Aberdeen Smaller Companies Income Trust PLC

Hunting smaller companies for a stronger income

Half-Yearly Report
30 June 2020

Objective and Purpose

The objective and purpose 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

Numis Small Cap Index excluding Investment Trusts (total return) – effective from 1 January 2020; FTSE Small Cap Index excluding Investment Trusts (total return) – up to 31 December 2019.

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.

Visit our Website

To find out more about Aberdeen Smaller Companies Income Trust PLC, please visit: **aberdeensmallercompanies.co.uk**

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"I can remember no period of greater uncertainty than that on which we are now reporting - the fund manager has throughout stuck to the processes which have historically brought excellent relative performance."

Robert Lister, Chairman

"We are pleased to have delivered relative outperformance over this challenging period, adding to the attractive long term track record of the Company. The recent fall in market driven by Covid is however disappointing for shareholder returns. With a strong revenue reserve and a strong proportion of investments paying or likely to return to paying dividends, we are also confident that we can deliver a resilient income outcome for our shareholders this year and looking forwards."

Abby Glennie,
Aberdeen Asset Managers Limited

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Performance Highlights

Net asset value total return[A]
Six months ended 30 June 2020
–16.9%
Year ended 31 December 2019: +34.4%

Numis Smaller Companies ex Inv Trust Index
Six months ended 30 June 2020
–25.0%
Year ended 31 December 2019: +25.2%

Share price total return[A]
Six months ended 30 June 2020
–21.8%
Year ended 31 December 2019: +57.7%

Earnings per Ordinary share (revenue)
Six months ended 30 June 2020
2.03p
Year ended 31 December 2019: 9.98p

Discount to net asset value[A]
As at 30 June 2020
13.8%
As at 31 December 2019: 8.3%

Net gearing[A]
As at 30 June 2020
8.1%
As at 31 December 2019: 7.5%

[A] Considered to be an Alternative Performance Measure. Further details can be found on pages 32 and 33.

Performance (total return)

	Six months ended 30 June 2020	1 year ended 30 June 2020	3 years ended 30 June 2020	5 years ended 30 June 2020
Share price[A]	–21.8%	–5.5%	+24.5%	+39.5%
Net asset value per Ordinary share[A]	–16.9%	–5.4%	+10.7%	+34.3%
Composite benchmark[B]	–25.0%	–16.8%	–19.2%	+0.0%

[A] Considered to be an Alternative Performance Measure. Further details can be found on page 32.
[B] Comprises the Numis Smaller Companies (exc Inv Trusts) from 1 January 2020 and the FTSE SmallCap Index (exc Inv Trusts) up to 31 December 2019.
Source: ASFML, Morningstar & Factset.

Financial Calendar

Payment dates of quarterly dividends	January 2020 April 2020 July 2020 October 2020
Financial year end	31 December 2020
Expected announcement of results for year ended 31 December 2020	March 2021
Annual General Meeting	28 April 2021

Financial Highlights

	30 June 2020	31 December 2019	% change
Equity shareholders' funds (£'000)	67,686	82,660	–18.1
Net asset value per Ordinary share	306.14p	373.86p	–18.1
Share price (mid-market)	264.00p	343.00p	–23.0
Discount to net asset value per Ordinary share[A]	13.8%	8.3%	
Net gearing[A]	8.1%	7.5%	
Ongoing charges ratio[A]	1.24%	1.20%	

[A] Considered to be an Alternative Performance Measure. Further details can be found on pages 32 and 33.

Interim Report – Chairman's Statement

"The Company's revenue reserves remain healthy and the Board is optimistic that the Company will be able to continue to deliver attractive income to its shareholders."

Robert Lister, Chairman

Performance

The first six months of 2020 have been challenging, with global markets dominated by the development of the Covid-19 pandemic.

Both the UK markets and smaller companies have found life particularly difficult and the Numis Smaller Companies ex-Investment Trusts index, the Trust's new benchmark, returned -25% in the six month period to the end of June 2020. Our Trust performed more strongly, returning -16.9%.

Strong relative performance does not, of course, compensate for capital decline and we are disappointed to have to report such. The long term NAV performance over 3 and 5 years is, however, robust with returns of 10.7% and 34.3% respectively and the Company has out-performed its composite benchmark by 29.9% and 34.3% respectively.

The Company's share price decreased during the period by 23% but we are encouraged by the recovery we have seen since the lows of March 2020, which has seen the share price come back by 42% since that time.

The discount also widened since the year end, sitting at 30 June 2020 at 13.8%, compared to 8.3% at the end of December 2019.

Trust Gearing and Debt

The Trust has a 5 year £5m fixed rate loan facility and a 3 year £5m revolving credit facility, which expire in 2021 and 2023 respectively, of which a total of £7m is currently drawn down. Portfolio gearing stood at 8.1% at the end of June 2020, compared with gearing of 7.5% at the end of December 2019.

Dividend

For the first and second quarters of this year, the Board announced dividends of 2.06p each (2019 – 1.95p each), an increase on last year's equivalent figures of 5.6%. This compares to an increase in the CPI for the first six months of this year of 0.07%.

The Board has always regarded a key purpose of the Company as the generation of income for our shareholders. The economic uncertainty arising from the COVID pandemic outbreak has resulted in many quoted companies cutting or eliminating their dividends. We have added significantly to our revenue reserves over recent years and we prefer to utilise these reserves, at least this year, to alleviate the decline of dividend income elsewhere in the market which we believe to more valuable to shareholders than conservatively mirroring market improvement over time. We shall of course continue to monitor this situation each quarter although do not expect much clarity about the outlook for 2021 until the fourth quarter of this year. We may have to take a different decision, once greater clarity emerges on the outlook for 2021 and 2022.

With the news that a number of companies have cut or cancelled their dividends, the Manager has been working hard during this period to ensure that it continues to invest in companies who will continue to pay dividends or look to re-commence payment later in the year. More information on this can be found in the Manager's report.

The Company's revenue reserves remain healthy and the Board is optimistic that the Company will be able to continue to deliver attractive income to its shareholders.

The Manager

With the Country placed into lockdown in the middle of March 2020, resulting in 100% of the Manager's UK workforce working from home, the Board is pleased to advise there was no impact to the service provided by the Manager, who has kept us fully informed on their own operations as a result of working from home, as well as those of the Company's other service providers.

Both Board meetings and company engagements have continued in a virtual setting and continue to operate effectively.

Interim Report – Chairman's Statement Continued

AGM

At the AGM held on 26 June 2020 all resolutions were duly passed by shareholders, including the Company's five-yearly continuation vote. Access to the AGM had to be severely restricted to the minimum legal requirements in response to the Government guidance and measures in place on gatherings and social distancing due to the COVID pandemic. As the normal format of the AGM was not able to take place as planned, the Manager subsequently recorded an AGM presentation and a podcast which are available on the Company's website for shareholders to access.

The Board

It was intended that Barry Rose would leave the Board during the current financial year and that I should do the same in 2021, both of us having completed our nine year terms. The Board did not feel comfortable recruiting without being able to meet candidates in person and also felt that Board stability was important during extreme times. Accordingly, and subject to shareholder support, we intend to effect these changes in 2021 and 2022, twelve months later than planned.

Outlook

I can remember no period of greater uncertainty than that on which we are now reporting and the challenges will remain for considerable time to come. The fund manager has throughout stuck to the processes which have historically brought excellent relative performance and the Board believes that this is the best way to generate a resilient income stream in uncertain times.

Robert Lister,
Chairman
16 September 2020

Interim Board Report – Other Matters

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 16 and 17 of the 2019 Annual Report.

In addition to these risks, there are also a large number of international political and economic uncertainties which could have an impact on the performance of global markets. The outbreak of the COVID-19 virus has resulted in business disruption and stockmarket volatility across the world. The extent of the effect of the virus, including its long term impact, remains uncertain. The Manager has undertaken a detailed review of the investee companies in the Company's portfolio to assess the impact of COVID-19 on their operations such as employee absence, reduced demand, reduced turnover and supply chain breakdowns and will continue to review carefully the composition of the Company's portfolio and will be pro-active where necessary. In addition the Manager has implemented extensive business continuity procedures and contingency arrangements to ensure that they are able to continue to service their clients, including investment trusts.

The outcome and potential impact of Brexit 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 addition, the uncertainty surrounding Brexit could impact investor sentiment and could lead to increased or reduced demand for the Company's shares, which would be reflected in a narrowing or widening of the discount at which the Company's shares trade relative to their net asset value.

The Board will continue to monitor developments as they occur.

In all other respects, the Company's principal risks and uncertainties have not changed materially since the year end, nor are they expected to change in the second half of the financial year ended 31 December 2019.

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 and in most circumstances are realisable within a short timescale.

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. Given that the Company's portfolio comprises primarily "Level One" assets (listed on a recognisable exchange and realisable within a short timescale), and the Company's relatively low level of gearing, the Directors believe that adopting a going concern basis of accounting remains appropriate.

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)

Interim Board Report – Other Matters Continued

- 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 2020 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
16 September 2020

Investment Manager's Review

Abby Glennie,
Aberdeen Asset
Managers Limited

Overview

In the half year to the end of June 2020, the Company's NAV returned -16.9% versus the benchmark return of -25.0% which was a pleasing relative performance, however it is disappointing to see negative returns. Through the period, and particularly in March where the harshest market impacts were felt, the Company has held up well on a relative basis. Long term performance remains very favourable over 3 and 5 year time periods, with 3 years NAV growth of +10.7% vs benchmark of -19.2%, and 5 year NAV growth of 34.3% vs a benchmark of 0.0%.

We started the year with the economy on a solid footing; economic growth was perhaps slowing, but still felt resilient. The unemployment rate was at a 50 year low, housing starts and global PMI's were moving higher, volatility was moderate and it the outlook was for a year of positive market returns and moderate economic expansion. There was however, likely to remain some volatility associated with further Brexit discussions and the US elections.

The first quarter of 2020 was a strong period of performance for the Trust in what were supportive market conditions. The environment changed quickly in March as we faced a combination of a global health crisis and an economic crisis. As Governments around the world implemented restrictions to slow the spread of the Covid-19 virus, we saw the quickest decline ever into a very volatile bear market. The sharp decline was followed by a very rapid recovery, as governments and central banks adopted a 'whatever it takes' approach to policy to provide support. There were signs that the global economy bottomed in mid-April; the apple mobility index data, retail sales data, manufacturing and service sector indices all turned higher in May showing that the worst of the economic decline was over. Crucially, market levels globally also recovered sharply. As economies around the world reopened, the economic consequences of social distancing were devastating. Q2 global GDP will be very weak in historic terms, with UK GDP contracting -20.4%. After a -2.2% decline in Q1, this officially put the UK in recession. From here on, much debate remains around the shape of markets, and how this may differ globally. While Monetary and fiscal policy won't solve the root of the problem, perhaps only a vaccine and complementary drugs can, but policy may well help to make the forthcoming recession shorter and less painful. The labour market will remain impacted for much longer and the damage to employment will be staggering. The UK Government's rapid response with the furlough scheme may well be a sticking plaster as the furloughed become the unemployed. There remains uncertainty about how impacted some industries will be, what structural changes this might bring, and the speed of recovery to pre-Covid levels.

In terms of style in the market, we saw the strongest performance from Quality, with Value really underperforming. This was very supportive of our investment process. In a period of high volatility and uncertainty, it was encouraging to see the market look to quality businesses for resilience. Across size categories we saw the following total return performances: FTSE 100 -16.8%, FTSE 250 -25.0%, FTSE Small Cap exc Inv Trusts -20.9%, and Numis Smaller Companies exc Inv Trusts -25.0%. Broadly the larger market cap indices have held up better, partly a sector bias as well as companies being seen as broader, perhaps more mature and resilient. Sentiment to large market cap companies is also aided by the view that the Government cannot afford to let them fail.

The companies we own are diverse with global operations. We engaged in regular dialogue with management teams over the period, which provided critical insights, and together with information from our colleagues based around the globe we were able to build a picture of what was happening in different parts of the world. At the company specific level, those who had operations deemed essential and remained open, traded well. Sectors with direct relevance to the pandemic such as technology also thrived, where they benefitted from demand for products and services for remote working. On the flip side however there are names in sectors such as travel and leisure that will remain challenged for longer. Property stocks, healthcare related companies, and food producers are examples of areas which by nature were resilient through the period, and shares held up strongly accordingly. We also saw trends accelerate around digitalisation and sustainability. The sharp recovery in markets despite the plunge in earnings estimates means the market is looking through short term impacts of the pandemic and expects earnings growth to come through in 2021.

Due to the uncertainty around the duration of lockdown and the wider ramifications, most UK companies who normally paid dividends looked to conserve cash, therefore cancelling or delaying dividend pay outs. This was often irrespective of quality and current trading. There was also industry pressure if you benefitted from government schemes, to not be paying out

Investment Manager's Review Continued

dividends. The FCA had also asked companies to delay reporting results, to ease pressure on people and auditors. It became normal and acceptable to cancel dividends. In the aftermath of the financial crisis, just two fifths of companies cut or cancelled pay outs. This time the majority cancelled immediately.

A smaller proportion reduced the pay out, but we were pleased to see some investments increase their dividend, highlighting their resilience and confidence in outlook. Not surprisingly discretionary special dividends have all but disappeared.

This is obviously an issue for any income focused portfolio. We are confident that the quality dynamic of our investment process will ensure we have exposure to a strong contingent of companies who continue to pay dividends though the Covid-19 crisis, or look to reinstate dividends later this year. We have analysed the sustainability of future dividends for businesses, to ensure confidence that future income stream is sustainable and strongly funded. Our focus on strong balance sheets and profitability through the cycle means we expect, where dividends have been cut or cancelled, most will reinstate the dividend to where it was pre-Covid in the next year or two.

The initial stages of Covid-19 produced an information vacuum. No one knew how long lockdown would last or what the consequences would be and many companies withdrew guidance. Visibility improved towards the end of Q2. Forecasts slowly returned to the market through the second quarter, and companies began to give guidance. It became clearer which companies were more resilient, and we were able to assess more accurately those names who could continue to pay dividends and those who would not. Across the market many companies reinstated the dividend and some even repaid furlough money to the Government, which was an encouraging sign of confidence.

This year will see the biggest hit to dividends in generations, but given the specific driver of 2020's issues, investors should look beyond this. Many companies have experienced sharp earnings declines this year, and whilst the rebasing of dividend expectations is painful in the short term, in the long run it should create sustainable income streams with better dividend cover. This resetting, together with the economic damage, means forecasts for dividends are gloomy overall in the market. Link Group dividend monitors caution that it could take until 2026 for UK dividends to return to their 2019 level. We believe, because of our process and the focus on quality, that the companies we own will fare better than this. In addition, given the strong revenue reserve of the Company, even in a tougher income environment we feel well positioned to provide a supportive income stream for our shareholders. Almost half of the companies in the portfolio paid dividends in H1 2020, which in the context of the cuts seen across the market was a strong outcome. Dividend growth in the market is likely to be more challenging near term, but our portfolio continues to focus on companies where we feel over the medium to long term there is strong dividend growth potential, driven by earnings growth.

Companies with strong ESG credentials have also shone through. High quality management teams are generally more cautionary over capital allocation, and retain strong balance sheets. Experienced management teams who have managed their businesses through downturns before have been extremely valuable. We have seen senior management pay cuts and bonuses deferred, to help support cost bases and more junior employees. This is the behaviour of management teams incentivised for the long term. Businesses have strived to protect the morale and mental health of their workforce with online support to keep people engaged, training and development programmes, and worked to support their return to work. The sense of employee loyalty generated has been impressive. The pandemic has cost lives; but businesses have sought to look after families where possible, with the employees the heart of their businesses. This theme will continue as workplaces being to adapt to new working practices, with a strong focus on quality of life improvements where possible.

While we don't take macroeconomic driven decisions or time the cycle, the past 6 months has been challenging to navigate, and we have continued to focus on company specific decision making. The pandemic has accelerated change; often we heard the phrase 'we have done 8 month's work in 3 weeks'. Strategies, business models and investments based on steady changes were thrown into chaos in a short period of time. We are mindful of the direct impacts, namely lower interest rates for longer, more government debt and pressure on profit margins. We have been having conversations with our companies around efficient capital allocation, and management of cost bases. Many companies have had to invest to position themselves strongly for the changes and challenges they face. A focus on sustainability has also increased in management strategies.

Certain sectors may see structural change. Changes in behaviour may persist; the way we work and spend our leisure time may permanently change. The furlough scheme may have kept workers in jobs in sectors where demand won't return. Commercial property already knew that online retail and flexible working were important trends for their businesses; now those trends have accelerated faster than they had planned for. A recovery to pre-Covid times will also need confidence in public health, and household finances to improve in order for demand to return, whilst balance sheets will take time to repair. All of this will create both scars and opportunities for smaller companies.

Our process has not changed, we'll see new companies emerge and new jobs replacing those destroyed by the virus. We continue to focus on identifying businesses we believe have the levers and ability to grow in a sustainable manner independent of external environments. We will be fascinated to see how businesses evolve. We have been very pleased with the amount of interaction we have had with management teams over this period, we believe even more so than in pre-Covid times.

The strong companies we own have become stronger. In difficult market environments and times when economic growth slows, quality is a characteristic that comes into even more focus. Quality businesses with healthy balance sheets, management teams with a strong pedigree, good corporate governance and strong competitive positions, means they have the ability to be resilient through more difficult periods, and even improve their positioning when peers may be struggling.

Equity Portfolio

Games Workshop continues to feature again as one of the strongest contributors to the Company's performance. The shares have had an outstanding run since the new CEO was appointed in 2016 and we believe there is still more to come. The vertically integrated business is rich with IP and exclusive product, and is increasingly internationalising. New management have made many operational improvements, sharpening price points and regularly innovate with new high quality products. An increased marketing drive, together with better customer interactions through social media, has resonated with existing customers, attracted new ones and reactivated lapsed ones.

Following the Government announcement of full lockdown restrictions, all stores, factories and workshops were closed. Trading short term was impacted, but management made the necessary changes in their warehouses to meet social distance requirements, and began to make trades sales across Europe and America. Online orders restarted in May, with stores following depending on Government guidelines. Although the business effectively stopped trading for a period, the level of customer interaction improved strongly throughout lockdown due to improvements made to customer engagement in recent years. Games Workshop are pushing more content to customers, increasing the number of articles on Warhammer.com, more videos, daily content and improved interactions with the community. They innovated with virtual vouchers to offer attractive discounts and to explore new areas of the hobby, and flexed delivery options. All of this meant that they navigated the lockdown period exceptionally well and the shares responded accordingly when they updated the market.

In early June we had a strong trading update noting that the recovery since reopening was better than expected and the management team raised guidance. Although this only in part reversed the initial Covid-19 associated downgrade, the rapid recovery reflects their loyal customer base and momentum.

The strong performance was in contrast to other retailers. Management class their product as 'leisure goods' rather than traditional retail, and recent performance shows the model is differentiated. They design and manufacture their own products and despite having 500 stores globally they are much more of a wholesaler than direct to consumer retailer. It's these characteristics of their business model that have allowed to them to survive and thrive against the Covid-19 back drop, where other 'retailers' have suffered.

During this period we saw a further licencing agreement, with Frontier Developments, for a real time strategy game based on Warhammer Age of Sigmar. The shares again reacted well, as this further demonstrates the broadening of IP monetisation, and is a high margin revenue line.

Games Workshop is a great example of our process in action. We will continue to run this winner despite the share price strength to date. We are confident that the quality of the business and the top line growth opportunity will continue to support earnings upgrades. We expect the company will return to dividend payments as the business trading normalises, and strong earnings growth in coming years will drive attractive dividend growth.

XP Power ("XPP") is a manufacturer and supplier of power converters to the industrial, semiconductor, and technology markets. Their core AC-DC product converts alternating current from the mains to direct current; this is required for virtually all electrical equipment. The market had worried XPP would see a sharp fall in revenue & profits due to Covid-19 as some of their competitors and industrials generally warned of supply chain disruptions and facility closures. XPP released a strong trading update demonstrating they were more resilient than the market feared, as demand for their products remained robust. Given the critical nature of some of their customer's products, they were able to continue to manufacture throughout the crisis. The healthcare division saw unprecedented demand and the recovery in semiconductor continued aided by structural growth drivers. Lots of credit is due to the management team who

Investment Manager's Review Continued

navigate their operations well in what could have been a challenging period for this sort of business. Management are investing for growth and moving into higher-voltage, higher-power applications through acquisitions and their own product development strategy. A step up in R&D spend, upgraded Enterprise Resource Planning (ERP) system and a new facility in Vietnam further support the next leg of growth. This growth will continue to fund dividend growth over coming years.

Games Workshop, and XP Power in contrast to their peers in these sectors were both rewarded for their more resilient performances. This demonstrates the benefits again of our focus on quality, and ability to identify businesses with the best models, resilient operations, and growth opportunities in their end markets.

As a beneficiary of the increase in demand for food consumption in the home, we saw a good contribution from **Hilton Foods** in the period. Hilton's update confirmed a benefit from increased volumes, though there was somewhat offset by increased operating costs as they worked to meet the higher demand, whilst ensuring the safety of their staff. This was clearly a period of operational pressure for management who managed demand incredibly well under the obstacles of increased safety protocols and social distancing. They also successfully adapted supply chains and fulfilled customer demands in fast changing environments, with no significant impact on sourcing or supply of raw materials. As such, all divisions and all markets traded well. Such performance is credited to the fact that Hilton is a high quality operator. Looking forward, many strategic growth channels remain, whilst their strong balance sheet and attractive cash generation will support such growth ambitions, whilst also enabling them to pay healthy growing dividends.

We saw a strong contribution from **Liontrust**. This year they have delivered strong monthly flows, whilst Q1 reporting was impressive given both flows and fund performance numbers. Liontrust is demonstrating that they are taking share from peers that lack the focus, brand, and investment performance they demonstrate. Fund investors do want active management and are willing to pay for it where they believe value is being added. Liontrust has an expanded range of funds with appeal to investors, and is delivering the benefits of consistently applied investment processes with strong monthly flows. During the 2nd half of the period we had an update from the company showing extremely resilient inflows despite the expected Covid-19 AUM hit from markets. The net inflows achieved in an extremely difficult quarter show the resilience of the business and the quality of the product offering, brand and distribution. The Sustainable Investments and Economic Advantage teams saw high levels of net inflows and investment performance remains top quartile for a majority of their funds over 1, 3 and 5 years. The shares reacted positively to the continued momentum in flows and the payment of the dividend.

Across the portfolio, we saw our investment in a number of defensively positioned businesses contribute positively to performance. **Assura,** the owner of GP practices, delivered a secure revenue and profit performance, with rent heavily secured by the government. They continued to pay dividends given their confident outlook and resilience. **Chesnara**, the manager of life and pensions policies, showed another strong period of performance, with the market confident they could continue to pay dividends. **Kesko**, the Finish food retail business and Scandinavian home improvements retailer was well positioned, with both end markets both seeing demand through the crisis. Consumers were reliant on operational strength of food retailers to fulfil their increased demand for food at home, whilst many consumers looked to DIY spend as an activity to fill spare time provided by lockdown, and the eagerness to improve living conditions when now increased time was being spent in the home and garden. **AJ Bell** continued to take market share through the period, with their increasing brand reputation. The strong culture of the business ensures a solid transition to work from home environments, and a support network was developed for colleagues through this period.

There were more concerns in the market for industrial exposed businesses through this period, but we were very pleased with the performance from a number of our holdings in this space. **Aveva**, a long term holding in the portfolio, delivered strong results, despites its exposure to the weak oil and gas end markets. Aveva provides critical software, which helps improve efficiency and productivity within their customer's assets. Their revenue model meant they saw a very resilient income stream, and the benefits of their enhanced product suite and customer base since the Schneider merger continue. **Strix**, the manufacturer of safety critical components for kettles and complimentary products, also had a strong trading period and paid their dividend. Operationally they adjusted for supply chain issues when the Covid pandemic first hit China, and since then have used the strength of their relationship with customers to deliver a solid performance. Lastly, **Discoverie** also reported a robust performance. Their focus on target end markets, where there are structural growth drivers and regulatory support meant they were able to continue to grow through these tough times.

Hollywood Bowl detracted from performance in the period. This business traded consistently well before the pandemic thanks to their strategy of constantly investing in the customer proposition. They raised some capital, which we supported, to continue to allow them to invest at the same pace post Covid19, without making large scale redundancies or compromising the offer. Bowling was subject to a delay in reopening because they had been included in 'close proximity' venues such as nightclubs and soft-play areas which was a disappointing delay. Thanks to the capital raise they have sufficient liquidity for the next 12 months. We hold the management team in high regard, they have a comprehensive opening strategy, are diversifying the business into mini golf, and we believe Covid-19 does not impact their longer term growth potential. Given the headwinds they have faced, there may not be the special dividends we had hoped for in the short term; longer term the business should return to its attractive dividend payouts.

Cineworld was a detractor from performance given the weak news flow around cinema attendance numbers particularly in the US early in 2020. We were concerned that lower revenue growth would slow the de-levering of the balance sheet, and therefore exited the holdings on quality and growth concerns early in the period.

Workspace provides flexible work space to SME's. It wasn't surprising that Covid-19 led to a significant slowdown in enquires and the need to offer the vast majority of their tenants discounts. Short term the business will be collecting a reduced percentage of the normal rent. The outlook also remains uncertain and they remain vulnerable to vacancy risk and changing working practices, which could alter space requirements. We don't yet have visibility on whether businesses will increasingly use home working to reduce costs and what the reduction in demand driven by an economic down turn might be, however both are likely to result in a decrease in office space requirements. Conversely, they could be a beneficiary of tenants looking for more flexible space rather than large permanent office solutions. For these reasons the shares fell sharply and detracted from performance, despite the payment of the dividend. Workspace customers are diversified by number and sector but without clarity about the future, the shares under performed. The business remains in a strong financial position, and the continuation of dividend payments through this period highlights their confidence in the outlook.

Fixed Income Portfolio

The Fixed Income exposure within the portfolio made a small positive contribution to performance over the period. Fixed income markets were extremely volatile over the period with the COVID-19 pandemic having a dramatic impact on these markets also. Government bond yields fell further over the period and, despite a spike in March during the worst of the crisis, the UK 10 year fell from almost 1% at the start of the period to a low of 0.17% at the end of the period. These moves were mirrored in other major markets and reflect the uncertain macro-economic backdrop, low inflation and the central bank responses in terms of extremely low policy rates and bond buying programmes. Such actions do imply that inflation risks will pick up in the future but for the time being yields appear anchored at low levels.

Credit spreads – the risk premium over government bonds – moved sharply wider in March creating some significant losses for investors in corporate bonds. Markets struggled to price in the economic impact and liquidity dried up as the crisis deepened. The responses from central banks and governments to the crisis did restore some order and spreads tightened throughout the second quarter. Investors returned to the market aggressively, emboldened perhaps by bond buying programmes such as the Bank of England's £10 billion scheme. Most impacted sectors in the first quarter sell off and beneficiaries in the subsequent recovery were the highest risk areas of the market. Retail, energy and transportation sectors all saw their credit spreads widen aggressively before gradually recovering. There are on-going challenges for all these sectors and credit selection will remain the key to good performance.

The fixed income portfolio was expanded over the period. Wider spreads and the greater certainty of income generation that is provided by bonds were the catalysts driving the increased allocation. Bonds issued by UK financial institutions Close Brothers and HSBC, National Grid, Scottish and Southern and Heathrow Airport were all added to the portfolio in April at attractive levels. All these issuers are investment grade and are expected to remain so for the foreseeable future and all have delivered strong returns in the market recovery. Further market volatility would allow some further expansion of the bond component.

Portfolio activity

A number of new holdings were added to the portfolio; quality growth businesses, scoring highly on our stock screening tool "The Matrix", and delivering supportive and growing income streams.

Investment Manager's Review Continued

We started a new position in **Primary Health Properties ("PHP")**, the peer to Assura which we also hold in the portfolio. PHPs' update highlighted resilient rent collection, and continuation of dividends. Its income stream is one of most defensive in property, 90% rent backed by the Government, with average lease length of 13 years. It was trading at a 10% discount to Assura when we initiated the position. The balance sheet remains strong, and it has a 3.7% dividend yield.

We also added a holding in **Target Healthcare REIT**. This should prove a resilient quality business which provides income, with a dividend yield of 6.5%. Target is a property company, focused on the care home industry. Target own the assets; they are not operators so have no operating risk themselves. The market fundamentals are robust with an ageing population and care burden. Their homes are also larger asset sizes which allow operators greater economies of scale, and they can charge premium rental values due to the high quality of accommodation, which can produce better profitability for operators. 55% of their occupancy is private pay and 45% public pay. Dividend growth is linked to EPS growth. Earnings growth is supported by underlying operational improvements, as well as asset expansion.

We added positions in the bond issued by **Close Brothers (CBG 2021)** and a longer dated SSE **(SSE LN 3.625% 22/perp)** issue to the Company, taking advantage of market conditions. We also added an **HSBC, 6.5%, 2024** issue and **Heathrow 5.225% 2023** bonds. Along with the existing position in Barclays and SSE, we feel this gives us good diversification within the fixed income portfolio of the Company. These fixed income holdings also provide a secure income stream, particularly helpful in an environment equity dividend streams were collapsing.

We added a new position in **Gateley.** Recognising that the traditional broad base partner profit share models don't function effectively, Gateley was the first law firm to IPO and convert to a salary structure in 2015. The business is well diversified in service line and location. EPS is forecast to grow at 3yr Compound Annual Growth Rate (CAGR) of 6%, and we believe that this rate could double with acquisitions. Gateley exhibits many quality characteristics, is capital light, delivers high returns, and has a strong track record. Shares yield 4% with a policy to pay out 70% of earnings.

We also added a new position in **Tatton Asset Management** and have been topping it up over the period. Tatton is a founder run Discretionary Fund Management business and is an independent challenger low cost model with very good investment performance. The offer addresses the market and regulator's concerns about fee levels and transparency, through its simple and competitive fee structure. With a capital light model, and clear opportunity to grow revenues we believe the 19% forecast EPS CAGR is likely to be driven further upwards. We have confidence this business can deliver a strongly growing dividend.

We exited the small residual in **Robert Walters,** with a view that lower economic growth globally would be a challenging environment for them to succeed. This was a company we feared would also not be in a position to pay their dividend in 2020.

We also exited the residual in **Cineworld,** with potential site closures looking increasingly likely due to the impact of Coronavirus. Cash generation was becoming increasingly challenged where forced closures were likely, making the balance sheet position look more stretched, and the dividend less likely to be paid.

ESG

ESG is embedded in all our research and investment decisions. ASI has a well-resourced ESG investment team, with whom we work closely. When analysing the ESG credentials of business, we are looking for both risks and opportunities. As a long term shareholder many companies are keen to engage with us, where we can use our in-house ESG expertise to help provide them with advice. The large AUM we manage in UK smaller companies delivers us excellent engagement opportunities with management teams, and the ability to help those companies to improve both their ESG qualities but also how they demonstrate those to the market. Where we can help a company to improve their ESG credentials, this is beneficial as it may lead to a higher stock rating, and can also reduce the risk of that investment. ESG is at the core of our process, and fits strongly within the Quality aspect of our investment style.

We engaged with **Intermediate Capital ("ICG")** on a number of ESG topics. Diversity is high on their agenda, with gender diversity one of their strategic drivers and our meeting reinforced to us how important this is to the management team. Through increasing accessibility with policies and initiatives, they hope to increase diversity whilst broadening the talent pool in what is a highly competitive industry. ICG have a robust framework, ensuring full ESG integration within investment decisions. This helps their position in responsible investing, whilst minimising any risk to the brand reputation from negative media associated with portfolio companies. They look to lead the sector in their attitude towards climate change risks in their investments, and are implementing 20-30 year scenarios looking long term. Their latest Annual Report should help to share some of the positive steps they are making in their work on ESG.

The management of **MJ Gleeson** have been actively engaged with us for advice as ESG specialists. We have explored the key material risk and opportunities for the sector, such as health and safety, labour management, environmental impact and build quality, and highlighted links to strategy, KPIs, risk management and executive remuneration. Management will look to engage with ESG scoring providers such as MSCI & Sustainalytics to understand what they would require for disclosure to improve their ratings. They are doing positive things internally, but want to understand how best to communicate with shareholders on ESG. It's positive to see the company taking these steps and being pro-active to discuss them with us as a trusted shareholder.

Outlook

It's clear that recessionary times are coming globally. The UK economy will suffer materially and unemployment will be at unprecedented levels. Whilst government pledges to do what it can with areas like VAT cuts & stamp duty changes, we are yet to see how demand returns and what shape the recovery will be. This recession will certainly be more Main Street than Wall Street; stock markets have already recovered to high levels whilst the scenes on the high street, consumer spending and potential unemployment levels remain gloomy. There is a risk now there is a disconnect between some stock market valuations and the outlook for economic growth.

The effects of Covid19 will be deep and widespread. Poorly capitalised companies and those with limited runway are at risk of failure as the support schemes end. Other risks in the market going forward come from a second wave of infections, the US elections in November and escalating US/China trade wars. Currently there is little evidence of a meaningful second wave post the lifting of lockdowns across Asia and Europe, with breakouts being controlled at local level. In the event of true second wave, most countries are now better placed to manage it in terms of healthcare capacity and treatment. The news on a vaccine is also promising although that might not be this year. The US elections are close to call so will become a bigger focus next quarter, whilst Trump may well see negativity towards China as his best chance of winning.

More generally we feel that economic cycles will be shorter, sharper & more volatile. The last bull market was extended and settled. The market has had a strong bounce so we fear valuations aren't braced for further bad news. There are many risks in the current environment but also opportunities for smaller companies.

As far as the outlook for dividends for the names we hold in the portfolio we are optimistic our income will fare better than the broader market given our Quality Growth focus, and the evidence we are seeing directly from investments to date. We were pleased that almost half the companies in the portfolio paid dividends during this challenging period.

Our investment focus continues to be driven by stock specific decision making, identifying quality growth businesses. In tougher economic times and with volatility and uncertainty likely in markets, we look to invest in businesses that have the quality aspect to prove resilient. Our process identifies smaller companies who have a number of growth levers to pull, allowing them the ability to grow and gain market share even when facing external headwinds and where peers may be struggling.

We are pleased to have delivered relative outperformance over this challenging period, adding to the attractive long term track record of the Company. The recent fall in market driven by Covid is however disappointing for shareholder returns. With a strong revenue reserve and a strong proportion of investments paying or likely to return to paying dividends, we are also confident that we can deliver a resilient income outcome for our shareholders this year and looking forwards.

Aberdeen Asset Managers Limited
16 September 2020

Ten Largest Investments

As at 30 June 2020

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.

Aveva Group
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.

discoverIE Group
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.

XP Power
A power solutions business that designs and manufactures power convertors used by customers to ensure their electronic equipment can function both safely and efficiently. With over 5,000 different products, XP Power can provide a full value add capability to its customers.

Liontrust Asset Management
UK based asset manager, managing assets across a range of asset classes.

Intermediate Capital Group
Global alternative asset manager in private debt, credit and equity.

Games Workshop
Global retailer of hobbyist products, selling through own retail stores, online, and through trade partners. Owner of the IP of Warhammer.

Hilton Food Group
Global food producer, with a specialism in sourcing, preparing and packaging food products in particular meat and fish protein.

Telecom Plus
Reseller of telecom and utilities service, under the Utility Warehouse brand.

Morgan Sindall
UK leading business in construction and regeneration work.

Portfolio – Equities

At 30 June 2020

Company	Sector Classification	Valuation 2020 £'000	Total portfolio %
Assura	Real Estate Investment Trusts	3,580	4.9
Aveva Group	Software & Computer Services	3,431	4.7
discoverIE Group	Electronic & Electrical Equipment	3,315	4.5
XP Power	Electronic & Electrical Equipment	3,288	4.5
Liontrust Asset Management	Financial Services	2,966	4.1
Intermediate Capital Group	Financial Services	2,882	3.9
Games Workshop	Leisure Goods	2,666	3.6
Hilton Food Group	Food Producers	2,488	3.4
Telecom Plus	Fixed Line Telecommunications	2,415	3.3
Morgan Sindall	Construction & Building Materials	2,091	2.9
Ten largest investments		**29,122**	**39.8**
Softcat	Software & Computer Services	2,086	2.9
Unite Group	Real Estate Investment Trusts	2,080	2.9
AJ Bell	Financial Services	2,053	2.8
Victrex	Chemicals	1,965	2.7
Ultra Electronics	Aerospace & Defence	1,855	2.5
Hollywood Bowl	Travel & Leisure	1,807	2.5
Chesnara	Life Insurance	1,682	2.3
Safestore Holdings	Real Estate Investment Trusts	1,670	2.3
Moneysupermarket	Media	1,634	2.2
Strix Group	Electronic & Electrical Equipment	1,492	2.0
Twenty largest investments		**47,446**	**64.9**
FDM	Software & Computer Services	1,445	2.0
Close Brothers	Banks	1,414	1.9
Kesko[A]	Food & Drug Retailers	1,307	1.8
Dechra Pharmaceuticals	Pharmaceuticals & Biotechnology	1,307	1.8
Diploma	Support Services	1,287	1.8
Sirius Real Estate	Real Estate Investment Services	1,279	1.7
MJ Gleeson	Household Goods & Home Construction	1,220	1.7
Fisher (James) & Sons	Industrial Transportation	1,202	1.6
Tatton Asset Management	Financial Services	1,107	1.5
Marshalls	Construction & Materials	1,019	1.4
Thirty largest investments		**60,033**	**82.1**

Portfolio – Equities Continued

At 30 June 2020

Company	Sector Classification	Valuation 2020 £'000	Total portfolio %
Midwich	Support Services	1,013	1.4
Alpha Financial Markets Cons	Support Services	1,003	1.4
Greggs	Food & Drug Retailers	959	1.3
Target Health Care	Real Estate Investment Trusts	958	1.3
Primary Health Properties	Real Estate Investment Trusts	944	1.3
4Imprint Group	Media	822	1.1
Forterra	Construction & Materials	796	1.1
Savills	Real Estate Investment Services	776	1.0
Abcam	Pharmaceuticals & Biotechnology	762	1.0
Paypoint	Support Services	706	1.0
Forty largest investments		**68,772**	**94.0**
Workspace Group	Real Estate Investment Trusts	668	0.9
Somero Enterprises	Industrial Engineering	593	0.8
Gateley Holdings	Support Services	535	0.8
Rathbone Brothers	Financial Services	440	0.6
Total Equity Investments		**71,008**	**97.1**

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

Portfolio – Other Investments

At 30 June 2020

Company	Valuation 2020 £'000	Total portfolio %
Corporate Bonds		
Barclays Bank 9% Perp[A]	500	0.7
Close Brothers 3.875%[A]	411	0.6
Heathrow Funding 5.225%[A]	368	0.5
HSBC Holdings 6.5%[A]	322	0.4
SSE 3.625% Var[A]	300	0.4
SSE 3.875% Var Perp[A]	236	0.3
Total Corporate Bonds	**2,137**	**2.9**
Total Investments	**73,145**	**100.0**

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

Distribution of Assets and Liabilities

As at 30 June 2020

	Valuation at 31 December 2019 £'000	Valuation at 31 December 2019 %	Movement during the period Purchases £'000	Movement during the period Sales £'000	Movement during the period (Losses)/gains £'000	Valuation at 30 June 2020 £'000	Valuation at 30 June 2020 %
Listed investments							
Equity investments	87,930	106.4	9,460	(12,185)	(38,567)	71,008	104.9
Corporate bonds	878	1.1	1,250	–	9	2,137	3.2
	88,808	107.5	10,710	(12,185)	(38,558)	73,145	108.1
Current assets	1,074	1.3				1,803	2.6
Other current liabilities	(235)	(0.3)				(273)	(0.4)
Loans	(6,987)	(8.5)				(6,989)	(10.3)
Net assets	**82,660**	**100.0**				**67,686**	**100.0**
Net asset value per Ordinary share	**373.86p**					**306.14p**	

Investment Case Studies

DiscoverIE

In recent years, **DiscoverIE** has evolved from a distributor of electronic components to an international designer, manufacturer and supplier of customised, differentiated electronics. The strategy is to focus on generating organic growth in four target markets, where their products should see increasing demand over the longer term. Organic growth is supplemented by acquisitions, to broaden the product portfolio and geographical reach within these markets. The key to success is to focus only on growing markets that are underpinned by structural shifts. Management identify these as renewable energy, transportation, industrial & connectivity and medical. By operating in these growing markets, organic revenue growth should be well ahead of GDP over the economic cycle, and create acquisition opportunities.

The group operates in two divisions Design & Manufacturing (D&M) and Custom Supply (CS). The D&M division supplies custom electronic products which are uniquely designed or specifically modified from an existing product to customer specifications. Most of the products are manufactured in-house, the rest manufactured by approved third-party contractors. The strategy is to grow this high margin division. 15 acquisitions have been made so far and the division has developed from a UK business in 2011 to a global one operating in 23 countries. The Custom Supply division provides technically demanding, customised electronic, photonic and medical products to 20,000 industrial manufacturers. The products come from a range of high quality 3rd party international suppliers and from the D&M division. The division operates similarly to D&M, but mostly with products sourced from 3rd party suppliers rather than manufactured in house.

Once approved, products are designed in to customer solutions, typically generating repeat revenue for the lifetime of the customer's production. Repeating revenues, combined with the conversion of customer design wins from new projects drives the order book. A key strategic focus is cross-selling between the businesses to broaden the range of products, develop stronger relationships and increase sales efficiency.

The management's focus on markets with long term thematic growth drivers is key to the quality aspect of growth, and removes cyclicality. In renewable energy, growth will be driven by wind and solar power reaching commercial viability. Transportation will benefit from increasing regulation and investment in rail, along with electrification infrastructure which remains underinvested. Industrial connectivity plays into increasing connectivity and wireless communication. Drivers in medical include an ageing and increasingly affluent population.

We like the capital light business model and the visibility you get from the 'designed in' nature of their products. There will be margin progression from here achieved through operational gearing from above group average growth in the higher-margin D&M, alongside higher margin acquisitions. The balance sheet is strong, supported by healthy free cash generation for future acquisitions.

The business has an excellent track record of growth since 2011, attributed to their unrelenting focus on their target markets. We hold management in high regard, they have an impressive track record of meeting long term targets and extending them. They have the right strategy in the right markets to continue to improve their margin profile and drive growth. Growth comes from being in the right markets with strong structural drivers and from M&A. The market for customised electronic components is extremely fragmented. It consists of many sub-scale designers that lack the distribution channels to unlock their full value. Management have taken advantage of this and made 15 acquisitions of varying size to date to strengthen the group. With a strong track record in M&A, the next step is to self-fund acquisitions. The opportunity remains to continue expanding in current geographies and into new ones, to build a larger global electronics group.

Discoverie's dividend policy is progressive. While at this stage in the company evolution there is a bias towards growth over income, management acknowledge that investors value dividend returns and so will look to grow it roughly in line with earnings per share growth.

It was impressive to see DiscoverIE issue a strong update despite the Lockdown, illustrating the resilience of the business model. Their global footprint will help to drive market share gains in this environment as smaller peers are unable to serve customers on the same international scale. The pandemic may well accelerate some trends in their four focus markets and will also provide acquisition opportunities. With the backdrop of global fiscal stimuli and investment in infrastructure (notably 5G and renewables), this should help provide a tailwind to organic growth.

Investment Case Studies Continued

Strix

Strix is a world leader in design and manufacture of kettle safety controls with a 38% global market share. The original technology was developed by 2 brothers in 1892 and whilst it's been modified, the technology used today is essentially the same. Strix only make the control unit, and then work collaboratively with brands to make products. They offer a 'Good, Better, Best' portfolio of products across a wide range of price points without compromising on quality, to customers around the world. The market is very competitive and many peers make lower quality products, but they tackle this by fiercely defending their Intellectual Property (IP) by taking copyists to court. They have a reputation for doing this and winning, this supports the revenue generating capability of its innovations for years post patent expiry.

Strix has very well established relationships with their customers. They have a 37 year track record of quality production at high margins that reflect service level. They are highly regarded in the industry, have the highest safety accreditations and are the trusted advisor to brands. They are the solutions provider to the supply chain. They have strong direct relationships with the major small appliance brands and (OEM's), and provide components and integrate them into whatever customers look to make. Strix consult with their customers to drive innovation, to create new products and provide a valuable service. The sales team also advise brands on market demand and how they should place the products in markets. Their market positioning, significant IP and their position embedded with customers all serve as a strong barrier to entry.

The core business is high margin and cash generative, the dividend policy is progressive and dividends will grow in line with earnings. In recent years, they have begun to develop new products into adjacent markets, such as water filtration, coffee applications and chilling & heating technologies where they can use existing technologies to develop products with their brand partners who shoulder most of the development costs. Growth in the wider product portfolio will bring increased content value per appliance sold, supporting future profitable growth.

Growing regulatory requirements, population growth, changing drinking habits and the roll out of new products should drive volumes up. We will continue to see organic growth from further penetration in existing markets, product development & innovations in adjacent markets, and from their growing portfolio of complementary technologies. Acquisitions are possible too. Strix has consistently delivered steady growth over the past decade despite the evolution of regulations & low cost competitors. Although not immune from deteriorating macro, Strix's products remain in demand since on average a kettle is replaced every 3 years, providing a degree of visibility in demand. Although deteriorating consumer sentiment may result in trading down to lower price point kettles, the overall impact on profitability is limited.

We like the market positioning, the strong IP, and the track record of delivery for shareholders. We are excited by the growth prospects from the new product portfolio, and their ability to leverage their customer network.

Condensed Statement of Comprehensive Income

		Six months ended 30 June 2020 (unaudited)			Six months ended 30 June 2019 (unaudited)			Year ended 31 December 2019 (audited)		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments at fair value		–	(14,188)	(14,188)	–	10,297	10,297	–	19,661	19,661
Currency losses		–	–	–	–	(10)	(10)	–	(12)	(12)
Income										
Dividend income	2	705	–	705	1,546	–	1,546	2,700	–	2,700
Interest income from investments	2	31	–	31	22	–	22	46	–	46
Other income	2	2	–	2	5	–	5	8	–	8
		738	(14,188)	(13,450)	1,573	10,287	11,860	2,754	19,649	22,403
Expenses										
Investment management fee		(78)	(183)	(261)	(80)	(186)	(266)	(163)	(380)	(543)
Other administrative expenses		(184)	–	(184)	(194)	–	(194)	(314)	–	(314)
Finance costs		(28)	(65)	(93)	(33)	(76)	(109)	(61)	(142)	(203)
Profit/(loss) before tax		448	(14,436)	(13,988)	1,266	10,025	11,291	2,216	19,127	21,343
Taxation	3	–	–	–	(8)	–	(8)	(10)	–	(10)
Profit/(loss) attributable to equity holders		**448**	**(14,436)**	**(13,988)**	**1,258**	**10,025**	**11,283**	**2,206**	**19,127**	**21,333**
Return per Ordinary share (pence)	5	**2.03**	**(65.29)**	**(63.26)**	**5.69**	**45.34**	**51.03**	**9.98**	**86.51**	**96.49**

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 period, 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 2020 (unaudited) £'000	As at 30 June 2019 (unaudited) £'000	As at 31 December 2019 (audited) £'000
Non-current assets				
Equities		71,008	72,600	87,930
Convertible preference shares		–	936	–
Corporate bonds		2,137	881	878
Preference shares		–	3,514	–
Securities at fair value		73,145	77,931	88,808
Current assets				
Cash		1,582	2,166	780
Other receivables		221	611	294
		1,803	2,777	1,074
Current liabilities				
Bank loan		(2,000)	(2,000)	(2,000)
Trade and other payables		(273)	(250)	(235)
		(2,273)	(2,250)	(2,235)
Net current (liabilities)/assets		(470)	527	(1,161)
Total assets less current liabilities		72,675	78,458	87,647
Non-current liabilities				
Bank loan		(4,989)	(4,985)	(4,987)
Net assets		**67,686**	**73,473**	**82,660**
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		39,650	44,984	54,086
Revenue reserve		3,057	3,510	3,595
Equity shareholders' funds		**67,686**	**73,473**	**82,660**
Net asset value per Ordinary share (pence)	6	**306.14**	**332.31**	**373.86**

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

Condensed Statement of Changes in Equity

Six months ended 30 June 2020 (unaudited)

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
As at 31 December 2019	11,055	11,892	2,032	54,086	3,595	82,660
(Loss)/profit for the period	–	–	–	(14,436)	448	(13,988)
Dividends paid in the period	–	–	–	–	(986)	(986)
As at 30 June 2020	**11,055**	**11,892**	**2,032**	**39,650**	**3,057**	**67,686**

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**

Year ended 31 December 2019 (audited)

	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 year	–	–	–	19,127	2,206	21,333
Dividends paid in the year	–	–	–	–	(1,725)	(1,725)
As at 31 December 2019	**11,055**	**11,892**	**2,032**	**54,086**	**3,595**	**82,660**

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

Condensed Cash Flow Statement

	Six months ended 30 June 2020 (unaudited) £'000	Six months ended 30 June 2019 (unaudited) £'000	Year ended 31 December 2019 (audited) £'000
Cash flows from operating activities			
Dividend income received	823	1,381	2,730
Interest income received	2	4	47
Other income received	–	–	8
Investment management fee paid	(276)	(254)	(523)
Other cash expenses	(204)	(167)	(308)
Cash generated from operations	345	964	1,954
Interest paid	(91)	(100)	(194)
Overseas taxation suffered	(9)	(15)	(10)
Net cash inflows from operating activities	245	849	1,750
Cash flows from investing activities			
Purchases of investments	(10,642)	(12,645)	(23,291)
Sales of investments	12,185	11,763	20,987
Net cash inflows/(outflows) from investing activities	1,543	(882)	(2,304)
Cash flows from financing activities			
Equity dividends paid	(986)	(862)	(1,725)
Net cash outflows from financing activities	(986)	(862)	(1,725)
Net increase/(decrease) in cash and cash equivalents	**802**	**(895)**	**(2,279)**
Analysis of changes in cash and cash equivalents during the period			
Opening balance	780	3,071	3,071
Currency losses	–	(10)	(12)
Increase/(decrease) in cash and cash equivalents as above	802	(895)	(2,279)
Cash and cash equivalents at the end of the period	**1,582**	**2,166**	**780**

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 been prepared using the same accounting policies applied for the year ended 31 December 2019 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 2020 £'000	Six months ended 30 June 2019 £'000	Year ended 31 December 2019 £'000
Income from investments			
Dividend income from UK equity securities	573	1,212	2,086
Dividend income from overseas equity securities	27	215	355
Property income distribution	105	119	259
	705	1,546	2,700
Interest income from investments	31	22	46
	736	1,568	2,746
Other income			
Bank interest	2	5	8
Total revenue income	**738**	**1,573**	**2,754**

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 2020 £'000	Six months ended 30 June 2019 £'000	Year ended 31 December 2019 £'000
Profit attributable	448	1,258	2,206
Dividends declared	(911)[A]	(862)[B]	(1,825)[C]
	(463)	**396**	**381**

[A] Dividends declared relate to first two interim dividends (both 2.06p each) declared in respect of the financial year 2020.
[B] Dividends declared relate to first two interim dividends (both 1.95p each) declared in respect of the financial year 2019.
[C] Dividends declared relate to the four interim dividends declared in respect of the financial year 2019 totalling 8.25p.

Notes to the Financial Statements Continued

5. Return per Ordinary share

	Six months ended 30 June 2020 p	Six months ended 30 June 2019 p	Year ended 31 December 2019 p
Revenue return	2.03	5.69	9.98
Capital return	(65.29)	45.34	86.51
Net return	**(63.26)**	**51.03**	**96.49**

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

	Six months ended 30 June 2020 £'000	Six months ended 30 June 2019 £'000	Year ended 31 December 2019 £'000
Revenue return	448	1,258	2,206
Capital return	(14,436)	10,025	19,127
Net return	**(13,988)**	**11,283**	**21,333**
Weighted average number of shares in issue	**22,109,765**	**22,109,765**	**22,109,765**

6. 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 2020 (unaudited)	As at 30 June 2019 (unaudited)	As at 31 December 2019 (audited)
Attributable net assets (£'000)	67,686	73,473	82,660
Number of Ordinary shares in issue	22,109,765	22,109,765	22,109,765
Net asset value per Ordinary share (p)	306.14	332.31	373.86

7. 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 (losses)/gains on investments at fair value in the Condensed Statement of Comprehensive Income. The total costs were as follows:

	Six months ended 30 June 2020 £'000	Six months ended 30 June 2019 £'000	Year ended 31 December 2019 £'000
Purchases	41	55	98
Sales	9	7	15
	50	**62**	**113**

8. Analysis of changes in net debt

	At 31 December 2019 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 30 June 2020 £'000
Cash and short term deposits	780	–	802	–	1,582
Debt due within one year	(2,000)	–	–	–	(2,000)
Debt due after more than one year	(4,987)	–	–	(2)	(4,989)
	(6,207)	**–**	**802**	**(2)**	**(5,407)**

	At 31 December 2018 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 30 June 2019 £'000
Cash and short term deposits	3,071	(10)	(895)	–	2,166
Debt due within one year	(2,000)	–	–	–	(2,000)
Debt due after more than one year	(4,983)	–	–	(2)	(4,985)
	(3,912)	**(10)**	**(895)**	**(2)**	**(4,819)**

	At 31 December 2018 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 December 2019 £'000
Cash and short term deposits	3,071	(12)	(2,279)	–	780
Debt due within one year	(2,000)	–	–	–	(2,000)
Debt due after more than one year	(4,983)	–	–	(4)	(4,987)
	(3,912)	**(12)**	**(2,279)**	**(4)**	**(6,207)**

A statement reconciling the movement in net funds to the net cash flow has not been presented as there are no differences from the above analysis.

Notes to the Financial Statements Continued

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 (i.e. as prices) or indirectly (i.e. 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 2020 (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)	71,008	–	–	71,008
Quoted bonds	b)	–	2,137	–	2,137
		71,008	**2,137**	**–**	**73,145**

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 bonds	b)	–	5,331	–	5,331
		72,600	**5,331**	**–**	**77,931**

At 31 December 2019 (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)	87,930	–	–	87,930
Quoted bonds	b)	–	878	–	878
		87,930	**878**	**–**	**88,808**

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 bonds. 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 periods covered in this Report.

10. **Related party transactions.** There were no related party transactions during the period.

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 is calculated at an annual rate of 0.75% of the net assets of the Company, calculated and paid monthly. During the period £261,000 (30 June 2019 – £266,000; 31 December 2019 – £543,000) of investment management fees were payable to the Manager, with a balance of £85,000 (30 June 2019 – £92,000; 31 December 2019 – £100,000) being payable to ASFML at the period end. There were no commonly managed funds held in the portfolio during the period to 30 June 2020 (30 June 2019 and 31 December 2019 – none). The management fee is chargeable as follows:- 30% to revenue and 70% to capital.

    During the period expenses of £22,000 (30 June 2019 – £32,000; 31 December 2019 – £39,000) were payable to the Manager in connection with the promotion of the Company. The balance outstanding at the period end was £11,000 (30 June 2019 – £32,000; 31 December 2019 – £33,000).

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 2020 and 30 June 2019 has not been audited.

    The information for the year ended 31 December 2019 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 15 September 2020.

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. 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 2020 and the year ended 31 December 2019.

Six months ended 30 June 2020	Dividend rate	NAV	Share price
31 December 2019	N/A	373.86p	343.00p
2 January 2020	2.40p	374.10p	341.50p
2 April 2020	2.06p	253.97p	216.00p
30 June 2020	N/A	306.14p	264.00p
Total return		**–16.9%**	**–21.8%**

Year ended 31 December 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
4 July 2019	1.95p	334.38p	288.50p
3 October 2019	1.95p	312.35p	273.50p
31 December 2019	N/A	373.86p	343.00p
Total return		**+34.4%**	**57.7%**

Discount to Net Asset Value per Ordinary share. The amount by which the market price per Ordinary share of 264.00p (31 December 2019 – 343.00p) is lower than the net asset value per Ordinary share of 306.14p (31 December 2019 – 373.86p), expressed as a percentage of the net asset value per Ordinary share.

Net gearing. Net gearing measures the total borrowings of £6,989,000 (31 December 2019 – £6,987,000) less cash and cash equivalents of £1,509,000 (31 December 2019 – £780,000) divided by shareholders' funds of £67,686,000 (31 December 2019 – £82,660,000), expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes net amounts due to brokers at the period end of £73,000 (31 December 2019 – £nil) as well as cash of £1,582,000 (31 December 2019 – £780,000).

Ongoing charges. The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of investment management fees and administrative expenses and expressed as a percentage of the average net asset values with debt at fair value throughout the year. The ratio for 30 June 2020 is based on forecast ongoing charges for the year ending 31 December 2020.

	30 June 2020	31 December 2019
Investment management fees (£'000)	515	543
Administrative expenses (£'000)	361	314
Less: non-recurring charges (£'000)	(22)	–
Ongoing charges (£'000)	**854**	**857**
Average net assets (£'000)	**68,878**	**71,351**
Ongoing charges ratio	**1.24%**	**1.20%**

The ongoing charges ratio provided in the Company's Key Information Document is calculated in line with the PRIIPs regulations, which includes amongst other things, financing and transaction costs.

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 2020/21.

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 2020/21 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:

Website: **invtrusts.co.uk**
Email: **inv.trusts@aberdeenstandard.com**
Tel: **0808 500 0040**

Address: Aberdeen Standard Investment Trusts , 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 37 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/financial-services-register**
Email: **consumer.queries@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.

Investor Information Continued

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
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(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
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Telephone: 0131 372 2200

Company Registration Number
SC137448 (Scotland)

Website
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Broker
Winterflood Securities

Auditors
Ernst & Young LLP

Depositary
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Textel/Hard of hearing line: 0371 384 2255

(Lines open 9.00 a.m. to 5.00 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.

Visit us online
aberdeensmallercompanies.co.uk

Aberdeen Standard Investments