Aberdeen Standard Equity Income Trust plc

Equity income using an index-agnostic approach focusing on our best ideas from the full UK market cap spectrum

30 September 2019

Financial Calendar

2019	
27 November	Announcement of results for year ended 30 September 2019
2020	
23 January	Annual General Meeting
27 January	Payment of the final dividend of 5.8p per Ordinary share
May	Announcement of Half Yearly Financial Report for six months ending 31 March 2020
March, June & September	Payment of interim dividends for 2020
2021	
January	Payment of the final dividend for 2020

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www.aberdeenstandardequityincometrust.co.uk

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Total Returns for periods to 30 September 2019

	1 year	3 years	5 years
Net Asset Value per Share (NAV)[1]	-10.8%	+8.2%	+25.5%
Share Price[1]	-15.1%	+5.3%	+18.1%

Capital Return for the year ended 30 September 2019

NAV	Share Price
411.8p	381.5p
-15.1%	-19.3%
(2018: 485.0p)	(2018: 473.0p)

As at 30 September 2019

Discount[1]	Dividend Yield[1]
7.4%	5.4%
(2018: 2.5%)	(2018: 4.1%)

Strategic Report
Key Financial Highlights

As at 30 September 2019

Market Cap	Net Assets	Net Gearing[(1)]
£186.7 m -19.7%	£201.5 m -15.5%	13.7%
(2018: £232.5m)	(2018: £238.4m)	(2018: 12.1%)

For year ending 30 September 2019

Revenue Earnings per Share (EPS)	Dividend per Share (DPS)	Ongoing Charges Ratio[(1)]
21.74p -1.5%	20.5p +6.8%	0.91%
(2018: 22.06p)	(2018: 19.2p)	(2018: 0.87%)

[(1)] Alternative Performance Measure. Further details can be found on page 59.

Strategic Report

Chairman's Statement

Richard Burns

PERFORMANCE

After a performance in 2018 which I described as "solid", our results this year have come as a considerable disappointment. The Net Asset Value total return for the year was -10.8% against the FTSE All-Share Index positive result of 2.7%, an underperformance of 13.5%. Unsurprisingly our discount widened from 2.5% to 7.4% and our share price total return was -15.1%.

This is a very poor result and there is no point in pretending otherwise. It is true that the market background over the year has been unhelpful to the Manager's investment style. The performance of the index has been largely driven by large capitalisation stocks whose profits predominantly arise outside the United Kingdom and whose shares have appeared to us too highly rated – names such as Diageo, Unilever and RELX. The index-agnostic investment process of our Manager seeks to find undervalued companies where positive changes are underway which have not yet been recognised by the market. This has produced a domestically-orientated portfolio with an overweighting in mid and small capitalisation stocks. This has been quite the wrong positioning relative to the index over the last year. This unrewarding investment stance has not been mitigated, as might have been hoped, by successful stock picking; indeed the reverse is very much the case. Attribution analysis reveals a significant negative contribution from stock selection, largely the result of several serious disasters, such as Kier Group and Staffline, which are discussed in greater detail in the Manager's Report. Sadly, these were not offset to any significant degree by big successes.

These results mean that our long-term performance numbers, which have for several years been running ahead of our benchmark, are now lagging significantly.

EARNINGS AND DIVIDEND

It should be remembered that yours is a company which, as is set out clearly on page 11, has as its objective "to provide shareholders with an above average income from their equity investment, while also providing real growth in capital and income". We have achieved most of this objective this year, though obviously not "real growth in capital", but we have fully achieved the objective over three, five and ten years.

During the year to 30 September 2018 our earnings grew by 14.7% to 22.06p, which was well above trend. We expected earnings growth to be much slower in the year to 30 September 2019 and in the event, largely due to dividends being cut or passed by some of our worst performing holdings, earnings actually fell almost 1.5%, to 21.74p. Nevertheless we have been able to pay dividends totalling 14.7p for the first three quarters of the year. As the forecast for next year's earnings is looking encouraging, the Board is recommending a final dividend of 5.8p, up from the 5.5p initially proposed. This will give a total dividend for the year of 20.5p, which will represent an increase of 6.8% on last year's 19.2p. For comparison, the Retail Price Index for the year

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to 30 September 2019 rose by 2.4%. Subject to shareholder approval at the Annual General Meeting to be held on 23 January 2020, this dividend will be paid on 27 January 2020 to shareholders on the Register on 27 December 2019 with an associated ex-dividend date of 24 December 2019. After paying the final dividend, the Company will have Revenue Reserves of 17.9p per share compared to 16.5p in 2018.

This is the nineteenth successive increase in the annual dividend and the Board aims to build on this track record. At this stage the income prospects for the year ahead look promising and the Board anticipates being able to increase the dividend in 2020, for the twentieth successive year, to a minimum of 21.4p, representing an increase of 4.4% on the 2019 distribution.

KEY PERFORMANCE INDICATORS

The four KPIs used by the Board to monitor the performance of the portfolio and the Manager are as follows:

1. NAV Total Return relative to the FTSE All-Share Index

While the Manager does not manage the portfolio with direct reference to any particular index, the Board does review the performance against that of the FTSE All-Share Index to provide context for the performance delivered.

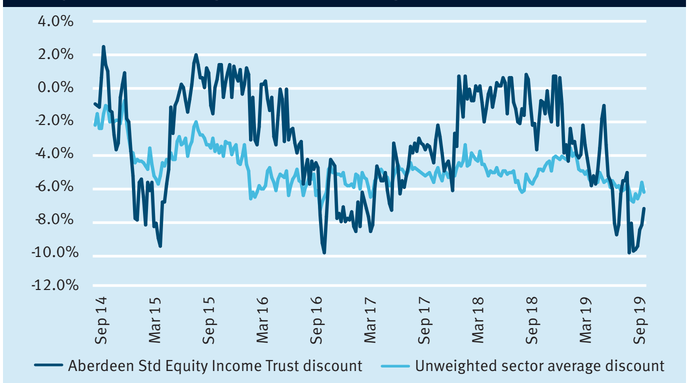
The table below illustrates the performance of the Company over various time frames up to 30 September 2019. The poor performance of the portfolio in the year has resulted in the longer-term performance of the Company being less than that of the index. The Board has spent time with the Manager looking into the causes of this, and continues to believe in the underlying premise that over the longer term the index-agnostic approach should deliver superior performance.

Total Returns to 30 September 2019	NAV Total Return	FTSE All-Share Index
1 year	-10.8%	2.7%
3 years	8.2%	21.0%
5 years	25.5%	38.9%
10 years	120.1%	121.0%

2. Premium or discount to net asset value compared to the unweighted average of the discount of the peer group

The chart below compares the discount of the Company's share price to its NAV when compared to the unweighted average discount of the other investment trusts in the UK Equity Income sector. It shows that from the start of 2019, the discount drifted out and traded wider than the unweighted sector average as the performance was weak.

Aberdeen Standard Equity Income Trust Discount relative to the UK Equity Income unweighted sector average since September 2014



Source: Refinitiv & Aberdeen Standard Investments as at 30 September 2019

3. Dividend growth compared to the Retail Price Index (RPI)

In the last eight years the dividend growth of the portfolio has exceeded inflation, as measured by the RPI, indicating that Shareholders have received real growth in the dividends paid by the Company. The two years in which the growth lagged RPI were before the current process was introduced.

Dividend growth compared to the RPI

Source: Refinitiv & Aberdeen Standard Investments as at 30 September 2019

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4. Ongoing charges relative to comparator investment vehicles

The Ongoing Charges Ratio for the year is 0.91%. This compares to the unweighted average for the UK Equity Income sector as a whole of 0.80% and to the prior year ratio for the Company of 0.87%. The 12% reduction in average net assets was a significant contributor, which did lead to a reduction in the management fees charged, but this was offset by an increase in the marketing spend as the Company joined the Manager's marketing programme.

	2019	2018
Ongoing Charges Ratio	%	%
Aberdeen Standard Equity Income Trust	0.91	0.87
Unweighted sector average	0.80	0.81

GEARING

The Company has funding in the form of a £40m Revolving Credit Facility from Banco Santander,S.A., London Branch at a rate of 1% over LIBOR. The facility is for 5 years from 17 December 2018, with an option to increase the funding by a further £20m. Throughout the year £30m of the facility was drawn at a weighted average interest and commitment fee cost of 2.0%.

The Board is responsible for arranging the facility and the Manager for deploying it. The Board recognises that borrowing will enhance returns to shareholders when the portfolio is rising in value but that where values are falling the borrowing will work to exacerbate declines.

SHARE BUYBACKS

The Board monitors the discount of the share price to the cum-income NAV both in absolute terms and relative to the discounts of other UK equity income investment trusts. In light of the width of the discount in September 2019 and the confidence that the Manager has in the portfolio, the Board bought back 241,654 shares (0.5% of the shares in issue) at a weighted average price of £3.68 and a weighted average discount of 9.0%. At 30 September 2019, the discount was 7.4%. The Company last bought back shares in January 2017.

MANAGER

In light of this year's poor results, the Board has given careful consideration to the Manager's performance. We continue to have confidence in the investment process which has generated the Company's returns over the last eight years, in particular the excellent record of dividend growth of a compound average rate of 6.5% since 2011, while inflation has grown on average by 2.6% per annum. The Manager has commented in detail on some of the mistakes which have been made recently, in particular not taking decisive action to sell stocks where the investment case was not working out and businesses were actually deteriorating. We believe that Thomas Moore and his supporting team have learnt from this experience and will get back on track. We are encouraged by the fact that our net asset value has outperformed in both September and October.

In all other respects, the Manager's execution of its duties has been satisfactory and the Board believes that the appointment of the Manager continues to be in the long-term interest of shareholders.

FEES

The fourth of our KPIs is our Ongoing Charges Ratio and how it compares to similar investment vehicles. The biggest single component of these charges is the fee we pay the Manager for running the Company and its investment portfolio and the Board has been keen to reduce the level of this fee. I am pleased to say that we have negotiated a change in the basis on which the fee is calculated. From 1 October 2019 the fee will be charged on net, rather than gross, assets. Furthermore, the asset figure at which the fee drops from 0.65% per annum to 0.55% has been reduced from £250m to £175m. This will produce an immediate benefit to shareholders and one which will increase over time if, as we trust will be the case, the value of the Company's portfolio rises over the years ahead.

Strategic Report
Chairman's Statement

BOARD

Josephine Dixon will be retiring at the AGM, having served nine years as a Director and seven years as Chairman of the Audit Committee. She has been a stimulating and highly effective colleague and we wish her continuing success in the years ahead.

We have been very fortunate to recruit Sarika Patel to succeed Josephine. As can be seen from her details on page 24, she has had wide and varied experience in her career and currently sits on a number of influential boards and committees. She stands for election at the AGM and we are very much looking forward to working with her.

AGM

The Annual General Meeting of the Company will be held at the Company's Registered Office, Bow Bells House, 1 Bread Street, London EC4M 9HH on Thursday, 23 January 2020. The Meeting will start at 11.30am and will include a presentation on the portfolio from our Portfolio Manager, Thomas Moore. The Board hopes that Shareholders will be able to attend. The Notice of the Annual General Meeting can be found on pages 66 to 70 of this Annual Report.

OUTLOOK

My forecast a year ago, that long-term interest rates in Britain had probably bottomed out and were likely to rise, has proven wide of the mark with yields having declined still further. More accurate, however, was my prediction that striking a Brexit deal which could obtain Parliamentary approval was far from certain. Worldwide economic activity is still growing but it has decelerated considerably during the last twelve months and business sentiment surveys are becoming increasingly gloomy. In Britain we face a general election whose outcome seems likely to be in doubt right up until the moment the votes are counted.

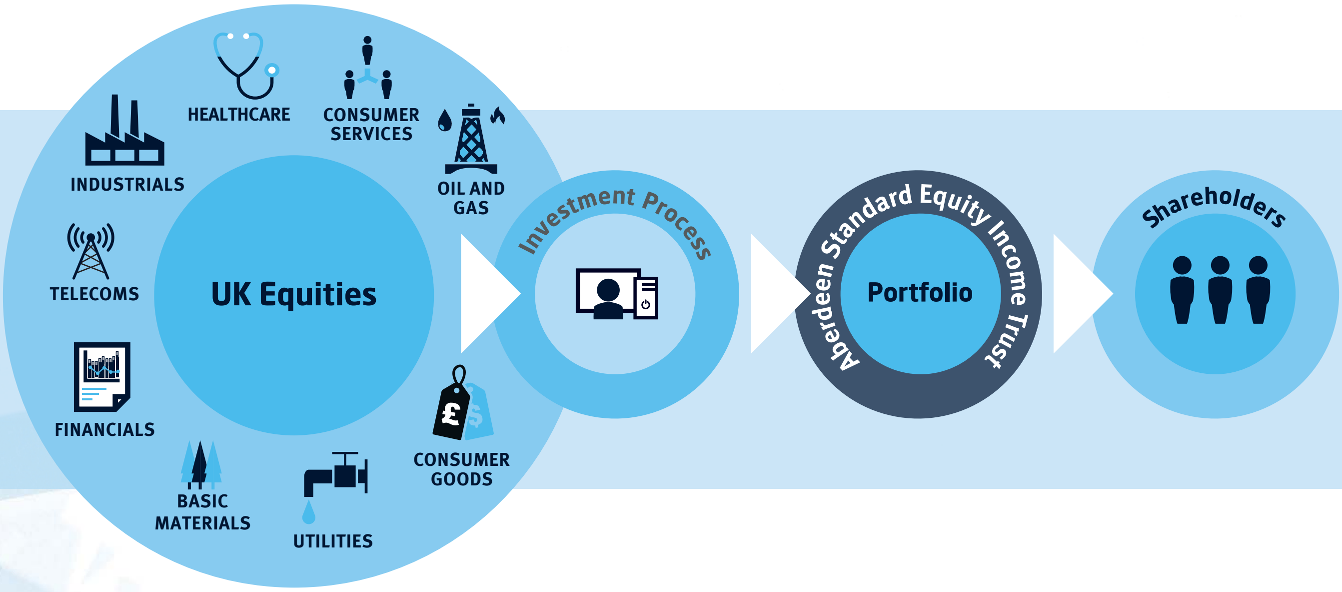
When shareholders meet Board and Manager at the AGM on 23 January 2020, the political uncertainty should be somewhat reduced and Brexit might only be days away from happening. Whether that will be good or bad for British financial markets remains to be seen.

In the meantime, our Manager will be working hard to ensure that the severe disappointment of 2019 is left in the past and that the more positive trend of the last two months is being built on. I hope, therefore, to be able to report on a more rewarding year in twelve months' time.

Richard Burns
Chairman

26 November 2019

Strategic Report
Our Strategy



Aberdeen Standard Equity Income Trust plc offers an actively managed portfolio of UK quoted companies. The investment approach is index-agnostic and the focus is on those companies delivering sustainable dividend growth.

Strategic Report

Objective and Investment Policy

Objective

To provide Shareholders with an above average income from their equity investment, while also providing real growth in capital and income.

Investment Policy

The Directors set the investment policy, which is to invest in a diversified portfolio consisting mainly of quoted UK equities which will normally comprise between 50 and 70 individual equity holdings.

In order to reduce risk in the Company, without compromising flexibility:

- no holding within the portfolio will exceed 10% of net assets; and
- the top ten holdings within the portfolio will not exceed 50% of net assets.

The Company may invest in convertible preference shares, convertible loan stocks, gilts and corporate bonds.

The Directors set the gearing policy within which the portfolio is managed. The parameters are that the portfolio should operate between holding 5% net cash and 15% net gearing. The Directors have delegated responsibility to the Manager for the operation of the gearing level within the above parameters.

Strategic Report
Investment Process

Investment process

The Board delegates investment management services to Aberdeen Standard Investments ("ASI"), the investment division of Standard Life Aberdeen PLC. The team within ASI managing the Company's portfolio of investments has been headed up by Thomas Moore since 2011.

The portfolio is invested on an index-agnostic basis. The process is based on a bottom-up stock-picking approach where sector allocations are a function of the sum of the stock selection decisions, constrained only by appropriate risk control parameters. The aim is to evaluate changing corporate situations and identify insights that are not fully recognised by the market.

Idea generation and research

The vast majority of the investment insights are generated from information and analysis from one-on-one company meetings. Collectively, more than 3,000 company meetings are conducted annually across ASI. These meetings are used to ascertain the company's own views and expectations of its future prospects and the markets in which it operates. Through actively questioning the senior management and key decision makers of companies, the portfolio managers and analysts look to uncover the key changes affecting the business and the materiality of their impact on company fundamentals within the targeted investment time horizon.

Investment process in practice

The index-agnostic approach ensures that the weightings of holdings reflect the conviction levels of the investment team, based on an assessment of the management team, the strategy, the prospects and the valuation metrics. The process recognises that some of the best investment opportunities come from under-researched parts of the market, where the breadth and depth of the analyst coverage that the portfolio manager can access provides the scope to identify a range of investment opportunities.

The consequence of this is that the Company's portfolio often looks very different from other investment vehicles providing their investors with access to UK equity income. This is because the process focuses on conviction levels rather than index weightings. This means that the Company may provide a complementary portfolio to the existing portfolios of investors who like to make their own decisions and manage their ISAs, SIPPs and personal dealing accounts themselves. Over 60% of the Company's portfolio is invested in companies outside the FTSE 100 Index.

The index-agnostic approach further differentiates the portfolio because it allows the Portfolio Manager to take a view at a thematic level, concentrate the portfolio's holdings in certain areas and avoid others completely. The effect of this approach is that the weightings of the portfolio can be expected to differ significantly from that of any index, and the returns generated by the portfolio may reflect this divergence, particularly in the short term.

Strategic Report

Principal Risks and Uncertainties

The Board and Audit Committee has an ongoing process for identifying, evaluating and managing the principal risks and uncertainties of the Company. The Audit Committee has adopted a risk matrix as part of that review. The assessment of risks and their mitigation is an area of significant focus. The Company's principal risks and uncertainties are market related and are no different from those of other investment trusts that invest primarily in the UK listed market. Risks may vary in significance from time to time and the controls and actions to mitigate these are described below.

The Board has carried out a robust assessment of these risks, which include those that would threaten the Company's business model, future performance, solvency or liquidity, and considers the following to be the principal risks and uncertainties:

- **Investment Performance** The Board recognises that market risk is significant in achieving performance and consequently it reviews strategy and investment guidelines to ensure that these are appropriate. Regular reports are received from the Manager on stock selection, asset allocation, gearing, revenue forecasts and the costs of running the Company. The performance is reviewed in detail and discussed with the Manager at each Board meeting.

  The Board regularly reviews the impact of geopolitical instability and change on market risk. The Board has also considered the outcome and potential impact on the Company of the UK General Election scheduled to take place on 12 December 2019 and the resulting impact on the UK Government's Brexit discussions with the European Union. The outcome and potential impact of the General Election and Brexit are still unclear at the time of writing, and this remains an increased risk for the Company and its investee companies.

- **Operational Risk** In common with most investment trusts, the Board delegates the operation of the business to third parties, the principal delegate being the Manager. Failure of internal controls and poor performance of any service provider could lead to disruption, reputational damage or loss to the Company. As part of the annual assessment of key third party service providers, the internal control reports of the service providers are reviewed.

  During the year there were no issues identified that compromised the security of the assets and the Board received assurances on the internal control environment of service providers from these reports.

- **Governance Risk** The Directors recognise the impact that an ineffective board, unable to discuss, review and make decisions, could have on the Company and its Shareholders. The Board is aware of the importance of effective leadership and board composition and this is ensured through a regular Board and Chairman performance evaluation process.

- **Discount/Premium to NAV** A significant share price discount or premium to net asset value per share could lead to high levels of uncertainty for Shareholders. In particular, a wide discount could potentially reduce Shareholder confidence.

  The Board keeps the level of the Company's discount/premium under regular review. During the financial year, shares have been bought back at a discount by the Company.

- **Legal and Regulatory Risk** The Company operates in a complex legal and regulatory environment. As a UK company with shares publicly quoted on the London Stock Exchange, as an alternative investment fund and an investment trust, there are several layers of risks of this nature.

  Failure to adhere to the different rules associated with this environment could result in a number of detrimental outcomes for the Company and its Directors individually.

  The actions the Board takes to mitigate these extensive risks are to ensure that there is breadth and depth of expertise within the Board and the companies to which the Company has delegated responsibilities. There are also authorities whereby the Board or individual Directors can take further advice by employing experts should that ever be considered necessary.

Management Policies

Employee, Environmental and Human Rights Policy

As an externally managed investment trust, the Company has no direct employee or environmental responsibilities, nor is it responsible for the emission of greenhouse gases. Its principal responsibility to Shareholders is to ensure that the investment portfolio is properly managed and invested. The Company has no employees and, accordingly, has no requirement to report separately on employment matters. The management of the portfolio is undertaken by the Manager. The Manager engages with the Company's underlying investee companies in relation to their corporate governance practices and in developing their policies on social, community and environmental matters and further information may be found in the Statement of Corporate Governance. For full details of the Manager's Environmental, Social & Governance Investment Principles and Policy Guidelines and its compliance with the UK Stewardship Code, please visit the Manager's website www.aberdeenstandard.com/en/responsible-investing. In light of the nature of the Company's business, there are no relevant human rights issues and, therefore, the Company does not have a human rights policy.

Strategic Report

Investment Manager's Report

Thomas Moore
Portfolio Manager

The financial year was marked by persistent anxiety over economic stagnation and geopolitical tensions. This drove a wide divergence in share price performance within the UK equity market which was unhelpful for our performance. The portfolio suffered from its heavy exposure to small/mid-cap stocks which were out of favour for most of the period. It was also hit by its limited exposure to large-cap defensive/growth stocks and some company-specific disappointments. Looking ahead, low valuations and robust dividend prospects make us positive on the outlook for the portfolio.

UK market review

The slight advance in the UK equity market over the 12 month period masks considerable volatility along the way as political events, notably the US-China trade war and Brexit, hit investor sentiment. In this environment, company-specific developments took a back seat to macro events, causing large-cap defensive sectors to lead the market and small and mid-cap cyclical sectors to lag.

The financial year started on a sour note, with the FTSE All-Share Index delivering a double-digit percentage decline in the last quarter of 2018; its weakest quarterly performance since the depths of the Eurozone crisis in Q3 2011. The weakness in global stock markets coincided with the inversion of government bond yield curves, meaning that long-dated bonds yielded less than short-dated bonds. These market signals indicated growing expectations of a global economic recession. Central bank policy responded by turning increasingly dovish in order to support economic growth. The US Federal Reserve shifted its policy stance first to pause and subsequently to cut rates in July and September. This helped to lift global stock markets.

Politics remained the primary focus in the UK, with Prime Minister Theresa May being forced to delay the UK's departure from the EU and then to resign. Her successor, Boris Johnson, took a more hard-line approach to negotiations, emphasising his willingness to allow the UK to leave the EU without a deal. This political whipsawing was reflected in a weakening in the value of sterling against the US dollar and the underperformance of the FTSE 250 Index and Small Cap Index against the FTSE 100 Index. Weak sterling enhances the earnings of companies with significant overseas sales, a feature of the large-cap FTSE 100 Index, which derives around 80% of its revenues from outside the UK, in contrast with smaller companies, whose revenues tend to be far more weighted towards the domestic economy.

UK £ to US $ (WMR) - Exchange Rate

Source: Refinitiv Datastream as at 30 September 2019

Since the year end, investors have become more sanguine about the global outlook, helped by a thawing in US-China trade relations at the same time as a

Strategic Report

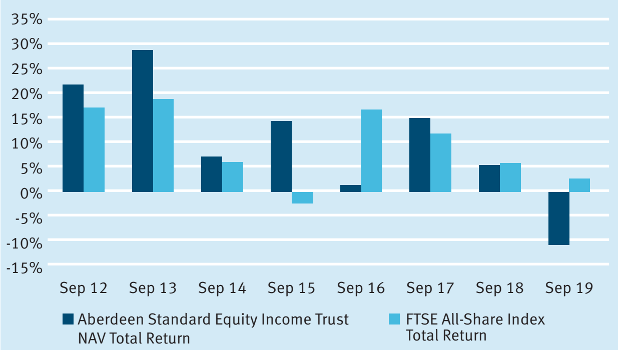
Investment Manager's Report

continuation of dovish Federal Reserve policy and signs of a bottoming in US economic data. In the UK, Prime Minister Boris Johnson has managed to negotiate a fresh Brexit deal and will fight for an overall majority in the forthcoming General Election. While there remain multiple different potential political outcomes, the probability of a no-deal Brexit is now considered to be much reduced. This has helped to broaden the performance of the stock market beyond the large-cap defensive sectors that dominated during the year under review.

Portfolio performance

The weak performance of the portfolio during the year can be attributed to a combination of market conditions that were unfavourable to our investment process and some company-specific disappointments. The impact of these two drivers on performance was exacerbated by our index-agnostic portfolio construction which differentiates the Company from our peer group. As can be seen from the chart, this approach has delivered superior returns for shareholders in the past, but this was not the case last year. We remain confident in the ability of our investment process to identify companies that will deliver outperformance relative to our peer group and the wider market.

Annual total returns of Aberdeen Standard Equity Income Trust NAV and FTSE All-Share Index September 2012 - 2019



Source: Aberdeen Standard Investments / Refinitiv Datastream as at 30 September 2019

In an environment characterised by fear, the portfolio suffered from the persistent poor performance of many of its cyclicals and financials holdings, particularly small and mid-cap stocks where lower levels of liquidity tend to amplify the magnitude of share price moves. Examples of these holdings include **Premier Asset Management, Chesnara, Equiniti, Wood Group** and **Bodycote.** With the benefit of hindsight, we went into the year with too much exposure to such stocks. We under-estimated the extent to which the slowdown in global growth and the flare-up in geopolitical concerns would hit their valuations. While this is frustrating, we do not believe that it is justified by the fundamentals of the companies affected and we have taken the opportunity to add to many of our holdings during the course of the year as we confidently expect them to rebound strongly once anxiety levels diminish.

Our under-performance was amplified as the overall market's performance was driven by a handful of large-cap defensive/growth stocks, like **AstraZeneca, Diageo, Unilever** and **Compass,** which we considered to be overly expensive in relation to their fundamentals. Around half of our under-performance was caused by the combination of our heavy weightings in small and mid-cap cyclicals and our limited exposure to defensive/growth stocks.

Most regrettably, the year was also characterised by a spate of company-specific disappointments. Notable detractors included recruitment business **Staffline** which announced a rights issue following a profit warning as employers pre-emptively shifted from temporary workers to permanent workers ahead of Brexit; construction business **Kier Group** which also announced a rights issue due to rising working capital requirements; and consumer business **Saga,** after it issued a disappointing trading update in which management pointed to lower customer retention because of intense competition in insurance markets. Our exposure to such stocks caused the rest of our under-performance.

Partially offsetting these holdings, the portfolio benefited from owning financial services businesses **Ashmore** which announced very strong inflows; **John Laing Group** whose NAV growth surpassed expectations; and **Litigation Capital Management** which rose over 40% following its IPO in December 2018 on evidence of success in signing new litigation projects. The portfolio also benefited from owning retailer **Dunelm** which bucked the trend of the wider sector by announcing a very strong trading update. While such holdings were welcome contributors to performance, they were insufficient to offset the negatives described above.

Top 5 contributions to performance	Total Return (%)	Contribution to Return (%)
John Laing Group	20.4	0.9
Ashmore Group	45.5	0.8
Rio Tinto	21.5	0.6
Litigation Capital Management	41.0	0.5
Dunelm	51.8	0.5

Bottom 5 contributors to performance	Total Return (%)	Contribution to Return (%)
Virgin Money UK	-54.2	-0.8
Saga	-59.8	-1.1
Kier Group	-87.8	-1.2
John Wood Group	-47.7	-1.2
Staffline	-92.7	-1.3

Source: Aberdeen Standard Investments

Strategic Report

Investment Manager's Report

Revenue Account

Total income, including stock dividends, received by the portfolio during the year was £11.8m, which was 1.0% or £102k less than last year. Just under 95% of the dividend income came from recurring rather than special dividends, which provides reassurance that the income is sustainable in the future.

55% of the income received by the portfolio in the year came from twenty positions, which represented 46% of the portfolio. The contributors differ markedly from the largest income stocks in the FTSE All-Share Index. Twelve of the portfolio's largest contributors are not in the FTSE 100, which reflects the diversification benefit that results from our index-agnostic investment approach as we use our investment research resource to identify high conviction ideas from across the market cap spectrum of the UK market.

Stock	Total income received / receivable (%)	Closing portfolio weight (%)
Royal Dutch Shell	4.9	4.3
BP	4.0	3.5
Aviva	3.9	2.7
Rio Tinto	3.5	1.3
Galliford Try	3.3	1.9
Diversified Gas & Oil	3.1	2.0
HSBC	2.9	0.9
British American Tobacco	2.6	2.9
Close Brothers	2.6	3.0
John Laing	2.5	4.5
Top 10	**33.3**	**27.0**

Stock	Total income received / receivable (%)	Closing portfolio weight (%)
Premier Asset Management	2.5	2.3
River & Mercantile	2.4	1.9
GVC	2.4	2.7
NewRiver REIT	2.3	1.2
BHP Billiton	2.3	2.5
Chesnara	2.3	1.6
Glencore	2.1	1.7
Tyman	1.9	1.7
Real Estate Investors	1.9	1.4
MJ Gleeson	1.9	1.9
Top 20	**55.3**	**45.9**

Source: Aberdeen Standard Investments

Companies in bold are constituents of the FTSE100 Index

Our forecasts for the year ahead indicate healthy growth in the revenue account in the year to September 2020 which should ensure that the Company can look forward to delivering a 20th consecutive year of dividend growth in the coming year.

Activity

Purchases

During the financial year we identified a range of stocks that met the criteria of our investment process – attractively valued stocks with the potential for positive change in their fundamentals – within both defensive and cyclical sectors. The largest purchase was a defensive stock, **GlaxoSmithKline**, where we see valuation attractions following the announcement of the intention to split the group. Stripping out the Consumer Health division at a peer group multiple, the pharmaceuticals business trades at a significant discount to its peers. We bought a new holding in utility business **SSE**. The decision of the management team to divest its domestic energy supply business will leave the company with an attractive mix of networks and renewable assets with appealing growth opportunities in both areas. Similar businesses trade at higher valuations in other markets; therefore we see valuation re-rating potential once political uncertainty eases. We bought into **Imperial Brands** where we believe the market is too fearful about the impact of new competition on earnings and dividends.

In addition to these defensive stocks, we also identified some attractive opportunities among cyclical stocks. Towards the end of the financial year we added to our holding in mining business **BHP Billiton** which has a well-diversified low-cost asset base with potential to grow volumes. The strength of BHP's cash flows, coupled with improved capital discipline, underpins confidence in the robustness of the balance sheet and the dividend. We bought shares in mining business **Glencore** which has a diversified portfolio with stable marketing revenues in addition to high quality mining assets. Its management is highly incentivised to deliver improved performance. We also bought back into **DS Smith** which has a track record of producing consistent organic growth, with tailwinds from its exposure to internet retail and the shift away from plastics. We saw its weak share price, caused by investor anxiety over debt levels, as an opportunity.

Strategic Report
Investment Manager's Report

Sales

During the financial year we took profits in some holdings where share price strength had driven valuations to levels that reduced valuation upside. We sold **Anglo American** which had performed well as the market gained confidence in the management team's focus on capital discipline and returns. Also within the mining sector, we reduced our holding in **Rio Tinto** whose shares had risen sharply on a spike in the iron ore price caused by disruption to Brazilian iron ore production. While Rio Tinto is a well-managed business, its heavy dependence on this one commodity makes it vulnerable to any deterioration in sentiment towards Chinese demand. We took profits in **Legal & General** where management's strategy has been successful in addressing growth opportunities by linking the company's investing, annuities, investment management and insurance businesses. However, this is now better understood by the wider market, as reflected in the valuation which has moved ahead of its peers after a period of very strong share price performance. We also took profits in **Dunelm** where the investment case had played out and the valuation had moved ahead of its closest competitors. We reduced our holding in **HSBC** which is taking sensible actions to invest in growth, particularly in China and the UK, but new headwinds have emerged in the form of slower trade volumes, lower bond yields and higher capital requirements, all of which reduce the potential for dividend growth and share buybacks going forward.

Outlook

The portfolio's disappointing performance in the financial year has not shaken our conviction in the merits of our investment process. We continue to believe that the best way to deliver for shareholders in the long term is to identify stocks whose potential for improvement is not priced into their valuations.

The prolonged period of intense investor pessimism we have experienced has led to a polarised stock market in which stocks perceived as low risk are trading at very high valuations while stocks regarded as higher risk are trading at very low valuations. This valuation divergence is the most extreme it has been for more than 10 years and we therefore see it as an opportunity to build positions in robust businesses that will ultimately deliver strong performance as risk aversion subsides.

Past performance is, of course, no guide to the future, but when we have observed a similar situation in the past, we have recovered strongly once investors become less anxious and shift their focus away from momentum investing and back to corporate fundamentals. Increased confidence levels would benefit many of our holdings, in particular those stocks whose earnings and valuation multiples are linked to global economic growth, such as resources, industrials and financials. Specifically, the political uncertainty relating to Brexit and the US-China trade war has weakened activity levels and depressed valuation multiples across many of our holdings. We would expect share prices to respond very positively to any resolution to these political matters. In addition, we remain confident in the sustainability of the portfolio's income generation and expect the portfolio to deliver solid revenue growth in 2020. We have seen some evidence of a change in mindset since the beginning of September at which point conditions have become noticeably more benign for our investment process. Although uncertainty is still elevated, investors are showing signs of becoming less nervous, particularly in relation to the risk of a no-deal Brexit. We have also benefited from a noticeable increase in the number of holdings meeting or beating consensus analyst expectations and a reduction in the number of stocks missing expectations.

Our focus in the year ahead remains to ensure that the portfolio generates solid cash flows and dividends, which we expect will deliver improved share price performance. The portfolio starts the new fiscal year from a position of low valuations, with the median stock in the portfolio yielding around 5% and trading at a valuation of around 11x earnings (a discount of more than 20% to the median rating of all the companies in the FTSE 350 ex Investment Trusts Index), suggesting there is considerable scope for valuations to re-rate. We remain positive on the dividend prospects of the companies within the portfolio given robust fundamentals and our forecasts for the year ahead indicate healthy growth in the revenue account. While investor sentiment may remain choppy, the foundations of solid corporate fundamentals and low valuations are in place for a recovery in your Company's performance.

Thomas Moore
Portfolio Manager

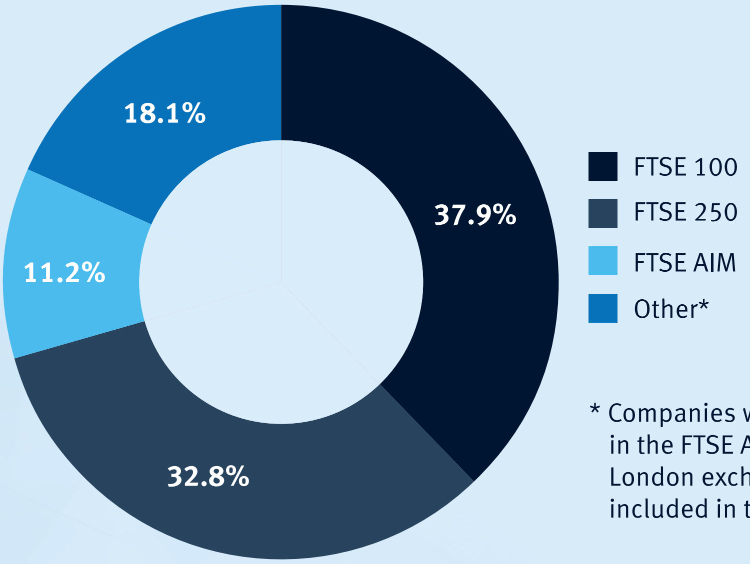
26 November 2019

Strategic Report

Our Portfolio

Market Cap Exposure

As at 30 September 2019



* Companies which are either included in the FTSE AIM index or are listed on London exchanges but are not included in the above FTSE indices.

Strategic Report
Our Portfolio

Sector Exposure
As at 30 September 2019

- 40% FINANCIALS
- 16% INDUSTRIALS
- 10% CONSUMER SERVICES
- 15% OIL AND GAS
- 6% CONSUMER GOODS
- 5% BASIC MATERIALS
- 4% UTILITIES
- 3% HEALTHCARE
- 1% TELECOMS

Strategic Report
Our Portfolio
As at 30 September 2019

Stock	Key Sector	Valuation as at 30 September 2019 £'000	Weight %	Valuation as at 30 September 2018 £'000
John Laing	Financial Services	10,182	4.5	10,037
Royal Dutch Shell	Oil & Gas Producers	9,885	4.3	10,078
BP	Oil & Gas Producers	8,062	3.5	8,150
GlaxoSmithKline	Pharmaceuticals & Biotechnology	7,594	3.3	-
Close Brothers	Banks	6,753	3.0	7,582
British American Tobacco	Tobacco	6,732	2.9	5,349
GVC	Travel & Leisure	6,238	2.7	7,707
Aviva	Life Insurance	6,055	2.7	7,423
Prudential	Life Insurance	6,015	2.6	7,176
Ashmore	Financial Services	5,817	2.5	4,496
Top ten investments		**73,333**	**32.0**	
BHP Billiton	Mining	5,797	2.5	1,928
Premier Asset Management	Financial Services	5,289	2.3	7,280
National Express	Travel & Leisure	5,285	2.3	4,770
BAE Systems	Aerospace & Defense	5,080	2.2	4,226
Diversified Gas & Oil	Oil & Gas Producers	4,658	2.0	4,146
National Grid	Gas Water & Multiutilities	4,459	1.9	1,733
MJ Gleeson	Household Goods & Home Construction	4,327	1.9	4,685
River & Mercantile	Financial Services	4,283	1.9	5,139
Randall & Quilter	Nonlife Insurance	4,278	1.9	4,359
Galliford Try	Construction & Materials	4,270	1.9	5,350
Top twenty investments		**121,059**	**52.8**	
Imperial Brands	Tobacco	4,041	1.8	-
DS Smith	General Industrials	3,924	1.7	-
Tyman	Construction & Materials	3,922	1.7	6,923
Glencore	Mining	3,899	1.7	-
SSE	Electricity	3,854	1.7	-
Chesnara	Life Insurance	3,727	1.6	4,347
Equiniti	Support Services	3,665	1.6	4,202
Hansteen	Real Estate Investment Trusts	3,524	1.5	1,915
Wood Group	Oil Equipment, Services & Distribution	3,399	1.5	5,978
Bodycote	Industrial Engineering	3,214	1.4	3,180
Top thirty investments		**158,228**	**69.0**	

Strategic Report

Our Portfolio

As at 30 September 2019

Stock	Key Sector	Valuation as at 30 September 2019 £'000	Weight %	Valuation as at 30 September 2018 £'000
Real Estate Investors	Real Estate Investment & Services	3,146	1.3	3,328
CMC Markets	Financial Services	3,076	1.3	2,972
Tullow Oil	Oil & Gas Producers	3,052	1.3	3,757
Phoenix	Life Insurance	3,031	1.3	2,964
Rio Tinto	Mining	2,991	1.3	6,809
IMI	Industrial Engineering	2,934	1.3	269
Energean Oil & Gas	Oil & Gas Producers	2,881	1.2	-
DFS Furniture	General Retailers	2,694	1.2	3,425
NewRiver REIT	Real Estate Investment Trusts	2,538	1.2	3,206
Tui	Travel & Leisure	2,462	1.1	-
Quilter	Financial Services	2,442	1.1	2,405
DWF Group	Support Services	2,383	1.0	-
TP ICAP	Financial Services	2,326	1.0	2,883
Mitie	Support Services	2,276	1.0	1,844
Cineworld	Travel & Leisure	2,252	1.0	5,305
Speedy Hire	Support Services	2,202	1.0	3,318
Charter Court Financial Services	Financial Services	2,168	0.9	2,225
Volution	Construction & Materials	2,024	0.9	2,578
HSBC	Banks	1,996	0.9	6,725
Hunting	Oil Equipment, Services & Distribution	1,878	0.8	-
Charles Taylor	Support Services	1,839	0.8	1,506
Zegona Communications	Fixed Line Telecommunications	1,803	0.8	1,186
AFH Financial	Financial Services	1,774	0.8	1,986
Hastings	Nonlife Insurance	1,774	0.8	-
Saga	General Retailers	1,721	0.8	4,457
International Personal Finance	Financial Services	1,700	0.7	2,409
Sabre Insurance	Nonlife Insurance	1,645	0.7	2,332
Litigation Capital	Financial Services	1,636	0.7	-
Polar Capital	Financial Services	1,581	0.7	2,387
Urban Exposure	Financial Services	1,556	0.7	2,277
Naked Wines	General Retailers	1,418	0.6	2,220
Standard Chartered	Banks	1,083	0.5	3,774
Onesavings	Financial Services	654	0.3	-
Staffline	Support Services	113	-	3,765
Total portfolio		**229,277**	**100.0**	

All investments are equity investments.

Strategic Report
Ten Year Record

Historical Financial Record

Year ended 30 September	Per share								
	Revenue return p	Ordinary Dividends p	Net asset value[1] p	Share price p	(Discount)/ premium[1][2] %	Ongoing charges ratio[2] %	Net gearing[2] %	Equity Shareholders' funds £'000	Revenue reserves[3] (£m)
2010	11.04	11.80	299.8	286.8	(4.3)	0.96	9.5	113,701	5.95
2011	12.86	12.40	269.9	276.5	2.4	0.96	6.0	102,422	6.20
2012	13.53	12.75	314.2	294.0	(6.4)	0.99	5.7	119,273	6.56
2013	14.07	13.40	383.3	383.0	(0.1)	0.97	12.5	151,837	4.84
2014	15.69	14.00	397.9	394.0	(1.0)	0.94	13.4	166,472	5.75
2015	17.18	14.70	440.7	439.0	(0.4)	0.94	7.7	195,648	6.88
2016	17.92	15.40	431.5	412.4	(4.4)	0.96	7.5	199,730	8.15
2017	19.23	17.10	478.6[4]	459.6	(4.8)	0.87	9.9	235,309[4]	9.41
2018	22.06	19.20	485.0	473.0	(2.5)	0.87	12.1	238,449	10.82
2019	21.74	20.50	411.8	381.5	(7.4)	0.91	13.7	201,472	11.58

(1) Diluted for the effect of Subscription shares in issue for the years ended 30 September 2010 to 30 September 2016.
(2) Alternative Performance Measure. Further details can be found on page 59.
(3) Revenue reserves are reported prior to paying the final dividend in each year. For 2017 only, reserves are reported after having deducted the third interim dividend.
(4) The 2017 Net Asset Value is calculated under Financial Reporting Standards, but includes an adjustment for the third interim dividend which had been declared, but not paid, at the year end.

Future Strategy

The Board and Manager intend to maintain the strategic policies set out above for the year ending 30 September 2020 as it is believed that these are in the best interest of Shareholders.

Approval of the Strategic Report

The Strategic Report was approved by the Board of Directors on 26 November 2019 and signed on its behalf by:

Richard Burns
Chairman

26 November 2019

Governance
Board of Directors

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

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

Governance

Board of Directors

Richard Burns
Chairman

Appointed to the Board in 2006 and as Chairman with effect from 17 December 2014. Mr Burns is currently Chairman of JPMorgan Indian Investment Trust plc. He has previously held a number of non-executive positions with various trusts, including The Bankers Investment Trust plc and was, until May 2006, Joint Senior Partner of Baillie Gifford.

Josephine Dixon
Director

Appointed to the Board in 2011, Ms Dixon is a Chartered Accountant whose career includes a number of years in the Natwest Group at a Senior Executive level, Finance Director of Newcastle United plc and Serco Group where she was Commercial Director of UK Europe and the Middle East. She is currently a Director of JP Morgan European Investment Trust plc, Strategic Equity Capital plc, BMO Global Smaller Companies plc, BB Healthcare Trust plc and Ventus VCT plc. Ms Dixon sits on various advisory boards in the education and charity sectors. She was appointed as Chairman of the Audit Committee on 5 September 2012.

Caroline Hitch
Director

Appointed to the Board on 1 January 2017, Ms Hitch is also a non-executive Director of Schroder Asian Total Return Investment Company plc and Chair of CQS New City High Yield Fund Ltd. Her career in financial services was mainly with the HSBC group and most recently was Head of Wealth Portfolio Management at HSBC's asset management arm with investment responsibility for their flagship retail multi asset funds. She has worked in London, Jersey, Monaco and Hong Kong.

Sarika Patel
Director

Appointed to the Board on 1 November 2019, Ms Patel is a business leader with nearly 30 years' experience in a mixture of public and private organisations. She is a Chartered Accountant and a Chartered Marketer. Previously a partner at Zeus Capital, Sarika has been on a host of public and private sector boards. She is currently Chair of Action for Children, one of the UK's leading charities for children, and a Board Member of the Office for Nuclear Regulation where she chairs the Audit, Risk and Assurance Committee.

Jeremy Tigue
Senior Independent Director

Appointed to the Board on 1 October 2014 and as the Senior Independent Director with effect from 15 December 2016. Mr Tigue is the Chairman of both Syncona Limited (formerly BACIT Limited) and ICG Enterprise Trust PLC and is a Non-Executive Director of The Mercantile Investment Trust plc and The Monks Investment Trust PLC. He was the Fund Manager of Foreign & Colonial Investment Trust PLC from 1997 to June 2014 and a Director of the Association of Investment Companies ("AIC") from 2003 to 2013.

Mark White
Director

Appointed to the Board on 1 November 2013, Mr White is Chief Executive of LGT Capital Partners (UK) Limited. He is also a Non-Executive Director of Aviva Investors Holdings Limited and Non-Executive Chairman of Aviva Investors UK Fund Services Limited. He was previously Joint Head of JP Morgan Asset Management in Europe and Chief Executive of Jardine Fleming Investment Management in Hong Kong. Mr White was appointed as Chairman of the Remuneration and Management Engagement Committee with effect from 1 February 2015 and as Chairman of the Nomination Committee with effect from 15 December 2016.

Governance

Directors' Report

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

Principal Activity and Status

The Company is registered as a public limited company in England under company number 2648152. The Company is an investment company within the meaning of Section 833 of the Companies Act 2006, carries on business as an investment trust and is a member of The Association of Investment Companies.

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

As an investment trust pursuant to Section 1158 of the Corporation Tax Act 2010, the FCA rules in relation to non-mainstream investment products do not apply to the Company.

The Company constitutes an alternative investment fund under the Alternative Investment Fund Managers ("AIFM") Directive. In accordance with the requirements, the Company has appointed Aberdeen Standard Fund Managers Limited ("ASFML") as its AIFM and BNP as its Depositary.

Directors

The names and short biographies of the Directors of the Company at the date of this Report are shown on page 24. During the financial year to 30 September 2019, the Board consisted of three male and two female directors. Subsequent to the financial year end, and as set out in the Chairman's Statement on page 9, Ms S Patel was appointed as an additional Director of the Company. The Directors' interests in the share capital of the Company at 30 September 2019 and 1 October 2018 are shown in the table on page 31.

In accordance with the Company's policy of annual re-election of Board members, Mr R.R.J. Burns, Ms C.M. Hitch, Mr J.J. Tigue and Mr M.B.E. White will retire from the Board and offer themselves for re-election at the next AGM. Ms S Patel will offer herself for election. The relevant Resolutions may be found in the Notice of Annual General Meeting on page 66 of this Annual Report. As set out in the Chairman's Statement on page 9, Ms Dixon will step down from the Board with effect from the conclusion of the Annual General Meeting having served on the Board since 2011. Ms Patel will succeed Ms Dixon as Chair of the Audit Committee.

No contract or arrangement existed during the year in which any of the Directors is or was materially interested.

Information relating to the Company's policy on diversity can be found in the Nomination Committee section of the Statement of Corporate Governance on page 34.

Directors' Indemnity

The Company maintains insurance for Directors' and Officers' liabilities in relation to their acts on behalf of the Company. The Directors also have the benefit of the indemnity provision contained in the Company's Articles. This provides, subject to UK legislation, for the Company to indemnify Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which judgement is given in their favour or they are acquitted.

Additional Information

The rules governing the appointment of Directors are set out in the Statement of Corporate Governance on pages 32 to 36. The powers of the Directors in relation to the issuing or buying back by the Company of its shares are contained in the Articles and the Companies Act 2006. The Company's Articles may only be amended by a special resolution at a General Meeting of Shareholders.

The Board is not aware of (i) any significant agreements to which it is a party, which take effect, alter or terminate upon a change of control of the Company following a takeover and (ii) any agreements between the Company and its Directors to provide compensation for loss of office that occurs as a result of a takeover bid.

Share Capital and Voting Rights

Ordinary Shares

The Company's issued share capital at 30 September 2019 consisted of 48,921,128 Ordinary shares of 25p (2018: 49,162,782) with each share entitling the holder to one voting right.

During the year, no new Ordinary shares were issued by the Company, (2018: nil).

During the year, 241,654 Ordinary shares were bought back into treasury by the Company, (2018: nil).

Each Shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every share held. There are no restrictions on the transfer of Ordinary shares in the Company other than certain restrictions which may from time to time be imposed by law (for example, Market Abuse Regulation) and there are no special rights attached to any of the shares. The Board is not aware of any agreements between Shareholders which may result in restriction in the transfer of securities and/or voting rights.

Treasury Shares

As at 30 September 2019 there were 257,639 Ordinary shares held in treasury (2018: 15,985). Treasury shares therefore represented 0.53% of the total issued Ordinary share capital (excluding treasury shares) at the year end.

Governance

Directors' Report

Dividends

The Board is recommending a final dividend of 5.8p for the year ended 30 September 2019 which, subject to Shareholder approval at the AGM, will be paid on 27 January 2020 to Shareholders on the register at 27 December 2019. Further information on dividends can be found in the Chairman's Statement on pages 6 and 7.

Investment Management Agreement

The Investment Management Agreement ("IMA") between the Company and Aberdeen Standard Fund Managers Limited ("ASFML"), a subsidiary of Standard Life Aberdeen PLC, sets out the responsibility for being the Company's AIFM. The responsibilities for the services to be provided include investment management services, reporting, accounting, administrative and secretarial services and marketing. The IMA is terminable by either party on not less than six months' notice.

Under the IMA, ASFML is permitted to delegate services to third parties. ASFML has delegated Investment Management Services to Standard Life Investments Limited, and accounting, administrative and secretarial services to Aberdeen Asset Management PLC ("AAM"). AAM has sub-delegated accounting and administrative services to BNP Paribas Security Services.

The Remuneration and Management Engagement Committee has reviewed both the terms of the IMA and the performance of the Manager for the year ended 30 September 2019 and believes that the continuing appointment of the Manager, on the terms set out in the IMA, is in the best interest of Shareholders as a whole. The key factors taken into account in reaching this decision were the commitment, investment skills and experience of the Manager's personnel and the long-term record of its performance in managing UK equities.

Changes to Fee Structure

As set out in the Chairman's Statement on page 9, the Company reached agreement with its Manager to revise the fees payable under the IMA. With effect from 1 October 2019, the fees payable to ASFML will be at the rate of 0.65% per annum of net assets up to £175m and at a rate of 0.55% per annum of net assets above this threshold. During the financial year, the fees payable under the IMA were charged at a rate of 0.65% on the first £250m of total assets, reduced to 0.55% over and above £250m of total assets.

Further details of the investment management fee can be found in Note 3 to the Financial Statements.

Changes to Contractual Terms During the Financial Year

At the beginning of the financial year, Standard Life Investments (Corporate Funds) Limited ("SLICF") was the Company's AIFM. Following the merger of Standard Life plc with AAM, the Company appointed ASFML as its AIFM on 10 December 2018, in place of SLICF, on identical terms to the arrangements previously in place.

The Company Secretary also changed during the financial year. On 6 September 2019, ASFML appointed AAM as Company Secretary in place of Maven Capital Partners UK LLP.

Global Greenhouse Gas Emissions

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

Corporate Governance

The Statement of Corporate Governance which forms part of the Directors' Report is shown on pages 32 to 36.

Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months. In considering this, the Directors took into account the diversified portfolio of readily realisable securities which can be used to meet short-term funding commitments, and the ability of the Company to meet all of its liabilities and ongoing expenses.

The Company's Articles require that at every fifth AGM, the Directors shall propose an Ordinary Resolution to the effect that the Company continues as an investment trust. An Ordinary Resolution approving the continuation of the Company for the next five years was passed at the AGM on 15 December 2016. The next continuation vote will take place at the AGM expected to be held in January 2022.

Accordingly, the Directors believe that it is reasonable for the Financial Statements to continue to be prepared on a going concern basis.

Viability Statement

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

The Board has considered the Company's financial position and its ability to liquidate its portfolio and meet its liabilities as they fall due. The Board, with the assistance of the Manager, has carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The Board draws attention to the following points which it took into account in its assessment of the Company's future viability:-

a) All of the Company's investments are traded on major stock exchanges and there is a spread of investments held.

Directors' Report

b) The Company is closed ended in nature and therefore does not need to sell investments when Shareholders wish to sell their shares.

c) The Company's main liability is its bank loan of £30m (2018: £30m), which represents 13.1% of the Company's investment portfolio. This is a £40m revolving credit facility with Banco Santander S.A., London Branch, which has replaced the £30m funding which had previously been provided by Scotiabank (Ireland) Limited up to 17 December 2018. This new facility was in use from that date and £30m was drawn at the end of the financial year end at a weighted average interest and commitment fee cost of 2.0%.

d) The Company's cash balance, including money-market funds, at 30 September 2019 was £1.7m (30 September 2018: £1.4m).

e) The Board has considered the principal risks and uncertainties faced by the Company, together with the steps taken to mitigate them, as detailed in the Strategic Report, the Statement of Corporate Governance and Note 14 of the Financial Statements and has concluded that the Company would be able to take appropriate action to protect the value of the Company. The Board takes any potential risks to the Company's ongoing success and ability to perform very seriously and works hard to ensure that risks are kept to a minimum at all times.

f) Expenses are relatively predictable and modest in relation to asset values.

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

When considering risks, the Board reviewed the impact of stress testing on the portfolio, including the effects of any substantial future falls in investment values. The Board has also had regard to matters such as significant economic or stock market volatility, a substantial reduction in the liquidity of the portfolio or changes in investor sentiment, all of which could have an impact on the Company's prospects and viability in the future. The results of the stress tests have given the Board comfort over the viability of the Company.

Despite the challenging short term performance as detailed in the Manager's Report, the Directors consider the Company's future prospects to be positive.

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

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

Substantial Interests in Shares

Information provided to the Company by major Shareholders, pursuant to the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, is published by the Company via a Regulatory Information Service.

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

Name of Shareholder	Number of Ordinary Shares	%
Alliance Trust Savings	7,121,853	14.6
Hargreaves Lansdown (execution only)	5,136,866	10.6
Brewin Dolphin	4,863,637	9.9
Charles Stanley	4,813,309	9.8
Rathbones	3,386,626	6.9
Tilney	1,709,711	3.5

Source: RD:IR as at 30 September 2019

The table below sets out the interests in 3% or more of the issued share capital of the Company, of which the Board was aware, as at 25 November 2019, being the last practicable date prior to the publication of this Annual Report.

Name of Shareholder	Number of Ordinary Shares	%
Interactive Investor (execution only)	6,628,381	13.6
Hargreaves Lansdown (execution only)	5,283,012	10.8
Charles Stanley	4,852,490	9.9
Brewin Dolphin	4,780,060	9.8
Rathbones	3,370,161	6.9
Tilney	1,714,675	3.5
Alliance Trust Savings	1,661,161	3.4

Source: RD:IR as at 31 October 2019

Independent Auditor

The Company's Independent Auditor is KPMG LLP, and further information about their appointment can be found in the Report of the Audit Committee on pages 37 to 38.

Directors' Disclosure of Information to the Auditor

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

Directors' Report

Subsequent Events

As set out in the Chairman's Statement on page 8, the Company's management fee terms changed with effect from 1 October 2019. In addition, Ms S. Patel was appointed to the Board on 1 November 2019, subsequent to the financial year end.

Annual General Meeting

The Notice of the Annual General Meeting, which will be held this year at the Company's Registered Office at Bow Bells House, 1 Bread Street, London, EC4M 9HH at 11.30am on Thursday 23 January 2020, may be found on pages 66 to 70. The Notice sets out in full the resolutions which will be proposed, however further explanation in relation to Resolutions 12, 13 and 14 can be found below.

Authority of Directors to allot shares (Ordinary Resolution 12)

The Directors cannot allot shares in the capital of the Company without the prior authorisation of Shareholders at a general meeting under section 551 of the Companies Act 2006. Resolution 12 seeks authority for the Directors to allot shares up to an aggregate nominal value of £4,076,352 (representing 33.33% of the Company's issued share capital (excluding shares held in treasury as at 25 November 2019) or, if less, the number representing 33.33% of the Company's issued share capital (excluding treasury shares) as at the date of the passing of this Resolution).

As at the date of this report, the Company held 257,639 shares in treasury (2018: 15,985) which represents 0.5% of the total ordinary share capital in issue (excluding treasury shares) as at 25 November 2019. This authority will expire at the conclusion of the next AGM of the Company or on the expiry of 15 months from the passing of the Resolution, whichever is the earlier.

The Directors intend to seek a renewal of such power at each AGM. The Directors consider that the authority proposed to be granted by Resolution 12 is necessary to retain flexibility, although they do not at the present time have any intention of exercising such authority.

Disapplication of pre-emption rights (Special Resolution 13)

If the Directors wish to exercise the authority under Resolution 12 and offer shares for cash, the Companies Act 2006 requires that, unless Shareholders have given specific authority for the waiver of the statutory pre-emption rights, the new shares are offered first to existing Shareholders, pro-rata to their existing holdings. The passing of Resolution 13 would dis-apply the strict statutory pre-emption provisions in respect of shares up to an aggregate nominal value of £1,223,028 (representing 10% of the Company's issued share capital (excluding shares held in treasury) as at 25 November 2019) or, if less, the number representing 10% of the Company's issued share capital (excluding shares held in treasury) as at the date of passing of this Resolution. This authority will expire at the conclusion of the next AGM or on the expiry of 15 months from the passing of the Resolution, whichever is the earlier, unless previously revoked, varied or extended by the Company in General Meeting. Ordinary shares will only be issued at prices representing a premium to the last published net asset value.

Authority for the Company to purchase its own shares (Special Resolution 14)

The Company's buyback authority was last renewed at the AGM of the Company held on 17 January 2019 and will expire on the date of the AGM. Resolution 14 seeks to authorise the Company to buy back up to 14.99% of the Company's issued share capital (equivalent to 7,333,277 Ordinary shares as at 25 November 2019) as at the date of the passing of this Resolution (excluding shares held in treasury). The authority conferred by Resolution 14 will expire at the conclusion of the next AGM of the Company or on the expiry of 15 months from the passing of the Resolution, whichever is the earlier, unless previously revoked, varied or extended by the Company in General Meeting. The Directors intend to seek a renewal of the power to buy back its Ordinary shares at each AGM.

Any purchases of Ordinary shares will be made by the Company within the guidelines established, but the authority will only be exercised if, in the Directors' opinion, it would be in the interests of the Company to do so and would result in an increase in net asset value per Ordinary share for the remaining Shareholders and if it is in the best interests of Shareholders generally. Such purchases will only be made at prices below the prevailing net asset value per Ordinary share and within the price constraints set out in paragraphs (b) and (c) of Resolution 14.

If the Directors exercise the authority conferred by Resolution 14, pursuant to the authority, the Company will have the option of either cancelling any of its own shares purchased, or holding them in treasury and will decide at the time of purchase which option to pursue. The Directors will have regard to any guidelines issued by investor groups at the time of any such purchase, holding or re-sale of treasury shares, but the Directors would not in any circumstances sell treasury shares at less than the prevailing net asset value per Ordinary share at the time of sale.

Recommendation

The Directors believe that the resolutions to be proposed at the AGM are in the best interests of the Shareholders as a whole, and unanimously recommend that Shareholders vote in favour of each Resolution to be put to the AGM on 23 January 2020, as they will be doing in respect of their own shares.

By order of the Board,

Aberdeen Asset Management PLC
Company Secretary

26 November 2019

Directors' Remuneration Report

This report has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006 and the Enterprise Regulatory Reform Act 2013. An Ordinary Resolution for the approval of this report will be put to the members of the Company at the forthcoming AGM. The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such and the Auditor's opinion is included in their report on pages 40 to 43.

The Directors have established a Remuneration and Management Engagement Committee comprising the full Board, with Mr M.B.E. White as Chairman.

As at 30 September 2019, the Company had five non-executive Directors and their biographies are shown in the Board of Directors section of this Annual Report on page 24. Ms S Patel was appointed to the Board subsequent to the financial year end. The names of the Directors who served during the year together with the fees paid during the year are shown in the table on page 30.

At the 2016 AGM, Shareholders approved the Company's Remuneration Policy for the three-year period ending 30 September 2019 (99.41% of the votes cast were in favour of the Company's Remuneration Policy and 0.59% were cast against it). It is the Board's intention that the Company's Remuneration Policy, which is detailed below and which has remained unchanged since approved by Shareholders at the 2016 AGM, be put to a Shareholders' vote at least once every three years and accordingly, an Ordinary Resolution for the approval of the Company's Remuneration Policy for the three years to 30 September 2022 will be proposed at the AGM on 23 January 2020.

Remuneration Policy

The Company's Remuneration Policy is reviewed annually by the Remuneration and Management Engagement Committee. It provides that fees payable to the Directors should be of the appropriate level to reflect the time spent by the Board on the Company's affairs and the responsibilities borne by each Director, and should be sufficient to enable candidates of a high calibre to be recruited. Fees paid to the directors of companies within the Company's peer group are also taken into account. The policy also provides that the Chairman of the Board and of each Committee be paid a fee which is proportionate to the additional responsibilities involved in that position. Directors are remunerated in the form of fees payable quarterly in arrears. Directors are also reimbursed for out-of-pocket expenses incurred attending to Company business. There are no long-term incentive schemes, share option schemes or pension arrangements and the fees are not specifically related to the Directors' performance, either individually or collectively. Directors' remuneration comprises solely of Directors' fees and the Company's Articles limit the fees payable to Directors to £150,000 per annum. The fees payable to Directors for the year ended 30 September 2019 were £117,500.

During the year ended 30 September 2019, the Board was not provided with advice or services by any person in respect of its consideration of the Directors' remuneration and at the most recent review of Director's fees in May 2019, it was agreed that the rates of remuneration should remain the same for each Director: £29,500 for the Chairman; £25,000 for the Chair of the Audit Committee; £22,000 for the Chairman of the Remuneration and Management Engagement and the Nomination Committees; £20,500 for every other Director.

No communications have been received from Shareholders regarding Directors' remuneration during the year.

Directors' Fees and Total Remuneration

The Company does not have any employees and Directors' remuneration comprises solely of Directors' fees, as stated above. Directors may claim re-imbursement for any out of pocket expenses they incur in the course of carrying out their duties.

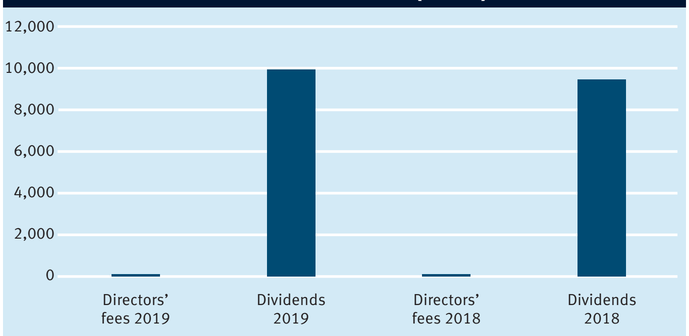
The Board consists entirely of non-executive Directors whose appointments are reviewed formally every three years by the Board as a whole. None of the Directors has a service contract with the Company. New Directors are provided with a letter of appointment, the terms of which provide that Directors should retire and be subject to election at the first Annual General Meeting after their appointment. The Company's Articles require all Directors to retire by rotation at least every three years, although the Company's policy is for all Directors to retire and stand for re-election each year.

Any Director may resign by notice in writing to the Board at any time. There is no notice period and no provision for compensation upon early termination of appointment, save for any arrears of fees which may be due.

Relative Cost of Directors' Remuneration

To enable Shareholders to assess the relative importance of spend on Directors' remuneration, the bar chart below shows the comparative cost of Directors' fees compared with the level of dividend distribution for 2018 and 2019.

Relative Cost of Directors' Remuneration* (£'000)



* Based on the total dividends paid in respect of the financial year. See Note 7 on page 51 for further details.

Governance

Directors' Remuneration Report

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

At the Annual General Meeting in January 2019 the results in respect of a Resolution to approve the Directors' Remuneration Report were as follows:

Percentage of votes cast for	Percentage of votes cast against	Number of votes withheld
99.60%	0.40%	11,019

At the forthcoming AGM, a Resolution will be put to the Shareholders to approve the Directors' Remuneration Report for the year ended 30 September 2019.

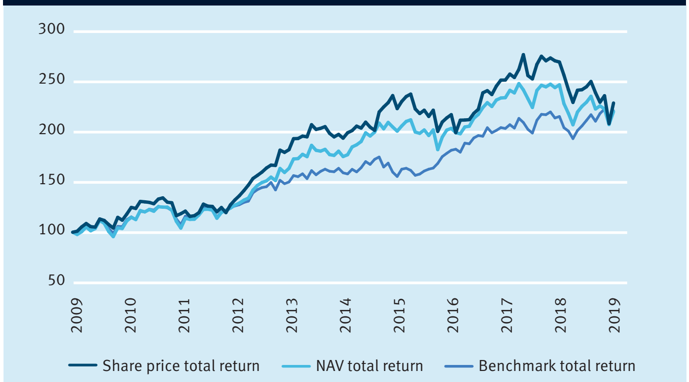
Directors' and Officers' Liability Insurance

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

Company Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Manager through the Investment Management Agreement, as referred to in the Directors' Report. Although the Company's investment approach is index-agnostic, the Directors are required to report performance against an appropriate index. The graph below compares the Company's Share Price Total Return to Ordinary Shareholders with the total return on the FTSE All-Share Index over the last ten years, based on the assumption that all dividends are reinvested on the ex-dividend date. This index was chosen for comparison purposes only, as it is a widely used indicator for the equity market in which the Company invests.

10 year total return performance



Source: Thomson Reuters Datastream. Performance rebased to 100 at 30 September 2009

Directors' Remuneration (audited)

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

	Year ended 30 September 2019 Fees	Year ended 30 September 2018 Fees
R.R.J. Burns	29,500	28,500
J. Dixon	25,000	24,500
C.M. Hitch	20,500	20,000
J.J. Tigue	20,500	20,000
M.B.E. White	22,000	21,500
Total	**117,500**	**114,500**

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

Governance
Directors' Remuneration Report

Directors' Interests (audited)

The Directors' interests in the Ordinary share capital of the Company, which remain unchanged since the date of this report are shown in the table below. The Directors are not required to hold any shares in the Company.

	Ordinary Shares held at 30 September 2019	Ordinary Shares held at 1 October 2018
R.R.J. Burns	293,500	246,000
J. Dixon	20,000	4,050
C.M. Hitch	25,000	25,000
J.J. Tigue	25,886	25,886
M.B.E. White	20,000	20,000
Total	**384,386**	**320,936**

Sarika Patel, who was appointed on 1 November 2019, holds no shares in the Company.

Approval

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Report on Remuneration Policy and Remuneration Implementation summarises, as applicable, for the year to 30 September 2019:

- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the year; and
- the context in which the changes occurred and in which decisions have been taken.

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

Mark White
Director

26 November 2019

Governance

Statement of Corporate Governance

Introduction

The Company is committed to high standards of corporate governance. The Board is responsible for good governance, and this statement describes how the Company applies the principles identified in the UK Corporate Governance Code published in 2016 (the "UK Code"), which is available on the Financial Reporting Council's website: www.frc.org.uk, throughout the financial year.

The Company is a member of the Association of Investment Companies ("AIC"), which has published its own Code of Corporate Governance to recognise the special circumstances of investment trusts (www.theaic.co.uk).

The Board confirms that, during the year to 30 September 2019, the Company complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code's provisions relating to:

- the role of the chief executive (A.1.2);
- executive directors' remuneration (D.1.1 and D.1.2); and
- the need for an internal audit function (C.3.6).

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company.

Changes to the UK Code and AIC Code

In July 2018, the FRC issued an updated version of the UK Corporate Governance Code which applies in respect of financial years commencing on or after 1 January 2019. The AIC issued an updated version of the AIC Code in February 2019. The Board will report its compliance with the revised codes in the Annual Report to 30 September 2020.

The Board

The names and biographies of those Directors who held office at 30 September 2019, and at the date of this Report appear on page 24 and indicate their range of investment, commercial and professional experience. Mr R.R.J. Burns is the Chairman and Mr J.J. Tigue is the Senior Independent Director. Ms J. Dixon is Chair of the Audit Committee and Mr M.B.E. White is Chairman of the Nomination Committee and Remuneration and Management Engagement Committee. All Directors are members of all of the Committees. All Directors are considered under the Codes to be independent of Aberdeen Standard Fund Managers Limited and free of any relationship which could materially interfere with the exercise of their independent judgement on issues of strategy, performance, resources and standards of conduct.

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

These matters include:

- the maintenance of clear investment objectives and investment risk management policies;
- the monitoring of business activities of the Company ranging from analysis of investment performance through to review of quarterly management accounts;
- monitoring Companies Act 2006 requirements, such as approval of Half-Yearly Financial Report and Annual Report and Financial Statements and approval and recommendation of any dividend;
- setting the range of gearing in which the Manager may operate;
- major changes relating to the Company's structure including share buybacks and share issuance;
- Board appointments and removals and the related terms of appointment;
- authorisation of Directors' conflicts or possible conflicts of interest;
- terms of reference and membership of Board Committees;
- appointment and removal of the Manager and the terms and conditions of the Investment Management Agreement relating thereto; and
- London Stock Exchange/Financial Conduct Authority–responsibility for approval of all circulars, listing particulars and other releases concerning matters decided by the Board.

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

Statement of Corporate Governance

The Board meets formally at least five times a year, and more frequently where business needs require. The Board met on five occasions during the year ended 30 September 2019. Details of the attendance by each of the Directors and Committee members at these Board and Committee meetings are shown in the table below. Between meetings, the Board maintains regular contact with the Manager.

	Board Meetings	Audit Committee Meetings	Nomination Committee Meetings	Remuneration & Management Engagement Committee Meetings
R.R.J. Burns	5 (5)	2 (2)	2 (2)	1 (1)
J. Dixon	5 (5)	2 (2)	2 (2)	1 (1)
C.M. Hitch	5 (5)	2 (2)	2 (2)	1 (1)
J.J. Tigue	5 (5)	2 (2)	2 (2)	1 (1)
M.B.E. White	5 (5)	2 (2)	2 (2)	1 (1)

The number of meetings which the Directors were eligible to attend is in brackets.

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

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

The primary focus at regular Board meetings is a review of investment performance and associated matters including gearing, marketing, investor relations and industry issues. To enable the Board to function effectively and allow Directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board meetings, this consists of a comprehensive set of papers including the Manager's report and discussion documents regarding specific matters. Directors make further enquiries, where necessary.

Following implementation of the Bribery Act 2010, and the introduction of the Market Abuse Regulation in July 2016, the Board has adopted appropriate procedures.

Board Committees

Copies of the terms of reference of the three Board Committees, which clearly define the responsibilities and duties of each Committee, are available on request from the Company Secretary or via the download area of the Company's webpage, at www.aberdeenstandardequityincometrust.co.uk.

Audit Committee

Information regarding the composition, responsibilities and activities of the Audit Committee is detailed in the Report of the Audit Committee on pages 37 to 38.

Nomination Committee

The Directors have established a Nomination Committee comprising the full Board with Mr M.B.E. White as Chairman.

The main responsibilities of the Committee include:

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

Statement of Corporate Governance

Although the Company does not have a formal policy on diversity, consideration of Board diversity forms part of the responsibilities of the Nomination Committee. The Board believes in the benefits of having a diverse range of skills and backgrounds, including gender and length of service on its Board of Directors. All appointments will continue to be based on merit and therefore the Board is unwilling to commit to numerical diversity targets. The Board regularly reviews its performance and structure to ensure it has the correct mix of relevant skills, diversity and experience for the effective conduct of the Company's business and to complement the existing make-up of the Board whilst having due regard to the benefits of diversity, including gender, on the Board.

During the year the Nomination Committee conducted a search for a new Director using the services of an independent recruitment consultant, Cornforth Consulting Ltd, and, as set out in the Chairman's Statement on page 9, Ms S Patel joined the Board on 1 November 2019.

Remuneration and Management Engagement Committee

The Company's policy on Directors' remuneration and details of the remuneration of each Director are detailed in the Directors' Remuneration Report on pages 29 to 31.

At its meeting in May 2019, the Committee reviewed the performance of the Manager. The Company's performance during the financial year has also been reviewed and, in the opinion of the Directors, the continuing appointment of the Manager, on the terms agreed, was in the best interest of Company's Shareholders as a whole.

Tenure Policy

Directors' appointments are reviewed regularly by the Board as a whole. Any Director may resign by notice in writing to the Board at any time. None of the Directors has a service contract with the Company. There are no set notice periods and no compensation is payable to Directors on leaving office.

The Board's policy on tenure is that Directors need not serve on the Board for a limited period of time only. Nor does it consider that the length of service of a Director is as important as the contribution he or she has to make, and therefore the relevance of individual length of service will be determined on a case by case basis.

The Company's policy is for Directors to retire and present themselves for re-election annually. Accordingly, Mr R.R.J. Burns, Ms C.M. Hitch, Mr J.J. Tigue and Mr M.B.E. White will retire from the Board and offer themselves for re-election at the next AGM. Ms S. Patel was appointed subsequent to the financial year end, and will offer herself for election at the next AGM. As set out in the Chairman's Statement on page 9, Ms Dixon will step down from the Board with effect from the conclusion of the Annual General Meeting having served on the Board since 2011.

Directors' Performance Evaluation

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

Internal Controls and Risk Management

The Board is ultimately responsible for the Company's system of internal controls and risk management and for reviewing its effectiveness. The Board confirms that there is an ongoing process for identifying, evaluating and managing the principal risks faced by the Company in accordance with the FRC publication 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'.

A matrix identifying the material risks faced by the Company and the key controls employed to manage these risks is reviewed by the Audit Committee twice a year. Any control weaknesses identified are reported to the Board and timetables are agreed for implementing improvements. The implementation of improvements, and any remedial action required, is closely monitored by the Board.

The Board has delegated the investment management of the Company's assets to the Manager. The practical measures in relation to the design, implementation and maintenance of control policies and procedures to safeguard the Company's assets and to manage its affairs properly have been delegated to the Manager.

The Manager conducts an annual review of its system of internal controls which is documented within an internal controls report. This report is independently reviewed by the Manager's auditor and a copy is submitted to the Audit Committee. The Audit Committee also receives reports from the risk and compliance functions of the Manager and the Company Secretary on a regular basis.

Aberdeen Standard Fund Managers Limited is the Company's AIFM and, in that capacity, has a permanent risk management function to ensure that effective risk management policies and procedures are in place to monitor compliance with risk limits. The AIFM has a risk policy which covers the risks associated with the management of the portfolio and the adequacy and appropriateness of this policy is reviewed at least annually.

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

Governance

Statement of Corporate Governance

The system of internal controls and risk management is designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the system of internal controls and risk management is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and, by its nature, can provide reasonable but not absolute assurance against material misstatement or loss. The significant risks faced by the Company are detailed in the Strategic Report on page 13.

The Directors confirm that they have reviewed the effectiveness of the Company's system of internal controls and risk management and that they have procedures in place to review its effectiveness on a regular basis. The procedures have been in place throughout the year under review and up to the date of approval of this report no significant weaknesses were identified.

Communication with Shareholders

The Company reports formally to Shareholders twice a year by way of the Half-Yearly Financial Report and the Annual Report, which each include an analysis of the risks and uncertainties facing the Company. A monthly factsheet and monthly valuation report are also published on the website of the Manager and are available to all Shareholders on request: see Key Contacts on page 60 for details. The Company's net asset value is published each business day.

The Directors are always available to discuss issues of concern or areas of uncertainty with any Shareholder and key contacts for the Company may be found on page 60.

The Company has adopted a process which ensures that, where notification has been received in advance, nominee service operators will be provided with copies of Shareholder communications for distribution to their customers. Nominee investors may attend general meetings and are entitled to speak at meetings.

The Company's AGM provides a forum for communication with Shareholders and is attended by all Directors. The Manager will make a presentation to the meeting on the investment process and performance. The Chairman will announce the level of proxies lodged on each resolution, and the balance for and against and votes withheld, where relevant, after the resolution has been put to a show of hands. Each person attending the AGM as a proxy is entitled to vote on a show of hands. A separate resolution is proposed in respect of each substantially separate issue. In order to ensure that detailed discussion of key issues is possible, the Company normally aims to circulate to Shareholders the Annual Report and the Notice of the AGM not less than 20 working days before the date of the meeting.

The Notice of Annual General Meeting on pages 66 to 70 sets out the business of the meeting and the resolutions are explained more fully in the Director's Report on page 28.

Shareholders have direct access to the Company, including the Chairman and the Senior Independent Director by contacting the Company Secretary. See key contacts on page 60 for details.

Stewardship and Proxy Voting

The FRC first published the UK Stewardship Code ("the Code") for Institutional Shareholders on 2 July 2010. The Code was revised in September 2012 and again in November 2019. The purpose of the Code is to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and assist institutional investors with the efficient exercise of their governance responsibilities. The FRC is encouraging institutional investors to make a statement of their commitment to the code.

The Board has delegated responsibility for actively monitoring the activities of portfolio companies to the Manager. The Board has reviewed and accepts the Manager's corporate governance principles and policies ("the Principles and Policies"), which may be found on the Manager's website at: https://www.aberdeenstandard.com/en/what-we-do/esg-investment. These Principles and Policies set out the Manager's framework on corporate governance, proxy voting and shareholder engagement in relation to the companies in which the Manager has invested or is considering investing.

The Board has reviewed the Manager's statement of compliance with the UK Stewardship Code, which appears on the Manager's website at: https://www.aberdeenstandard.com/en/responsible-investing.

The Manager is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by portfolio companies and for attending company meetings. The Manager, in the absence of explicit instruction from the Board, is empowered to use discretion in the exercise of the Company's voting rights.

The Board recognises and supports the Manager's policy of active engagement with investee companies and the voting of all of the shares held by the Company. The Board receives from the Manager regular reports on the exercise by the Manager of the Company's voting rights and discusses with the Manager any issues arising. It is the Board's view that having an active voting policy and a process for the monitoring by the Board of the Manager's exercise of those votes, especially in relation to controversial issues, aids the efficient exercise of the Company's governance responsibilities.

The Board is aware of its duty to act in the interests of the Company. The Directors, through the Manager, encourage companies in which investments are made to adhere to best practice in the area of corporate governance. The Manager believes that this can best be achieved by entering into a dialogue with company management, where practicable, to encourage them where necessary, to improve their policies in this area.

Governance

Statement of Corporate Governance

Socially Responsible Investment Policy

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

The Manager's specific policies can be found on the Manager's website at: https://www.aberdeenstandard.com/en/responsible-investing.

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

Accountability and Audit

The Statement of Directors' Responsibilities in respect of the Financial Statements is on page 39. The Statement of Going Concern and the Viability statement are included in the Directors' Report on pages 26 and 27. The Independent Auditor's Report is on pages 40 to 43.

By order of the Board,

Aberdeen Asset Management PLC
Company Secretary

26 November 2019

Report of the Audit Committee

Audit Committee and membership

The Directors have established an Audit Committee which consists of all of the Directors of the Company. Details of the experience and qualifications of the Directors are set out on page 24. The Board is satisfied that all members of the Committee have a sufficient level of recent and relevant financial experience and that the Committee as a whole has competence relevant to the sector in which the Company operates. The Committee was chaired during the year by Ms J. Dixon.

Responsibilities of the Committee

The main responsibilities of the Audit Committee are in the following three areas:

Financial Reporting, which includes:

- reviewing the Financial Statements of the Company and formal announcements relating to the Company's financial performance, and any significant financial reporting judgements contained in them;
- where requested by the Board, providing advice on whether the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's position and performance, business model and strategy;

Internal Controls and Management of Risks, which includes:

- reviewing the Company's internal controls and risk management systems;
- reviewing an annual statement from the Manager detailing the arrangements in place where the Manager's staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters;

Review of the Independent Auditor, which includes:

- making recommendations to the Board in relation to the appointment of the external auditor and its remuneration;
- reviewing the Independent Auditor's independence and objectivity and the effectiveness of the audit process; and
- developing and implementing policy on the engagement of the Independent Auditor to supply non-audit services.

Financial Reporting

At its meeting in May 2019, the Committee reviewed the Company's Half Yearly Report for the six months ended 31 March 2019 and the audit plan, presented by the Independent Auditor, for their forthcoming year end audit of the Company. In November 2019, the Committee reviewed the Company's Annual Report and Financial Statements for the year ended 30 September 2019.

The three most important matters considered by the Committee in relation to the Financial Statements were:

- the valuation, existence and ownership of the investment portfolio
- the recognition of dividend income
- that the Annual Report and Financial Statements, taken as a whole, was fair, balanced and understandable.

The Committee considered these matters as follows:

Valuation, existence and ownership of the investment portfolio

The Company uses BNP Paribas Securities Services ("the Custodian") as its independent custodian to hold the assets of the Company. An annual internal control report is received from the Custodian which provides details of the Custodian's control environment. The investment portfolio is reconciled regularly by the Manager and the year-end reconciliation is reviewed by the Independent Auditor. The portfolio is reviewed and verified by the Manager on a regular basis and management accounts including a full portfolio listing are prepared quarterly and are considered at the quarterly meetings of the Board. The portfolio is also audited annually by the Independent Auditor. The valuation of investments is undertaken in accordance with the accounting policies disclosed in Notes 1 (b) and (c) to the Financial Statements on page 47. The Committee satisfied itself that there were no issues associated with the valuation, existence and ownership of the investments which required to be addressed.

Recognition of dividend income

The recognition of dividend income is undertaken in accordance with accounting policy Note 1 (d) to the Financial Statements on page 47. Special dividends are allocated to the capital or revenue accounts according to the nature of the payment and the specific circumstances. The management accounts are reviewed by the Board on a quarterly basis and discussion takes place with the Manager regarding the allocation of any special dividends that have been received. The allocation of special dividends is also reviewed by the Independent Auditor. The income resulting from special dividends is disclosed in Note 2 to the Financial Statements. The Committee concluded that there were no issues associated with the recognition of dividend income which required to be addressed.

Report of the Audit Committee

Fair, balanced and understandable

Following its review of the Annual Report and Financial Statements for the year ended 30 September 2019, the Committee provided advice to the Board that it considered that the Annual Report and Financial Statements, taken as a whole, was fair, balanced and understandable and provided the information necessary for Shareholders to assess the Company's position and performance, business model and strategy.

Internal Controls and Risk Management

The Committee reviewed the effectiveness of the Company's internal controls and risk management as described on pages 34 and 35. No significant weaknesses in the control environment were identified and it was also noted that the Independent Auditor had not identified any significant issues in the Independent Auditor's Report. The Committee, therefore, concluded that there were no significant issues which required to be reported to the Board.

The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 14 to the Financial Statements.

Independent Auditor

KPMG LLP ("KPMG") was appointed as the Company's Independent Auditor on 15 March 2018. This is the second year that KPMG have conducted the audit of the Company's Annual Report and Financial Statements and the Committee will keep the appointment of KPMG under close review. The appointment of KPMG as Independent Auditor for the financial year ending 30 September 2020 will be subject to approval by Shareholders and a resolution will be put to Shareholders at the AGM to be held on 23 January 2020.

As part of its annual review of auditor services, the Committee reviews the performance, cost effectiveness and general relationship with the Independent Auditor. In addition, the Committee reviews the independence and objectivity of the Independent Auditor. Key elements of these reviews include: discussions with the Manager regarding the audit service provided, separate meetings with the Independent Auditor, consideration of the completeness and accuracy of KPMG's reporting and a review of the relationships that the Independent Auditor has with the Manager.

The Company has in place a policy regarding the provision of non-audit services by the Independent Auditor, so as to safeguard their independence and objectivity. Shareholders are asked to approve appointment of the Independent Auditor and approve the Directors' responsibility to set the remuneration of the Independent Auditor at each AGM. Any non-audit work requires the specific approval of the Committee in each case. Non-audit work where independence may be compromised is prohibited. During the year ended 30 September 2019, no non-audit work was completed by KPMG and the Committee has concluded that KPMG is independent of the Company.

The Independent Auditor's Report is on pages 40 to 43. Details of the amounts paid to KPMG during the year for audit services are set out in Note 4 to the Financial Statements.

It should be noted that KPMG will rotate the Senior Statutory Auditor responsible for the Company's audit every five years. The next audit tender of the Company is due to take place by 2028, in compliance with the EU regulations and FRC guidance on audit tenders.

For and on behalf of the Committee.

Josephine Dixon
Chairman

26 November 2019

Governance

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the Directors are required to:

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

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the Strategic Report / Director's Report include a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

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

Richard Burns
Chairman

26 November 2019

Financial Statements

Independent Auditor's Report to the Members of Aberdeen Standard Equity Income Trust plc

1. Our opinion is unmodified

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

In our opinion the financial statements:

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

Overview		
Materiality: financial statements as a whole		£2.3m (2018:£2.7m) 1% (2018: 1%) of Total Assets
Key audit matters vs 2018		
Recurring risks	Carrying amount of listed equity investments	

Basis for opinion

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

We were first appointed as auditor by the Directors on 15 March 2018. The period of total uninterrupted engagement is for the two financial years ended 30 September 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

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

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter (unchanged from 2018), in arriving at our audit opinion above, together with our key audit procedures to address this matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

	The risk	Our response
Carrying amount of listed equity investments (£229.2m; 2018: £266.7m) Refer to page 37 (Report of the Audit Committee), page 47 (accounting policy) and page 52 (financial disclosures).	**Low risk, high value** The Company's portfolio of listed equity investments makes up 97.4% (2018: 98.8%) of the Company's total assets by value and is considered to be one of the key drivers of results. We do not consider these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, listed equity investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	Our procedures included: ▸ **Tests of detail:** Agreeing the valuation of 100% of listed equity investments in the portfolio to externally listed prices; and ▸ **Enquiry of custodians:** Agreeing 100% of investment holdings in the portfolio to independently received third party confirmations from investment custodians. **Our results** ▸ We found the carrying amount of listed equity investments to be acceptable. (2018: acceptable)

Independent Auditor's Report to the Members of Aberdeen Standard Equity Income Trust plc

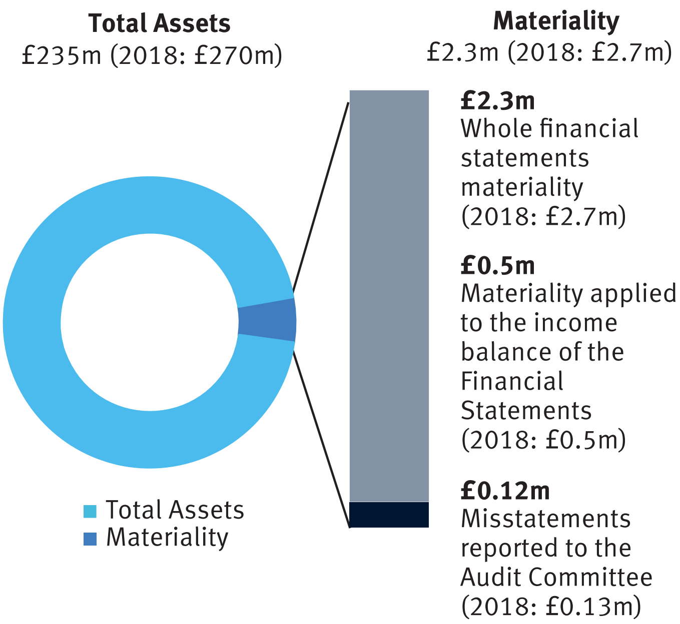
3. Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £2.3m (2018: £2.7m), determined with reference to a benchmark of total assets, of which it represents 1% (2018: 1%).

In addition, we applied a materiality of £0.5m (2018: £0.5m) to the income balance for which we believe misstatements of lesser amounts than materiality for the Financial Statements as a whole could reasonably be expected to influence the Company's members' assessment of the financial performance of the Company.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £118k (2018: £135k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality levels specified above and was performed at the KPMG LLP office in Edinburgh.



4. We have nothing to report on going concern

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

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

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

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

- we have anything material to add or draw attention to in relation to the Directors' statement in Note 1(a) to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or

- the related statement under the Listing Rules set out on page 26 is materially inconsistent with our audit knowledge.

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

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

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

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

Financial Statements

Independent Auditor's Report to the Members of Aberdeen Standard Equity Income Trust plc

Strategic report and Directors' report

Based solely on our work on the other information:

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

Directors' remuneration report

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

Disclosures of principal risks and longer-term viability

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

- the Directors' confirmation within the Viability Statement (pages 26 and 27) that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the Directors' explanation in the Viability Statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

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

Corporate governance disclosures

We are required to report to you if:

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

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

We have nothing to report in these respects.

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

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

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

We have nothing to report in these respects.

Financial Statements

Independent Auditor's Report to the Members of Aberdeen Standard Equity Income Trust plc

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 39, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

Irregularities – ability to detect

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

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

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

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: the Listing Rules and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors, the Manager and the Administrator and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify any actual or suspected non-compliance.

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

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

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

Grant Archer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

26 November 2019

Financial Statements

Statement of Comprehensive Income

For the year ended 30 September 2019

		2019			2018		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net (losses)/gains on investments at fair value	9	-	(35,337)	(35,337)	-	3,213	3,213
Currency (losses)/gains		-	(9)	(9)	-	5	5
Income	2	11,791	-	11,791	11,893	-	11,893
Investment management fee	3	(461)	(1,076)	(1,537)	(514)	(1,200)	(1,714)
Administrative expenses	4	(424)	-	(424)	(362)	-	(362)
NET RETURN BEFORE FINANCE COSTS AND TAXATION		**10,906**	**(36,422)**	**(25,516)**	**11,017**	**2,018**	**13,035**
Finance costs	5	(179)	(417)	(596)	(121)	(282)	(403)
RETURN BEFORE TAXATION		**10,727**	**(36,839)**	**(26,112)**	**10,896**	**1,736**	**12,632**
Taxation	6	(40)	-	(40)	(50)	-	(50)
RETURN AFTER TAXATION		**10,687**	**(36,839)**	**(26,152)**	**10,846**	**1,736**	**12,582**
RETURN PER ORDINARY SHARE	8	**21.74p**	**(74.95p)**	**(53.21p)**	**22.06p**	**3.53p**	**25.59p**

The total column of this statement represents the profit and loss account of the Company.

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

The accompanying notes on pages 47 to 57 are an integral part of the financial statements.

Financial Statements

Statement of Financial Position

As at 30 September 2019

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
FIXED ASSETS					
Investments at fair value through profit or loss	9		229,277		266,742
CURRENT ASSETS					
Debtors	10	4,411		1,886	
Money market fund		1,262		1,350	
Cash at bank and in hand		389		35	
		6,062		**3,271**	
CURRENT LIABILITIES					
Creditors: amounts falling due within one year					
Bank loan	11	(29,867)		(30,000)	
Other creditors	11	(4,000)		(1,564)	
		(33,867)		**(31,564)**	
NET CURRENT LIABILITIES			(27,805)		(28,293)
NET ASSETS			**201,472**		**238,449**
CAPITAL AND RESERVES					
Called-up share capital	12		12,295		12,295
Share premium account			52,043		52,043
Capital redemption reserve			12,616		12,616
Capital reserve			112,940		150,675
Revenue reserve			11,578		10,820
EQUITY SHAREHOLDERS' FUNDS			**201,472**		**238,449**
NET ASSET VALUE PER ORDINARY SHARE	13		**411.83p**		**485.02p**

The financial statements on pages 44 to 57 were approved by the Board of Directors and authorised for issue on 26 November 2019 and were signed on its behalf by:

Richard Burns
Chairman

The accompanying notes on pages 47 to 57 are an integral part of the financial statements.

Financial Statements

Statement of Changes in Equity

For the year ended 30 September 2019

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 September 2018		12,295	52,043	12,616	150,675	10,820	238,449
Return after taxation		-	-	-	(36,839)	10,687	(26,152)
Purchase of own shares for treasury		-	-	-	(896)	-	(896)
Dividends paid	7	-	-	-	-	(9,929)	(9,929)
BALANCE AT 30 SEPTEMBER 2019		**12,295**	**52,043**	**12,616**	**112,940**	**11,578**	**201,472**

For the year ended 30 September 2018

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 September 2017		12,295	52,043	12,616	148,939	11,380	237,273
Return after taxation		-	-	-	1,736	10,846	12,582
Dividends paid	7	-	-	-	-	(11,406)	(11,406)
BALANCE AT 30 SEPTEMBER 2018		**12,295**	**52,043**	**12,616**	**150,675**	**10,820**	**238,449**

The capital reserve at 30 September 2019 is split between realised £118,671,000 and unrealised (£5,731,000) (30 September 2018 is split realised £121,773,000 and unrealised £28,902,000).

The Revenue reserve and the part of the Capital reserve represented by realised capital gains represent the amount of the Company's reserves distributable by way of dividend.

The accompanying notes on pages 47 to 57 are an integral part of the financial statements.

Notes to the Financial Statements

For the year ended 30 September 2019

1. Accounting policies

(a) Basis of accounting

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

As an investment fund the Company has the option, which it has taken, not to present a cash flow statement. A cash flow statement is not required when an investment fund meets all the following conditions: substantially all of the entity’s investments are highly liquid, substantially all of the entity’s investments are carried at market value, and the entity provides a Statement of Changes in Equity. The Directors have assessed that the Company meets all of these conditions.

All values are rounded to the nearest thousand pounds (£000) except where indicated otherwise.

(b) Investments

The Company’s business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided internally on that basis to the Company’s Board of Directors. Accordingly, the Company classifies the investments ‘at fair value through profit or loss’. They are included initially at fair value, which is taken to be their cost (excluding expenses incidental to the acquisition which are written off in the Statement of Comprehensive Income, and allocated to ‘capital’ at the time of acquisition). Subsequent to initial recognition, investments are valued at fair value through profit or loss. For listed investments, this is deemed to be bid market prices or closing prices for SETS stocks sourced from the London Stock Exchange. SETS is the London Stock Exchange electronic trading service covering most of the market including all FTSE 100 constituents and most liquid FTSE 250 along with some other securities.

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

(c) Money-market funds

Money-market funds are used by the Company to provide additional short-term liquidity. As they are not listed on a recognised exchange and due to their short-term nature, they are recognised in the financial statements as a current asset and are included at fair value through profit or loss.

The Company invests in a AAA money-market fund, Aberdeen Standard Liquidity Sterling Fund, which is managed by Aberdeen Standard Fund Managers Limited. The share class of the money market fund in which the Company invests does not charge a management fee.

(d) Income

Income from equity investments, including taxes deducted at source, is included in revenue by reference to the date on which the investment is quoted ex-dividend. Special dividends are credited to revenue or capital according to the circumstances. Foreign income is converted at the exchange rate applicable at the time of receipt. Interest receivable on cash at bank and in hand and on the money-market fund is accounted for on an accruals basis.

(e) Expenses and interest payable

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

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

(f) Dividends payable

Interim dividends are accounted for when they are paid. Final dividends are accounted on the date that they are approved by shareholders.

(g) Capital and reserves

Called-up share capital
Share capital represents the nominal value of Ordinary shares issued. This reserve is not distributable.

Share premium account
The share premium account represents the premium above nominal value received by the Company on issuing shares net of issue costs. This reserve is not distributable.

Capital redemption reserve
The capital redemption reserve represents the nominal value of Ordinary shares repurchased and cancelled. This reserve is not distributable.

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

Revenue reserve
The revenue reserve represents accumulated revenue profits retained by the Company that have not currently been distributed to shareholders as a dividend. This reserve is distributable.

(h) Taxation

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

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

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

(i) Cash and cash equivalents

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

(j) Bank borrowings

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

Notes to the Financial Statements

(k) Treasury shares

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

2. Income

	2019 £'000	2018 £'000
Income from investments		
UK investment income		
Ordinary dividends	9,032	9,376
Special dividends	390	574
	9,422	**9,950**
Overseas and Property Income Distribution investment income		
Ordinary dividends	1,746	1,700
Special dividends	209	-
	1,955	**1,700**
	11,377	**11,650**
Other income		
Money-market interest	43	12
Stock dividends	361	215
Underwriting commission	10	16
	414	**243**
Total income	**11,791**	**11,893**

3. Investment management fee

	2019 £'000	2018 £'000
Charged to revenue	461	514
Charged to capital	1,076	1,200
	1,537	**1,714**

The Company has an agreement with Aberdeen Standard Fund Managers Limited for the provision of management services. The contract is terminable by either party on not less than six months notice.

During the period the fee was based on 0.65% on the first £250m of total assets, reduced to 0.55% over and above £250m of total assets, payable quarterly in arrears and is chargeable 30% to revenue and 70% to capital (see note 1(e)). The balance of fees due at the year end was £770,000 (2018-£435,000).

4. Administrative expenses

	2019 £'000	2018 £'000
Directors' fees	118	115
Employers' National Insurance	7	(2)
Fees payable to the Company's auditor (excluding VAT):		
- for the audit of the annual financial statements	23	25
Professional fees	47	20
Depositary fees	46	51
Other expenses	183	153
	424	**362**

Notes to the Financial Statements

The Company has an agreement with Aberdeen Standard Fund Managers Limited for the provision of promotional activities. Fees paid and payable under the agreement during the year were £49,000 (2018-£nil). The balance due at the year end was £49,000 (2018-£nil).

With the exception of fees payable to the Company's auditor, irrecoverable VAT has been included under the relevant expense line above. Irrecoverable VAT on fees payable to the Company's auditor is included within other expenses.

Additional information concerning Directors' fees can be found in the Directors' Remuneration Report on pages 29 to 31.

The Company has no employees.

5. Finance costs

	2019 £'000	2018 £'000
On bank loans and overdrafts:		
Charged to revenue reserve	179	121
Charged to capital reserve	417	282
	596	**403**

Finance costs are chargeable 30% to revenue and 70% to capital (see note 1(e)).

6. Taxation

	2019			2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) Analysis of charge for the year						
Overseas withholding tax	**40**	**-**	**40**	**50**	**-**	**50**
(b) Factors affecting current tax charge for the year						
The corporation tax rate was 19% (2018 - same). The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK.						
A reconciliation of the Company's current tax charge is set out below:						
Return before taxation	10,727	(36,839)	(26,112)	10,896	1,736	12,632
Return at an effective rate of corporation tax 19% (2018 - same)	2,038	(6,999)	(4,961)	2,070	330	2,400
Effects of:						
UK dividends	(1,718)	-	(1,718)	(1,928)	-	(1,928)
Non-taxable overseas dividends	(397)	-	(397)	(266)	-	(266)
Currency losses/(gains)	-	2	2	-	(1)	(1)
Losses/(gains) on investments not taxable	-	6,714	6,714	-	(610)	(610)
Expenses not deductible for tax purposes	1	-	1	3	-	3
Excess management expenses	76	283	359	121	281	402
Irrecoverable overseas withholding tax	40	-	40	50	-	50
Total taxation	**40**	**-**	**40**	**50**	**-**	**50**

At 30 September 2019, the Company had unutilised management expenses and loan relationship losses of £27,183,000 (2018 - £25,291,000). No deferred tax asset has been recognised on the unutilised management expenses and loan relationship losses as it is unlikely there will be suitable taxable profits from which the future reversal of the deferred tax asset could be deducted.

Notes to the Financial Statements

7. Dividends on Ordinary shares

	2019 £'000	2018 £'000
Amounts recognised as distributions to equity holders in the year:		
Third interim dividend for 2017 of 4.00p per share	-	1,967
Final dividend for 2018 of 5.50p per share (2017 - 5.50p)	2,704	2,704
First interim dividend for 2019 of 4.90p per share (2018 - 4.40p)	2,409	2,163
Second interim dividend for 2019 of 4.90p per share (2018 - 4.40p)	2,409	2,163
Third interim dividend for 2019 of 4.90p per share (2018 - 4.90p)	2,407	2,409
	9,929	**11,406**

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

The third interim dividend for the year to 30 September 2017 was declared on 1 September 2017 with an ex-dividend date of 14 September 2017. This dividend of 4.00p per share was paid on 6 October 2017 and was not included as a liability in the year to 30 September 2017 financial statements.

We set out below the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Sections 1158-1159 of the Corporation Tax Act 2010 are considered.

	2019 £'000	2018 £'000
First interim dividend for 2019 of 4.90p per share (2018 - 4.40p)	2,409	2,163
Second interim dividend for 2019 of 4.90p per share (2018 - 4.40p)	2,409	2,163
Third interim dividend for 2019 of 4.90p per share (2018 - 4.90p)	2,407	2,409
Proposed final dividend for 2019 of 5.80p per share (2018 - 5.50p)	2,837	2,704
	10,062	**9,439**

8. Return per Ordinary share

	2019		2018	
	£'000	p	£'000	p
Basic				
Revenue return	10,687	21.74	10,846	22.06
Capital return	(36,839)	(74.95)	1,736	3.53
Total return	**(26,152)**	**(53.21)**	**12,582**	**25.59**
Weighted average number of Ordinary shares in issue[1]		**49,152,006**		**49,162,782**
Shares in issue		**48,921,128**		**49,162,782**

The calculation of the revenue and capital returns per Ordinary share are carried out in accordance with IAS 33, Earnings Per Share.

[1] Calculated excluding shares held in treasury.

Notes to the Financial Statements

9. Investments at fair value through profit or loss

	2019 £'000	2018 £'000
Fair value through profit or loss		
Opening book cost	237,840	224,059
Opening fair value gains on investments held	28,902	37,865
Opening fair value	**266,742**	**261,924**
Movements in the year:		
Purchases at cost	67,648	89,625
Sales - proceeds	(69,776)	(88,020)
- realised (losses)/gains on sales	(704)	12,176
Current year fair value losses on investments held	(34,633)	(8,963)
Closing fair value	**229,277**	**266,742**
Closing book cost	235,008	237,840
Closing fair value (losses)/gains on investments held	(5,731)	28,902
Closing fair value	**229,277**	**266,742**
(Losses)/gains on investments held at fair value through profit or loss		
(Losses)/gains on sales	(704)	12,176
Decrease in fair value gains on investments held	(34,633)	(8,963)
	(35,337)	**3,213**

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

	2019 £'000	2018 £'000
Purchases	285	350
Sales	50	59
Total	**335**	**409**

10. Debtors: amounts falling due within one year

	2019 £'000	2018 £'000
Amounts due from brokers	3,672	816
Net dividends and interest receivable	570	842
Other debtors	169	228
	4,411	**1,886**

Notes to the Financial Statements

11. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Bank loan	30,000	30,000
Unamortised loan arrangement expenses	(133)	-
	29,867	30,000
Other creditors		
Amounts due to brokers	3,061	1,028
Investment management fee payable	770	435
Sundry creditors	169	101
	4,000	**1,564**

The loan facility provided by Scotiabank (Ireland) Ltd was repaid on 17 December 2018 and refinanced by a £40m facility provided by Banco Santander S.A., London Branch. The facility consists of a five year revolving facility which has a maturity date of 20 November 2023.

The facility agreement contains the following covenants:

- The Company's gross assets will not be less than £150,000,000 at any time.
- The Company's total net debt will not exceed 25% of net asset value at any time.

All covenants were complied with throughout the year.

At 30 September 2019, £30m had been drawn down, maturing on 21 October 2019, (30 September 2018 - £30m) at an interest rate of 1.714380% (30 September 2018 - 1.57463%).

At the time of writing, the £30m has been rolled over until 21 February 2020 at an interest rate of 1.797750%.

12. Called up share capital

	2019 £'000	2018 £'000
Issued and fully paid:		
Ordinary shares of 25p each		
Opening balance of 49,162,782 (2018 - 49,162,782) Ordinary shares	12,291	12,291
Buyback of 241,654 (2018 - nil) Ordinary shares	(60)	-
Closing balance of 48,921,128 (2018 - 49,162,782) Ordinary shares	**12,231**	**12,291**
Treasury shares		
Opening balance of 15,985 (2018 - 15,985) treasury shares	4	4
Buyback of 241,654 (2018 - nil) Ordinary shares to treasury	60	-
Closing balance of 257,639 (2018 - 15,985) treasury shares	**64**	**4**
	12,295	**12,295**

During the year, 241,654 Ordinary shares (2018 - nil) were repurchased for a consideration of £896,000 (2018 - £nil). The total shares held in treasury is 257,639 (2018 - 15,985). No Ordinary shares have been repurchased since the financial year end.

There were no Ordinary shares issued in 2019 or 2018.

13. Net asset value per share

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

	2019	2018
Basic		
Total shareholders' funds (£'000)	201,472	238,449
Number of Ordinary shares in issue at year end[1]	48,921,128	49,162,782
Net asset value per share	411.83p	485.02p

[1] Excludes shares in issue held in treasury.

14. Financial instruments

Risk management
The Company's financial instruments comprise securities and other investments, cash balances, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The Company also has the ability to enter into derivative transactions for the purpose of managing currency and market risks arising from the Company's activities.

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

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

(i) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices.

This market risk comprises three elements - interest rate risk, currency risk and other price risk.

Interest rate risk
Interest rate movements may affect:

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

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

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

Interest rate profile
The interest rate risk profile of the portfolio of financial assets and liabilities at the Statement of Financial Position date was as follows:

	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
As at 30 September 2019				
Assets				
Money-market fund	-	0.83	-	1,262
Cash at bank and in hand	-	-	-	389
Total assets	**-**	**0.83**	**-**	**1,651**
Liabilities				
Bank loan	-	1.71	29,867	-
Total liabilities	**-**	**1.71**	**29,867**	**-**
As at 30 September 2018				
Assets				
Money-market fund	-	0.76	-	1,350
Cash at bank and in hand	-	-	-	35
Total assets	**-**	**0.76**	**-**	**1,385**
Liabilities				
Bank loan	-	1.57	30,000	-
Total liabilities	**-**	**1.57**	**30,000**	**-**

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

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

All financial liabilities are measured at amortised cost.

Maturity profile
The Company did not hold any assets at 30 September 2019 or 30 September 2018 that had a maturity date. The £30 million loan drawn down had a maturity date of 21 October 2019 at the Statement of Financial Position date. (2018 - £30 million on 10 October 2018).

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

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Company's:

- profit for the year ended 30 September 2019 would decrease / increase by £282,000 (2018 - decrease / increase by £286,000). This is mainly attributable to the Company's exposure to interest rates on its fixed rate borrowings and floating rate cash balances.

Currency risk
All of the Company's investments are in Sterling. The Company can be exposed to currency risk when it receives dividends in currencies other than Sterling. The current policy is not to hedge this risk but this policy is kept under constant review by the Board.

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

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

Other price risk sensitivity
If market prices at the Statement of Financial Position date had been 10% higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders and equity for the year ended 30 September 2019 would have increased/decreased by £22,928,000 (2018 - increase/decrease of £26,674,000). This is based on the Company's equity portfolio held at each year end.

(ii) Liquidity risk

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

Liquidity risk is not considered to be significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of loan and overdraft facilities (note 11).

(iii) Credit risk

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

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

- where the investment manager makes an investment in a bond, corporate or otherwise, the credit rating of the issuer is taken into account so as to minimise the risk to the Company of default;
- investment transactions are carried out with a large number of brokers, whose credit-standing and credit rating is reviewed periodically by the investment manager, and limits are set on the amount that may be due from any one broker;
- cash and money invested in AAA money-market funds are held only with reputable institutions.

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

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

	2019		2018	
	Statement of Financial Position £'000	Maximum exposure £'000	Statement of Financial Position £'000	Maximum exposure £'000
Current assets				
Debtors	4,411	4,411	1,886	1,886
Money market fund (indirect exposure)	1,262	1,262	1,350	1,350
Cash at bank and in hand	389	389	35	35
	6,062	**6,062**	**3,271**	**3,271**

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

Fair values of financial assets and financial liabilities
The fair value of the bank loan is not materially different to the accounts value in the financial statements of £29,867,000 (2018 - £30,000,000) (note 12).

15. Fair Value Hierarchy

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

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

All of the Company's investments are in quoted equities (2018 – same) that are actively traded on recognised stock exchanges, with their fair value being determined by reference to their quoted bid prices at the reporting date. The total value of the investments (2019: £229,277,000; 2018: £266,742,000) have therefore been classified as Level 1.

16. Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and
- to maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt. The Board normally seeks to limit gearing to 15% of net assets. At the year end the Company had net gearing of 13.7% of net assets (2018 - 12.1%)

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes the nature and planned level of gearing, which takes account of the Manager's views on the market and the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period. Any year end positions are presented in the Statement of Financial Position.

17. Contingent liabilities

As at 30 September 2019 there were no contingent liabilities (2018 - nil).

18. Segmental Information

The company is engaged in a single segment of business, which is to invest in equity securities. 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.

19. Related Party Transactions and Transactions with the Manager

Fees payable during the year to the Directors and their interests in shares of the Company are considered to be related party transactions and are disclosed within the Directors' Remuneration Report on pages 29 to 31. The balance of fees due to Directors at the year end was £29,000 (2018 - £nil).

Aberdeen Standard Fund Managers Limited received fees for its services as investment manager and for the provision of promotional activities. Further details are provided in notes 3 and 4.

20. Subsequent events

Following a review of management fee terms, on 22 October 2019, the Company announced that with effect from 1 October 2019, the fees payable to ASFML will be calculated at a rate of 0.65% per annum of net assets up to £175 million and at a rate of 0.55% per annum of net assets above this level.

Additional Information

Glossary

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

Additional Information

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 FRS 102 and the AIC SORP. The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies.

Discount to net asset value per Ordinary share

The premium/(discount) is the amount by which the share price is higher/(lower) than the net asset value per share, expressed as a percentage of the net asset value.

	2019 (p)	2018 (p)
Share price	381.50	473.00
Net Asset Value per share (NAV)	411.83	485.02
Discount	-7.4%	-2.5%

Dividend yield

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

	2019 (p)	2018 (p)
Dividend per share declared for the year (DPS)	20.5	19.2
Share price	381.50	473.00
Dividend yield	5.4%	4.1%

Net gearing

Net gearing measures the total borrowings less cash and cash equivalents divided by shareholders' funds expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes amounts due and to brokers at the year end as well as cash and cash equivalents.

	2019		2018	
	£'000	£'000	£'000	£'000
Total Borrowings		29,867		30,000
Due to brokers	(3,061)		(1,028)	
Due from brokers	3,672		816	
Cash at bank and in hand	389		35	
Investments in money-market funds	1,262		1,350	
Net cash & cash equivalents		**2,262**		**1,173**
Gearing (Borrowings less cash & cash equivalents)		**27,605**		**28,827**
Shareholders funds		201,472		238,449
Net Gearing (Gearing / shareholders' funds)		**13.7%**		**12.1%**

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 throughout the year.

	2019 £'000	2018 £'000
Investment management fees	1,537	1,714
Administrative expenses	424	362
Less: non-recurring charges[A]	(40)	(14)
Ongoing charges	**1,921**	**2,062**
Average net assets	**210,698**	**238,169**
Ongoing charges ratio	**0.91%**	**0.87%**

[A] Comprises professional fees not expected to recur.

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

Total return

NAV and share price total returns show how the share price or NAV have performed over a period of time in percentage terms, taking into account both capital returns and dividends paid to shareholders. This involves reinvesting the net dividend in the cum income NAV, with debt at fair value, or share price on the date on which the shares go ex-dividend. Returns are calculated to each ex-dividend date and then the return for the year is derived from the product of these individual returns.

The table below provides information relating to the NAVs and share prices of the Company on the dividend reinvestment dates during the year and the resultant total return.

2019	Dividend rate (p)	NAV (p)	Share price (p)
30 Sep 2018		485.00	473.00
20 Dec 2018	5.50	393.98	402.50
21 Feb 2019	4.90	431.85	413.50
30 May 2019	4.90	426.10	411.00
5 Sep 2019	4.90	394.92	360.00
30 Sep 2019		411.83	381.50
Total Return		-10.8%	-15.1%

2018	Dividend rate (p)	NAV (p)	Share price (p)
30 Sep 2017		478.38	459.63
21 Dec 2017	5.50	494.47	468.88
22 Feb 2018	4.40	468.74	462.00
31 May 2018	4.40	489.14	488.00
6 Sep 2018	4.90	476.50	481.50
30 Sep 2018		485.00	473.00
Total Return		5.5%	7.1%

Additional Information

Key Contacts

Directors
Richard Burns (Chairman)
Josephine Dixon
Caroline Hitch
Sarika Patel (with effect from 1 November 2019)
Jeremy Tigue
Mark White

Registered Office
Bow Bells House
1 Bread Street
London EC4M 9HH

Registered Number
Registered in England & Wales
No. 2648152

Investment Manager
Aberdeen Standard Fund Managers Limited
1 George Street
Edinburgh EH2 2LL
(Authorised and regulated by the
Financial Conduct Authority)

Website Address:
www.aberdeenstandardequityincometrust.co.uk

Company Secretary
Aberdeen Asset Management PLC
1 George Street
Edinburgh EH2 2LL
Telephone: 0131 372 2200

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

Solicitors
Dickson Minto
16 Charlotte Square
Edinburgh EH2 4DF

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

Lenders
Banco Santander S.A., London Branch
2 Trinity Square
Regents Place
London, NW1 3AN

Stockbrokers
J.P.Morgan Cazenove
29th Floor
25 Bank Street
London E14 5JP

Registrars
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 707 1150

Additional Information

Investor Information

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

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

The AIFMD requires Aberdeen Standard Fund Managers Limited, as the Company's AIFM, to make available to investors certain information prior to such investors' investment in the Company. Details of the leverage and risk policies which the Company is required to have in place under the AIFMD are published in the Company's PIDD which can be found on its website: www.aberdeenstandardequityincometrust.com. The periodic disclosures required to be made by the AIFM under the AIFMD are set out on page 65.

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

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

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

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

Shareholder Enquiries

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

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

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

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

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

Dividend Tax Allowance

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

How to Invest

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

Aberdeen Standard Investments Children's Plan

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

Additional Information

Investor Information

Aberdeen Standard Investment Trust Share Plan

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

Aberdeen Standard Investment Trust ISA

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

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

ISA Transfer

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

Nominee Accounts and Voting Rights

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

Keeping You Informed

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

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

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

Other Information

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

Packaged Retail and Insurance-based Investment Products ("PRIIPs") Regulation

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

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

Literature Request Service

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

Or telephone:- 0808 500 4000 (Freephone)

Or write to:-

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

Terms and Conditions

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

Additional Information

Investor Information

Suitable for Retail/NMPI Status

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

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

Online Dealing

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

Discretionary Private Client Stockbrokers

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

Financial Advisers

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

Regulation of Stockbrokers

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

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

Email: consumer.queries@fca.org.uk

Shareholder Communications

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

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

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

If you wish to change your election for the Annual Report and other shareholder communications, please contact the Company's Registrars at www.investorcentre.co.uk/contactus or via the Company Information and Contact Details provided on page 60.

Voting at General Meetings

If you hold your shares in the Company via a share plan or a platform and would like to attend and/or vote at the Annual General Meeting, then you will need to make arrangements with the administrator of your share plan or platform.

For this purpose, investors who hold their shares in the Company via the Aberdeen Standard Investment Plan for Children, the Aberdeen Standard Investment Trust Share Plan and/or the Aberdeen Standard Investment Trust ISA will find a Letter of Direction enclosed with the Annual Report. Shareholders are encouraged to complete and return the Letter of Direction in accordance with the instructions printed thereon.

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

Additional Information
Investor Information

Disability Act

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

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

Note

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

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

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

The information on pages 61 to 64 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Additional Information

Alternative Investment Fund Managers ("AIFM") Directive Disclosures

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

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

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

- information on the investment strategy, geographic and sector investment focus and principal stock exposures is included in the Strategic Report;
- none of the Company's assets are subject to special arrangements arising from their illiquid nature;
- the Strategic Report on pages 4 to 22, Note 14 to the Financial Statements and the PIDD, together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected;
- there are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by Aberdeen Standard Fund Managers Limited ("the AIFM");
- all authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the AIFM's remuneration policy is available from the Manager, Aberdeen Standard Fund Managers Limited on request (see Company Information and Contact Details on page 60) and the remuneration disclosures in respect of the AIFM's reporting period for the period ended 31 December 2018 are available on the Company's website.

Leverage

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

Leverage exposure	Gross method	Commitment method
Maximum limit	300.0%	200.0%
Actual	114.0%	114.8%

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

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

Annual General Meeting

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the twenty-eighth Annual General Meeting of Aberdeen Standard Equity Income Trust plc will be held at the Company's registered office at Bow Bells House, 1 Bread Street, London, EC4M 9HH on Thursday, 23 January 2020 at 11.30am for the purposes of considering and if thought fit passing the following Resolutions, of which Resolutions 1 to 12 inclusive will be proposed as Ordinary Resolutions, and Resolutions 13 & 14 inclusive will be proposed as Special Resolutions:

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

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

3 To approve the Directors' Remuneration Policy.

4 To approve the final dividend for the year ended 30 September 2019 of 5.8p per Ordinary share.

5 To elect Ms S. Patel as a Director of the Company.

6 To re-elect Mr R.R.J. Burns as a Director of the Company.

7 To re-elect Ms C.M. Hitch as a Director of the Company.

8 To re-elect Mr J.J. Tigue as a Director of the Company,

9 To re-elect Mr M.B.E. White as a Director of the Company.

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

11 To authorise the Directors to fix the remuneration of the Auditor.

12 That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("Securities") provided that such authority shall be limited to the allotment of shares and the grant of rights in respect of shares with an aggregate nominal value of £4,076,352 (representing up to 33.33% of the Company's issued share capital (excluding shares held in treasury), as at 25 November 2019), or, if less, the number representing 33.33% of the Company's issued share capital (excluding shares held in treasury) as at the date of the passing of this Resolution such authority to expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or on the expiry of 15 months from the passing of this Resolution, whichever is the earlier, unless previously revoked, varied or extended by the Company in a general meeting, save that the Company may at any time prior to the expiry of this authority make an offer or enter into an agreement which would or might require Securities to be allotted or granted after the expiry of such authority and the Directors shall be entitled to allot or grant Securities in pursuance of such an offer or agreement as if such authority had not expired.

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

(a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or on the expiry of 15 months from the passing of this Resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted or sold out of treasury after such expiry and the Directors may allot or sell out of treasury equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and

(b) shall be limited to the allotment of equity securities up to an aggregate nominal value of £1,223,028 (representing 10% of the Company's issued share capital (excluding shares held in treasury) as at 25 November 2019) or, if less, the number representing 10% of the Company's issued share capital (excluding shares held in treasury) as at the date of the passing of this Resolution.

14 That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of section 693(4) of the Act) of fully paid Ordinary shares of 25p each in the capital of the Company ("Ordinary shares") (either for cancellation, for retention as treasury shares for future reissue, resale, or transfer or cancellation), provided that:

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

Annual General Meeting
Notice of Annual General Meeting

(b) the minimum price (excluding expenses) which may be paid for each Ordinary share is 25p;

(c) the maximum price (excluding expenses) which may be paid for each Ordinary share shall not be more than the higher of:

(i) 5% above the average closing price on the London Stock Exchange of an Ordinary share over the five business days immediately preceding the date of purchase; and

(ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange at the time the purchase is carried out; and

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

By order of the Board

Aberdeen Asset Management PLC
Company Secretary

Registered office:
Bow Bells House
1 Bread Street
London
EC4M 9HH

26 November 2019

Annual General Meeting

Notice of Annual General Meeting

Notes:

1 A Shareholder is entitled to appoint one or more proxies to exercise all or any of the Shareholder's rights to attend, speak and vote at the meeting. A proxy need not be a Shareholder of the Company. If a Shareholder appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the Shareholder. If a Shareholder wishes to appoint more than one proxy, they should follow the instructions in the form of proxy accompanying this notice.

2 Any person receiving a copy of this notice as a person nominated by a Shareholder to enjoy information rights under the Companies Act 2006 (a nominated person) should note that the provisions in this notice concerning the appointment of a proxy or proxies to attend the meeting in place of a Shareholder do not apply to a nominated person. However, a nominated person may have a right under an agreement between the nominated person and the Shareholder by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a nominated person has no such right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the Shareholder as to the exercise of voting rights at the meeting.

3 A form of proxy is provided with this notice for Shareholders. To be effective, the form of proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be deposited with the Company's registrars, Computershare Investor Services PLC, not less than 48 hours (excluding non-working days) before the time of the holding of the meeting or any adjournment thereof. Alternatively, a proxy may be appointed online at www.investorcentre.co.uk/eproxy by that time. Completion and submission of the form of proxy will not preclude Shareholders from attending and voting at the meeting should they wish to do so.

Legislation is in force which permits Shareholders to submit proxy forms electronically.

To submit a proxy form via the internet, an internet-enabled PC with browser software (Internet Explorer or Firefox) and Acrobat Reader software to view PDFs will be required. Shareholders will also need their Shareholder Reference Number (SRN) and Personal Identification Number (PIN), which can be found on the personalised proxy form which accompanies this report, to access this service.

Before a proxy can be appointed, Shareholders will be asked to agree to the terms and conditions for electronic proxy appointment. The use of the electronic proxy appointment service offered through the Company's registrars is entirely voluntary. Shareholders can continue to submit their proxy form by post if they wish.

4 In the event of joint holders, where one or more of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of joint holders appear in the Company's register of members in respect of the joint holders (the first named being the most senior).

5 The statements of the rights of Shareholders in relation to the appointment of proxies in notes 1 and 3 above do not apply to nominated persons. These rights can only be exercised by members of the Company.

6 A corporation which is a Shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a Shareholder provided that no more than one corporate representative exercises powers over the same shares.

7 Pursuant to Regulation 41(1) of the Uncertificated Securities Regulations 2001 (SI 2001 No 3755), the Company has specified that only those Shareholders registered on the register of members of the Company at 6.00 p.m. on 21 January 2020 or, if the meeting is adjourned, at 6.00 p.m. on the day two days (excluding non-working days) prior to the adjourned meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the register of members after the relevant time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

8 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual and/or by logging on to www.euroclear.com/CREST.

CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID number 3RA50) by the latest time(s) for receipt of proxy appointments specified in note 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

Notice of Annual General Meeting

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

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

9 If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

10 If you wish to attend the meeting in person, there will be a Shareholders' register for you to sign on arrival.

11 Information regarding the AGM, including information required by Section 311A of the Companies Act 2006, is available from https://uk.standardlifeinvestments.com/consumer/dynamic/investment-trust-detail.html?PriceId=ITSLET#literature.

12 Members have the right to ask questions at the meeting in accordance with section 319A of the Companies Act 2006.

13 Under section 338 and section 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company to (i) give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or (ii) include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business.

A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request must:

- identify the resolution of which notice is to be given or the matter to be included in the business;
- be signed by the person or persons making it;
- state the full name(s) and address of the person making it;
- provide evidence of the number of shares held;
- be received by the Company not later than the date which is six clear weeks before the meeting; and
- (in the case of a matter to be included in the business only) be accompanied by a statement setting out the grounds for the request.

The request may be made in hard copy (sent to the Company Secretary, Aberdeen Asset Management PLC, 1 George Street Edinburgh, EH2 2LL).

14 Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his or her proxy(ies) will need to ensure that both he or she and such proxy(ies) comply with their respective disclosure obligations under the UK Disclosure Guidance and Transparency Rules.

15 The members of the Company may require the Company to publish, on its website, without payment a statement which is also passed to the auditor setting out any matter relating to the audit of the Company's accounts, including the auditor's report and the conduct of the audit, which they intend to raise at the next meeting of the Company. The Company will be required to do so once it has received such requests from either (i) members representing at least 5% of the total voting rights of the Company or (ii) at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state the members full name and address and be sent to the Company Secretary, Aberdeen Asset Management PLC, 1 George Street Edinburgh, EH2 2LL.

16 Shareholders are advised that, unless otherwise stated, any telephone number, website or e-mail address which may be set out in this notice of AGM or in any related documents (including the proxy form) is not to be used

Notice of Annual General Meeting

for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

17 As at 25 November 2019 (the latest practicable date before the printing of this document), the Company's issued share capital consisted of 49,178,767 Ordinary shares of 25p each (257,639 of which were held in treasury). Each Ordinary share carries the right to one vote at general meetings. Therefore, the total voting rights in the Company at 25 November 2019 are 48,921,128.

18 No Director has a service agreement with the Company.

19 Copies of the letter of appointment of the Non-Executive Directors of the Company will be available for inspection at the registered office of the Company from the date of this notice until the conclusion of the AGM and at the meeting venue itself for at least 15 minutes prior to the meeting until the conclusion of the meeting.

20 Participants in the Aberdeen Standard Investments Children's Plan, Share Plan or ISA are entitled to vote by completing the enclosed Letter of Direction and returning it in the accompanying envelope no later than 11:30am on Thursday, 16 January 2020.

Registered Office:
Aberdeen Standard Equity Income Trust plc
Bow Bells House
1 Bread Street
London EC4M 9HH
Website: aberdeenstandardequityincometrust.co.uk

Managed by:
Aberdeen Standard Fund Managers Limited
Bow Bells House
1 Bread Street
London EC4M 9HH
Website: aberdeenstandard.com/en