hearing line: 0371 384 2255

(Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday excluding bank holidays. Charges for calling telephone numbers starting with '03' are determined by the caller's service provider).

Foreign Account Tax Compliance Act ("FATCA")
IRS Registration Number (GIIN): DGR5S1.99999.SL.826

Legal Entity Identifier
213800J6D2TVHRGKBG24

Pre-investment Disclosure Document (PIDD)
The Alternative Investment Fund Managers Directive ("AIFMD") requires Aberdeen Standard Fund Managers Limited, as the alternative investment fund manager of Aberdeen Smaller Companies Income Trust PLC ("the Company"), to make available to investors certain information prior to such investors' investment in the Company.

The Company's PIDD is available for viewing on the Company's website.

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