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

Annual Report
30 September 2020

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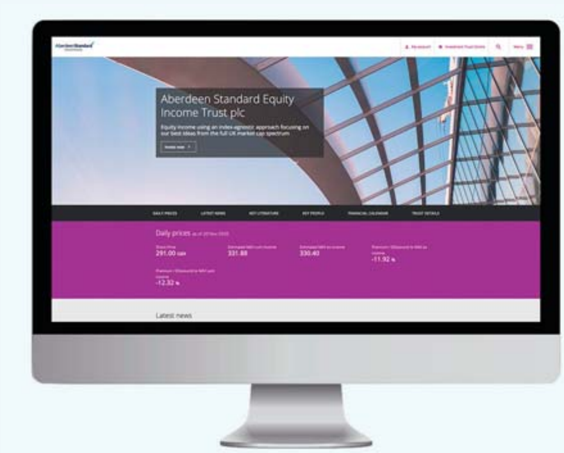

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"The Board has encouraged the Manager to focus on narrowing the gap between projected earnings and the likely dividend payout in 2021. The Manager has confirmed that, given the divergent performance of value stocks over recent years, this can be achieved within the Focus on Change approach."

Richard Burns,
Chairman

"We expect portfolio income to recover strongly in the coming months as we add to resilient income stocks and more of our holdings resume their dividend payments. We see significant capital growth potential in the portfolio as the underlying strengths of our holdings become more fairly reflected in share prices."

Thomas Moore,
Portfolio Manager,
Aberdeen Standard Investments

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Highlights and Financial Calendar

Net asset value total return per Ordinary share[A]

Year ended 30 September 2020

–25.7%

Year ended 30 September 2019 –10.8%

Share price total return per Ordinary share[A]

Year ended 30 September 2020

–29.4%

Year ended 30 September 2019 –15.1%

FTSE All-Share Index total return

Year ended 30 September 2020

–16.6%

Year ended 30 September 2019 +2.7%

Discount to net asset value[A]

As at 30 September 2020

12.5%

As at 30 September 2019 7.4%

Revenue return per Ordinary share

Year ended 30 September 2020

15.61p

Year ended 30 September 2019 21.74p

Ongoing charges ratio[A]

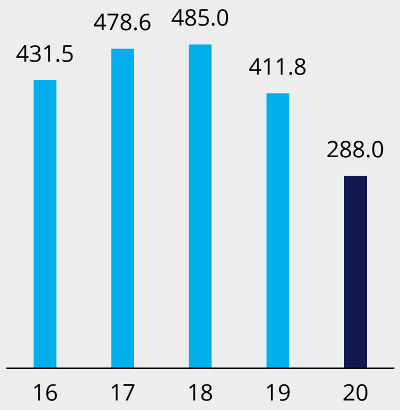
Year ended 30 September 2020

0.87%

Year ended 30 September 2019 0.91%

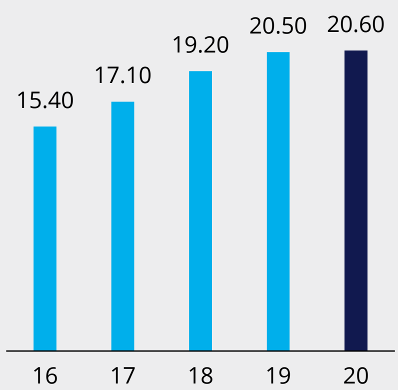
[A] Considered to be an Alternative Performance Measure. Further details can be found on pages 80 to 82.

Net asset value per Ordinary share



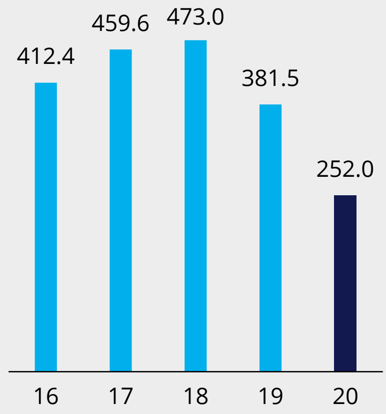
At 30 September– pence

Dividends per share



For the year to 30 September - pence

Share price



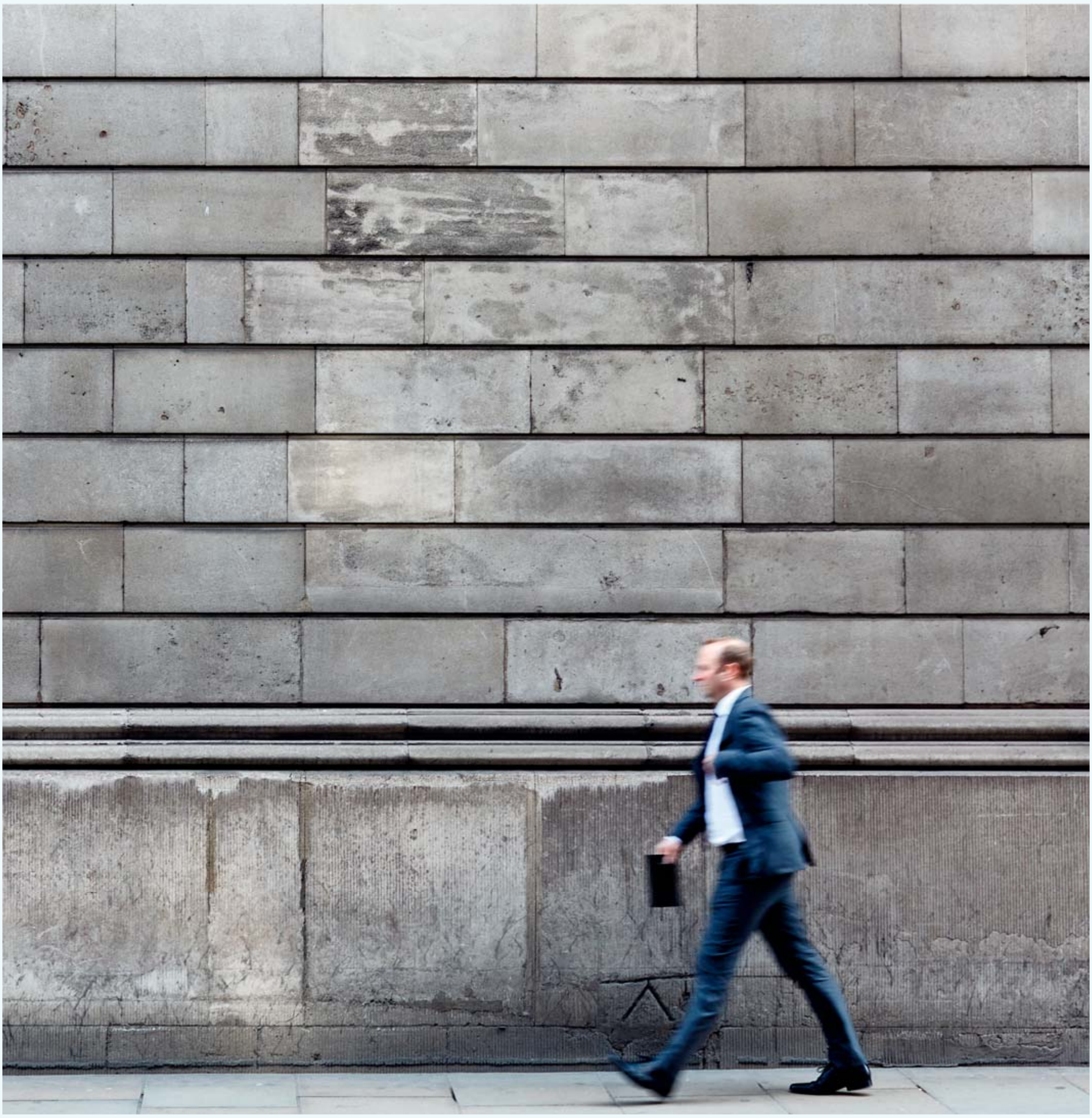
At 30 September– pence

"The principal reason for this poor outcome is the impact of the Covid pandemic, which was no more than a cloud as small as a man's hand at the time of the 2019 AGM held in late January."

Richard Burns, Chairman

Financial Calendar

Annual General Meeting (London)	5 February 2021
Expected payment dates of interim dividends for year ending 30 September 2021	26 March 2021 25 June 2021 24 September 2021 31 December 2021
Half year end	31 March 2021
Expected announcement of results for the six months ending 31 March 2021	May 2021
Financial year end	30 September 2021
Expected announcement of results for year ending 30 September 2021	November 2021



Strategic Report

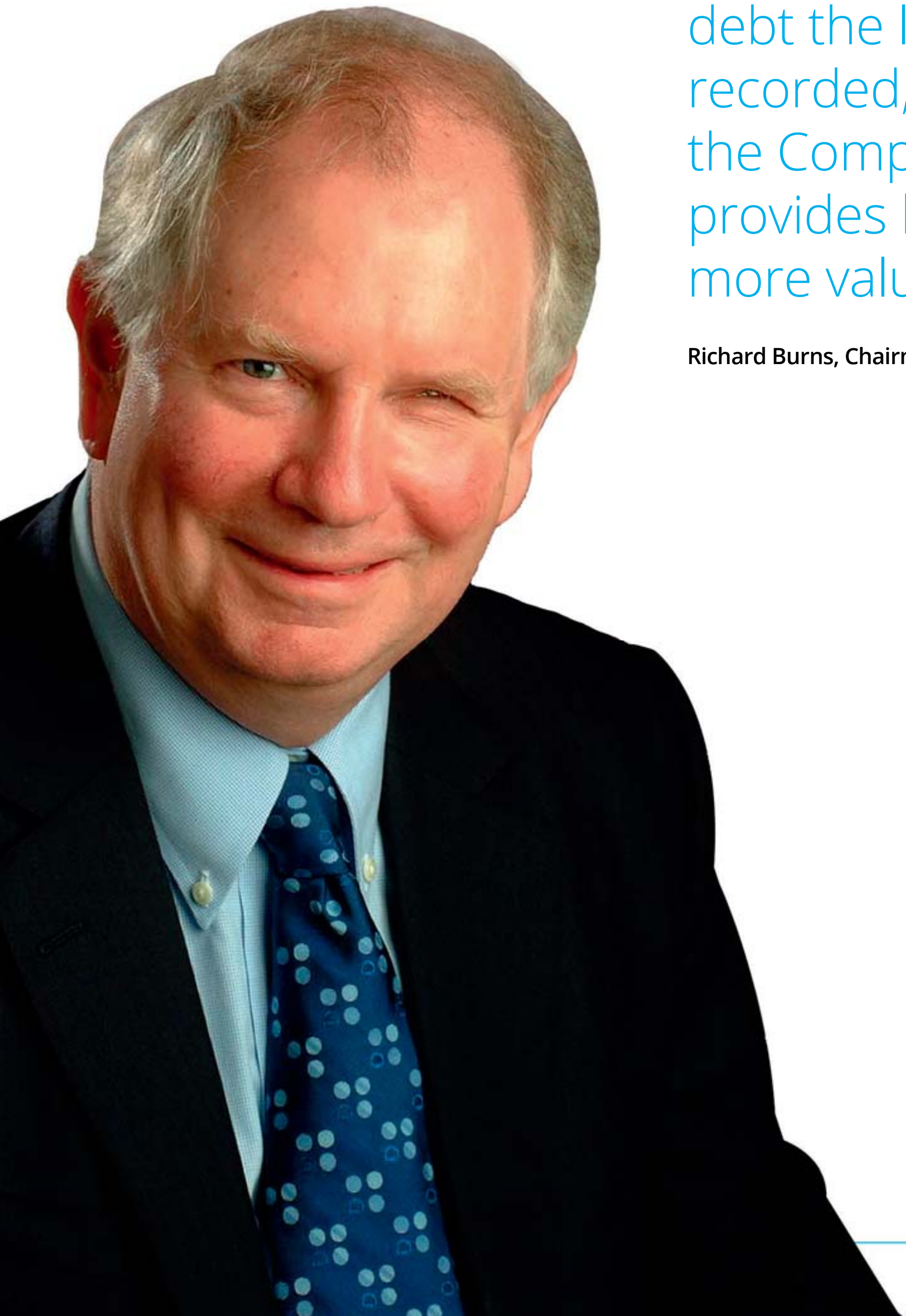
The Company is an investment trust with a premium listing on the London Stock Exchange.

The Company offers an actively managed portfolio of UK quoted companies. The investment approach is index-agnostic and the aim is to Focus on Change by evaluating changing corporate situations and identifying insights that are not fully recognised by the market.

Chairman's Statement

"It seems to us that today, when interest rates available on bank deposits are tiny to non-existent, and on government and corporate debt the lowest ever recorded, the high income the Company currently provides has never been more valuable."

Richard Burns, Chairman



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Results

I am sorry that in my last report to you as Chairman I have to discuss what has been a most challenging year for our Company, whose portfolio has, for a second year in succession, produced a very disappointing result. Net Asset Value fell by 30.1%, much worse than the 19.2% fall in the FTSE All-Share Index, and also worse than nearly all our peers in the UK Equity Income peer group of investment trusts. In Total Return terms the comparison is similar, with our negative return of 25.7% worse than the index's 16.6%. Unlike last year, when we had an even poorer relative outcome in capital terms but earned enough to increase the dividend by 6.8% while adding £750,000 to revenue reserves, our dividend income suffered a decline of 26.3% as over half of our portfolio holdings either cut or eliminated their dividends from March onwards. Earnings per share were 15.61p, a decline of 28.2% from the previous year, substantially less than our dividend per share of 20.6p.

The principal reason for this poor outcome is the impact of the Covid-19 pandemic, which was no more than a cloud as small as a man's hand at the time of the 2019 AGM held in late January. At that point, the general assumption, which proved to be horribly misplaced, was that this new virus would prove no more damaging to the world economy than SARS had been in 2003. In the event Covid-19, although much less lethal than its predecessor, has proved to be far more infectious and it was not possible to confine it to a relatively small part of the world, as happened 17 years ago.

The Portfolio Manager's Review on pages 25 to 29 contains a more detailed explanation of the particular reasons for the portfolio's poor relative performance, but the overriding factor was that our heavy exposure to domestically orientated mid and small capitalisation stocks, discussed in last year's Annual Report, meant that our portfolio suffered very badly in an environment where the UK's response to the medical crisis was at least as ineffective as that of most comparable countries but our mortality rate has been one of the highest in Europe. Overall , the UK experienced one of the biggest falls in GNP among the OECD countries in the middle part of the year.

Board response

As you would expect, the savage drawdown which the portfolio experienced in the period from late February to the end of March has led the Board to conduct an intensive review of the management of the Company and how a lasting recovery in its fortunes can be achieved. This review covered all the possible options available, ranging from carrying on as we are to winding the company up. We were assisted in this review by our stockbrokers, JPMorgan Cazenove, as well as by Aberdeen Standard Investments ("ASI"), our Managers.

Our basic assumption has been that our shareholders are interested above all in the dividends they can expect from their investment in the Company, bearing in mind that the Company's stated objective is, and has always been since its launch in 1991, "To provide shareholders with an above average income from their equity investment, while also providing real growth in capital and income". It seems to us that today, when interest rates available on bank deposits are tiny to non-existent, and on government and corporate debt the lowest ever recorded, the high income the Company currently provides has never been more valuable. Our discussions with ASI have reassured us as to the quality of their UK Equity department's personnel and processes. We noted in particular the detailed monitoring of the success, and otherwise, of research recommendations and the good results being achieved by other portfolios being managed by the department, including, notably, the three other equity income investment trusts, albeit that each of these has a different mandate to ours. It was clear from our discussions that any change of manager, management house or mandate, or a merger with another investment trust, whether managed by ASI or another house, all options which we examined, would involve a reduction, and very probably a substantial one, in the dividends shareholders would receive, with no certainty of better future performance.

The Board and Manager also discussed the long-term impact of the Covid-19 crisis on the UK market and the likely shape of the recovery, both in terms of capital values and dividends. The conclusion was that, while the outlook for capital growth was at best opaque, dividend prospects are becoming clearer, albeit at a lower rate than was the case 12 months ago. To this end the Board has encouraged the Manager to focus on narrowing the gap between projected earnings and our planned dividend for 2021. The Manager has confirmed that, given the divergent performance of value stocks over recent years, this can be achieved within the Focus on Change approach.

Chairman's Statement Continued

The conclusion of our discussions has been that for now we should carry on with the existing policy and management arrangements, utilising the revenue reserves which have been built up over the Company's almost 29 year life to maintain the dividend at its current level, and indeed, by making marginal increases, continue the now twenty year record of nominal increases, until dividends can again be covered by annual earnings. We expect that this position can be reached without exhausting revenue reserves given the combination of dividend reinstatements and portfolio adjustments made by the Manager designed to increase our revenues. If so, shareholders will have had an investment which has given them a yield of 6.9%, with the prospect of a rising dividend thereafter. In those circumstances, we would expect that the Company's shares would be trading at a significantly lower yield than today's, with a corresponding uplift in the share price having occurred.

It must be acknowledged that this scenario is by no means a certainty, and our earnings may not recover at the rate required to meet our target. With a second wave of the Covid-19 virus under way in many countries, particularly in Europe, economic prospects for 2021 are doubtful. The precedent of the Spanish flu a century ago does, however, give some ground for optimism, as it was followed by a strong worldwide recovery in the 1920s.

The Board may also be wrong in its understanding of shareholder expectations as to dividends. We have, through our brokers, attempted to ascertain the views of the wealth managers whose clients hold our shares, but no clear consensus emerged from these consultations. Just over half our shares are held by named individuals or via platforms, many of them specified as Execution Only. The Board has no way of ascertaining the views of these shareholders other than by direct contact at AGMs or via correspondence. Despite our poor performance, I have received correspondence from only two shareholders this year and, as noted below, we expect that our forthcoming AGM will have to be held virtually.

In coming to our decision as to strategy over the next few years, the Board has borne in mind that shareholders will have the opportunity to vote on the Company's continuation at the AGM to be held in fourteen months' time, in February 2022. By then the likelihood of the strategy I have outlined above being successful should have become at least a little clearer, and shareholders will have the opportunity to decide whether or not they feel it is worth continuing along the path I have set out above.

In the meantime, we would welcome any feedback which shareholders may care to give us on our plan and the rationale behind it.

Dividend

Against that backdrop, and as suggested in the Company's Half Yearly Report to 31 March 2020, the Board announces a fourth interim dividend of 5.0 pence per share which will be paid on 30 December 2020 to shareholders on the Register on 4 December 2020, with an associated ex-dividend date of 3 December 2020. This takes the total dividend for the year to 20.6 per share, which is a 0.5% increase on the dividend in 2019 and the 20th consecutive annual dividend increase paid by the Company.

Other Corporate Activity

Other corporate activity undertaken by the Board during the year included the renegotiation of the Company's Revolving Credit Facility with Banco Santander S.A. London Branch. The facility was reduced from £40million to £20million as a result of the reduction of the value of the portfolio. The Board is responsible for arranging this facility and the Manager for deploying it. The Board understands that borrowing will enhance returns to shareholders when the portfolio is rising in value but that when values are falling the borrowing works to exacerbate declines.

The Board was also active in buying back shares. The Board monitors the discount of the share price to the cum-income NAV in both absolute terms and relative to the discount of other UK equity income investment trusts. During the year the Company bought back 593,168 Ordinary shares, or 1.2% of the issued share capital, largely in June and September, as the discount widened as market sentiment moved against the UK in the wake of the Covid-19 crisis and concerns about the outcome of Brexit negotiations. The buyback of shares increased the NAV per share by 0.41 pence.

Annual General Meeting

This year's Annual General Meeting will be held at Bow Bells House, 1 Bread Street, London EC4M 9HH on Friday, 5 February 2021 at 11:30am.

In light of the current Government Guidelines surrounding the Covid-19 pandemic, and current and expected future social distancing requirements, it is likely that only the formal business set out in the Notice of the Meeting will be considered, with no presentation by the Investment Manager and no refreshments. At the time of writing, it is likely that shareholders will be restricted from attending the AGM in person or by attorney or by corporate representative. Therefore, the Board encourages all shareholders to exercise their votes in respect of the meeting in advance to ensure that your votes are registered and counted at the meeting.

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The Board welcomes questions from our shareholders and, given the format and prevailing circumstances, I would ask shareholders to submit questions to the Board prior to the AGM, and in any event before Monday, 1 February 2021. The Board or the Investment Manager will respond to all questions received. You may submit questions to the Board by email to Equity.Income@aberdeenstandard.com.

The Board will continue to monitor Government Guidelines around social distancing in relation to Covid-19 and will update shareholders on any changes to the arrangements for the AGM. Should it be possible to host the AGM through traditional methods, the Board will do so and will notify shareholders via an announcement on the London Stock Exchange.

Articles of Association

At the Company's Annual General Meeting, one of the resolutions being proposed relates to a change to the Company's Articles of Association ("the Articles"). The change will enable the Company to hold virtual and hybrid general meetings (including annual general meetings) in the future. This is in response to the challenges posed by government restrictions on social interactions as a result of Covid-19, which have made it impossible for shareholders to attend physical general meetings.

The Board is committed to ensuring that future general meetings (including AGMs) incorporate a physical meeting when law and regulation permits and where shareholders can meet with the Board face to face. The potential to hold a general meeting through wholly electronic means is intended as a solution to be adopted as a contingency to ensure the continued smooth operation of the Company in extreme operating circumstances where physical meetings are prohibited. The Company has no present intention of holding a wholly electronic general meeting but wants to be prepared for the future.

Outlook

Despite the number of startling and often unforeseen political and economic developments that have occurred during the almost 48 years that I have spent in the investment world, not to mention the severe and even frightening financial crises that I have lived through, I don't remember a time when it has been more difficult than now to work out what is likely to happen over the next year or two.

The immediate issue facing investors in nearly every part of the world is how severe the effects of the pandemic are going to be over the northern winter and how much more damage is going to be done to economies and companies in the meantime. The very recent news on successful vaccine trials is most encouraging, but with the best will in the world it will be quite a number of months until vaccines can be distributed in sufficient volume to allow more or less normal life to resume. However, there is no doubt that this is the best news that investors, and citizens generally, have had this year. The failure of President Trump to win re-election has been generally welcomed outside the United States, but whether it proves to have much significance for investors in the London market is doubtful. Much more important to them, and us as shareholders of ASEIT , will be the outcome of the Brexit negotiations, whose terms, astonishingly, are still to be agreed with less than six weeks to go till the existing arrangements expire. Whatever is decided, there are bound to be winners and losers both in the UK and the EU and no doubt quite a bit of sand in the gears until the new arrangements, whatever they turn out to be, bed in. However, the Brexit issue has been a debilitating issue for this country and its stockmarket for a number of years now and its final resolution will come as a relief to almost everyone. It has been a contributory factor to the relatively poor performance of the British market this century, as described in the Portfolio Manager's Review, and to that extent our having finally left the EU trading bloc removes a huge uncertainty and should enable investors to form a clearer view of how the UK' s economy and companies might develop in the years ahead.

It does appear likely that whatever else happens, extremely low interest rates at all maturities will continue, at least into the medium term. This should provide firm support for asset prices in general and ordinary shares in particular, and gives me hope that our Company will produce much better results than it has done recently.

Conclusion

I shall be retiring from the Board at the AGM , having been a Director for fourteen years and Chairman for just over six. It has to be said that my period as Chairman has not been a particularly successful one for the Company, as the share price was 399p on the day I took up the position and is, as you will all know only too well, substantially less than that today. On the other hand , the dividend has risen by nearly half in that time. I am very hopeful that my successor, Mark White, to whom I wish every success, will have a better story to tell you when his turn to hand over comes around.

Richard Burns
Chairman
25 November 2020

Overview of Strategy

Business Model
The Company is an investment trust with a premium listing on the London Stock Exchange.

Investment Objective
The Company's objective is 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 should exceed 10% of total assets at the time of acquisition; 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.

Delivering the Investment Objective
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 Focus on Change by evaluating changing corporate situations and identifying 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. Currently 58% (2019: 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.

Promoting the Success of the Company
The Board's statement on pages 18 to 21 describes how the Directors have discharged their duties and responsibilities over the course of the financial year under section 172 (1) of the Companies Act 2006 and how they have promoted the success of the Company. That statement forms part of the Strategic Report.

Key Performance Indicators ("KPIs")

The Board assesses the performance of the Company against the range of KPIs shown below over a variety of timeframes, but has particular focus on the long term, which the Board considers to be at least five years.

KPI	Description
Net Asset Value ("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 Company's NAV Total Return relative to the FTSE All Share Index since 2012, the first full year after Mr Moore took over the role of Portfolio Manager, is set out on page 23.
Premium or discount to the NAV compared to the unweighted average of the discount of the peer group	The Board 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. The discount at the year end and at the end of the previous year, and the narrowest and widest discounts during the year, for the Company and the peer group, are shown in the table on page 23.
Dividend growth compared to the Retail Price Index ("RPI")	Since 2012, 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. However, during the financial year to 30 September 2020, and as set out in the Chairman's Statement, the Company's income generation was impacted by the Covid-19 pandemic. The Board took the decision to increase the dividend by 0.1 pence per share, which means that dividends relating to the financial year to 30 September 2020 lag RPI growth of 1.1%. The Company's dividend growth compared with RPI since 2012 is set out on page 24.
Ongoing charges ratio relative to comparator investment vehicles	The Board monitors the Company's ongoing charges ratio against prior years and other similar sized companies in the peer group. The Ongoing Charges Ratio for the year is 0.87%, based on average net assets over the year (2019: 0.91%). The successional renegotiation of the Company's management fee as well as the reduction in average net assets were significant contributors but this was offset by an increase in the marketing spend as the Company joined the Manager's marketing programme.

Overview of Strategy Continued

Principal Risks and Uncertainties

The Board and Audit Committee carry out a regular review of the risk environment in which the Company operates, changes to the environment and individual risks. The Board also identifies emerging risks which might affect the Company. During the year, the most significant risk was the emergence of the Covid-19 virus during the first part of 2020 which has impacted dramatically on public health and mobility, but has also had a significant impact on global financial markets and the future economic outlook. The impact of Covid-19 on the Company's investment performance is set out in the Chairman's Statement and Portfolio Manager's Review.

There are a number of other risks which, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects. The Board has carried out a robust assessment of the Company's principal and emerging risks, which include those that would threaten its business model, future performance, solvency, liquidity or reputation.

The principal risks and uncertainties faced by the Company are reviewed by the Audit Committee in the form of a risk matrix and the Committee also gives consideration to the emerging risks facing the Company.

The principal risks currently facing the Company, together with a description of the mitigating actions the Board has taken, are set out in the table below.

The principal risks associated with an investment in the Company's shares are published monthly in the Company's factsheet and they can be found in the pre-investment disclosure document ("PIDD") published by the Manager, both of which are available on the Company's website.

Risk	Mitigating Action
Strategy - the Company's objectives or the investment trust sector as a whole become unattractive to investors, leading to a fall in demand for the Company's shares.	Through regular updates from the Manager, the Board monitors the discount/ premium at which the Company's shares trade relative to the net asset value. It also holds an annual strategy meeting and receives feedback from the Company's broker and updates from the Manager's investor relations team at Board meetings. The Board has sought specific feedback from shareholders following the Company's recent performance.
Investment Performance - the Board recognises that market risk is significant in achieving performance and it reviews investment guidelines to ensure that they are appropriate. The Board regularly reviews the impact of geopolitical instability and change on market risk.	The Board meets the Manager on a regular basis and keeps investment performance under close review. As set out in the Chairman's Statement, the Board carried out an intensive review of the management of the Company during the financial year. The Board sets and monitors the investment restrictions and guidelines and regular reports are received from the Investment Manager on stock selection, asset allocation, gearing, revenue forecasts and the costs of running the Company. The Board determines the Company's dividend policy and approves the level of dividends payable to shareholders. Representatives of the Manager attend all Board meetings and a detailed formal appraisal of the Manager is carried out by the Management Engagement Committee on an annual basis.

Risk	Mitigating Action
Exogenous risks such as health, social, financial, economic and geopolitical - the effects of instability or change arising from these risks could have an adverse impact on stock markets and the value of the investment portfolio. Political risks include the terms of the UK's exit from the European Union, any regulatory changes resulting from a different political environment, and wider geo-political issues.	The Board discusses current issues with the Manager. During the year under review, such issues have included the terms on which the UK might leave the EU and a possible second Scottish independence referendum and the steps the Manager has taken or might take to limit their impact on the portfolio and the operations of the Company. This year the major issue of this type which has concerned the Board has been the impact of Covid-19 on the UK's financial markets. As set out in the Chairman's Statement, the Board considers that this is a risk that could have further implications for global financial markets, revenue generation, economies and on the operating environment of the Company, the impact of which is difficult to predict at the current time. During this period, the Board liaised closely with the Manager to receive updates on performance and to obtain confirmations that the operations of the Manager and those of other third party service providers were operating effectively.
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.	The Audit Committee receives reports from the Manager on its internal controls and risk management (including an annual ISAE Report) and receives assurances from all its other significant service providers on at least an annual basis, including on matters relating to business continuity and cyber security. Written agreements are in place with all third party service providers. The Manager monitors closely the control environments and quality of services provided by third parties, including those of the Depositary, through service level agreements, regular meetings and key performance indicators. A formal appraisal of the Company's main third party service providers is carried out by the Management Engagement Committee on an annual basis. The Company's operations have been severely tested during the Covid-19 pandemic. However, the increased use of online communication and out of office working have, to date, proved to be robust.
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. The Board regularly reviews its own performance and, at least annually, formally reviews the performance of the Board and Chairman through its 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.	The Board keeps the level of the Company's discount / premium under review. During the financial year, shares have been bought back at a discount by the Company. The Company participates in the Manager's investment trust promotional programme where the Manager has an annual programme of meetings with institutional shareholders and reports back to the Board on these meetings.

Overview of Strategy Continued

Risk	Mitigating Action
Financial obligations - inadequate controls over financial record keeping and forecasting, the setting of an inappropriate gearing strategy or the breaching of loan covenants could result in the Company being unable to meet its financial obligations, losses to the Company and its ability to continue trading as a going concern.	At each Board meeting, the Board reviews management accounts and revenue forecasts. The Board sets gearing limits and monitors the level of gearing and compliance with the main financial covenants at Board meetings. The Company's annual financial statements are audited by the independent auditor.
Legal and Regulatory Risks – 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 risk of this nature.	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 organisations to which the Company has delegated. There are also authorities whereby the Board or individual Directors can take further advice by employing experts should that ever be considered necessary.

Promotional Activities

The Board recognises the importance of promoting the Company to prospective investors both for improving liquidity and enhancing the value and rating of the Company's shares. The Board believes one effective way to achieve this is through subscription to, and participation in, the promotional programme run by ASI on behalf of a number of investment trusts under its management. The Company's financial contribution to the programme is matched by ASI. The Company also supports ASI's investor relations programme which involves regional roadshows, promotional and public relations campaigns. ASI's promotional and investor relations teams report to the Board on a quarterly basis giving analysis of the promotional activities as well as updates on the shareholder register and any changes in the make up of that register.

The purpose of the promotional and investor relations programmes is both to communicate effectively with existing shareholders and to gain new shareholders, with the aim of improving liquidity and enhancing the value and rating of the Company's shares. Communicating the long-term attractions of the Company is key. Part of the promotional programme includes commissioning independent paid for research on the Company, most recently from Kepler Trust Intelligence Research Limited. A copy of the latest research note is available from the Latest News section of the Company's website.

Board Diversity Policy

The Board recognises the importance of having a range of skilled, experienced individuals with the right knowledge represented on the Board in order to allow it to fulfil its obligations. The Board also recognises the benefits and is supportive of the principle of diversity in its recruitment of new Board members. The Board will not display any bias for age, gender, race, sexual orientation, religion, ethnic or national origins, or disability in considering the appointment of its Directors. In view of its size, the Board will continue to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment and the Board does not therefore consider it appropriate to set measurable objectives in relation to its diversity.

At 30 September 2020, there were three male and two female Directors on the Board.

Modern Slavery Act

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

Environmental, Social and Human Rights Issues

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

Environmental, Social and Governance ("ESG") Investing

ESG considerations underpin all investment activities. Whilst the management of the Company's investments is not undertaken with any specific instructions to exclude or include certain types of companies, the Manager embeds ESG considerations into the research and analysis of each company as part of the investment decision-making process. Where applicable, active engagement and other stewardship activities such as voting in line with best practices, with the goal of improving the performance of companies held around the world, is also an important part of the Manager's approach.

The Manager aims to make the best possible investments for the Company, by understanding the whole picture of the investments - before, during and after an investment is made. That includes understanding the ESG risks and opportunities they present, and how these could affect longer-term performance. With more than 1,000 investment professionals, the Manager is able to take account of ESG factors in its company research, stock selection and portfolio construction, supported by more than 50 asset class specific ESG specialists around the world.

Active Engagement

Through engagement and exercising voting rights, the Manager actively works with companies to improve corporate standards, transparency and accountability. By making ESG central to its investment capabilities, the Manager looks to deliver robust outcomes as well as actively contributing to a fairer, more sustainable world.

Overview of Strategy Continued

The primary goal of the Manager is to generate the best long-term outcomes for the Company in order to fulfil fiduciary responsibilities to shareholders and this fits with one of the Manager's core principles as a business in how it evaluates investments. The Manager sees ESG factors as being financially material and impacting corporate performance. The Manager focuses on understanding the ESG risks and opportunities of investments alongside other financial metrics to make better investment decisions.

Responsible Investment

The Board is aware of its duty to act in the interests of the Company. The Board acknowledges that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner and has noted the Manager's policy on social responsibility. The Manager considers social, environmental and ethical factors which may affect the performance or value of the Company's investments as part of its investment process. In particular, the Manager encourages companies in which investments are made to adhere to best practice in the areas of ESG stewardship. The Manager believes that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies.

The Company's objective is to deliver above average income, while also providing real growth in capital and income, on its investments for its shareholders which the Board and Manager believes will be produced on a sustainable basis by investments in companies which adhere to best practice in ESG. Accordingly, the Manager will seek to favour companies which pursue best practice.

Stewardship

The Company is committed to the UK's Stewardship Code, and seeks to play its role in supporting good stewardship of the companies in which it invests. Responsibility for actively monitoring the activities of portfolio companies has been delegated by the Board to the Manager which has sub-delegated that authority to the Investment Manager. Standard Life Aberdeen plc is a tier 1 signatory of the UK Stewardship Code which aims to enhance the quality of engagement by investors with investee companies in order to improve their socially responsible performance and the long term investment return to shareholders. While delivery of stewardship activities has been delegated to the Manager and its group, the Board acknowledges its role in setting the tone for the effective delivery of stewardship on the Company's behalf.

The Board has also given discretionary powers to the Manager to exercise voting rights on resolutions proposed by the investee companies within the Company's portfolio. The Manager reports on a quarterly basis on stewardship (including voting) issues.

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.

Viability Statement

The Board considers that the Company is a long-term investment vehicle and, for the purposes of this statement, has decided that three years is an appropriate period over which to consider its viability. The Board considers this 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.

Taking into account the Company's current financial position and the potential impact of its principal risks and uncertainties, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of three years from the date of this Report.

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

- The principal risks and uncertainties detailed on pages 12 to 14, including the potential impact of Brexit, and the steps taken to mitigate these risks.
- All of the Company's investments are traded on major stock exchanges and there is a spread of investments held.
- The Company is closed ended in nature and therefore it is not required to sell investments when shareholders wish to sell their shares.
- The Company's main liability is its bank loan of £20million (2019: £30milion), which represents 12.7% (2019: 13.1%) of the Company's investment portfolio. This is a £20million (2019: £40million) revolving credit facility with Banco Santander S.A., London Branch. £20million was drawn at the end of the financial year at a weighted average interest and commitment fee cost of 1.39%.
- The Company's cash balance, including money market funds, at 30 September 2020 amounted to £1.2 million (2019: £1.7 million).

- The relatively low level of ongoing charges.
- Current market conditions caused by the global spread of Covid-19. In particular, the Board has considered the ability of the Company's operations to continue in the current environment, which has been impacted by the global Covid-19 pandemic and the ability of the key third-party suppliers to continue to provide essential services to the Company. The Board has been flexible and continued to meet as normal, hosting meetings virtually. The increased use of online communication and out of office working for the Manager and service providers have, to date, also proved to be robust.

When considering the 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 the ongoing significant economic and stock market volatility arising from the Covid-19 pandemic, 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, and the ongoing economic impact of the Covid-19 pandemic, 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, and the Company will continue to have access to sufficient capital. Although the Board acknowledges that the Company's short-term investment performance has been extremely disappointing, it believes that the Focus on Change investment approach and process will deliver good returns over the long term. The Board has also acknowledged that investors will have the opportunity to vote on the continuation of the Company at its five yearly continuation vote in 2022.

Future Strategy

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

On behalf of the Board
Richard Burns
Chairman
25 November 2020

Promoting the Success of the Company

How the Board Meets its Obligations under Section 172 of the Companies Act

The Board is required to describe to the Company's shareholders how the Directors have discharged their duties and responsibilities over the course of the financial year under Section 172 (1) of the Companies Act 2006 (the "Section 172 Statement"). This statement provides an explanation of how the Directors have promoted the success of the Company for the benefit of its members as a whole, taking into account the likely long term consequences of decisions, the need to foster relationships with all stakeholders and the impact of the Company's operations on the environment.

The Board takes its role very seriously in representing the interests of the Company's shareholders. The Board, which at the year end, comprised five independent non-executive Directors has a broad range of skills and experience across all major functions that affect the Company. The Board is responsible for taking all decisions relating to the Company's investment objective and policy, gearing, corporate governance and strategy, and for monitoring the performance of the Company's service providers.

The Board ensures that the Company operates in a transparent culture where all parties are treated with respect and provided with the opportunity to offer practical challenge and participate in debate to achieve the expectations of shareholders and other stakeholders alike. The Board works very closely with the Manager in reviewing how issues are handled, ensuring good governance and responsibility in managing the Company's affairs, as well as visibility and openness in how the affairs are conducted.

The importance of giving due consideration to the Company's shareholders is not a new requirement and is of particular prominence in the Board's thinking and decision making. However, as this has been a particularly challenging year for the Company, the interests of our shareholders have been of paramount importance during every decision taken by the Board.

Consideration of Shareholder Interests during the Year

Portfolio and Dividend

As set out in the Chairman's Statement and Portfolio Manager's Review, the Company's portfolio has been materially impacted by the adverse economic conditions stemming from the Covid-19 pandemic. The Board conducted an intensive review of the management of the Company and how a lasting recovery in its fortunes can be achieved. As the Chairman states on page 7, the Board's basic assumption has been that shareholders are interested above all in the dividends they can expect from their investment in the Company. Having consulted with major shareholders, the Board agreed that it would carry on with its existing policy and management arrangements, and would utilise the revenue reserves which have been built up to maintain the dividend at its current level. At the start of the financial year the Board had planned to pay a dividend which would be higher than that paid in the previous year by an amount greater than the increase in the RPI for the 12 month period. In the event, it decided it should not pay a dividend increased by that amount and instead has declared a full year dividend of 20.6 pence per share, an increase of 0.1 pence on the payment of 2019. During its discussions, the Board has encouraged the Manager to focus on narrowing the gap between projected earnings and the likely dividend payout in 2021.

The Board reminds shareholders that they will have the opportunity to vote on the Company's continuation at the AGM to be held in February 2022. In the meantime , as set out in the Chairman's Statement, the Board welcomes feedback from shareholders.

Loan Facility

During the year, the Board reduced its revolving credit facility with Banco Santander S.A. London Branch from £40million to £20million. The Board decision to reduce the facility was driven by the reduction of the value of the portfolio in March 2020. The Board agreed amendments to the loan covenants which now require that the Company's gross assets will not be less than £100million (previously £150million). The Board is responsible for arranging this facility and the Manager for deploying it. The Board reminds shareholders that borrowing will enhance returns to shareholders when the portfolio is rising in value but that when values are falling the borrowing works to exacerbate declines. The Board believes that it is advantageous for the Company to have gearing but acknowledges that gearing has contributed to negative returns for shareholders during the financial year.

Share Buy Backs

During the year the Company bought back 593,168 Ordinary shares to be held in treasury, providing a small accretion of 0.41 pence to the NAV per share and a degree of liquidity to the market at times when the discount to the NAV per share has widened. The Company was most active in June and September 2020, as the discount widened as market sentiment moved against the UK in the wake of the Covid-19 crisis and concerns about the outcome of the Brexit negotiations. The Board believes that the selective use of share buybacks is in the best interest of all shareholders.

Directorate

The Board considered its succession plans during the year. Richard Burns has announced his intention to retire from the Board at the AGM in 2021 and will be succeeded as Chairman by Mark White. Josephine Dixon retired from the Board on 23 January 2020 and was succeed as Audit Committee Chair by Sarika Patel. Further details are provided in the Directors' Report on page 44.

Following Richard Burns' retirement, the Board does not intend to recruit a replacement fifth Director in the short to medium term. The Board believes that the remaining four Directors have sufficient experience to guide the Company through its current challenges. A Board of four Directors is also better suited to the size of the Company and will result in a reduction in non-executive directors' fees.

How the Board Engages with Stakeholders

The Company's main stakeholders have been identified as its shareholders, the Manager, service providers, investee companies, debt providers and the community at large and the environment.

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

Promoting the Success of the Company Continued

Stakeholder	How We Engage
Shareholders	Shareholders are key stakeholders and the Board places great importance on communication with them. The Board welcomes all shareholders' views and aims to act fairly to all shareholders. The Manager and the Company's broker regularly meet with current and prospective shareholders to discuss performance and shareholder feedback is discussed by the Directors at Board meetings. In addition, Directors meet shareholders at the Annual General Meeting. The Company subscribes to ASI's investor relations programme in order to maintain communication channels with the Company's shareholder base. Regular updates are provided to shareholders through the Annual Report, Half Yearly Report, monthly factsheets, Company announcements, including daily net asset value announcements, and the Company's website. The Company's Annual General Meeting usually provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Manager. Typically, the Board encourages as many shareholders as possible to attend the Company's Annual General Meeting and to provide feedback on the Company. This year, due to the uncertainties caused by the Covid-19 pandemic and, in particular, the restrictions on public gatherings and requirements to socially distance, it is likely that the Annual General Meeting will be held on a functional only basis, satisfying the minimum legal requirements. Instead, shareholders are encouraged to submit questions to the Board and the Manager. Further details can be found in the Chairman's Statement on page 9.
Manager	The Portfolio Manager's Review on pages 25 to 29 details the key investment decisions taken during the year. The Manager has continued to manage the Company's assets in accordance with the mandate provided by shareholders, with oversight provided by the Board. The Board regularly reviews the Company's performance against its investment objective and the Board undertakes an annual strategy review meeting to ensure that the Company is positioned well for the future delivery of its objective for its stakeholders. The Board receives presentations from the Manager at every Board meeting to help it to exercise effective oversight of the Manager and the Company's strategy. The Board, through the Remuneration & Management Engagement Committee, formally reviews the performance of the Manager at least annually. More details are provided on page 46.
Service Providers	The Board seeks to maintain constructive relationships with the Company's suppliers either directly or through the Manager with regular communications and meetings. The Remuneration & Management Engagement Committee conducts an annual review of the performance, terms and conditions of the Company's main service providers to ensure they are performing in line with Board expectations, carrying out their responsibilities and providing value for money.

Stakeholder	How We Engage
Investee Companies	Responsibility for monitoring the activities of portfolio companies has been delegated by the Board to the Manager which has sub-delegated that authority to the Investment Manager. The Board has also given discretionary powers to the Manager to exercise voting rights on resolutions proposed by the investee companies within the Company's portfolio. The Manager reports on a quarterly basis on stewardship (including voting) issues. Through engagement and exercising voting rights, the Manager actively works with companies to improve corporate standards, transparency and accountability. Further details are provided on pages 15 and 16. The Board monitors investments made and divested and questions the rationale for investment and voting decisions made.
Debt Providers	On behalf of the Board, the Manager maintains a positive working relationship with Banco Santander S.A., London Branch, the provider of the Company's loan facility, and provides regular updates on business activity and compliance with its loan covenants.
Environment and Community	The Board and Manager are committed to investing in a responsible manner and the Investment Manager embeds Environmental, Social and Governance ("ESG") considerations into the research and analysis as part of the investment decision-making process. Further details are provided on pages 15 and 16.

Results

	30 September 2020	30 September 2019	% change
Capital			
Net asset value per Ordinary share	288.0p	411.8p	–30.1%
Ordinary share price	252.0p	381.5p	–33.9%
Benchmark capital return	3,282.3	4,061.7	–19.2%
Discount of Ordinary share price to net asset value[A]	12.5%	7.4%	
Total assets	£159.5m	£235.3m	–32.2%
Shareholders' funds	£139.2m	£201.5m	–30.9%
Gearing			
Net gearing[A]	13.3%	13.7%	
Earnings and Dividends			
Revenue return per Ordinary share	15.61p	21.74p	–28.2%
Total dividends for the year	20.60p	20.50p	0.5%
Dividend yield[A]	8.2%	5.4%	
Expenses			
Ongoing charges[A]	0.87%	0.91%	

[A] Considered to be an Alternative Performance Measure. Further details can be found on pages 80 and 81.

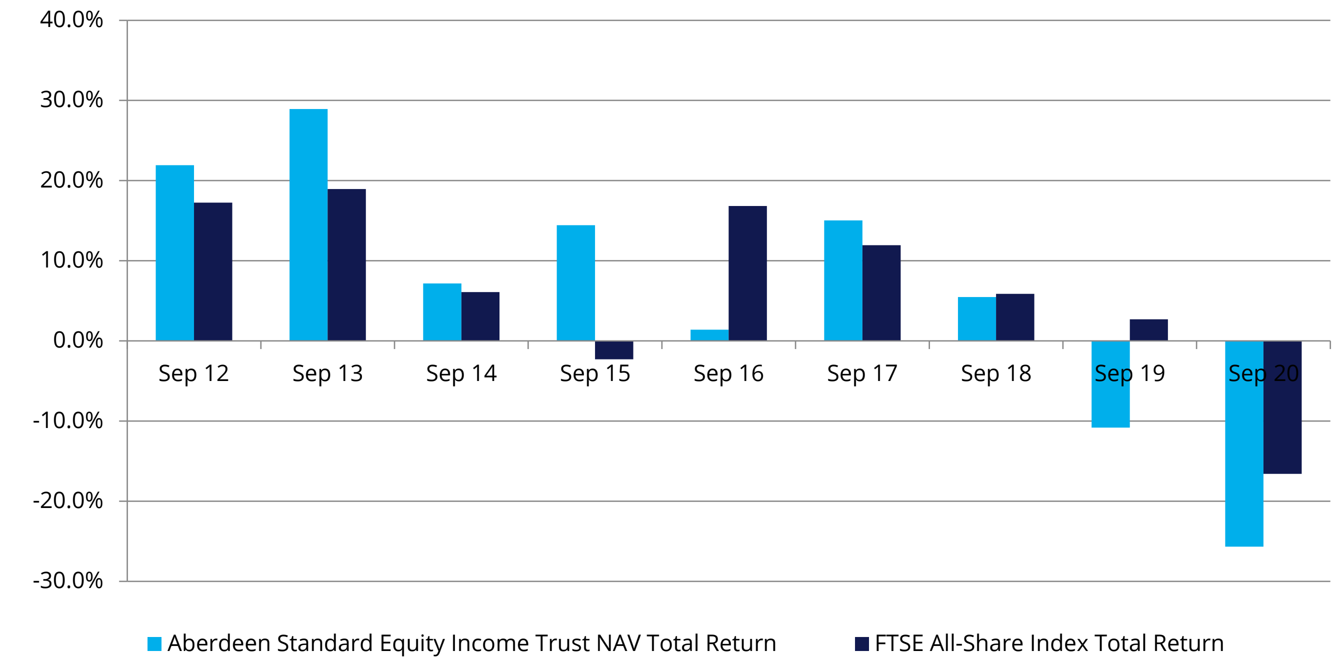
Performance (Total Return)

30 September 2020	1 year %	3 years %	5 years %	10 years %
Net asset value[A]	–25.7	–30.7	–18.5	47.1
Share price[A]	–29.4	–35.8	–27.6	36.8
FTSE All-Share Index	–16.6	–9.3	18.6	63.9

[A] Considered to be an Alternative Performance Measure. Further details can be found on pages 81 and 82.
Source: Aberdeen Standard Investments/Morningstar/Factset

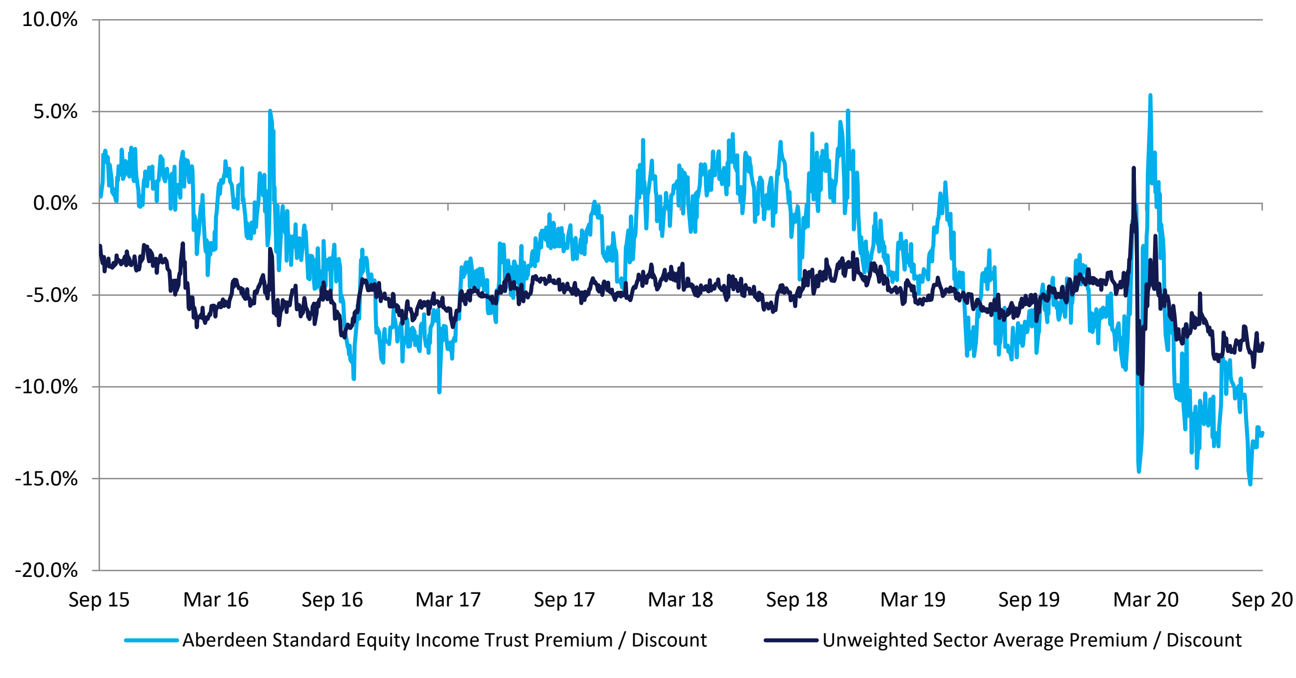
Performance

Annual total returns of Aberdeen Standard Equity Income Trust NAV and FTSE All-Share Index September 2012 - 2020[A]



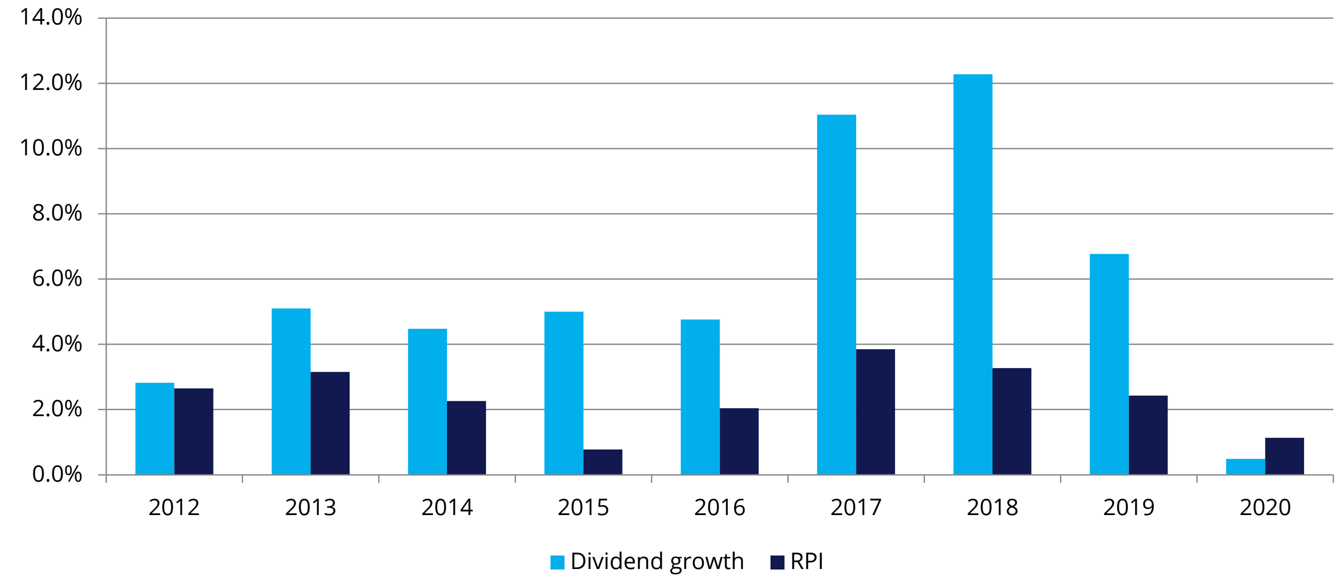
[A] Thomas Moore was appointed as Portfolio Manager in 2011.

Aberdeen Standard Equity Income Trust Premium / Discount relative to the UK Equity Income unweighted sector average since September 2015



Performance Continued

Annual Dividend Growth versus RPI since 2012[A]



[A] Thomas Moore was appointed as Portfolio Manager in 2011.

Ten Year Financial Record

Year ended 30 September	Gross revenue £'000	Revenue available for Ordinary shareholders £'000	Revenue return p	Ordinary dividends p	Net asset value[A] p	Share price p	(Discount)/ premium[AB] %	Ongoing charges[B] %	Net gearing / (cash)[B] %	Equity shareholders' funds £m	Revenue reserves[C] (£m)
2011	4,922	4,836	12.86	12.40	269.9	276.5	2.4	0.96	6.0	102.4	6.20
2012	4,715	4,189	13.53	12.75	314.2	294.0	(6.4)	0.99	5.7	119.3	6.56
2013	5,257	4,877	14.07	13.40	383.3	383.0	(0.1)	0.97	12.5	151.8	4.84
2014	5,780	5,136	15.69	14.00	397.9	394.0	(1.0)	0.94	13.4	166.5	5.75
2015	6,107	5,361	17.18	14.70	440.7	439.0	(0.4)	0.94	7.7	195.6	6.88
2016	7,084	6,214	17.92	15.40	431.5	412.4	(4.4)	0.96	7.5	199.7	8.15
2017	7,957	7,044	19.23	17.10	478.6[E]	459.6	(4.8)	0.87	9.9	235.3[E]	9.41
2018	11,893	10,846	22.06	19.20	485.0	473.0	(2.5)	0.87	12.1	238.4	10.82
2019	11,791	10,687	21.74	20.50	411.8	381.5	(7.4)	0.91	13.7	201.5	11.58
2020	8,730	7,614	15.61	20.60	288.0	252.0	(12.5)	0.87	13.3	139.2	8.70

[A] Diluted for the effect of Subscription shares in issue for the year ended 30 September 2011 to 30 September 2016.
[B] Considered to be an Alternative Performance Measure. Further details can be found on pages 80 and 81.
[C] Revenue reserves are reported prior to paying the final dividend or fourth interim dividend in each year. For 2017 only, reserves are reported after having deducted the third interim dividend.
[D] 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.

Portfolio Manager's Review

Thomas Moore
Portfolio Manager,
Aberdeen Standard
Investments

UK Market Review

The UK stock market ended the 12 month period sharply lower, in contrast to other major markets, some of which produced a positive return. The Covid-19 pandemic was the dominant driver of returns, having a pronounced impact on the UK market from mid February. The considerable divergence in returns by country primarily reflected the sector composition of individual markets. The UK market has a very heavy weighting in traditional sectors that were particularly badly affected by the pandemic, whereas other markets, such as the US, have much heavier weightings in growth sectors such as Technology which actually benefited from the lockdown. The UK's best known index, the FTSE 100, closed at 5,866 on 30 September 2020, a level it first hit in March 1998.

Economic recession became inevitable after governments announced draconian national lockdowns in an attempt to limit the spread of the virus. The UK Government announced its national lockdown on 23 March 2020, by which time the market had already priced in the full negative impact of the pandemic. For the three months to the end of March, the FTSE All-Share Index was down by 22% on a total return basis - its most significant quarterly decline since the Black Monday sell-off in 1987. Subsequent months saw a spate of profit warnings, dividend cuts and calls for additional capital by companies.

From the lows of late March, equity markets staged a recovery, helped by the announcement of a range of accommodative fiscal and monetary measures from governments and central banks to counter the economic effects of lockdown. Slowing infection rates allowed the UK economy to reopen for business, resulting in a sharp rebound in housing transactions, retail sales activity and purchasing managers' indices. Despite this improved economic data, the recovery in the UK stock market was choppy, rallying sharply in the quarter to June before retracing some of these gains in the quarter to September due to concerns about a second wave of the virus. Investor nervousness over the sustainability of the economic recovery was reflected in the outperformance of defensive quality growth stocks during this period. The worst-affected sectors over the period were those where social interaction is fundamental to the business and which were consequently most directly affected by the lockdown and which saw an almost total collapse in the revenues, such as Travel & Leisure and General Retailers. Oil stocks fell as the oil price collapsed on lower demand, while Banks fell on fears of a spike in loan impairments.

Political events were also important drivers of the UK market during the period. The landslide Conservative General Election victory in December 2019 drove a brief period of sharp outperformance of stocks with exposure to the UK domestic economy. The United Kingdom's withdrawal from the European Union took effect on 31 January 2020. Since that time negotiations aimed at agreeing the new relationship – including a trade deal – have been ongoing. This has been a source of anxiety driving the renewed outperformance of overseas earning stocks.

Portfolio Performance

Covid-19 was the dominant driver of the portfolio's performance in the 12 month period. After outperforming in the quarter to December 2019, the portfolio underperformed materially in the quarter to March 2020 and then slightly outperformed the index in the six months to September 2020. The net result was a very poor outcome, which was entirely concentrated in a six week period between mid-February and late-March.

Covid-19 was a particularly challenging event for our Focus on Change investment process. Following the election euphoria of December 2019, we went into Covid-19 with too much exposure to economically-sensitive stocks and not enough exposure to defensive stocks and growth stocks. As a result, the portfolio's performance deteriorated markedly in mid-February as the full consequences of the pandemic became apparent. We took decisive action early on, selling stocks with structural concerns and redeploying the proceeds of these sales into more robust companies with a better dividend outlook. However, our subsequent NAV recovery has been choppy as market leadership has been retained by highly-valued growth stocks which tend not to fit our investment process. We seek to identify companies whose change potential has not been priced in by the wider market. This process has struggled during the recent macro turmoil, as investors have been attracted to stocks with the most visible growth prospects, regardless of the extent to which this growth has been priced in. We believe that our investment process is set to work again, as it has in the past, and in the outlook section we outline the catalysts that we expect to drive an improvement in the Company's performance.

Portfolio Manager's Review Continued

The key drivers of our performance relative to the FTSE All-Share Index can be summarised as follows:

1. The **gearing** position, averaging 13% over the year, cost just over 3% of relative performance.

2. Heavy exposure to **economically-sensitive sectors** significantly detracted from performance**. Consumer Discretionary** was the single largest detractor to performance by sector, costing nearly 3% of relative performance. Our holdings in travel and leisure companies directly impacted by the lockdown, including **TUI, Cineworld** and **National Express,** hit performance particularly hard.

3. Insufficient exposure to **defensive sectors** also detracted from our performance as the recession took hold. Our underweight positions in **Healthcare** and **Consumer Staples** cost around 3% of relative performance, in particular not owning **Unilever** and **Reckitt Benckiser** and the underweight position in **AstraZeneca.**

4. **Financials** was by far the largest positive contributor to our relative performance. We benefited from strong stock selection, in particular **CMC Markets** which soared by +210% on persistent revenue upgrades and **Hastings** which increased by 28% after receiving a bid approach. Not owning mainstream banks such as **Lloyds Banking Group** also helped our relative performance.

Revenue Account

Dividends distributed by companies in the portfolio in the 12 month period were £8.7million, which was 26.3% less than the £11.8million received last year. While this is a heavy decline, it compares favourably to the FTSE All-Share Index whose dividends declined by 34.9% over the same period. Dividend cuts were widespread across the UK market following the onset of Covid-19, with three quarters of companies cutting their dividends payable in the 3 months to June and two thirds cutting their dividends payable in the 3 months to September. Our index-agnostic approach was not favourable to the revenue account during this period. Mid-cap stocks fared worse than large cap stocks in terms of dividends, reflecting their respective sectoral and geographical tilt. However, we continue to believe that running heavy weightings in mid and small-cap stocks will prove beneficial to the revenue account over the course of the cycle given their superior growth prospects.

During the period, 93% of the dividend income came from recurring rather than special dividends. Special dividends increased in the first six months of the period year on year, but fell away sharply on the advent of Covid-19.

The portfolio achieved a dividend yield of 5.5% based on the income generated by the portfolio over the year divided by the average portfolio value, representing a significant premium to the effective dividend yield of the FTSE All-Share Index of 3.8% for the same period.

We have undertaken a line by line review of the portfolio, weighing the income prospects of our holdings based on their trading and balance sheet outlook. In the wake of the pandemic we took action by adding to existing holdings or buying new holdings in companies with the most resilient dividend prospects. Conversely we sold some holdings in companies that appeared unlikely to be able to restore the dividend in the foreseeable future.

We have classified stocks into three key categories - "resilient income", "resumed income" and "interrupted income". By these classifications, just under 70% of the stocks in the portfolio are classified as "resilient income" stocks, which we expect to continue to pay dividends continuously throughout the crisis. Just over 10% are classified as "resumed income" stocks which have announced that they have returned to the dividend list and just under 20% are classified as "interrupted income" stocks which have put their dividends on hold until the outlook brightens.

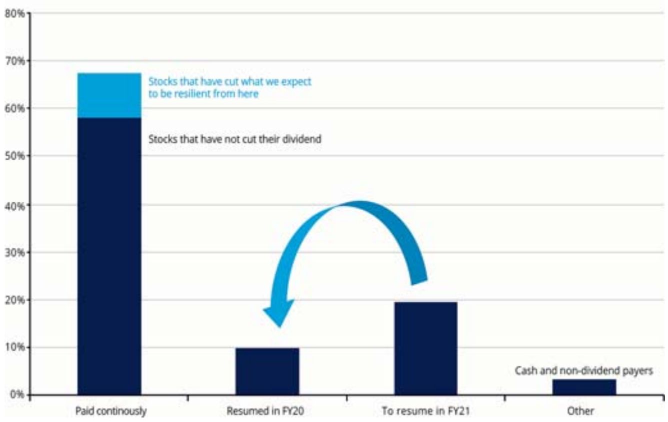
Looking ahead, we expect the revenue account to recover strongly in the coming months for two key reasons:

1. We expect more of our holdings to resume dividends as earnings visibility improves.

2. We have added to attractively valued stocks with resilient dividend prospects, switching out of stocks with a weaker income outlook.

It is becoming clearer that the worst of the storm has now passed. In their Q3 2020 Dividend Monitor, Link Group forecasts that UK dividends will grow by between 6% and 15% in 2021, after declining by 45% in the calendar year 2020. We are particularly encouraged by the growing number of our holdings that are announcing that they will resume their dividends after pausing them for precautionary reasons due to the pandemic. Six of our holdings that had halted dividend payments due to the pandemic have since resumed their dividends (**Direct Line Insurance, Sabre Insurance, Mondi, BAE Systems, Persimmon** and **Close Brothers**). Most notable of these is **Close Brothers**, which on 22 September 2020 became the first UK bank to announce that it would resume its dividend. We expect further dividend resumptions in the coming months and we expect this to be a key driver of the share prices of our holdings.

Portfolio weightings by income category



Source: Aberdeen Standard Investments, 30 September 2020

Activity

Purchases

In response to the changed environment post-Covid, we took action by adding to attractively valued stocks with robust dividend prospects. This will help to increase our portfolio income and should also underpin our capital performance. We bought a holding in insurance company **Direct Line Insurance** whose strong profitability has boosted its capital position, allowing it to resume its dividend payments. We bought shares in paper and packaging business **Mondi** whose consistently high returns are a function of its low cost of production and high quality assets. We bought into bottling company **Coca-Cola Hellenic** which offers strong long-term growth prospects with rising disposable income driving consumption per capita in many of the developing markets in which it operates. We also added to mega-caps **Rio Tinto** and **Legal & General**, both of which are industry leaders with a significant cost advantage over their peers.

Sales

We recognised that Covid-19 would have a short-term impact on companies' profitability and balance sheets, as well as a long-term impact on companies' business models as people's habits change, with increased e-commerce, working from home and government intervention. We acted decisively where the investment thesis has changed radically and where we judged that the recovery would be too slow to justify waiting – on this basis, we sold out of **Saga, TUI, Cineworld** and **NewRiver**. We received bids for three of our holdings during the period – real estate company **Hansteen,** insurance administrator **Charles Taylor** and insurance underwriter **Hastings.** All three bids underlined the attractive valuations of neglected UK small and mid-cap stocks. We also sold a number of industrial stocks whose full valuations appeared to offer limited upside potential, especially in the context of weakening order trends. These included ventilation business **Volution**, engineering business **IMI** and heat treatment business **Bodycote.** We also moderated our financials weighting by selling our holdings in insurance businesses **Prudential** and **Aviva** which risked being impacted by a widening in corporate credit spreads.

Outlook

This was a uniquely challenging period during which our performance was heavily impacted by Covid-19. In addition to the impact on those holdings that were directly hit by the lockdown, we were hit by a relentless style shift from attractively valued yield stocks towards expensively valued quality growth stocks. It would be hard to imagine a set of conditions that could have been less benign for our Focus on Change investment process which seeks to identify stocks whose fundamentals have been mispriced by the wider market.

Covid-19 has amplified valuation dispersion within the UK market, stretching the gap between cheap and expensive stocks to levels unseen since the TMT bubble in 2000. Our holdings are highly attractive on valuation metrics such as Price/Book Value, Free Cash Flow yield, Dividend Yield and Price/Earnings, suggesting significant scope to re-rate. Style analysis highlights that the past 12 months have been a very bad period for stocks exhibiting these characteristics, while stocks with strong Momentum, Quality and Growth characteristics have soared as investors have gravitated towards a narrow selection of trending stocks whose valuations are often very expensive relative to the wider market. Having stuck to our Focus on Change investment process, we would now expect our portfolio to benefit from an unwinding of the concentration of investor positioning in these stocks. We see the elastic as very stretched, increasing the probability of a sharp snapback in favour of our holdings. Valuation dispersion is an important pre-requisite for a shift in market leadership, but we recognise that it is not sufficient. For the valuations of our holdings to re-rate, catalysts are required.

Portfolio Manager's Review Continued

(A) Potential for triggers that will result in a shift in market leadership:
We see a range of possible imminent catalysts for a shift in market leadership to take place, benefiting our portfolio:

1. **Vaccine announcement** – The announcement of a successful vaccine has vastly improved the prospects for the global economy in 2021, allowing herd immunity to be achieved far sooner than the market had expected. This will allow investors to lengthen their time horizons beyond the "here and now". The pronounced impact of this announcement on the share prices of our holdings is a reminder of how quickly sentiment can change. Given that investors are forward-looking, they are likely to look through the logistical challenge of manufacturing and distributing the vaccine and focus on the normalisation of economic activity. This is set to drive a shift in market leadership which we would expect to favour our positioning.

2. **US fiscal boost -** After the political gridlock of the past four years, there is potential for greater bipartisan agreement on fiscal spending that has a high multiplier effect, such as fixing the roads and bridges. Although the Democrats are unlikely to control the Senate, President-Elect Biden appears well placed to master the art of working with a Congress that is controlled by the other party. This creates the potential for sharply higher US government spending.

3. **Brexit clarity -** In the weeks ahead, we will know the outcome of Brexit negotiations. It is not unusual for the EU to sign deals at the 11th hour. Our House View is that both sides are highly incentivised to compromise in order to clinch a narrow trade deal. This would help provide some certainty for individuals and corporates. It would also encourage investors to look afresh at the bargains available among the domestically orientated stocks which have been spurned since mid-2016.

4. **Global economic recovery** – Economists expect 2021 to be a recovery year for economic growth, forecasting real GDP growth of between 5% and 6% in 2021. Nominal GDP growth is forecast to be between 8% and 9%. This has the potential to drive a change in market leadership. Higher economic growth, inflation and bond yields could help drive a rotation towards cyclicals and financials. Meanwhile a weaker dollar could have the effect of spurring on commodity prices.

5. **Coordinated fiscal response** – Governments around the world have shown that they will do what it takes to combat the effects of the pandemic. There will be no repeat of the austerity that followed the Global Financial Crisis in 2008. The Chancellor of the Exchequer, Rishi Sunak, has made clear that he will be pragmatic in extending government support schemes if necessary, reducing the risk of a cliff-edge at the end of a scheme. Policymakers are aware that the least painful way to pay down the resultant debt will be to allow inflation to run at higher levels, eroding the value of that debt.

(B) Potential for stronger than expected company results from cheaply valued stocks:
We have focused the portfolio on stocks with the potential to surprise the market positively when they report results. The latest earnings season has produced evidence of the underlying resilience of our holdings. Having been cast aside for macro reasons, many of our stocks have produced very positive results, resulting in positive share price reactions. Recent highlights have included **OneSavings Bank, Diversified Gas & Oil, GVC, Tyman** and **DFS Furniture**.

Extreme market conditions have resulted in a level of pessimism that we believe will turn out to be unfounded. This has created an abundance of stocks whose valuations do not price in the robust fundamentals that we expect. The reluctance of many investors to contemplate investing across a broad range of unloved UK sectors provides unusually attractive rewards for those, like us, who are remaining alert to the potential for mispricing resulting from such an extreme event as a global pandemic. If institutional shareholders do not take advantage of these valuation opportunities, then we can expect corporate bidders to step in. It was announced that three of our holdings, **Hastings, Hansteen** and **Charles Taylor**, were acquired during the period. The cheap valuations of our holdings make it likely that others will follow suit.

With the confluence of supportive macro and micro factors, against the backdrop of valuations being as extreme as they were at the time of the TMT bubble in 2000, we see the potential for a decisive shift in favour of our portfolio. We have positioned the portfolio carefully to benefit from this environment:

1. The portfolio's **cyclical and financial holdings** should benefit from gradually increasing confidence in the economic outlook, potentially driving the earnings growth of these stocks to levels unseen since the recovery from the Global Financial Crisis in 2009. We would expect their share prices to respond to a combination of earnings upgrades and valuation re-rating. This will be further bolstered by the resumption of dividends. It is a myth that all cyclical stocks are at risk of disruption – we are finding plenty of stocks that are not susceptible to disruption, such as stocks linked to the housing market and beneficiaries of increased fiscal largesse.

2. The portfolio's **higher yield defensive stocks** should benefit from valuation re-rating, having lagged during the recent period of quality growth outperformance. Many of our larger cap holdings offer yields in excess of 5% despite robust fundamentals. Examples include **National Grid, Rio Tinto, BHP** and **British American Tobacco**. These dividend yields are well supported by free cash flow, with inflation hedging characteristics. These stocks' high dividend yields do not make them "dividend traps" in our view. Instead, their high yields can be explained by heightened caution towards both UK equities as an asset class and value/income as a style. The gap between dividend yields and bond yields is eye-catching. These yields could easily compress meaningfully, driving a period of sharp outperformance.

   As ever, it is important to look forward and position the portfolio for what is to come, rather than what has just happened. Covid-19 caused the revenue account to take a hit but we have built up significant reserves thanks to the strength of our earnings growth in the past decade. We expect portfolio income to recover strongly in the coming months as we add to resilient income stocks and more of our holdings resume their dividend payments. We are focused on lifting the revenue account with a view to narrowing the gap between earnings and dividends. We have presented to the Board our plans on how we intend to do so. Given that market conditions have caused many robust higher yield stocks to trade at unusually low valuations, we are confident that that this will be possible while staying true to our Focus on Change investment process.

We see significant capital growth potential in the portfolio as the underlying strengths of our holdings become more fairly reflected in share prices. We have shown in the past that our investment process can be very powerful in delivering meaningful outperformance, particularly when investor sentiment stabilises in the wake of periods of macro turmoil. Having outperformed our peer group in five years out of seven under my tenure between FY12 and FY18, the past two years have been a deeply frustrating period for shareholders and I am absolutely determined to put this right.

Thomas Moore
Portfolio Manager
Aberdeen Standard Investments
25 November 2020

Portfolio

The portfolio is invested on an index agnostic basis. The process is based on 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.

Ten Largest Investments

As at 30 September 2020

John Laing
John Laing Group originates and invests in infrastructure projects including transportation, social and environmental infrastructure.

Rio Tinto
Rio Tinto is a leading global mining group that focuses on finding, mining and processing mineral resources.

CMC Markets
CMC Markets is a financial derivatives dealer offering online trading in spread betting, contracts for difference and foreign exchange.

Close Brothers
Close Brothers is a specialist financial service group which provides loans, trades securities and provides advice and investment management solutions.

GlaxoSmithKline
GlaxoSmithKline develops, manufactures and markets vaccines, prescription and over the counter medicines as well as health-related consumer products.

National Grid
National Grid owns gas and electricity transmission and distribution assets in the UK and United States.

British American Tobacco
British American Tobacco sells cigarettes and other tobacco products in approximately 180 markets around the world.

Diversified Gas & Oil
Diversified Gas & Oil is engaged in conventional natural gas and crude oil production in the Appalachian Basin of the United States.

BHP
BHP Group is a diversified resources group with a global portfolio of high quality assets particularly iron ore and copper.

SSE
SSE engages in the generation, transmission, distribution and supply of electricity and the production, storage, distribution and supply of gas.

Investment Portfolio

As at 30 September 2020

Stock	Key Sector	Valuation as at 30 September 2020 £'000	Weight %	Valuation as at 30 September 2019 £'000
John Laing	Financial Services	7,451	4.8	10,182
CMC Markets	Financial Services	6,978	4.4	3,076
GlaxoSmithKline	Pharmaceuticals & Biotechnology	6,951	4.4	7,594
British American Tobacco	Tobacco	5,955	3.8	6,732
BHP	Mining	5,813	3.7	5,797
Rio Tinto	Mining	5,067	3.2	2,991
Close Brothers	Banks	4,893	3.0	6,753
National Grid	Gas Water & Multiutilities	4,497	2.8	4,459
Diversified Gas & Oil	Oil & Gas Producers	4,429	2.8	4,658
SSE	Electricity	4,212	2.7	3,854
Top ten investments		**56,246**	**35.6**	
BAE Systems	Aerospace & Defense	4,144	2.6	5,080
Chesnara	Life Insurance	4,010	2.5	3,727
Imperial Brands	Tobacco	4,006	2.5	4,041
Randall & Quilter	Non-life Insurance	3,735	2.4	4,278
MJ Gleeson	Household Goods & Home Construction	3,412	2.2	4,327
Vistry	Household Goods & Home Construction	3,090	2.0	–
Phoenix	Life Insurance	3,013	1.9	3,031
GVC	Travel & Leisure	2,943	1.9	6,238
BP	Oil & Gas Producers	2,689	1.7	8,062
Premier Miton	Financial Services	2,672	1.7	–
Top twenty investments		**89,960**	**57.0**	
River & Mercantile	Financial Services	2,652	1.7	4,283
DFS Furniture	General Retailers	2,599	1.7	2,694
Equiniti	Support Services	2,585	1.6	3,665
Glencore	Mining	2,564	1.6	3,899
Royal Dutch Shell	Oil & Gas Producers	2,561	1.6	9,885
Playtech	Travel & Leisure	2,560	1.6	–
Tyman	Construction & Materials	2,518	1.6	3,922
Ashmore	Financial Services	2,446	1.6	5,817
OneSavings Bank	Financial Services	2,405	1.5	654
Hastings	Non-life Insurance	2,182	1.4	1,774
Top thirty investments		**115,032**	**72.9**	

Investment Portfolio Continued

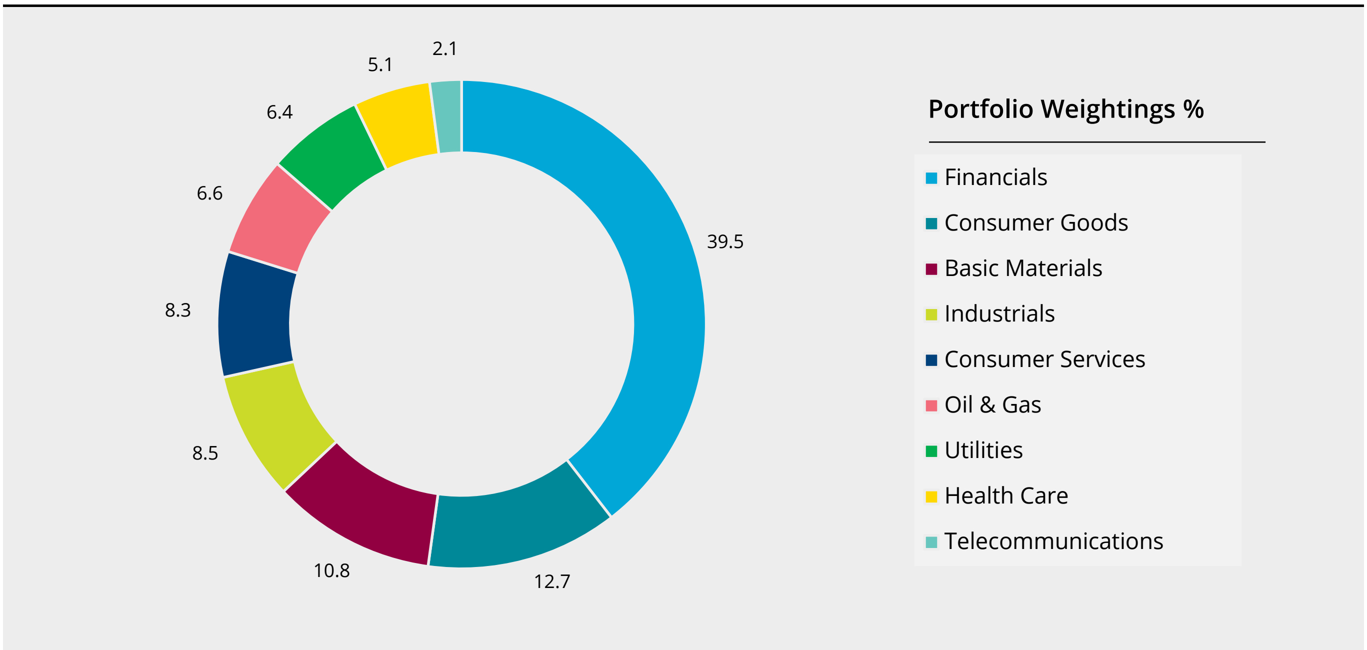
As at 30 September 2020

Stock	Key Sector	Valuation as at 30 September 2020 £'000	Weight %	Valuation as at 30 September 2019 £'000
Direct Line Insurance	Non-life Insurance	2,175	1.4	–
Speedy Hire	Support Services	2,161	1.4	2,202
Zegona Communications	Fixed Line Telecommunications	2,094	1.3	1,803
Sabre Insurance	Non-life Insurance	1,927	1.2	1,645
Coca-Cola Hellenic	Beverages	1,831	1.2	–
Legal & General	Life Insurance	1,603	1.0	–
Real Estate Investors	Real Estate Investment & Services	1,573	1.0	3,146
Centamin	Mining	1,520	1.0	–
Contour Global	Electricity	1,472	0.9	–
Litigation Capital	Financial Services	1,430	0.9	1,636
Top forty investments		**132,818**	**84.2**	
Urban Exposure	Financial Services	1,423	0.9	1,556
London Metric	Real Estate Investment Trusts	1,411	0.9	–
Mondi	Forestry & Paper	1,409	0.9	–
Polar Capital	Financial Services	1,366	0.9	1,581
DWF Group	Support Services	1,339	0.9	2,383
Quilter	Financial Services	1,309	0.8	2,442
National Express	Travel & Leisure	1,286	0.8	5,285
Vodafone	Mobile Telecommunications	1,280	0.8	–
WM Morrison Supermarkets	Food & Drug Retailers	1,151	0.7	–
AstraZeneca	Pharmaceuticals & Biotechnology	1,100	0.7	–
Top fifty investments		**145,892**	**92.5**	
RELX	Media	1,098	0.7	–
Assura	Real Estate Investment Trusts	1,096	0.7	–
AFH Financial	Financial Services	1,079	0.7	1,774
M&G	Life Insurance	1,076	0.6	–
Moneysupermarket.com	Media	996	0.6	–
TP ICAP	Financial Services	937	0.6	2,326
Persimmon	Household Goods & Home Construction	936	0.5	–
Galliford Try	Construction & Materials	802	0.5	4,270
Energean Oil & Gas	Oil & Gas Producers	725	0.5	2,881
International Personal Finance	Financial Services	712	0.5	1,700
Top sixty investments		**155,349**	**98.4**	
Anglo American	Mining	674	0.4	–
Unite Group	Real Estate Investment & Services	641	0.4	–
Naked Wines	General Retailers	580	0.4	1,418
Countryside Properties	Household Goods & Home Construction	555	0.4	–
Total Portfolio		**157,799**	**100.0**	

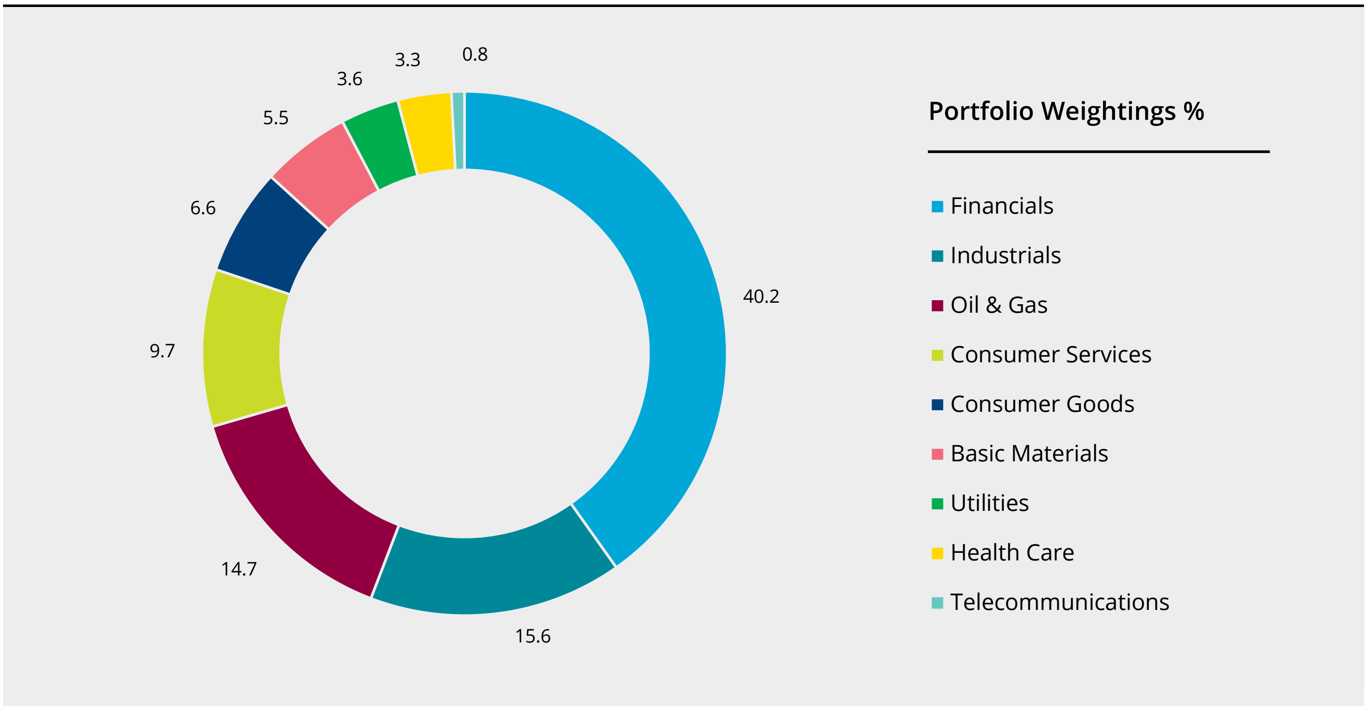
All investments are equity investments.

Sector Distribution

As at 30 September 2020



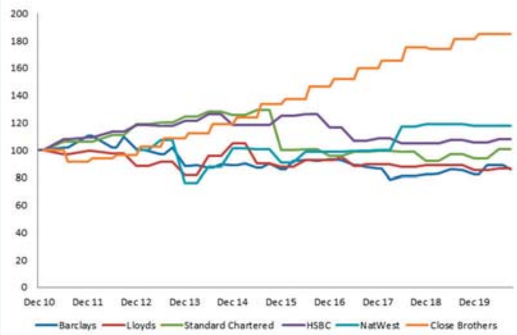
As at 30 September 2019



Investment Case Studies

Close Brothers

Close Brothers takes a "through-the-cycle" approach to lending, with loan growth an output rather than an input, as it prioritises value over volume. This makes Close Brothers quite unlike other lenders and ensures that it is on the front foot, ready to accelerate on the way out of economic recessions. We expect this recession to be no exception and we see encouraging signs that the key drivers of its banking business are already starting to point in the right direction, with accelerating loan growth, robust net interest margins and adequate bad debt provisions. Close Brothers is recognised as having excellent underwriting expertise, having built direct relationships with its customers rather than taking loan applications through third party brokers. Close Brothers also owns a successful asset management business and a securities trading business, Winterflood, both of which are valuable businesses in their own right. All of this allows Close Brothers to generate consistently high and stable returns, well in excess of its mainstream banking peers, justifying a premium valuation. These robust returns allowed Close Brothers to be the first UK bank to announce a dividend post-crisis, underlining management's confidence in its prospects and marking it out from its peers. By looking beyond the largest stocks in the market, we have been able to identify a well-managed business at an attractive valuation.



This chart shows the tangible net asset value per share of Close Brothers versus its mainstream banking peers. Net asset value progression is a function of the Return on Equity that each bank generates, less any distributions. Close Brothers has achieved consistently attractive returns on equity, allowing it to pay dividends and grow its net asset value.

Diversified Gas & Oil

Diversified Gas & Oil is engaged in conventional natural gas and crude oil production in the Appalachian Basin of the United States. The Company has built a sizeable gas business through the disciplined acquisition of under-invested assets. The focus of management is squarely on driving cash flow and thereby delivering a meaningful dividend to shareholders. It is succeeding in this respect, as evidenced by the announcement of an unexpected dividend increase alongside a strong 3rd quarter trading update on 29 October 2020. We see its dividend yield of over 10% as sustainable, with 20 years plus of reserve life and additional earnings from stable infrastructure assets, while hedging protects cash flows from commodity price volatility. Management is also very confident of finding further cashflow accretive deals, driving dividend growth. As the market becomes increasingly aware of the business and comfortable with the cash profile, we expect the share price to respond. Recent graduation from AIM to the FTSE 250 Index, coupled with better sell side coverage, should help to accelerate this process. We see the stock as offering highly attractive capital and income prospects, underlining the benefit of looking beyond the largest stocks in the market.

Governance

The Board of Directors of the Company is a highly experienced group of individuals with deep insights into investment trusts and the financial services industry. 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.

Board of Directors

Richard Burns

Status:
Independent
Non-Executive Chairman

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

Length of service:
14 years, six months. Appointed a Director on 23 May 2006 and Chairman on 17 December 2014

Last re-elected to the Board:
23 January 2020

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

Contribution:
The Board has reviewed the contribution of Richard Burns and has concluded that he has chaired the Company expertly, fostering a collaborative spirit between the Board and Investment Manager, particularly during recent challenges, whilst ensuring that Board meetings remain focused on the key areas of stakeholder relevance. As set out in the Chairman's Statement on page 9, Richard Burns will retire from the Board at the AGM on 5 February 2021.

Caroline Hitch

Status:
Independent
Non-Executive Director

Experience:
Appointed to the Board on 1 January 2017, Caroline 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 she was Head of Wealth Portfolio Management at HSBC's asset management arm with investment responsibility for its flagship retail multi asset funds. She has worked in London, Jersey, Monaco and Hong Kong.

Length of service:
3 years, 11 months. Appointed a Director on 1 January 2017

Last re-elected to the Board:
23 January 2020

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

Contribution:
The Board has reviewed the contribution of Caroline Hitch in light of her proposed re-election at the AGM and has concluded that she continues to provide significant investment insight to the Board and knowledge of the investment management sector.

Sarika Patel

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

Experience:
Appointed to the Board on 1 November 2019, Sarika 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.

Length of service:
1 year. Appointed a Director on 1 November 2019 and as Chair of the Audit Committee on 23 January 2020.

Elected to the Board:
23 January 2020

Committee membership:
Audit Committee (Chair), Nomination Committee and Remuneration & Management Engagement Committee

Contribution:
The Board has reviewed the contribution of Sarika Patel in light of her proposed re-election at the AGM and has concluded that she has chaired the Audit Committee expertly and continues to provide significant financial and risk management insight to Board discussions.

Jeremy Tigue

Status:
Senior Independent Non-Executive Director

Experience:
Appointed to the Board on 1 October 2014 and as the Senior Independent Director with effect from 15 December 2016. Jeremy Tigue 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.

Length of service:
6 years, 1 month. Appointed a Director on 1 October 2014 and as Senior Independent Director on 15 December 2016

Last re-elected to the Board:
23 January 2020

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

Contribution:
The Board has reviewed the contribution of Jeremy Tigue in light of his proposed re-election at the AGM and has concluded that his contribution to the Board, from an investment, industry and corporate governance perspective, has been invaluable.

Board of Directors Continued

Mark White

Status:

Independent Non-Executive Director and Chairman of the Nomination Committee, and Remuneration & Management Engagement Committee

Experience:

Appointed to the Board on 1 November 2013, Mark White is Chief Executive of LGT Capital Partners (UK) Limited. He is also a non-executive director of Aviva Investors Holdings Limited. He was previously Joint Head of JP Morgan Asset Management in Europe and Chief Executive of Jardine Fleming Investment Management in Hong Kong.

Length of service:

7 years. Appointed a Director on 1 November 2013 and as Chairman of the Remuneration & Management Engagement Committee with effect from 1 February 2015 and as Chairman of the Nomination Committee with effect from 15 December 2016.

Last re-elected to the Board:

23 January 2020

Committee membership:

Audit Committee, Nomination Committee (Chairman), Remuneration & Management Engagement Committee (Chairman)

Contribution:

The Board has reviewed the contribution of Mark White in light of his proposed re-election at the AGM and has concluded that he has continues to provide significant investment insight to the Board and knowledge of the investment management and investment trust sectors. The Board agrees that Mark White is a strong successor to Richard Burns as Chairman.

Directors' Report

The Directors present their report and the audited financial statements of the Company for the year ended 30 September 2020.

Results and Dividends

The financial statements for the year ended 30 September 2020 are contained on pages 65 to 79. Interim dividends of 5.2 pence per share were paid in March, June and September 2020. The Board has declared that a fourth interim dividend for the year to 30 September 2020 of 5.0 pence per share is payable on 30 December 2020 to shareholders on the register on 4 December 2020. The ex-dividend date is 3 December 2020.

Principal Activity and Status

The Company is registered as a public limited company in England and Wales 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 has applied for and has been accepted as an 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 that the Company has conducted its affairs so as to be able to retain such approval.

The Company intends to manage its affairs so that its Ordinary shares continue to be a qualifying investment for inclusion in the stocks and shares component of an Individual Savings Account.

Capital Structure and Voting Rights

The Company's issued share capital at 30 September 2020 consisted of 48,327,960 Ordinary shares of 25 pence each (2019: 48,921,128) and there were 850,807 Ordinary shares held in treasury (2019: 257,639), representing 1.76% of the issued share capital as at that date.

During the year, 593,168 Ordinary shares were bought back into treasury. The Company did not issue any new shares, or shares from treasury, during the year.

There has been no changes to the Company's capital structure or voting rights since the year end.

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

Management Agreement

The Company has appointed Aberdeen Standard Fund Managers Limited ("ASFML"), a wholly-owned subsidiary of Standard Life Aberdeen plc, as its alternative investment fund manager (the "Manager"). ASFML has been appointed to provide investment management, risk management, administration and company secretarial services, and promotional activities to the Company. The Company's portfolio is managed by Standard Life Investments Limited (the "Investment Manager") by way of a group delegation agreement in place between ASFML and the Investment Manager. In addition, ASFML has sub-delegated administrative and secretarial services to Aberdeen Asset Management PLC since 6 September 2019. Prior to that date these services were provided by Maven Capital Partners UK LLP.

With effect from 1 October 2019, the management fee is calculated as 0.65% per annum of net assets up to £175million and at a rate of 0.55% of net assets above this threshold. The Manager also receives a separate fee for the provision of promotional activities to the Company.

Further details of the fees payable to the Manager are shown in notes 3 and 4 to the financial statements.

The management agreement is terminable on not less than six months' notice. In the event of termination by the Company on less than the agreed notice period, compensation is payable to the Manager in lieu of the unexpired notice period.

External Agencies

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

Directors' Report Continued

Substantial Interests

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

The table below sets out the interests in 3% or more of the issued share capital of the Company, of which the Board was aware as at 30 September 2020.

Shareholder	Number of Ordinary shares	% held
Interactive Investor	6,595,325	13.7
Hargreaves Lansdown, stockbrokers	5,634,528	11.7
Charles Stanley	4,799,703	10.0
Saunderson House	3,097,498	6.4
Rathbones	2,751,833	5.7
Brewin Dolphin	2,710,173	5.6
Fidelity (platform)	1,547,641	3.2

On 3 November 2020, Brewin Dolphin notified the Company that it had sold shares in the capital of the Company and now holds 5.0% of the issued share capital.

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

Directors

Biographies of the Directors of the Company are shown on pages 40 to 42. Sarika Patel was appointed to the Board on 1 November 2019 and stood for election at the Annual General Meeting on 23 January 2020. Josephine Dixon retired as a Director on 23 January 2020.

Richard Burns is the Chairman and Jeremy Tigue is the Senior Independent Director.

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

The Senior Independent Director acts as a sounding board for the Chairman and acts as an intermediary for other Directors, when necessary. Working closely with the Nomination and Remuneration & Management Engagement Committees, the Senior Independent Director takes responsibility for an orderly succession process for the Chairman, and leads the annual appraisal of the Chairman's performance. The Senior Independent Director is also available to shareholders to discuss any concerns they may have.

The Directors attended scheduled Board and Committee meetings during the year ended 30 September 2020 as follows (with their eligibility to attend the relevant meetings in brackets):

	Board Meetings	Audit Committee Meetings	Remuneration & Management Engagement Committee Meetings	Nomination Committee Meetings
Richard Burns	5 (5)	2 (2)	1 (1)	2 (2)
Josephine Dixon [A]	2 (2)	1 (1)	- (-)	- (-)
Caroline Hitch	5 (5)	2 (2)	1 (1)	2 (2)
Sarika Patel	5 (5)	2 (2)	1 (1)	2 (2)
Jeremy Tigue	5 (5)	2 (2)	1 (1)	2 (2)
Mark White	5 (5)	2 (2)	1 (1)	2 (2)

[A] retired from the Board on 23 January 2020.

The Board meets more frequently when business needs require, and met an additional five times during the financial year.

Caroline Hitch, Sarika Patel, Jeremy Tigue and Mark White will retire and, being eligible, will offer themselves for re-election at the Annual General Meeting. As set out in the Chairman's Statement on page 9, Richard Burns will retire from the Board at the Annual General Meeting and will not offer himself for re-election. At that point, the Board will reduce to four Directors. The Board does not have any immediate plans to appointment a fifth Director to the Board.

The Board believes that all the Directors seeking re-election remain independent of the Manager and free from any relationship which could materially interfere with the exercise of their judgement on issues of strategy, performance, resources and standards of conduct. The biographies of each of the Directors are shown on pages 40 to 42, setting out their range of skills and experience as well as length of service and their contribution to the Board during the year. The Board believes that, collectively, it has the requisite high level and range of business, investment and financial experience to enable it to provide clear and effective leadership and proper governance of the Company. Following formal performance evaluations, each Director's performance continues to be effective and demonstrates commitment to the role, and their individual performances contribute to the long-term sustainable success of the Company. The Board therefore recommends the re-election of each of the Directors at the Annual General Meeting.

Board's Policy on Tenure

In normal circumstances, it is the Board's expectation that Directors will not serve beyond the Annual General Meeting following the ninth anniversary of their appointment. However, the Board takes the view that independence of individual Directors is not necessarily compromised by length of tenure on the Board and that continuity and experience can add significantly to the Board's strength. The Board believes that recommendation for re-election should be on an individual basis following a rigorous review which assesses the contribution made by the Director concerned, but also taking into account the need for regular refreshment and diversity.

In future, it is the Board's policy that the Chairman of the Board will not normally serve as a Director beyond the Annual General Meeting following the ninth anniversary of his or her appointment to the Board. However, this may be extended in certain circumstances or to facilitate effective succession planning and the development of a diverse Board. In such a situation the reasons for the extension will be fully explained to shareholders and a timetable for the departure of the Chairman clearly set out.

Directors' and Officers' Liability Insurance

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

Management of Conflicts of Interest

The Board has a procedure in place to deal with a situation where a Director has a conflict of interest. As part of this process, each Director prepares a list of other positions held and all other conflict situations that may need to be authorised either in relation to the Director concerned or his or her connected persons. The Board considers each Director's situation and decides whether to 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 that will need authorising by the Board. Authorisations given by the Board are reviewed at each Board meeting.

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

The Company has a policy of conducting its business in an honest and ethical manner. The Company takes a zero-tolerance approach to bribery and corruption and has procedures in place that are proportionate to the Company's circumstances to prevent them. The Manager also adopts a group-wide zero-tolerance approach and has its own detailed policy and procedures in place to prevent bribery and corruption. Copies of the Manager's anti-bribery and corruption policies are available on its website.

In relation to the corporate offence of failing to prevent tax evasion, it is the Company's policy to conduct all business in an honest and ethical manner. The Company takes a zero-tolerance approach to facilitation of tax evasion whether under UK law or under the law of any foreign country and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships.

Financial Instruments

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.

Directors' Report Continued

Corporate Governance

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

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

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

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

The UK Code includes provisions relating to:

- interaction with the workforce (provisions 2, 5 and 6);
- the role and responsibility of the chief executive (provisions 9 and 14);
- the chair shall not be a member of the audit committee (provision 24);
- previous experience of the chairman of a remuneration committee (provision 32); and
- executive directors' remuneration (provisions 33 and 36 to 40).

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

The full text of the Company's Corporate Governance Statement can be found on its website.

Board Committees

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

Audit Committee

The Audit Committee's Report is contained on pages 54 to 57.

Remuneration & Management Engagement Committee

The Remuneration & Management Engagement Committee comprises the full Board and is chaired by Mark White. The main responsibilities of the Committee include:

- monitoring and evaluating the performance of the Manager;
- reviewing at least annually the continued retention of the Manager;
- reviewing, at least annually, the terms of appointment of the Manager including, but not limited to, the level and method of remuneration and the notice period of the Manager;
- reviewing the performance and remuneration of the other key service providers to the Company; and
- determines the Directors' remuneration policy and level of remuneration.

The Committee met once during the year to 30 September 2020 and, as set out in the Chairman's Statement on page 7, conducted an intensive review of the management of the Company in light of the poor performance. Following the conclusion of the performance review, the Committee, recommended to the Board that the continuing appointment of the Manager was in the best interests of the shareholders and the Company as a whole. The reasons for this decision are set out in the Chairman's Statement.

Nomination Committee

The Nomination Committee comprises the full Board and is chaired by Mark White. The main responsibilities of the Committee include:

- regularly reviewing the structure, size and composition (including the skills, knowledge, experience, diversity and gender) of the Board;

- undertaking succession planning, taking into account the challenges and opportunities facing the Company and identifying candidates to fill vacancies;
- recruiting new Directors, undertaking open advertising or engaging external advisers to facilitate the search, as appropriate, with a view to considering candidates from a wide range of backgrounds, on merit, and with due regard for the benefits of diversity on the Board, taking care to ensure that appointees have enough time available to devote to the position;
- ensuring that new appointees receive a formal letter of appointment and suitable induction and ongoing training;
- arranging for annual Board performance evaluations to ensure that Directors are able to commit the time required to properly discharge their duties;
- making recommendations to the Board as to the position of Chairman, Senior Independent Director and Chairs of the Nomination, Audit and Remuneration & Management Engagement Committees;
- assessing, on an annual basis, the independence of each Director; and
- approving the re-election of any Director, subject to the UK Code, the AIC Code, or the Articles of Association, at the Annual General Meeting, 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.

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

The Company's Articles require that, at every fifth Annual General Meeting, the Directors shall propose an Ordinary Resolution to 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 February 2022.

As at 30 September 2020, the Company had a £20million (2019: £40million) revolving credit facility with Banco Santander S.A., London Branch. £20million was drawn at the end of the financial year at a weighted average interest and commitment fee cost of 1.39%.

The Directors are mindful of the Principal Risks and Uncertainties disclosed in the Strategic Report on pages 12 to 14 and they believe that the Company has adequate financial resources to continue its operational existence for a period of not less than 12 months from the date of approval of this Report. They have arrived at this conclusion having confirmed that the Company's diversified portfolio of realisable securities is sufficiently liquid and could be used to meet short-term funding requirements were they to arise, including in current market conditions caused by the Covid-19 pandemic. They have also reviewed the revenue and ongoing expenses forecasts for the coming year. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Accountability and Audit
The respective responsibilities of the Directors and the Auditor in connection with the financial statements appear on pages 63 and 64.

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

Independent Auditor
Shareholders approved the re-appointment of KPMG LLP as the Company's Independent Auditor at the AGM on 23 January 2020 and resolutions to approve its re-appointment for the year to 30 September 2021 and to authorise the Directors to determine its remuneration will be proposed at the AGM on 5 February 2021.

Relations with Shareholders
The Directors place a great deal of importance on communications with shareholders. Shareholders and investors may obtain up to date information on the Company through its website and the Manager's Customer Services Department (see contact details on page 97).

Directors' Report Continued

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

The Company's Annual General Meeting normally provides a forum for communication primarily with private shareholders and is attended by the Board. The Manager normally makes a presentation to the meeting and all shareholders have the opportunity to put questions to both the Board and the Manager at the meeting. However, as set out below, it is likely that the Annual General Meeting will be on a functional only basis this year, satisfying the minimum legal requirements.

The Manager also hosts a regular 'Meet the Manager' session each year at which members of the Board are present and to which all shareholders are invited. Due to Covid-19, it was not possible to host a 'Meet the Manager' session during the financial year. The Board and Manager look forward to hosting a session as soon as possible after the Covid-19 restrictions have been lifted.

The notice of the Annual General Meeting is sent out at least 20 working days in advance of the meeting. All shareholders have the opportunity to put questions to the Board and Manager at the meeting.

Additional Information

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

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

The rules governing the appointment of Directors are set out in the Directors' Remuneration Report on page 51. The Company's Articles of Association may only be amended by a special resolution passed at a general meeting of shareholders.

The Company is not aware of any significant agreements to which it is a party that take effect, alter or terminate upon a change of control of the Company following a takeover. Other than the management agreement with the Manager, further details of which are set out on page 43, the Company is not aware of any contractual or other agreements which are essential to its business which could reasonably be expected to be disclosed in the Directors' Report.

Annual General Meeting

The Notice of the Annual General Meeting, which will be held on Friday, 5 February 2021, and related notes, may be found on pages 92 to 96.

This year, due to the uncertainties caused by the Covid-19 pandemic and, in particular, the restrictions on public gatherings and requirements to socially distance, it is likely that the Annual General Meeting will be held on a functional only basis, satisfying the minimum legal requirements. Instead, shareholders are encouraged to submit questions to the Board and the Manager. Further details can be found in the Chairman's Statement on pages 6 to 9.

Resolutions including the following business will be proposed.

Dividend Policy

As a result of the timing of the payment of the Company's quarterly dividends, the Company's shareholders are unable to approve a final dividend each year. In line with good corporate governance, the Board therefore proposes to put the Company's dividend policy to shareholders for approval at the Annual General Meeting and on an annual basis thereafter.

The Company's dividend policy is that interim dividends on the Ordinary shares are payable quarterly in March, June, September and December each year. Resolution 3 will seek shareholder approval for the dividend policy.

Issue of Ordinary Shares

Resolution 10, which is an ordinary resolution, will, if passed, renew the Directors' authority to allot new Ordinary shares up to 10% of the issued share capital of the Company (excluding treasury shares) as at the date of the passing of the resolution.

Resolution 11, which is a special resolution, will, if passed, renew the Directors' existing authority to allot new Ordinary shares or sell treasury shares for cash without the new Ordinary shares first being offered to existing shareholders in proportion to their existing holdings. This will give the Directors authority to make limited allotments or sell shares from treasury of up to 10% of the total ordinary issued share capital, excluding treasury shares, as at the date of the passing of the resolution.

The authority to issue shares on a non pre-emptive basis includes shares held in treasury (if any) which the Company sells or transfers, including pursuant to the authority conferred by resolution 10.

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

The authorities being sought under resolutions 10 and 11 shall expire at the conclusion of the Company's next AGM in 2022 or, if earlier, on the expiry of 15 months from the date of the passing of the resolutions, unless such authorities are renewed prior to such time. The Directors have no current intention to exercise these authorities and will only do so if they believe it is advantageous and in the best interests of shareholders.

Purchase of the Company's Ordinary Shares
Resolution 12, which is a special resolution, seeks to renew the Board's authority to make market purchases of the Company's Ordinary shares in accordance with the provisions contained in the Companies Act 2006 and the FCA's Listing Rules. Accordingly, the Company will seek authority to purchase up to a maximum of 14.99% of the issued share capital (excluding treasury shares) at the date of passing of the resolution at a minimum price of 25 pence per share (being the nominal value). Under the Listing Rules, the maximum price that may be paid on the exercise of this authority must not exceed the higher of: (i) 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the shares over the five business days immediately preceding the date of purchase; and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue on which the purchase is carried out.

The Board does not intend to use this authority to purchase the Company's Ordinary shares, unless to do so would result in an increase in the net asset value per Ordinary share and would be in the best interests of shareholders. Any Ordinary shares purchased shall either be cancelled or held in treasury. The authority being sought shall expire at the conclusion of the AGM in 2022 or, if earlier, on the expiry of 15 months from the date of the passing of the resolution unless such authority is renewed prior to such time.

Notice of General Meetings
Under the Companies Act 2006, the notice period for the holding of general meetings of the Company is 21 clear days unless shareholders agree to a shorter notice period and certain other conditions are met. Resolution 13, which is a special resolution, will seek to authorise the Directors to call general meetings of the Company (other than Annual General Meetings) on not less than 14 clear days' notice, as permitted by the Companies Act 2006 amended by the Companies (Shareholders' Rights) Regulations 2009.

It is currently intended that this flexibility to call general meetings on shorter notice will only be used for non-routine business and where it is considered to be in the interests of all shareholders. If resolution 13 is passed, the authority to convene general meetings on not less than 14 clear days' notice will remain effective until the conclusion of the AGM in 2022 or, if earlier, on the expiry of 15 months from the date of the passing of the resolution, unless renewed prior to such time.

Amendment to the Articles of Association
Resolution 14, which will be proposed as a special resolution, seeks shareholder approval to adopt new Articles of Association (the "New Articles") in order to update the Company's current Articles of Association (the "Existing Articles"). The proposed amendments being introduced in the New Articles primarily relate to changes in law and regulation and developments in market practice since the Existing Articles were adopted, and principally include:

i. provisions enabling the Company to hold shareholder meetings using electronic means (as well as physical shareholder meetings or hybrid meetings); and

ii. changes in response to the introduction of international tax regimes requiring the exchange of information.

A summary of the principal amendments being introduced in the New Articles which the Board considers will be of most interest to shareholders is set out in the appendix to the AGM Notice (on page 96 of this document). Other amendments, which are of a minor, technical or clarifying nature, have not been summarised in the appendix.

Directors' Report Continued

While the New Articles (if adopted) would permit shareholder meetings to be conducted using electronic means, the Directors have no present intention of holding a virtual-only meeting. These provisions will only be used where the Directors consider it is in the best of interests of shareholders for a hybrid or virtual-only meeting to be held. Nothing in the New Articles will prevent the Company from holding physical shareholder meetings.

A copy of the New Articles, together with a copy showing all of the proposed changes to the Existing Articles, will be available for inspection on the Company's website, **aberdeenstandardequityincometrustcom**.

Recommendation

The Board considers that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and most likely to promote the success of the Company for the benefit of its members as a whole. Accordingly, the Board recommends that shareholders vote in favour of the resolutions as they intend to do in respect of their own beneficial shareholdings, amounting to 476,065 Ordinary shares, representing 0.98% of the issued share capital.

By order of the Board
Aberdeen Asset Management PLC
Company Secretary
1 George Street
Edinburgh EH2 2LL
25 November 2020

Directors' Remuneration Report

This Directors' Remuneration Report comprises three parts:

1. a Remuneration Policy which is subject to a binding shareholder vote every three years (or sooner if varied during this interval) – most recently voted on at the Annual General Meeting on 23 January 2020, with approval to be renewed at the Annual General Meeting in 2023;
2. an Implementation Report which is subject to an advisory vote on the level of remuneration paid during the year; and
3. an Annual Statement.

Company law requires the Company's Auditor to audit certain of the disclosures provided in the Directors' Remuneration Report. Where disclosures have been audited, they are indicated as such. The Auditor's report is included on pages 61 to 64.

The Director's Remuneration Policy and level of Directors' remuneration are determined by the Remuneration & Management Engagement Committee, which is chaired by Mark White and comprises all of the Directors.

Remuneration Policy

The Directors' Remuneration Policy takes into consideration the principles of UK corporate governance and the AIC's recommendations regarding the application of those principles to investment companies.

No shareholder views have been sought in setting the remuneration policy and no communication was received from shareholders during the year regarding Directors' remuneration.

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

The levels of fees at the year end are set out in the table below. Fees are reviewed annually and, if considered appropriate, adjusted accordingly.

	30 September 2020 £	30 September 2019 £
Chairman	29,500	29,500
Chair of Audit Committee	25,000	25,000
Chairman of the Remuneration & Management Engagement Committee	22,000	22,000
Director	20,500	20,500

Appointment

- The Company only intends to appoint non-executive Directors.
- All the Directors are non-executive and are appointed under the terms of letters of appointment.
- The terms of appointment provide that Directors should retire and be subject to election at the first Annual General Meeting after their appointment. The Company's Articles of Association require all Directors to retire by rotation at least every three years. However, notwithstanding the Articles of Association, the Board has agreed that all Directors should retire annually and seek re-election at the AGM.
- Any Director newly appointed to the Board will receive the fee applicable to each of the other Directors at the time of appointment together with any other fee then currently payable in respect of a specific role which the new Director is to undertake for the Company.
- No incentive or introductory fees will be paid to encourage a person to become a Director.
- Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.
- Directors are entitled to re-imbursement of out-of-pocket expenses incurred in connection with the performance of their duties.
- The Company indemnifies its Directors for all costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties as a Director of the Company.

Directors' Remuneration Report Continued

Performance, Service Contracts, Compensation and Loss of Office

- Directors' remuneration is not subject to any performance related fee.
- No Director has a service contract.
- No Director was interested in contracts with the Company during the period or subsequently.
- The terms of appointment provide that a Director may be removed without notice.
- 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.
- No Director is entitled to any other monetary payment or any assets of the Company.

Directors' & Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

There were no changes to the Directors' Remuneration Policy during the year nor are there any proposals for changes in the foreseeable future. The Remuneration Policy is reviewed by the Remuneration & Management Engagement Committee on an annual basis and it is the Committee's intention that this Remuneration Policy will apply for the three year period ending 30 September 2022.

Statement of Voting on the the Directors' Remuneration Policy at General Meeting

At the Annual General Meeting held on 23 January 2020, shareholders approved the Directors' Remuneration Policy. 98.1% of proxy votes were in favour of the resolution and 1.1% of proxy votes were cast against the resolution.

Unless there are material changes, a resolution to approve the Directors' Remuneration Policy will next be proposed at the Company's Annual General Meeting in 2023.

Implementation Report

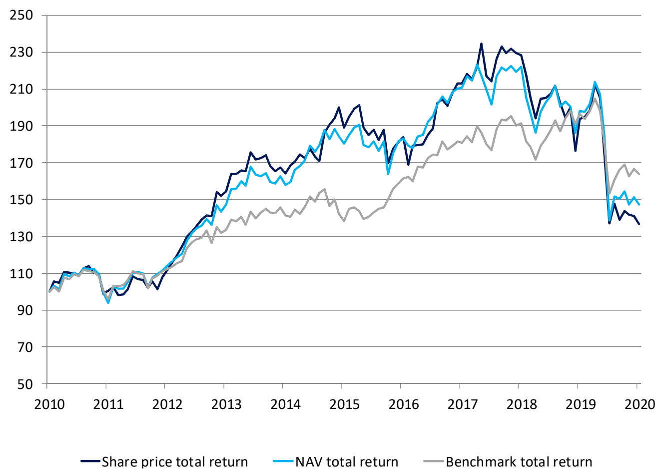
Review of Directors' Fees

The Remuneration & Management Engagement Committee carried out a review of the level of Directors' fees during the year, which included consideration of fees paid by comparable investment trusts and the sector as a whole. Following this review, the Committee concluded that there would be no fee increases at the current time. Director fees were last increased in May 2018.

The Remuneration & Management Engagement Committee was not provided with advice or services by any person in respect of its consideration of the Directors' remuneration.

Company Performance

The graph below shows the share price and NAV total return (assuming all dividends are reinvested) to Ordinary shareholders compared to the total return from the FTSE All-Share Index for the ten year period to 30 September 2020 (rebased to 100 at 30 September 2010). This index was chosen for comparison purposes only, as it is a widely used indicator for the equity market in which the Company invests.



Statement of Voting on the Directors' Remuneration Report at General Meeting

At the Company's last Annual General Meeting, held on 23 January 2020, shareholders approved the Directors' Remuneration Report in respect of the year ended 30 September 2019. 99.0% of proxy votes were in favour of the resolution, and 1.0% of proxy votes were cast against the resolution.

A resolution to approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) in respect of the year ended 30 September 2020 will be proposed at the Annual General Meeting.

Spend on Pay

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

Audited Information

Directors' Remuneration

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

Director	Year ended 30 September 2020	Year ended 30 September 2019
Richard Burns	29,500	29,500
Josephine Dixon[A]	7,796	25,000
Caroline Hitch	20,500	20,500
Sarika Patel[B]	21,888	-
Jeremy Tigue	20,500	20,500
Mark White	22,000	22,000
Total	**122,184**	**117,500**

[A] Retired on 23 January 2020.
[B] Appointed a Director on 1 November 2019 and as Chair of Audit Committee on 23 January 2020

The above amounts exclude any employers' national insurance contributions, if applicable. All fees are at a fixed rate and there is no variable remuneration. Fees are pro-rated where a change takes place during a financial year. There were no payments to third parties included in the fees referred to in the table above. No other forms of remuneration were received by the Directors and none of the Directors has any taxable expenses, compensation for loss of office or non-cash benefit for the year ended 30 September 2020 (2019: nil).

Annual Percentage Change in Directors' Remuneration

The table below sets out the annual percentage change in Directors' remuneration for the past year.

	Year ended 30 September 2020 Fees %
Richard Burns	-
Josephine Dixon[A]	-68.8
Caroline Hitch	-
Sarika Patel[B]	n/a
Jeremy Tigue	-
Mark White	-

[A] Retired on 23 January 2020.
[B] Appointed a Director on 1 November 2019.

Directors' Interests in the Company

The Directors (including their connected persons) at 30 September 2020 and 30 September 2019 had no interest in the share capital of the Company other than those interests shown in the following table.

	30 September 2020 Ordinary shares	30 September 2019 Ordinary shares
Richard Burns[A]	393,500	293,500
Josephine Dixon[B]	20,000	20,000
Caroline Hitch	25,000	25,000
Sarika Patel[C]	1,679	-
Jeremy Tigue	25,886	25,886
Mark White	30,000	20,000

[A] Includes non-beneficial holdings
[B] Retired on 23 January 2020. Shareholding as at date of retirement.
[C] Appointed a Director on 1 November 2019

There have been no changes to the Directors' interests in the share capital of the Company since the year end up to the date of approval of this Report.

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, it is confirmed that the above Remuneration Report summarises, as applicable, for the year to 30 September 2020:

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

Mark White
Chairman of the Remuneration & Management Engagement Committee
25 November 2020

Audit Committee Report

The Audit Committee presents its Report for the year ended 30 September 2020.

Committee Composition

Since 23 January 2020, the Committee is chaired by Sarika Patel who is a Chartered Accountant and has recent and relevant financial experience. The Committee comprises all non-executive Directors. The Audit Committee and Board considers that the Chairman of the Board, Richard Burns, was independent on appointment, and continues to be independent of the Manager. Given the size of the Board, and the continued independence of Richard Burns, the Board believes that it is appropriate for all the independent Directors, including the Chairman, to constitute the Audit Committee. The Board is satisfied that the Committee as a whole has competence relevant to the investment trust sector.

Functions of the Audit Committee

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

The Committee's main functions are listed below:

- to review and monitor the internal control systems and risk management systems (including review of non-financial risks) on which the Company is reliant (the Directors' statement on the Company's internal controls and risk management is set out below);
- to consider whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the half-yearly and annual financial statements of the Company and any formal announcements relating to the Company's financial performance, by reviewing, and challenging where necessary, the actions and judgements of the Manager;
- to review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, half-yearly financial reports, any formal announcements relating to the Company's financial performance;
- to review the content of the Annual Report and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- to meet with the Auditor to review the proposed audit programme of work and the findings of the Auditor. The Committee shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the Auditor to supply non-audit services. Non-audit fees paid to the Auditor during the year under review amounted to £nil (2019: £nil). All non-audit services must be approved in advance by the Audit Committee and will be reviewed in the light of relevant guidance and statutory requirements regarding the provision of non-audit services by the external audit firm, and the need to maintain the Auditor's independence;
- to review a statement from the Standard Life Aberdeen Group detailing the arrangements in place within the group whereby staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters;
- to make recommendations to the Board in relation to the appointment of the Auditor and to approve the remuneration and terms of engagement of the Auditor; and
- to monitor and review the Auditor's independence, objectivity, effectiveness, resources and qualification, taking into consideration relevant UK professional and regulatory requirements.

Activities During the Year

The Audit Committee met twice during the year when, amongst other things, it considered the Annual Report and the Half-Yearly Financial Report in detail. Representatives of the Standard Life Aberdeen Group's internal audit, risk and compliance departments reported to the Committee at these meetings on matters such as internal control systems, risk management and the conduct of the business in the context of its regulatory environment. No significant weaknesses in the control environment were identified and it was also noted that there had not been any adverse comment from the independent Auditor and that the independent Auditor had not identified any significant issues in its audit report. The Committee, therefore, concluded that there were no significant issues which required to be reported to the Board.

The Committee also considered the implications for the Company as a result of the spread of the Covid-19 virus, including the resilience of the reporting and control systems in place for both the Manager and other service providers.

Internal Controls and Risk Management

The Board confirms that there is an ongoing process for identifying, evaluating and managing the Company's significant business and operational risks, that has been in place for the year ended 30 September 2020 and up to the date of approval of the Annual Report, is regularly reviewed by the Board and accords with the FRC's guidance on internal controls.

The Board has overall responsibility for ensuring that there is a system of internal controls and risk management in place and a process for reviewing its effectiveness. Day-to-day measures have been delegated to the Manager with an effective process of reporting to the Board for supervision and control. 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 control and risk management is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and, by its nature, can only provide reasonable and not absolute assurance against material misstatement or loss.

The design, implementation and maintenance of controls and procedures to safeguard the assets of the Company and to manage its affairs properly extends to operational and compliance controls and risk management. The Board, through the Audit Committee, has prepared its own risk register which lists potential risks as set out in the Strategic Report on pages 12 to 14. The Board considers the potential cause and possible effect of these risks as well as reviewing the controls in place to mitigate them.

Clear lines of accountability have been established between the Board and the Manager. The Board receives regular reports covering key performance and risk indicators and considers control and compliance issues brought to its attention. In carrying out its review, the Board has had regard to the activities of the Standard Life Aberdeen Group, including its internal audit and compliance functions, and the Auditor.

The Board has reviewed the Standard Life Aberdeen Group's process for identifying and evaluating the significant risks faced by the Company and the policies and procedures by which these risks are managed. The Board has also reviewed the effectiveness of the Standard Life Aberdeen Group's system of internal control including its annual internal controls report prepared in accordance with the International Auditing and Assurance Standards Board's International Standard on Assurances Engagements ("ISAE") 3402, "Assurance Reports on Controls at a Service Organisation". Any weaknesses identified are reported to the Audit Committee and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Audit Committee.

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

- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers. These agreements are reviewed periodically by the Board;
- the Board and Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board;
- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance
- as a matter of course the Standard Life Aberdeen Group's internal audit and compliance departments continually review its operations;
- bi-annually, the Audit Committee carries out an assessment of internal controls by considering documentation from the Standard Life Aberdeen Group, including the internal audit and compliance functions and reports to the Board on its conclusions; and
- the Audit Committee reviews internal control reports provided by the Depositary, BNP Paribas Securities Services, London Branch.

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

Audit Committee Report Continued

Financial Statements and Significant Issues

During its review of the Company's financial statements for the year ended 30 September 2020, the Audit Committee considered the following significant issues, in particular those communicated by the Auditor during its planning and reporting of the year end audit:

Valuation, Existence and Ownership of Investments

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

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

Recognition of Dividend Income

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

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

Review of Financial Reporting

The Committee, when considering the draft Annual Report and financial statements for the year ended 30 September 2020, concluded that taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. In reaching this conclusion, the Committee has assumed that the reader of the Annual Report and financial statements would have a reasonable knowledge of the investment industry in general and of investments trusts in particular.

Review of Independent Auditor

The Audit Committee has reviewed the effectiveness of the independent Auditor, KPMG LLP ("KPMG"), including:

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

The independent Auditor's report is included on pages 61 to 64. Details of the amounts paid to KPMG during the year for audit services are set out in note 4 to the financial statements.

Tenure of the Independent Auditor

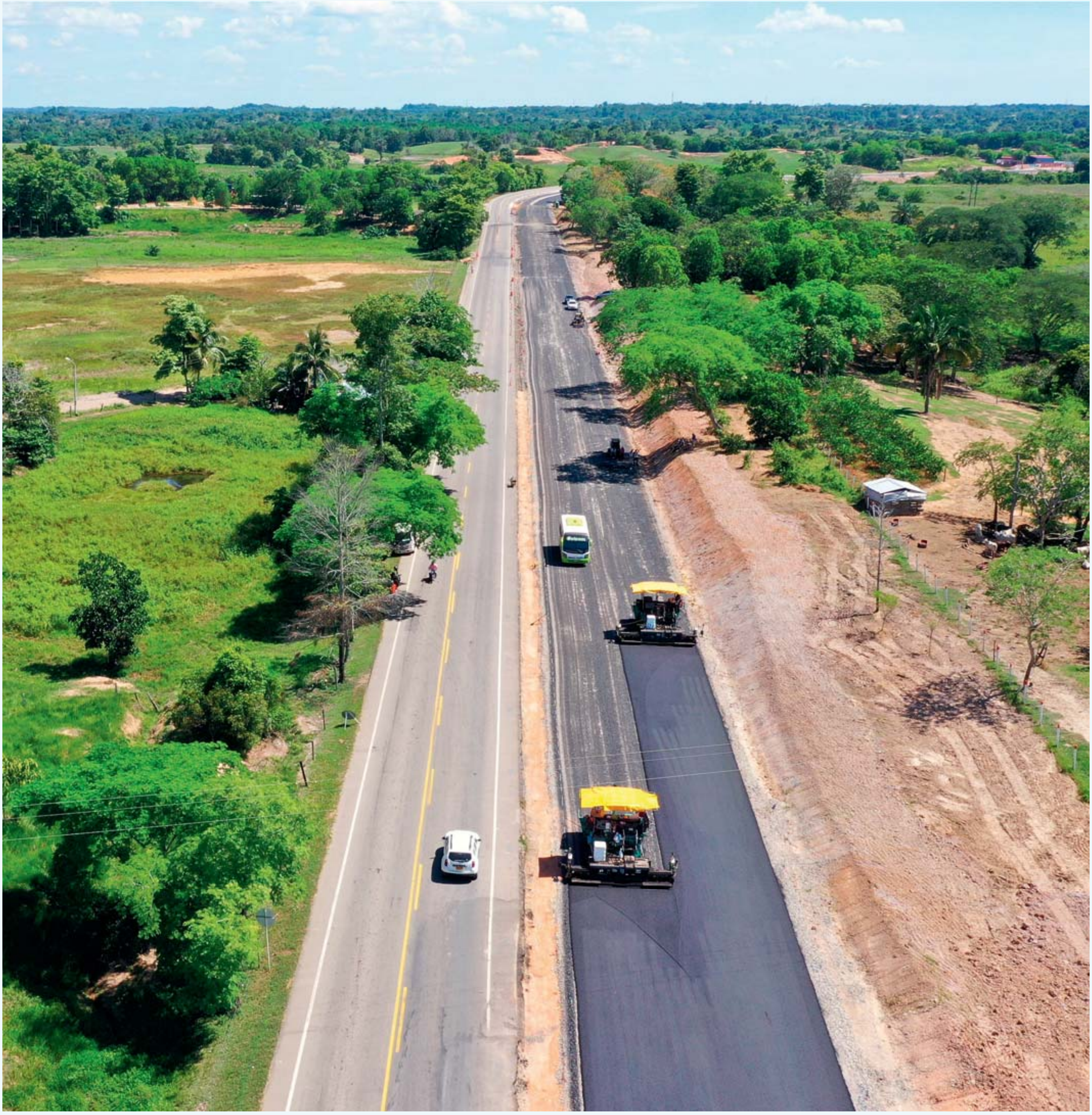
KPMG was initially appointed as the Company's independent Auditor on 15 March 2018 and approved by shareholders at the Annual General Meeting on 17 January 2019. In accordance with present professional guidelines the senior statutory auditor is rotated after no more than five years and the year ended 30 September 2020 is the third year during which the present senior statutory auditor has served.

The next audit tender of the Company is due to take place by 2027 in compliance with the EU regulations and FRC Guidance on audit tenders.

The Audit Committee is satisfied with the quality of the work and service carried out by KPMG and with the level of fees. The Committee is also satisfied that KPMG is independent and therefore supports the recommendation to the Board that the re-appointment of KPMG be put to shareholders for approval at the Annual General Meeting.

On behalf of the Audit Committee
Sarika Patel
Chair of the Audit Committee
25 November 2020

Financial Statements



Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors 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 the profit or loss of the Company for that period.

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

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

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

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

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

The Directors confirm that to the best of their knowledge:

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

On behalf of the Board
Richard Burns
Chairman
25 November 2020

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

Overview
Strategic Report
Portfolio
Governance
Financial Statements
Corporate Information
General

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 2020 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 2020 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.

Basis for Opinion

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

We were first appointed as auditor by the shareholders on 15 March 2018. The period of total uninterrupted engagement is for the three financial years ended 30 September 2020. 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 judgement, 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 2019) 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 in order that the Company's members as a body may better understand the process by which we arrived at our audit opinion. 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 investments (£157.8 million; 2019: £229.2 million) *Refer to page 56 (Audit Committee Report), page 68 (accounting policy) and page 74 (financial disclosures).*	**Low risk, high value** The Company's portfolio of investments make up 99% (2019: 97%) of the total assets (by value) and are considered to be the key driver of results. We do not consider 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 investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	**Our procedures included:** · **Tests of detail:** Agreeing the valuation of 100% of quoted investments in the portfolio to externally listed prices; and · **Enquiry of custodians:** Agreeing 100 % of the investment holdings in the portfolio to independently received third party confirmations from investment custodians. **Our results:** We found the carrying amount of listed investments to be acceptable (2019: acceptable).

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

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 £1.5million (2019: £2.3million), determined with reference to a benchmark of total assets, of which it represents 1% (2019: 1%).

In addition, we applied a lower materiality of £0.4million (2019: £0.5million) to the income balance for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could be reasonably 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 £0.1million (2019: £0.12million); in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed by a single audit team.

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 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 47 is materially inconsistent with our audit knowledge.

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

5. We Have Nothing to Report on the Other Information in the Annual Report

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

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

Strategic Report and Directors' Report

Based solely on our work on the other information:

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

Directors' Remuneration Report

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

Disclosures of Principal Risks and Longer-Term Viability
Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the viability statement on pages 16 and 17 that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks and Uncertainties disclosures describing these risks and explaining how they are being managed and mitigated; and
- 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 judgements 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 Report does not properly disclose a departure from the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. We Have Nothing to Report on the Other Matters on Which we are Required to Report by Exception

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

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

We have nothing to report in these respects.

7. Respective Responsibilities

Directors' Responsibilities
As explained more fully in their statement set out on page 60, 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, 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.

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

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 discussed with the Directors and the manager the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

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

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

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: the Listing Rules and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non- compliance with these laws and regulations to enquiry of the Directors and the Manager and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or expected 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
20 Castle Terrace,
Edinburgh, EH1 2EG
25 November 2020

Statement of Comprehensive Income

				2020			2019
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net losses on investments at fair value	9	–	(56,722)	(56,722)	–	(35,337)	(35,337)
Currency losses		–	(30)	(30)	–	(9)	(9)
Income	2	8,730	–	8,730	11,791	–	11,791
Investment management fee	3	(310)	(722)	(1,032)	(461)	(1,076)	(1,537)
Administrative expenses	4	(473)	–	(473)	(424)	–	(424)
Net return before finance costs and taxation		7,947	(57,474)	(49,527)	10,906	(36,422)	(25,516)
Finance costs	5	(142)	(333)	(475)	(179)	(417)	(596)
Return before taxation		7,805	(57,807)	(50,002)	10,727	(36,839)	(26,112)
Taxation	6	(191)	–	(191)	(40)	–	(40)
Return after taxation		**7,614**	**(57,807)**	**(50,193)**	**10,687**	**(36,839)**	**(26,152)**
Return per Ordinary share	8	**15.61p**	**(118.51p)**	**(102.90p)**	**21.74p**	**(74.95p)**	**(53.21p)**

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 68 to 79 are an integral part of the financial statements.

Statement of Financial Position

	Notes	2020 £'000	2019 £'000
Fixed assets			
Investments at fair value through profit or loss	9	157,799	229,277
Current assets			
Debtors	10	524	4,411
Money-market funds		872	1,262
Cash and short-term deposits		307	389
		1,703	6,062
Current liabilities			
Creditors: amounts falling due within one year			
Bank loan	11	(19,899)	(29,867)
Other creditors	11	(407)	(4,000)
		(20,306)	(33,867)
Net current liabilities		(18,603)	(27,805)
Net assets		**139,196**	**201,472**
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		53,494	112,940
Revenue reserve		8,748	11,578
Equity shareholders' funds		**139,196**	**201,472**
Net asset value per Ordinary share	13	**288.02p**	**411.83p**

The financial statements on pages 65 to 79 were approved by the Board of Directors and authorised for issue on 25 November 2020 and were signed on its behalf by:

Richard Burns
Chairman

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

Statement of Changes in Equity

For the year ended 30 September 2020

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 September 2019		12,295	52,043	12,616	112,940	11,578	201,472
Return after taxation		–	–	–	(57,807)	7,614	(50,193)
Purchase of own shares for treasury		–	–	–	(1,639)	–	(1,639)
Dividends paid	7	–	–	–	–	(10,444)	(10,444)
Balance at 30 September 2020		**12,295**	**52,043**	**12,616**	**53,494**	**8,748**	**139,196**

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**

The capital reserve at 30 September 2020 is split between realised gains of £83,702,000 and unrealised losses of £30,208,000 (30 September 2019: realised gains of £118,671,000 and unrealised losses of £5,731,000).

The revenue and capital reserves represent the amount of the Company's reserves distributable by way of dividend.

The accompanying notes on pages 68 to 79 are an integral part of the financial statements.

Notes to the Financial Statements

For the year ended 30 September 2020

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 October 2019. 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 Company's assets consist substantially of equity shares in companies listed on recognised stock exchanges and in most circumstances, including in the current market environment, are realisable within a short timescale. The Board has set limits for borrowing and regularly reviews cash flow projections and compliance with banking covenants, including the headroom available. Having taken these factors into account as well as the impact of Covid-19 and having assessed the principal risks and other matters set out in the Viability Statement on pages 16 and 17, the Directors believe that, after making enquiries, the Company has adequate resources to continue in operational existence for the foreseeable future and has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of this Report. The next continuation vote will be held at the AGM in February 2022. The Directors have no reason to believe that the vote will not be in favour on continuation based on their assumption that investors will wish to continue to have exposure to the Company's activities, in the form of a closed ended entity. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is included in the Directors' Report (unaudited) on page 47.

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) **Valuation of 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 the most liquid of the FTSE 250 constituents 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-rated money-market fund, Aberdeen Standard Liquidity 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 ant 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 a 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.

(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 including money-market funds that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements Continued

(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.

(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

	2020 £'000	2019 £'000
Income from investments		
UK investment income		
Ordinary dividends	6,742	9,032
Special dividends	367	390
Stock dividends	–	361
	7,109	9,783
Overseas and Property Income Distribution investment income		
Ordinary dividends	1,514	1,746
Special dividends	89	209
	1,603	1,955
	8,712	11,738
Other income		
Money-market interest	18	43
Underwriting commission	–	10
	18	53
Total income	**8,730**	**11,791**

3. Investment management fee

	2020 £'000	2019 £'000
Charged to revenue reserve	310	461
Charged to capital reserve	722	1,076
	1,032	**1,537**

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

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 would 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 athereafter. Prior to this, the fee was calculated at a rate of 0.65% per annum on the first £250 million of total assets and at a rate of 0.55% per annum of total assets thereafter. The fee is payable quarterly in arrears and is chargeable 30% to revenue and 70% to capital (see note 1(e) for further detail). The balance of fees due at the year end was £227,000 (2019 – £770,000).

4. Administrative expenses

	2020 £'000	2019 £'000
Directors' fees	122	118
Employers' National Insurance	7	7
Fees payable to the Company's Auditor (excluding VAT):		
– for the audit of the annual financial statements	26	23
Professional fees	21	47
Depositary fees	37	46
Other expenses	260	183
	473	**424**

The Company has an agreement with ASFML for the provision of promotional activities. Fees paid under the agreement during the year were £111,000 (2019 – £49,000). At 30 September 2020, £32,000 was prepaid to ASFML (2019 – £49,000 due to ASFML).

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.

The Company has no employees.

5. Finance costs

	2020 £'000	2019 £'000
On bank loans and overdrafts:		
Charged to revenue reserve	142	179
Charged to capital reserve	333	417
	475	**596**

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

Notes to the Financial Statements Continued

6. Taxation

			2020			2019
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) Analysis of charge for the year						
Overseas withholding tax	**191**	**–**	**191**	**40**	**–**	**40**

(b) Factors affecting total tax charge for the year. The corporation tax rate was 19% (2019 – 19%). The total tax assessed for the year is higher (2019 – higher) than that resulting from applying the standard rate of corporation tax in the UK.

A reconciliation of the Company's total tax charge is set out below:

			2020			2019
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return before taxation	7,805	(57,807)	(50,002)	10,727	(36,839)	(26,112)
Corporation tax at a rate of 19% (2019 – 19%)	1,483	(10,983)	(9,500)	2,038	(6,999)	(4,961)
Effects of:						
Non-taxable UK dividends	(1,365)	–	(1,365)	(1,718)	–	(1,718)
Non-taxable overseas dividends	(243)	–	(243)	(397)	–	(397)
Currency losses not relievable	–	6	6	–	2	2
Losses on investments not relievable	–	10,777	10,777	–	6,714	6,714
Expenses not deductible for tax purposes	3	–	3	1	–	1
Excess management expenses and loan relationship losses	122	200	322	76	283	359
Irrecoverable overseas withholding tax	191	–	191	40	–	40
Total taxation	**191**	**–**	**191**	**40**	**–**	**40**

At 30 September 2020, the Company had unutilised management expenses and loan relationship losses of £28,657,000 (2019 – £27,183,000). No deferred tax asset has been recognised on the unutilised management expenses and loan relationship losses as it is unlikely that the Company will generate suitable taxable profits in the future that these tax losses could be deducted against.

7. Dividends on Ordinary shares

	2020 £'000	2019 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for 2019 of 5.80p per share (2018 – 5.50p)	2,837	2,704
First interim dividend for 2020 of 5.20p per share (2019 – 4.90p)	2,544	2,409
Second interim dividend for 2020 of 5.20p per share (2019 – 4.90p)	2,543	2,409
Third interim dividend for 2020 of 5.20p per share (2019 – 4.90p)	2,520	2,407
	10,444	**9,929**

The fourth interim dividend of 5.0p per Ordinary share, payable on 30 December 2020 to shareholders on the register on 4 December 2020 has not been included as a liability in the financial statements.

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, are set out below.

	2020 £'000	2019 £'000
First interim dividend for 2020 of 5.20p per share (2019 – 4.90p)	2,544	2,409
Second interim dividend for 2020 of 5.20p per share (2019 – 4.90p)	2,543	2,409
Third interim dividend for 2020 of 5.20p per share (2019 – 4.90p)	2,520	2,407
Fourth interim dividend for 2020 of 5.00p per share (2019 – nil)	2,416	–
Final dividend for 2019 of 5.80p per share	–	2,837
	10,023	**10,062**

8. Return per Ordinary share

	2020		2019	
	£'000	p	£'000	p
Basic				
Revenue return	7,614	15.61	10,687	21.74
Capital return	(57,807)	(118.51)	(36,839)	(74.95)
Total return	**(50,193)**	**(102.90)**	**(26,152)**	**(53.21)**
Weighted average number of Ordinary shares in issue[A]		**48,776,939**		**49,152,006**
Shares in issue		**48,327,960**		**48,921,128**

[A] Calculated excluding shares held in Treasury where applicable.

Notes to the Financial Statements Continued

9. Investments

	2020 £'000	2019 £'000
Fair value through profit or loss		
Opening book cost	235,008	237,840
Opening fair value (losses)/gains on investments held	(5,731)	28,902
Opening fair value	229,277	266,742
Movements in the year:		
Purchases at cost	47,523	67,648
Sales – proceeds	(62,279)	(69,776)
Losses on investments	(56,722)	(35,337)
Closing fair value	**157,799**	**229,277**
Closing book cost	188,007	235,008
Closing fair value losses on investments held	(30,208)	(5,731)
Closing fair value	**157,799**	**229,277**

The Company received £62,279,000 (2019 – £69,776,000) from investments sold in the year. The book cost of these investments when they were purchased was £94,524,000 (2019 – £70,480,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

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

	2020 £'000	2019 £'000
Purchases	213	285
Sales	47	50
Total	**260**	**335**

10. Debtors: amounts falling due within one year

	2020 £'000	2019 £'000
Amounts due from brokers	191	3,672
Net dividends and interest receivable	188	570
Other debtors	145	169
	524	**4,411**

11. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Bank loan	20,000	30,000
Unamortised loan arrangement expenses	(101)	(133)
	19,899	**29,867**
Other creditors		
Amounts due to brokers	–	3,061
Investment management fee payable	227	770
Sundry creditors	180	169
	407	**4,000**

The loan facility by Banco Santander S.A. London Branch 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 £100 million (2019 – £150 million) 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 2020, £20 million had been drawn down, maturing on 27 October 2020 (30 September 2019 –£30 million) at an interest rate of 1.38725% (30 September 2019 – 1.714380%)

Subsequent to the year end, the £20 million loan was rolled over until 27 January 2021 at an interest rate of 1.349%.

12. Called up share capital

	£'000	£'000
Issued and fully paid:		
Ordinary shares of 25p each		
Opening balance of 48,921,128 (2019 – 49,162,782) Ordinary shares	12,231	12,291
Buyback of 593,168 (2019 – 241,654) Ordinary shares	(148)	(60)
Closing balance of 48,327,960 (2019 – 48,921,128) Ordinary shares	**12,083**	**12,231**
Treasury shares		
Opening balance of 257,639 (2019 – 15,985) Treasury shares	64	4
Buyback of 593,168 (2019 – 241,654) Ordinary shares to Treasury	148	60
Closing balance of 850,807 (2019 – 257,639) treasury shares	**212**	**64**
	12,295	**12,295**

During the year, 593,168 Ordinary shares (2019 – 241,654) were repurchased for a consideration of £1,639,000 (2019 – £896,000). The total shares held in Treasury is 850,807 (2019 – 257,639).

There were no Ordinary shares issued in 2020 or 2019.

Notes to the Financial Statements Continued

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:

	2020	2019
Basic		
Total shareholders' funds (£'000)	139,196	201,472
Number of Ordinary shares in issue at year end[A]	48,327,960	48,921,128
Net asset value per share	288.02p	411.83p

[A] Excludes shares in issue held in treasury where applicable.

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 – of revenue and capital returns.

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:

As at 30 September 2020	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £000	Floating rate £000
Assets				
Money market funds	–	0.17	–	872
Cash deposits	–	–	–	307
Total assets	**–**	**0.17**	**–**	**1,179**
Liabilities				
Bank loans	–	1.39	19,899	–
Total liabilities	**–**	**1.39**	**19,899**	**–**
As at 30 September 2019				
Assets				
Money market funds	–	0.83	–	1,262
Cash deposits	–	–	–	389
Total assets	**–**	**0.83**	**–**	**1,651**
Liabilities				
Bank loans	–	1.71	29,867	–
Total liabilities	**–**	**1.71**	**29,867**	**–**

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 bank loans is based on the interest rate payable, weighted by the total value of the loans.

The floating rate assets consist of money market funds 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 2020 or 30 September 2019 that had a maturity date. The £20 million loan drawn down had a maturity date of 27 October 2020 at the Statement of Financial Position date. (2019 – £30 million on 21 October 2019).

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 2020 would decrease/increase by £187,000 (2019 – decrease/increase by £282,000). This is mainly attributable to the Company's exposure to interest rates on its fixed rate borrowings and floating rate cash balances.

Notes to the Financial Statements Continued

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 Manager actively monitors market prices throughout the year and reports to the Board. 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 2020 would have increased/decreased by £15,780,000 (2019 – increase/decrease of £22,928,000). 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:

	2020		2019	
	Statement of Financial Position £'000	Maximum exposure £'000	Statement of Financial Position £'000	Maximum exposure £'000
Current assets				
Debtors	524	524	4,411	4,411
Money market funds (indirect exposure)	872	872	1,262	1,262
Cash and short term deposits	307	307	389	389
	1,703	**1,703**	**6,062**	**6,062**

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

Fair values of financial assets and financial liabilities. The fair value of borrowings is not materially different to the accounts value in the financial statements of £19,899,000 (note 11).

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 date) 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 (2019 – 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 (2020: £157,799,000; 2019: £229,277,000) have therefore been deemed 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 gearing of 13.3% of net assets (2019 – 13.7%)

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 2020 there were no contingent liabilities (2019 – same).

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 51 to 53. The balance of fees due to Directors at the year end was £29,000 (2019 – £29,000).

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.

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. Where the calculation of an APM is not detailed within the financial statements, an explanation of the methodology employed is provided below:

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

	30 September 2020	30 September 2019
Share price	252.00p	381.50p
Net asset value per share	288.02p	411.83p
(Discount)/premium	(12.5%)	(7.4%)

Dividend yield. Dividend yield measures the dividend per share as a percentage of the share price per share.

	30 September 2020	30 September 2019
Share price	252.00p	381.50p
Dividend per share	20.60p	20.50p
Dividend yield	8.2%	5.4%

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 from and to brokers at the period end as well as cash and short-term deposits.

		30 September 2020 £'000	30 September 2019 £'000
Total borrowings	a	19,899	29,867
Cash and short-term deposits		307	389
Investments in AAA-rated money-market funds		872	1,262
Amounts due from brokers		191	3,672
Amounts payable to brokers		–	(3,061)
Total cash and cash equivalents	b	1,370	2,262
Gearing (borrowings less cash & cash equivalents)	c=(a-b)	**18,529**	**27,605**
Shareholders' funds	d	**139,196**	**201,472**
Net gearing	e=(c/d)	**13.3%**	**13.7%**

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

		30 September 2020 £'000	30 September 2019 £'000
Investment management fees		1,032	1,537
Administrative expenses		473	424
Less: non-recurring charges[A]		(15)	(40)
Ongoing charges	a	**1,490**	**1,921**
Average net assets	b	**171,981**	**210,698**
Ongoing charges ratio	c=(a/b)	**0.87%**	**0.91%**

[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, which includes financing and transaction costs.

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

Alternative Performance Measures Continued

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

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

Year ended 30 September 2020	Dividend rate	NAV	Share price
30 September 2019		411.83p	381.50p
24 December 2019	5.80p	442.36p	421.00p
5 March 2020	5.20p	379.01p	358.00p
4 June 2020	5.20p	313.98p	277.00p
3 September 2020	5.20p	290.11p	259.00p
30 September 2020		288.02p	252.00p
Total return		**–25.7%**	**–29.4%**

30 September 2019	Dividend rate	NAV	Share price
30 September 2018		485.02p	473.00p
20 December 2018	5.50p	393.98p	402.50p
21 February 2019	4.90p	431.85p	413.50p
30 May 2019	4.90p	426.10p	411.00p
5 September 2019	4.90p	394.92p	360.00p
30 September 2019		411.83p	381.50p
Total return		**–10.8%**	**–15.1%**

Corporate Information

Aberdeen Standard Investments assets under management and administration were £511.8 billion as at 30 June 2020, managed for a range of clients including 23 UK-listed closed end investment companies.

Information about the Investment Manager

Standard Life Investments Limited

The Company's Investment Manager is Standard Life Investments Limited which is a wholly-owned subsidiary of Standard Life Aberdeen plc. The group's assets under management and administration were £511.8 billion as at 30 June 2020, managed for a range of clients including 23 UK-listed closed end investment companies.

Aberdeen Standard Investments ("ASI") is the brand of Standard Life Aberdeen plc.

The Investment Team Senior Managers

Thomas Moore
Portfolio Manager

Thomas is a Senior Investment Director within the UK equities team. He began his career in 1998, joining Schroder Investment Management as Assistant Fund Manager, UK Equities. He joined Standard Life Investments in 2002 as an Investment Analyst. He then managed EMEA portfolios before moving to the UK equities team in 2006.

Thomas began managing Aberdeen Standard Equity Income Trust plc in November 2011.

Iain Pyle
Investment Director

Iain has been an Investment Director in the UK Equities team for Aberdeen Standard Investments since 2015. He is the lead manager of Shires Income PLC and is deputy manager for Murray Income Trust PLC and Aberdeen Standard Equity Income Trust plc. Within his role, he manages the UK Equity High Income Fund and the Bothwell UK Equity Income Fund and has sector responsibility for oil & gas and banks.

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: **aberdeenstandardequityincometrust.com.** The periodic disclosures required to be made by the AIFM under the AIFMD are set out on page 90.

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: **fca.org.uk/consumers/scams**

Shareholder Enquiries

For queries regarding shareholdings, lost certificates, dividend payments, registered details and related matters, shareholders holding their shares directly in the Company are advised to contact the Registrars (see Corporate Information). Changes of address must be notified to the Registrars in writing.

If you have any general questions about your Company, the Manager or performance, please telephone the Aberdeen Standard Investments Customer Services Department **(0808 500 4000)**, send an email to **company.secretary@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 2020/21 tax year. Above this amount, individuals pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company provides registered shareholders with a confirmation of dividends paid 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"), or through the many broker platforms which offer the opportunity to acquire shares in investment companies.

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.

Investor Information Continued

Aberdeen Standard Investments 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 Investments ISA
Aberdeen Standard Investments operates an Investment Trust ISA ("ISA") through which an investment may be made of up to £20,000 in the 2020/21 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: **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.

Twitter:
twitter.com/AberdeenTrusts

LinkedIn:
linkedin.com/company/aberdeen-standard-investment-trusts

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

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

Key Information Document ("KID")
The KID relating to the Company and published by the Manager can be found on the Company's website.

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

Or telephone: **0808 500 4000**

Or write to:
Aberdeen Standard Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB

Terms and Conditions
Terms and conditions for Aberdeen Standard Investments managed savings products can also be found on the Manager's website at: **invtrusts.co.uk**.

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 and Financial Advice Association at: **pimfa.co.uk**.

Financial Advisers

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

Regulation of Stockbrokers

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

Tel: **0800 111 6768**
or at **fca.org.uk/firms/financial-services-register**
Email: **consumer.queries@fca.org.uk**

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 Investments Children's Plan, the Aberdeen Standard Investments Share Plan and/or the Aberdeen Standard Investments 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.

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 85 to 87 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.

Glossary of Terms

Aberdeen Standard Investments
Aberdeen Standard Investments is the brand of Standard Life Aberdeen plc.

AIC
The Association of Investment Companies.

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

Alternative Performance Measures or 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 Return Per Share
The realised and unrealised gains and losses of the investment portfolio net of costs, interest and tax of the Company that have been allocated to capital, divided by the weighted average number of shares in issue during the year.

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

Depositary
A depositary is responsible for cash monitoring, the custody and safeguarding of the Company's financial instruments and monitoring the Company's compliance with investment limits and leverage requirements. The Company's Depositary is BNP Paribas Securities Services, London Branch.

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

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

Dividend per Share
The total of all dividends paid by the Company over the year on a per share basis.

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

Earnings per Share or 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 Return Per Share and Capital Return Per Share.

Ex-dividend date ("XD date")
The day before the Record Date. The XD date is normally about a month before the dividend is paid.

FCA
Financial Conduct Authority.

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

Index
A market index calculates the average performance of its constituents, normally on a weighted basis. It provides a means against which the performance of individual instruments can be assessed.

Investment Manager
Standard Life Investments Limited is a wholly owned subsidiary of Standard Life Aberdeen plc and acts as the Company's investment manager. It is authorised and regulated by the FCA.

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

Key Information Document or KID
The Packaged Retail and Insurance-based Investment Products ("PRIIPS") Regulation requires the Manager, as the Company's PRIIP 'manufacturer', to prepare a Key Information Document ("KID") in respect of the Company. This KID must be made available by the Manager to retail investors prior to them making any investment decision and is available via the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance.

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

Manager, AIFM or ASFML
Aberdeen Standard Fund Managers Limited is a wholly owned subsidiary of Standard Life Aberdeen plc and acts as the Alternative Investment Fund Manager for the Company. It is authorised and regulated by the FCA.

Market Capitalisation
The latest price of an Ordinary share multiplied by the number of shares in issue.

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

Ongoing Charges Ratio
Ratio of total expenses as a percentage of average daily Shareholders' Funds calculated as per the AIC's industry standard method.

Pre-Investment Disclosure Document ("PIDD")
The AIFM and the Company are required to make certain disclosures available to investors in accordance with the AIFMD. Those disclosures that are required to be made pre-investment are included within a PIDD, which can be found on the Company's website.

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

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

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.

Retail Prices Index ("RPI")
One of the main measures of consumer inflation in the UK, produced by the Office for National Statistics.

Revenue Return Per Share
The net income from dividends and interest received, after costs, interest and tax allocated to revenue, divided by the weighted average number of shares in issue during the year.

Revenue Reserves
The total of undistributed revenue earnings from prior years. This is available for distribution to shareholders by way of dividend.

Total Assets
Total assets less current liabilities (before deducting Prior Charge as defined above), as per the Statement of Financial Position.

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.

AIFMD Disclosures (Unaudited)

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

There have been no material changes to the disclosures contained within the PIDD since its most recent update in November 2020.

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

- information on the investment strategy, geographic and sector investment focus and principal stock exposures is included in the Strategic Report;
- none of the Company's assets are subject to special arrangements arising from their illiquid nature;
- the Strategic Report, note 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 ASFML; and
- all authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the AIFM's remuneration policy is available from the Company Secretary, Aberdeen Asset Management PLC, on request, and the remuneration disclosures in respect of the AIFM's reporting period for the year ended 31 December 2019 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:

	Gross Method	Commitment Method
Maximum level of leverage	3.00:1	2.00:1
Actual level at 30 September 2020	1.28	1.29

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

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

General

The Annual General Meeting of Aberdeen Standard Equity Income Trust plc will be held at Bow Bells House, 1 Bread Street, London EC4M 9HH on Friday, 5 February 2021 at 11:30am.

Given the risks posed by the spread of the Covid-19 virus and in accordance with the provisions of the Articles of Association and Government guidance, physical attendance at the Annual General Meeting may not be possible. If the law or Government guidance so requires at the time of the meeting, the Chairman will limit, in his/her sole discretion, the number of individuals in attendance at the meeting. Should Government measures be relaxed by the time of the meeting, the Company may still impose entry restrictions, pursuant to its Articles of Association, on certain persons wishing to attend the Annual General Meeting in order to ensure the safety of those attending the meeting.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the twenty-ninth Annual General Meeting of Aberdeen Standard Equity Income Trust plc will be held at Bow Bells House, 1 Bread Street, London EC4M 9HH on Friday, 5 February 2021 at 11:30am for the following purposes:

Ordinary Business

As ordinary business, to consider and, if thought fit, pass the following resolutions, in the case of numbers 1 to 10 inclusive, as ordinary resolutions and, in the case of numbers 11 and 12 , as special resolutions:

1. To receive and consider the Directors' Report and financial statements for the year ended 30 September 2020, together with the independent Auditor's report thereon.
2. To receive and approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) for the year ended 30 September 2020.
3. To approve the Company's dividend policy to pay four interim dividends per annum.
4. To re-elect Caroline Hitch as a Director of the Company.
5. To re-elect Sarika Patel as a Director of the Company.
6. To re-elect Jeremy Tigue as a Director of the Company.
7. To re-elect Mark White as a Director of the Company.
8. 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.
9. To authorise the Directors to fix the remuneration of the independent Auditor for the year to 30 September 2021.
10. Authority to allot shares
    That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("Securities") provided that such authority shall be limited to the allotment of shares and the grant of rights in respect of shares up to 10% of the nominal value of the issued share capital (excluding treasury shares) of the Company, as at the date of the passing of this resolution, such authority to expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, unless previously revoked, varied or extended or renewed by the Company in a general meeting, save that the Company may at any time prior to the expiry of this authority make an offer or enter into an agreement which would or might require Securities to be allotted or granted after the expiry of such authority and the Directors shall be entitled to allot or grant Securities in pursuance of such an offer or agreement as if such authority had not expired.
11. Disapplication of pre-emption rights
    That, subject to the passing of resolution 10 set out above, and in substitution for any existing power but without prejudice to the exercise of any such power prior to the date hereof, the Directors of the Company be and they are hereby generally empowered (i), pursuant to Section 570 of the Companies Act 2006 (the "Act"), to allot equity securities (as defined in Section 560 of the Act), including the grant of rights to subscribe for, or to convert securities into Ordinary shares for cash pursuant to the authority given by resolution 10 set out above and (ii), pursuant to Section 573 of the Act to sell equity securities for cash out of treasury as if Section 561(1) of the Act did not apply to any such allotment, or sale out of treasury, of equity securities, provided that this power:

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

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

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

Provided always that:

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

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

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

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

Special Business

As special business, to consider and, if thought fit, pass resolutions 13 and 14 as special resolutions:

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

14. Adoption of New Articles of Association
That the Articles of Association produced to the meeting and signed by the chairman of the meeting for the purposes of identification be approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association with effect from the conclusion of the meeting.

By order of the Board
Aberdeen Asset Management PLC
Company Secretary

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

25 November 2020

NOTES:

i. A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him/her or on his/her behalf at the meeting. A proxy need not be a shareholder. The shareholder may appoint more than one proxy, provided that each proxy is appointed to attend, speak and vote in respect of a different share or shares. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman of the meeting) and give instructions directly to them. Appointing a proxy will not prevent a shareholder from attending in person and voting at the meeting. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should, or if you would like to appoint more than one proxy, please contact the Company's Registrar, Computershare Investor Services PLC on 0370 707 1150. In the case of joint holders, the vote of the first named in the register of members of the Company who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.

Notice of Annual General Meeting Continued

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

iii. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the register of members of the Company at close of business on 3 February 2021 (or, if the meeting is adjourned, 48 hours (excluding non-working days) before the time fixed for the adjourned meeting) shall be entitled to attend or vote at the meeting in respect of the number of Ordinary shares registered in their name at that time. In each case, changes to entries on the register of members of the Company after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

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

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

vi. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID number 3RA50) by 11:30am on 3 February 2021 (or, if the meeting is adjourned, 48 hours (excluding non-working days) before the time fixed for the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

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

viii. 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.

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

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

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

xii. Following the meeting, the results of the voting at the meeting and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the resolutions will be announced via a Regulatory Information Service and placed on the Company's website: **aberdeenstandardequityincometrust.com.**

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

xiv. As at 6pm on 24 November 2020 (being the last practicable date prior to publication of this notice) the Company's issued share capital comprised 48,327,960 Ordinary shares of 25p each. Each Ordinary share (other than any Ordinary shares held in treasury) carries the right to one vote at a general meeting of the Company. Accordingly, the total number of voting rights in the Company as at 24 November 2020 was 48,327,960.

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

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

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

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

xvi. Information regarding the Annual General Meeting, including information required by Section 311A of the Companies Act 2006, is available from the Company's website: **aberdeenstandardequityincometrust.com**.

xvii. A copy of the proposed new articles of association of the Company, together with a copy showing all of the proposed changes to the existing articles of association, will be available for inspection on the Company's website: **aberdeenstandardequityincometrust.com**.

xviii. **Given the risks posed by the spread of the Covid-19 virus and in accordance with the provisions of the Articles of Association and Government guidance, physical attendance at the Annual General Meeting may not be possible. If the law or Government guidance so requires at the time of the meeting, the Chairman will limit, in his/her sole discretion, the number of individuals in attendance at the meeting. Should Government measures be relaxed by the time of the meeting, the Company may still impose entry restrictions, pursuant to its Articles of Association, on certain persons wishing to attend the Annual General Meeting in order to ensure the safety of those attending the meeting.**

Notice of Annual General Meeting Continued

Appendix

Summary of the principal amendments to the Company's articles of association

Set out below is a summary of the principal amendments which will be made to the Company's Existing Articles through the adoption of the New Articles if Resolution 14 to be proposed at the AGM is approved by shareholders.

This summary is intended only to highlight the principal amendments which are likely to be of interest to shareholders. It is not intended to be comprehensive and cannot be relied upon to identify amendments or issues which may be of interest to all shareholders. This summary is not a substitute for reviewing the full terms of the New Articles which will be available for inspection on the Company's website: aberdeenstandardequityincometrust.com.

Hybrid/Virtual-only shareholder meetings

The New Articles permit the Company to hold shareholder meetings on a virtual basis, whereby shareholders are not required to attend the meeting in person at a physical location but may instead attend and participate using electronic means. A shareholder meeting may be virtual-only if attendees participate only by way of electronic means, or may be held on a hybrid basis whereby some attendees attend in person at a physical location and others attend remotely using electronic means. This should make it easier for the Company's shareholders to attend shareholder meetings if the Board elects to conduct meetings using electronic means. Amendments have been made throughout the New Articles to facilitate the holding of hybrid or virtual-only shareholder meetings.

While the New Articles (if adopted) would permit shareholder meetings to be conducted using electronic means, the Directors have no present intention of holding a virtual-only meeting. These provisions will only be used where the Directors consider it is in the best of interests of shareholders for a hybrid or virtual-only meeting to be held. Nothing in the New Articles will prevent the Company from holding physical shareholder meetings.

International tax regimes requiring the exchange of information

The Board is proposing to include provisions in the New Articles to provide the Company with the ability to require shareholders to co-operate in respect of the exchange of information to comply with the Company's international tax reporting obligations.

The Hiring Incentives to Restore Employment Act 2010 of the United States of America (commonly known as the Foreign Account Tax Compliance Act) and all associated regulations and official guidance ('**FATCA**') imposes a system of information reporting on certain entities including foreign financial institutions such as the Company following the enactment of the UK International Tax Compliance (United States of America) Regulations 2013 on 1 September 2013 (as replaced by the International Tax Compliance Regulations 2015 (the '**Regulations**')).

It is proposed that the Existing Articles will be amended to provide the Company with the ability to require shareholders to co-operate with it so that the Company is able to comply with its obligations under the Regulations in order to avoid being deemed to be a 'Nonparticipating Financial Institution' for the purposes of FATCA (and consequently having to pay withholding tax to the US Internal Revenue Service). The Existing Articles will also be amended to ensure that the Company will not be liable for any monies that become subject to a deduction or withholding relating to FATCA, as such liability would be to the detriment of shareholders as a whole.

The Regulations also include the automatic exchange of information regimes brought in by the tax regulation under the OECD (Organisation for Economic Co-operation and Development) Common Reporting Standard for Automatic Exchange of Financial Account Information (the '**Common Reporting Standard'**) which requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. As a result, the Company will have to provide information annually to the local tax authority on the tax residency of a number of non-UK based certified shareholders and corporate entities.

Therefore, the Existing Articles will also be amended in order to provide the Company with the ability to require shareholders to co-operate in respect of these broader obligations including its obligations under the Common Reporting Standard and FATCA.

Minor amendments

The Board is also taking the opportunity to make some additional minor or technical amendments to the Existing Articles, including: (i) clarifying that the Board may use the Company's capital reserve for any of the purposes to which sums standing to any revenue reserve may be applied (including to fund dividend payments and share buy backs if the Board believes it is in the best interests of the Company to do so); (ii) the inclusion of a procedure in the event an insufficient number of Directors are re-elected at an annual general meeting of the Company; and (iii) allowing the Company to pay dividends through bank transfers instead of by way of cheques with the further ability to retain cash payments where bank details are not provided by a shareholder. These changes reflect modern best practice and are intended to relieve certain administrative burdens on the Company.

Corporate Information

Directors
Richard Burns (Chairman)
Caroline Hitch
Sarika Patel
Jeremy Tigue
Mark White

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

Registered Number
Registered in England & Wales No. 2648152

Manager
Aberdeen Standard Fund Managers Limited
1 George Street
Edinburgh
EH2 2LL

Aberdeen Standard Investments Customer Services Department, Children's Plan, Share Plan and ISA enquiries
Aberdeen Standard Investment Trusts
PO Box 11020
Chelmsford
Essex
CM99 2DB

Freephone: 0808 500 0040
(open Monday to Friday, 9.00 a.m. to 5.00 p.m., excluding public holidays in England and Wales)

Email: inv.trusts@aberdeenstandard.com

Website Address:
www.aberdeenstandardequityincometrust.com

Company Secretary
Aberdeen Asset Management PLC
1 George Street
Edinburgh
EH2 2LL

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

Solicitors
Dickson Minto W.S.
16 Charlotte Square
Edinburgh
EH2 4DF

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

Lenders
Banco Santander S.A., London Branch
2-3 Triton Square
Regent's 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**

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