Standard Life Equity Income Trust plc

Annual Report and Financial Statements 30 September 2016

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Company Summary

The Company	The Company is an investment trust and its Ordinary shares and Subscription shares are listed 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.
Benchmark	The Company's benchmark is the FTSE All-Share Index.
Market capitalisation	£186.7 million at 30 September 2016
Equity shareholders' funds	£199.7 million at 30 September 2016
Alternative Investment Fund Manager	Standard Life Investments (Corporate Funds) Limited
Portfolio Manager	Thomas Moore
Website	www.standardlifeinvestments.com/its

Financial Calendar

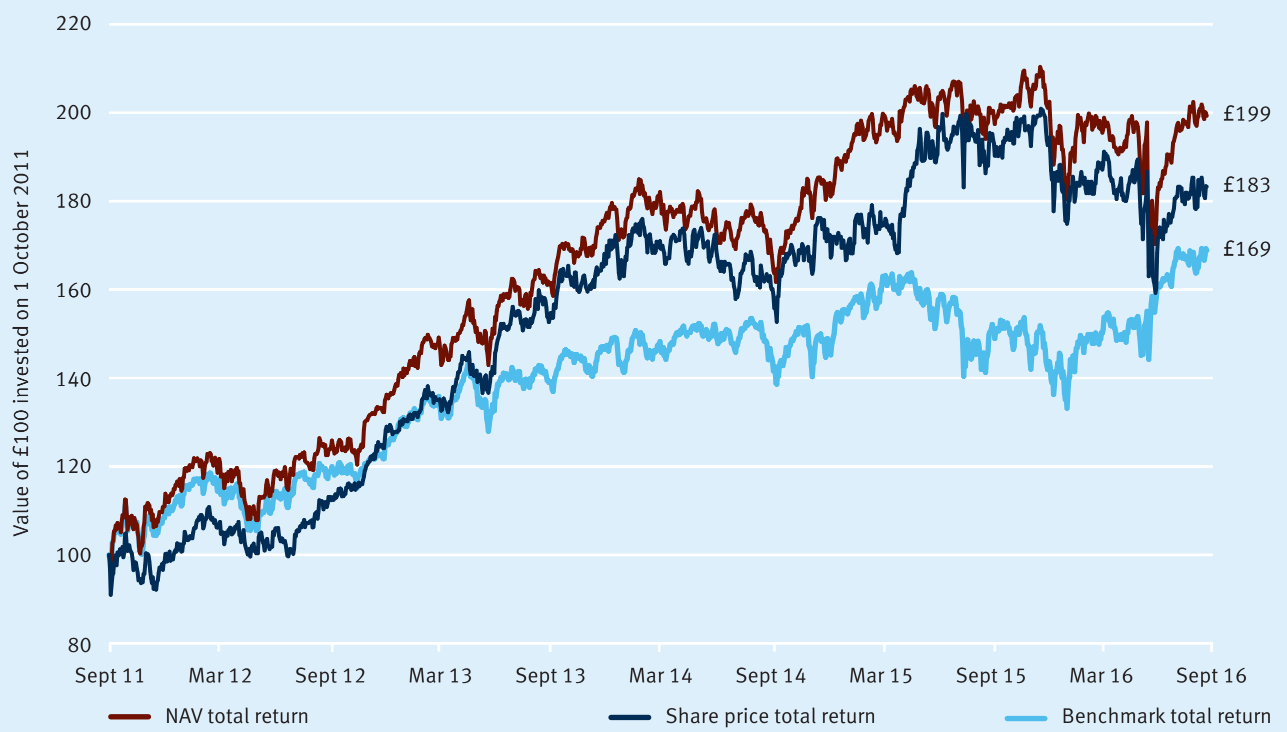
16 November 2016	Announcement of Annual Financial Report for year ended 30 September 2016
15 December 2016	Annual General Meeting
16 December 2016	Payment of fourth quarterly dividend of 5.00p per Ordinary share
May 2017	Announcement of Half Yearly Financial Report for six months ending 31 March 2017
March, June and September 2017	Payment of interim dividends for 2017

Financial Highlights

	Year to 30 September 2016
Share price total return	-2.7%
Increase in total dividends	4.8%
Net asset value total return (diluted)	0.9%
FTSE All-Share Index total return	16.8%

Total return assumes that the dividends paid to shareholders are re-invested in Ordinary shares at the time the Ordinary shares are quoted ex-dividend.

Five Years of Strong Performance



Thomas Moore was appointed as Portfolio Manager in November 2011 when the Company adopted a more conviction led strategy.

Ten Largest Holdings at 30 September 2016

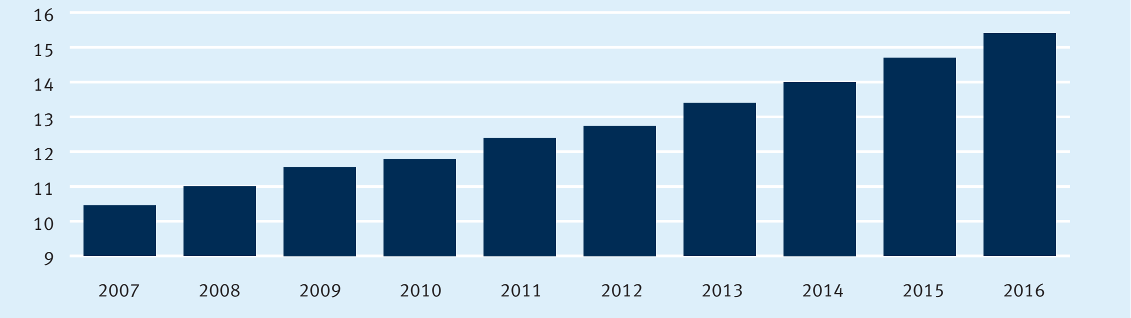
	%		%
Sage	4.2	Imperial Brands	2.7
BT	3.9	RELX	2.6
Vodafone	3.1	Rio Tinto	2.5
Aviva	3.0	Close Brothers	2.4
Micro Focus International	2.8	Tyman	2.4

Sources: Standard Life Investments and Thomson Datastream

Financial Highlights

	30 September 2016	30 September 2015	% change
Capital			
Net asset value per ordinary share			
Basic	441.1p	455.2p	-3.1%
Diluted	431.5p	440.7p	-2.1%
Ordinary share price	412.4p	439.0p	-6.1%
Subscription share price	79.5p	114.0p	-30.3%
Benchmark capital return	3,755.3	3,335.9	12.6%
Discount of Ordinary share price to net asset value			
Basic	-6.5%	-3.6%	
Diluted	-4.4%	-0.4%	
Total assets	£226.3m	£221.9m	2.0%
Shareholders’ funds	£199.7m	£195.6m	2.1%
Ordinary shares in issue	45,282,829	42,976,691	5.4%
Gearing			
Gearing	7.5%	7.7%	
Earnings and Dividends			
Revenue return per Ordinary share			
Basic	17.92p	17.18p	4.3%
Diluted	17.48p	16.55p	5.6%
Total dividends for the year	15.40p	14.70p	4.8%
Dividend yield	3.7%	3.3%	
Expenses			
Ongoing charges	0.96%	0.94%	

Ten year dividend record (pence per share)



Source: Standard Life Investments

Chairman's Statement

Richard Burns

Performance

Taken in isolation, the headline numbers for the year to 30 September 2016 do not make pleasant reading. The Net Asset Value Total Return for the year was 0.9%. By contrast, the FTSE All-Share Index returned 16.8%. Unsurprisingly, our share price has suffered over the last twelve months. The discount widened from 0.4% a year ago to 4.4% at 30 September 2016, producing a total return to shareholders for the year of -2.7%. This is disappointing.

However, it is important to remember the mandate that the Manager has been given. Standard Life Investments has been tasked with investing the portfolio in the UK market on an unconstrained basis, selecting investment ideas from within the FTSE All-Share Index on a stock specific basis. The expectation is that, over the long term, this approach will deliver returns better than the market or index from which the investments are selected. Thomas Moore is the individual who has been managing the portfolio since 2011 and, overall, he has achieved this objective. Clearly, in the year just finished this was not the case, but over the last five years, the Net Asset Value Total Return has been 99.3%, compared with the total return on the FTSE All-Share Index of 68.9%.

The reasons for the severe underperformance in 2016 are discussed in detail in the Manager's report on pages 7 to 10. I have concluded that this was the combination of two factors. The first was a normal reversal of stock market trends in which stocks which had performed badly, for valid fundamental reasons, such as oil and mining companies, began to perform better in early 2016 as investors came to realise that they had perhaps overestimated the difficulties such companies faced. We had little exposure to such stocks, whose long-term prospects as reliable dividend payers our Manager believes to be uncertain, and, as a result, the Company underperformed the market in the first calendar quarter of 2016.The second factor has been much more important – the result of the European referendum in June. The vote to leave the European Union, which led immediately to a sharp devaluation of sterling, was not expected by the market, our Manager or your Board. Our portfolio suffered in comparison with the overall market, which has heavy weightings in oils, miners, consumer staples, such as Unilever and Diageo, and pharmaceuticals, largely because of its emphasis on mid and small capitalisation companies. These factors resulted in a dramatic decline of 9.8% in our net asset value in the last week of June.

This, however, is water under the bridge. I am glad to say that our manager has held his nerve and performance has stabilised since the end of June, with a net asset value total return up to 31 October 2016 of 8.9%, 1.6% ahead of the index.

We have a much more encouraging story to report on the revenue account. With the great majority of our holdings producing good results and continuing to distribute significant amounts in the form of special dividends, the basic revenue return per Ordinary share was up 4.3% to 17.92p compared to the 17.18p earned last year. The diluted revenue return per share increased by 5.6% to 17.48p from 16.55p.

Dividends

The Board recommends a fourth quarterly dividend of 5.0p, bringing total dividends for the year to 15.4p, an increase of 4.8% on last year. For comparison the Retail Prices Index (RPI) increased by 2.0% over the year to 30 September 2016. Subject to shareholder approval at the Annual General Meeting to be held on 15 December 2016 this dividend will be paid on 16 December 2016 to shareholders on the register on 25 November 2016 with an associated ex-dividend date of 24 November 2016.
This is the sixteenth consecutive increase in annual dividend.

Gearing

The Company continues to have a £30m bank facility with Scotiabank (Ireland) Ltd. This facility was in use throughout the year, with the average amount drawn down being £25.6m, reflecting our positive view of the prospects for the companies in our portfolio. The weighted cost of financing this facility was 1.5%. Unlike last year, when gearing had a positive effect on our results, this year there was a small negative contribution of -0.4% to our performance. It is perhaps worth saying that in eight of the ten previous years, having gearing has been a positive factor for shareholder returns.

Share Capital

Subscription shares

During the year to 30 September 2016, the Company issued 1,301,138 new Ordinary shares at 320p per share resulting from the exercise of Subscription shares, raising some £4.2m.

3,895,938 Subscription shares remain outstanding and holders need to be aware that this December is the last occasion on which they can exercise their subscription rights. We will be writing to all registered holders with a reminder of the final exercise date and information on what happens to any subscription rights not exercised.

Ordinary shares

During the first six months of the year, when the shares were trading at a premium, the Company issued 1,005,000 new Ordinary shares at an average share price of 449p, raising a total of £4.5m.

Management Charges

The Board of the Company has agreed with the Manager, Standard Life Investments, to a tiering of the management fee. The current agreement, whereby the management fee is charged at 0.65% of total assets will continue to apply to the first £250m of assets. On all assets over and above £250m a lower rate of 0.55% will apply.

Shareholder relations

Our Manager, Standard Life Investments, has an ongoing programme of active engagement with existing and potential shareholders. Much of this is undertaken by Thomas, but the Board is keen to engage our shareholders on a regular basis and in addition to the AGM, it hosted a meeting in Edinburgh for representatives of leading wealth management firms. Private investors will be very welcome at our AGM, to be held this year on 15 December 2016 at our Manager's London office on the 34th floor of 30 St. Mary Axe (the Gherkin). The meeting will start at 11.30am and will include a presentation on our investments from Thomas.

25 years

This is the 25th annual report of the Company. It was set up with £23.1m and its first full year's dividend was 3.45p. Over the last 25 years, the net assets of the Company have grown to £199.7m and the compound growth in the NAV per share and the dividend have been 6.4% and 6.2% respectively. This can be compared to the annualised return of 4.4% from the FTSE All-Share Index and the 2.7% rise in inflation over the same period.

Governance and Board

Your Board has again conducted a full annual review of strategy and an evaluation of itself. Your Board continues to consider that the main service providers to the Company perform well and are fairly rewarded.

As previously announced, Keith Percy is retiring this year, having served as a Director since the Company was formed in 1991. Over this quarter century he has made an invaluable contribution to the Company's success. We wish him well in his retirement from a long and very distinguished City career. His role as Senior Independent Director will be taken by Jeremy Tigue and that of Chairman of the Nomination Committee by Mark White and we are now advanced in our search for a new Director.

Continuation Vote

At the forthcoming Annual General Meeting of the Company in December, the shareholders will be asked to vote to approve an ordinary resolution to the effect that the Company continues as an investment trust. This process is laid down in the Articles of Association of the Company and takes place every five years. The Board strongly recommends that shareholders vote in favour of the continuation vote and will be doing so in respect of their own shares in the Company.

Outlook

I write this in the immediate aftermath of the US Presidential election, which has been one of many negative political factors which have overhung markets in 2016. The election of Donald Trump is further evidence of the widespread voter disaffection visible in many Western democracies today. At this stage, it is unclear to what extent he will be able to persuade his Republican colleagues in Congress to support the expansionary fiscal policy he appears to favour, though tax cuts for corporations and individuals are likely to be less controversial with them. In the UK we are only beginning to sense the extent of the difficulties and problems which Brexit is going to create for both the Government and people of this country. In the financial world there remain any number of seemingly intractable problems associated with extremely low interest rates, which are so damaging for individual savers, long-term institutions such as insurance companies and pension funds and perhaps especially banks, which remain a key industry for a soundly functioning economy.

However, successful equity investing requires an optimistic frame of mind and there is every reason to believe that there are many businesses which can do well even if overall conditions are difficult and uncertain. Careful and insightful stock selection remains the key to success, and I am confident that our Manager is capable of providing this. I firmly believe that the difficulties we experienced in the first half of 2016 will prove to have been a one off event and that the results to be reported in twelve months' time will be much more satisfactory than this year's.

Richard Burns
Chairman

15 November 2016

Thomas Moore

Market review

The dominant drivers of the UK equity market in the last financial year were macro-economic and political in nature. Slow global growth coupled with ultra-loose monetary policy and some major political events, most notably the UK referendum vote to leave the EU, all resulted in some wild swings in bond yields and currencies, thereby causing significant divergence in the returns of the various market sectors and of individual stocks.

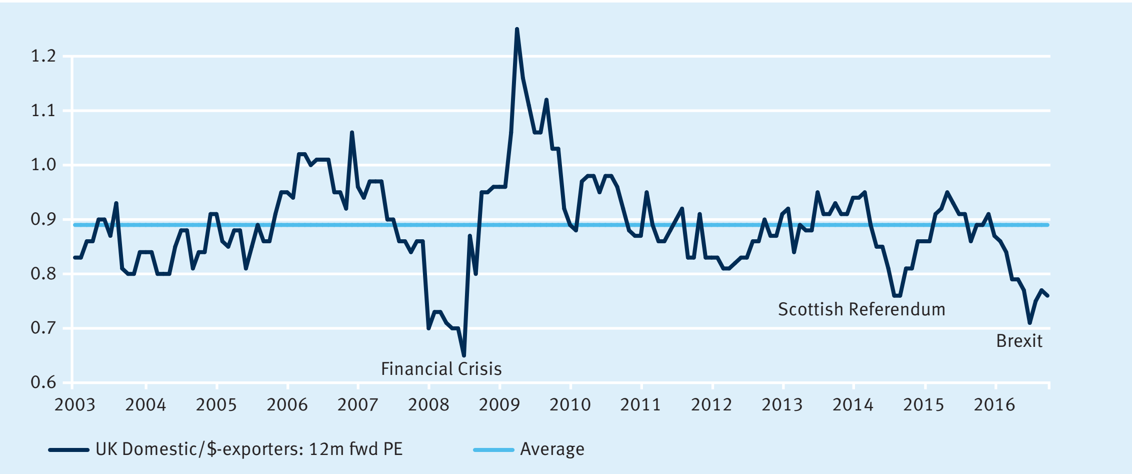
The single most notable event during the period was the UK's referendum on EU membership. In the run up to the referendum markets were pricing in a vote to remain, and the market reaction to the result was inevitably pronounced. In the wake of the outcome, the Bank of England cut rates to 0.25% and announced further asset purchases. The signal sent by policy-makers was that they are ready to act to support economic growth at a time of uncertainty over the UK's future relationship with the EU. This resulted in a dramatic slide in Sterling, which hit a 31-year low.

While political uncertainty remained heightened after the referendum, UK economic data has surprised economists by holding up far better than expected.

The net effect of these factors was favourable for large-cap, overseas-earning, stocks and unfavourable for small and mid-cap domestic earning stocks as can be seen from the chart below which plots the relative price to earnings multiples of companies with a high proportion of UK domestic earnings against those with a high proportion of overseas earnings.

Performance

For the year ending 30 September 2016, the Company's net asset value total return was 0.9%, underperforming the FTSE All-Share Index which rose by 16.8%. Over the same period, the share price fell by 6.2% from 439.0p to 412.0p, while the total shareholder return, with dividends reinvested, was -2.7%. At the same time the gross revenue generated by the portfolio increased



Source: Barclays

by 13.1% and revenue earnings per share rose by 4.3% to 17.92p from 17.18p. The difference between the two rates of change is largely explained by the 5.4% increase in the number of shares in issue during the year. On a diluted basis, the earnings per share rose by 5.6% to 17.48p from 16.55p.

The Trust's objective is to provide shareholders with an above average income from their equity investment while also providing real growth in capital and income. The approach that we adopt is to look to deliver returns by investing in the UK equity market on an unconstrained and index-agnostic basis. That means that we look for companies which we believe will be able to deliver capital and income growth over time. The weak relative performance that the portfolio delivered this year is due to its limited exposure to large-cap overseas orientated stocks that significantly outperformed small and mid-cap domestically orientated stocks before and after the EU referendum. An index-agnostic approach can perform poorly at times of market stress, when the market is typically led by a narrow cross-section of the largest stocks. Of particular note, not holding **BP** or **Royal Dutch Shell** impacted performance as investors anticipated an improvement in profitability as the oil price recovered. Performance also suffered from not holding defensive stocks **British American Tobacco** and **GlaxoSmithKline**, whose status as bond proxies allowed them to rally as bond yields fell. We do not hold these stocks as we see them as unattractively valued in relation to their fundamental prospects.

Among stocks held by the Trust, the biggest detractor was temporary recruitment company **Staffline**, which fell sharply on fears over the potential revenue impact from a hard version of Brexit that could limit the supply of available workers. We believe that the risks are overstated and we see Staffline as significantly undervalued in relation to its growth prospects.

Another major detractor to performance was **BT**, which fell on fears over the increase in its pension deficit as gilt yields fell, raising the risk of increased top-up payments following the actuarial review that is due in 2017. We believe these additional payments are likely to be affordable given the strong cash generation of the business. The market is also concerned about regulatory risk. We believe that both of these risks are now more than reflected in the share price.

The biggest positive contributors to the Trust's performance were all stocks benefiting from a high proportion of overseas earnings. Software company, **MicroFocus**, responded favourably to results that highlighted continued success in operational delivery, leading to a 50% increase in its dividend per share. Towards the end of the period, the stock surged on the announcement of its proposed acquisition of Hewlett Packard's software assets. Its management team is known for its strong M&A track record. The 2014 Attachmate acquisition saw margins rise from 33% to 46%. Management is expecting to achieve similar margin improvement with HP's software assets. Also in the software sector, **Sage** responded to encouraging results that underlined the new management team's success in accelerating revenue growth by improving sales execution and increasing product innovation. The shares of **RELX** (formerly known as Reed Elsevier) appreciated on evidence of resilient revenue growth and margin improvement, and **Rio Tinto** benefited from a recovery in commodity prices early in 2016.

Activity

Macro-driven markets tend to throw up stock-specific opportunities, allowing the Trust to build holdings at attractive valuations. We bought a new holding in cruise business **Carnival**, which offers the prospect of rapid dividend growth. Concerns over the rising oil price and the Zika virus hit the share price earlier in the year, allowing us to build a position at an attractive valuation.

The Trust bought a new holding in **John Laing Group** whose expertise and track record in green-field infrastructure projects appeared to be under-appreciated by the market given the stock's discount to book value. The policy shift in many countries towards infrastructure spending is set to boost the company's pipeline of bidding prospects.

The Trust bought back into **Rio Tinto** at depressed levels in early 2016 when fears over a prolonged weakening in the Chinese economy had become priced into the valuation. The company has a robust balance sheet, while its low production costs make it the strongest player globally in the iron ore market. Rio Tinto's high free cash flow yield, easily covering its dividend, makes it a clear preference over both the oil majors and **BHP Billiton**.

A new holding in leading global auto retailer **Inchcape** was purchased during the period. The low valuation implies that the market under-estimates the company's ability to deliver solid revenue growth across a range of geographies including UK, Australasia, Asia and Emerging Markets. Management plans to leverage the company's global scale to deepen relationships with manufacturers and acquire more distribution contracts in new and existing markets. The combination of strong revenue growth, a solid balance sheet and high free cash flow yield should underpin attractive dividend growth in the years ahead.

The Trust sold its holding in **Rightmove** whose elevated valuation reflected the market's confidence in its ability to use its dominant market position to increase prices over a prolonged period of time, in contrast to the market's scepticism at the time of initial purchase in 2014 when competitive worries had created a buying opportunity.

The Trust also sold its holding in gaming software business, **Playtech**, early in the period following a shift in strategy from its established Business to Business gaming software business towards spread betting.

The Trust sold **Barclays** early in the period following a trading update that highlighted a continued struggle to improve returns due to weak profitability, rising regulatory costs and capital requirements, as well as fines and litigation. On-going regulatory capital pressure contributed to Barclays' subsequent decision to halve its dividend.

The Trust took some profits in kitchen manufacturer, **Howden Joinery**, before and after the EU referendum as the relatively high valuation appeared to price in continued strong delivery, in contrast to other UK domestic stocks whose valuations had become compellingly cheap.

Outlook

Revenues of the companies in the portfolio are sourced equally from the UK and overseas. This is in contrast to the FTSE All-Share index which is far more biased towards overseas revenues, mainly due to a handful of the largest companies at the top of the index. This macro factor was a major cause of the Trust's under-performance against the index during a period of extreme Sterling weakness. While having limited exposure to mega-caps was a drag on performance in the short term due to this currency effect, we continue to question the dividend sustainability of some of the largest companies in the UK. We also see limited scope for defensive companies, which are often seen as proxies for bonds, to grow their dividends in the future. We remain confident that the portfolio's positioning away from these mega-cap income stocks will provide better opportunities to grow both the income and the capital accounts in the future.

By contrast, we continue to have confidence in our UK domestic holdings. Management commentary from these domestic companies has remained buoyant post-Brexit, supported by solid, better than expected, UK economic data. Initial fears of a sharp drop in activity are looking misplaced. Consumer sentiment remains benign and household cash flows look set to be supported by the strong labour market, wage growth, higher personal allowances and lower interest payments, which should largely offset higher import prices. Against this backdrop, the savage de-rating of domestic-earning stocks looks over-done.

The other major macro factor to constrain the Trust's performance during the period was the persistent low level of bond yields. This has had a double impact on the portfolio, supporting the share prices of consumer staples that act as bond proxies and undermining the share prices of some of the Trust's holdings in the financial sector. Brexit has been a wake-up call to global policymakers as it demonstrated rising levels of popular discontentment, which can be linked to the unconventional policies pursued since the 2008 financial crisis. There is increasing evidence of the unintended consequences that quantitative easing is seen to be creating for the global economy including the pressure it exerts on savers, pension funds, insurance companies and banks.

A shift in emphasis from monetary policy towards fiscal policy would help politicians to show that they are in touch with the electorate – and potentially drive a rebalancing of the economy and markets. Even without a rise in bond yields, we see the potential for a sharp sell-off in bond-proxy sectors, such as consumer staples, as it is increasingly hard to justify their valuations in the context of their anaemic growth rates. Conversely, we see the potential for a sharp rebound in many financial stocks whose underlying resilience has been ignored as a result of the market's preference for other sectors during the prolonged period of low interest rates globally.

It is one of the core beliefs underpinning our investment process that the valuation at the time of starting an investment will turn out to be a key determinant of that investment's return. At times of macro stress, investors become less focused on valuation. We expect that this will change when investors recognise that underlying corporate fundamentals do not justify either the under-performance of the more cyclical sectors or the outperformance of the more defensive sectors.

Macro-driven markets can present short-term challenges to investors who are focused on stock-level corporate fundamentals. However we expect that over the longer term our approach will be rewarded as the market will eventually become less focused on top-down macro drivers, putting the spotlight back onto corporate fundamentals. This is already evident from the weakening performance of many overseas earners since the beginning of July, including some of the most highly-rated consumer staples stocks, as these companies report results that the market finds disappointing in the context of their extended valuations. In contrast, many domestic earners have beaten expectations, providing the catalyst for a valuation re-rating from very modest levels. The valuation gap between overseas and domestic earners is more extended than any time since the 2008-09 global financial crisis, which increases our conviction that this period will provide opportunities for patient investors who stay focused on stock-level fundamentals.

The health of the portfolio is underlined by the continued positive momentum of the revenue account, reflecting the success of our investment process in identifying under-appreciated companies whose cash flows and balance sheets will support sustainable dividend growth. While it is disappointing that the Trust's NAV has trodden water during a period of rising markets, we remain confident that the Trust's index-agnostic approach will deliver superior growth in capital and income over the medium term. Share prices ultimately respond to the cash flows and dividends that underpin them, providing the scope for a healthy rebound once macro concerns ease. However, we expect that, over the longer term, our approach will have the greatest chance of identifying the stock opportunities that will allow it to build on its good 5-year track record.

Thomas Moore
Standard Life Investments

15 November 2016

Relative Performance Attribution	%
Stock Selection	-13.0
Gearing	-0.4
Interest	-0.1
Expenses	-0.4
Total	**-13.9**

The relative performance of -13.9% represents the geometric difference between the decrease in the Company's net asset value of 3.1% and the increase in the FTSE All-Share Index of 12.6% (for the year ended 30 September 2016).

Top 5 Stock Level Contributors	Relative Position (%)#	Contribution (%)
Micro Focus International	2.1	1.1
Sage	3.4	0.7
Barclays*	-1.3	0.7
RBS+	-0.4	0.3
Rio Tinto	0.3	0.3

Bottom 5 Stock Level Contributors	Relative Position (%)#	Contribution (%)
Staffline	1.9	-1.3
Royal Dutch Shell+	-6.3	-0.9
BP+	-3.4	-0.7
British American Tobacco+	-3.8	-0.7
GlaxoSmithKline+	-3.5	-0.6

based on average position for the year
+ stocks not held by the Company
* stocks sold during the year by the Company
Source: Standard Life Investments as at 30 September 2016

Portfolio Investments

As at 30 September 2016

Stock	Sector	Valuation as at 30 September 2016 £'000	Weight %	Valuation as at 30 September 2015 £'000
Sage	Software & Computer Services	9,066	4.2	3,892
BT	Fixed Line Telecommunications	8,290	3.9	8,063
Vodafone	Mobile Telecommunications	6,555	3.1	5,203
Aviva	Life Insurance/Assurance	6,454	3.0	5,886
Micro Focus International	Software & Computer Services	6,084	2.8	3,330
Imperial Brands	Tobacco	5,879	2.7	2,794
RELX	Media	5,484	2.6	4,974
Rio Tinto	Mining	5,379	2.5	2,335
Close Brothers	Financial Services	5,093	2.4	4,712
Tyman	Construction & Materials	5,041	2.4	3,835
Top ten investments		**63,325**	**29.6**	
Legal & General	Life Insurance/Assurance	4,982	2.3	5,172
Saga	General Retailers	4,721	2.2	3,304
Beazley	Non-life Insurance	4,549	2.1	3,955
Supergroup	Personal Goods	4,509	2.1	4,086
River & Mercantile	Financial Services	4,506	2.1	3,815
Prudential	Life Insurance/Assurance	4,461	2.1	4,326
Safestyle	General Retailers	4,417	2.1	4,078
NewRiver Retail	Real Estate Investment Trusts	4,285	2.0	4,132
TUI Travel	Travel & Leisure	4,202	2.0	3,536
Britvic	Beverages	4,138	1.9	3,118
Top twenty investments		**108,095**	**50.5**	
John Laing	Financial Services	4,130	1.9	–
Babcock International	Support Services	4,071	1.9	3,067
Direct Line Insurance	Non-life Insurance	3,999	1.9	2,427
National Grid	Gas Water & Multiutilities	3,922	1.8	4,206
Carnival	Travel & Leisure	3,866	1.8	–
DS Smith	General Industrials	3,839	1.8	6,845
Hansteen	Real Estate Investment Trusts	3,754	1.8	3,895
National Express	Travel & Leisure	3,497	1.7	2,893
Galliford Try	Construction & Materials	3,479	1.6	3,959
Kier	Construction & Materials	3,455	1.6	2,555
Top thirty investments		**146,107**	**68.3**	
Assura	Real Estate Investment Trusts	3,446	1.6	1841
Manx Telecom	Fixed Line Telecommunications	3,342	1.6	2,986
Real Estate Investors	Real Estate Investment Services	3,259	1.5	4,344
DFS Furniture	General Retailers	3,049	1.4	2,868
Chesnara	Life Insurance/Assurance	2,869	1.3	2,921
Bovis Homes	Household Goods & Home Construction	2,849	1.3	3,279
Jardine Lloyd Thompson	Non-life Insurance	2,823	1.3	2,842
Hiscox	Non-life Insurance	2,794	1.3	2,526
ITV	Media	2,717	1.3	2,919
Staffline	Support Services	2,688	1.3	4,816
Top forty investments		**175,943**	**82.2**	

Portfolio Investments

As at 30 September 2016

Stock	Sector	Valuation as at 30 September 2016 £'000	Weight %	Valuation as at 30 September 2015 £'000
Connect	Support Services	2,681	1.3	2,339
RSA Insurance	Non-life Insurance	2,439	1.1	–
Inchcape	General Retailers	2,418	1.1	–
Bodycote	Industrial Engineering	2,354	1.1	1,806
Virgin Money	Banks	2,352	1.1	1,919
Moneysupermarket	Media	2,322	1.1	2,434
Investec	Financial Services	2,316	1.1	–
Paragon	Financial Services	2,308	1.1	1,969
Volution	Construction & Materials	2,307	1.1	–
Atkins	Support Services	2,170	1.0	2,172
Pennon	Gas Water & Multiutilities	1,775	0.8	–
Majestic Wine	General Retailers	1,749	0.8	–
International Personal Finance	Financial Services	1,674	0.8	2,357
Rathbone Brothers	Financial Services	1,616	0.8	2,466
Lloyds Banking	Banks	1,574	0.7	–
Zegona Communications	Non-equity Investment Instruments	1,560	0.7	2,000
Johnson Matthey	Chemicals	1,403	0.7	–
Hargreaves Lansdown	Financial Services	1,296	0.6	1,229
Ibstock	Construction & Materials	1,035	0.5	–
Polar Capital	Financial Services	732	0.4	2,004
Total Portfolio		**214,024**	**100.0**	

All investments are equity investments.

Sector Distribution of Investments

As at 30 September 2016

Index weightings 2016 %		Portfolio weighting 2016 %	Portfolio weighting 2015 %
11.6	**Oil & Gas**	**–**	**–**
11.2	Oil & Gas Producers	–	–
0.4	Oil Equipment Services & Distribution	–	–
6.1	**Basic Materials**	**3.2**	**2.7**
0.7	Chemicals	0.7	–
0.3	Forestry & Paper	–	–
0.0	Industrial Metals & Mining	–	–
5.1	Mining	2.5	2.7
10.6	**Industrials**	**15.5**	**22.3**
1.3	Construction & Materials	7.2	4.9
1.8	Aerospace & Defence	–	1.0
0.8	General Industrials	1.8	3.2
0.4	Electronic & Electrical Equipment	–	–
0.7	Industrial Engineering	1.1	0.9
0.4	Industrial Transportation	–	–
5.2	Support Services	5.4	12.3
17.3	**Consumer Goods**	**8.1**	**6.2**
0.2	Automobiles & Parts	–	–
4.7	Beverages	1.9	1.5
0.8	Food Producers	–	–
3.3	Household Goods & Home Construction	1.3	1.5
0.0	Leisure Goods	–	–
2.4	Personal Goods	2.1	1.9
5.9	Tobacco	2.8	1.3
9.9	**Healthcare**	**–**	**–**
0.9	Health Care Equipment & Services	–	–
9.0	Pharmaceuticals & Biotechnology	–	–
11.5	**Consumer Services**	**17.9**	**21.1**
1.3	Food & Drug Retailers	–	–
2.1	General Retailers	7.6	6.2
3.8	Media	4.9	7.5
4.3	Travel & Leisure	5.4	7.4
4.4	**Telecommunications**	**8.4**	**7.7**
1.6	Fixed Line Telecommunications	5.4	5.2
2.8	Mobile Telecommunications	3.0	2.5
4.0	**Utilities**	**2.7**	**2.0**
0.8	Electricity	–	–
3.2	Gas Water & Multiutilities	2.7	2.0
23.7	**Financials**	**37.1**	**33.6**
9.4	Banks	1.8	2.8
4.0	Equity Investment Instruments	–	–
1.1	Non-life Insurance	7.8	5.6
4.1	Life Insurance/Assurance	8.8	8.7
0.5	Real Estate Investment & Services	–	2.1
2.0	Real Estate Investment Trusts	6.9	4.7
2.6	Financial Services	11.1	8.8
0.0	Non-equity Investment Instruments	0.7	0.9
0.9	**Technology**	**7.1**	**4.4**
0.8	Software & Computer Services	7.1	3.4
0.1	Technology Hardware & Equipment	–	1.0
100.0		**100.0**	**100.0**

Source: Standard Life Investments and Thomson Datastream

Business Review

Introduction
The Company carries on business as an investment trust.

The Board
The Board consists wholly of non-executive Directors. The Chairman is Mr Richard Burns and as at 30 September 2016 other Board members were Ms Josephine Dixon, Mr Keith Percy, Mr Jeremy Tigue and Mr Mark White. As at 30 September 2016, the Board consisted of four men and one woman. As the Company is an investment trust that has outsourced management of its portfolio, most of its activities are undertaken by the Manager and it does not have any employees of its own.

Investment Objective
The objective of the Company is to provide shareholders with an above average income from their equity investment while also providing real growth in capital and income.

Business Model and Investment Policy
The management of the Company's investments and the day to day operation of the Company is delegated to Standard Life Investments (Corporate Funds) Limited (the "Manager").

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

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

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

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

The Directors set the gearing policy which is to operate within parameters of between 5% net cash and 15% net gearing for the level of gearing that can be employed. The Directors have delegated responsibility to the Manager for the operation of the gearing level within the above parameters.

Manager's Investment Process
The Manager's investment process combines asset allocation, stock selection, portfolio construction, risk management and dealing. The investment process is research intensive and is driven by the Manager's distinctive 'Focus on Change' which recognises that different factors drive individual stocks and markets at different times in the cycle. This flexible but disciplined investment process ensures that the Manager has the opportunity to perform in different market conditions.

Results and Dividend
Details of the Company's results are shown in the Financial Highlights on pages 2 and 3.

The total revenue return attributable to Ordinary shareholders for the year ended 30 September 2016 amounted to £7,956K (2015: £7,044K).

Dividends are paid on a quarterly basis, in March, June, September and December.

In 2016 three quarterly dividends were paid as follows:

18 March 2016	3.40p per share
24 June 2016	3.40p per share
23 September 2016	3.60p per share

The Directors are now recommending to shareholders that a fourth quarterly dividend of 5.00 pence (2015 – fourth quarterly dividend of 4.70 pence) be paid on 16 December 2016 to shareholders on the share register as at the close of business on 25 November 2016. The ex-dividend date is 24 November 2016.

Monitoring Performance – Key Performance Indicators
The key performance indicators (KPIs) shown below have been identified by the Directors to determine the progress of the Company and a record of these measures, with comparatives, is disclosed in the Financial Highlights on pages 2 and 3.

- Net asset value total return relative to the Company's benchmark (FTSE All-Share Index total return)
- Share price (capital return)
- Premium or Discount to net asset value

At each Board meeting the Directors consider a number of performance measures, including the KPIs and attribution analysis, to assess the Company's success in achieving its investment objective.

The Board considers the performance measures over various time periods and against similar funds.

Principal Risks and Uncertainties and Changes in the Year

The Board has an ongoing process for identifying, evaluating and managing the principal risks and uncertainties of the Company and has carried out a robust review. The process is regularly reviewed by the Board.

Most of the Company's principal uncertainties and risks are market related and no different from those of other investment trusts that invest primarily in the UK listed market. Risks may vary in significance from time to time and the controls and actions to mitigate these are described below.

The Board considers the following to be the principal risks and uncertainties:

Principal Risk	Risk Mitigation and Actions in the year
Investment Performance	The Board recognises that market risk is significant in achieving performance and your Board reviews strategy and investment guidelines to ensure that these are appropriate. Regular reports are received from the Manager on stock selection, asset allocation, gearing and the costs of running the Company. The performance is reviewed in detail and discussed with the Manager at each Board meeting. The Board regularly reviews the impact of geopolitical instability and change on market risk. The Board is mindful of the continuing uncertainty following the UK's referendum decision to leave the EU and, along with the Manager, is closely monitoring the situation. The Board, through its review process, did not identify any specific new actions required to mitigate performance risks during the year. The Manager's Report on pages 7 to 10 explains the changes made within the portfolio during the year.
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. As part of the annual assessment of key third party service providers, the internal control reports of the service providers are reviewed. During the year there were no issues identified that compromised the security of the assets and the Board received assurances on the internal control environment of service providers from these reports. The departure of the Manager's Head of Investment Companies during the year created an operational risk but the Manager implemented adequate interim measures and has subsequently employed an experienced individual to take over the position. The Board monitored the situation closely and is satisfied that the change of key personnel at the Manager did not create any operational issues for the Company.
Discount/Premium to NAV	A significant share price discount or premium to net asset value per share could lead to high levels of uncertainty and could potentially reduce shareholder confidence. The Board keeps the level of the Company's discount/premium under regular review. In the first four months of the financial year, the Company's shares were trading at a small premium and the Board issued 1,005,000 new Ordinary shares to satisfy market demand. The premium moved to a discount in the run up to the EU referendum in June and the shares ended the year at a discount of 4.4%.
Regulatory Risk	The Company operates in an environment with significant regulation including the UKLA Listing Rules, the UK Companies Act, the Corporation Tax Act 2010 and the Alternative Investment Fund Managers Directive ('AIFMD'). During the year, the EU's Market Abuse Regulation ('MAR') came into force. The Company has updated its policies and procedures to ensure compliance with MAR. There has been no significant change in this risk during the year though the environment as a whole is considered to be one of increasing costs for compliance with ever increasing regulation.

Employee, Environmental and Human Rights Policy

As an investment trust which has outsourced the management of its portfolio, the Company has no direct social community, employee or environmental responsibilities, nor is it responsible for the emission of greenhouse gases. Its principal responsibility to shareholders is to ensure that the investment portfolio is properly managed and invested. The Company has no employees and, accordingly, has no requirement to separately report in this area as the management of the portfolio has been delegated to the Manager. The Manager engages with the Company's underlying investee companies in relation to their corporate governance practices and in developing their policies on social, community and environmental matters and further information may be found in the Statement of Corporate Governance. In light of the nature of the Company's business there are no relevant human rights issues and the Company does not have a human rights policy.

Bank Facilities

The Company has a £30 million sterling revolving credit facility with Scotiabank (Ireland) Limited. During the year, funds were periodically drawn down from the facility as determined by the Manager. As at 30 September 2016, £26m had been drawn down. Additional information may be found in the "Gearing" section of the Chairman's Statement on page 5.

Future Strategy

The Board and Manager intend to maintain the strategic policies set out above for the year ending 30 September 2017 as it is believed that these are in the best interest of shareholders.

Approval of the Strategic Report

The Strategic Report was approved by the Board of Directors on 15 November 2016 and signed on its behalf by:

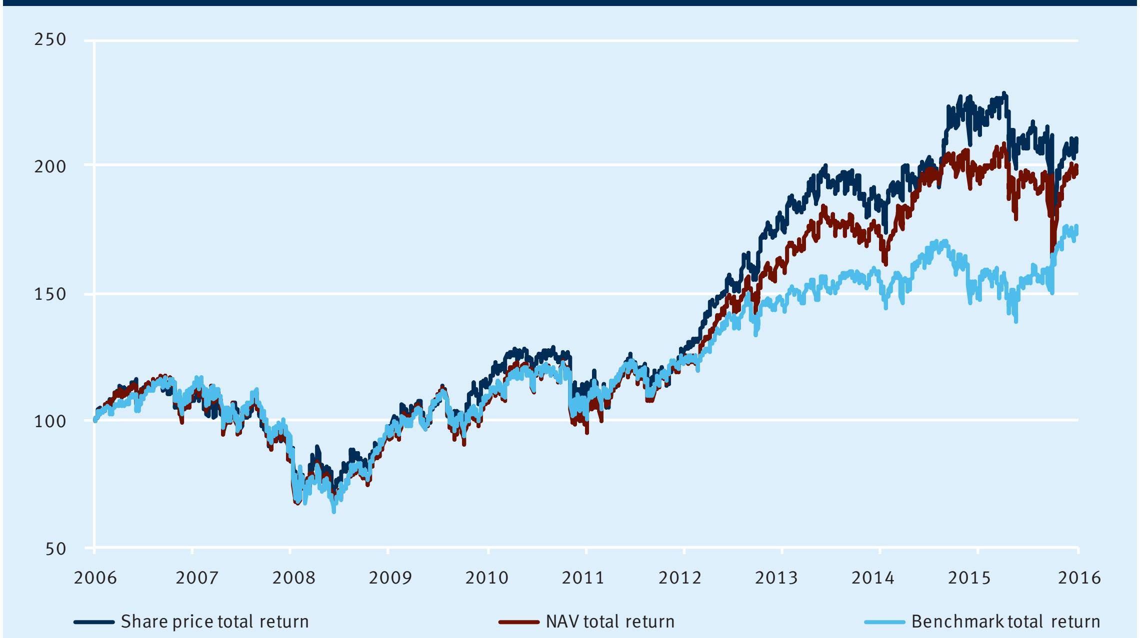
Richard Burns
Chairman

15 November 2016

	Gross revenue £'000	Revenue available for ordinary shareholders £'000	Revenue earnings per share p	Dividends per share p	Net asset value per share[1] p	Shareholders' funds £'000	Share price p	(Discount)/ premium %	Actual gearing ratio[2]	Potential gearing ratio[3]
2007	5,404	4,606	11.99	10.45	348.9	132,333	311.0	(10.9)	1.07	1.10
2008	5,479	4,782	12.61	11.00	262.5	99,573	241.0	(8.2)	0.96	1.15
2009	4,922	4,836	12.75	11.55	280.3	106,302	253.5	(9.6)	1.08	1.08
2010	4,715	4,189	11.04	11.80	299.8	113,701	286.8	(4.3)	1.10	1.11
2011	5,257	4,877	12.86	12.40	269.9	102,422	276.5	2.4	1.06	1.15
2012	5,780	5,136	13.53	12.75	314.2	119,273	294.0	(6.4)	1.06	1.13
2013	6,107	5,361	14.07	13.40	383.3	151,837	383.0	(0.1)	1.13	1.13
2014	7,084	6,214	15.69	14.00	397.9	166,472	394.0	(1.0)	1.13	1.14
2015	7,957	7,044	17.18	14.70	440.7	195,648	439.0	(0.4)	1.08	1.13
2016	8,997	7,956	17.92	15.40	431.5	199,730	412.4	(4.4)	1.07	1.13

[1] Net Asset Values include net revenue for the period, and are diluted where applicable.
[2] Total assets less current liabilities excluding all debt being used for investment purposes (irrespective of how long the debt has to run until repayment) less all cash and fixed interest assets divided by shareholders' funds.
[3] Total assets less current liabilities excluding all debt being used for investment purposes (irrespective of how long the debt has to run until repayment) divided by shareholders' funds.

Ten Year Performance (total return rebased to 100 as at 1 October 2006)



Source: Thomson Datastream

Board of Directors

Richard Burns
Chairman

Appointed to the Board in 2006 and as Chairman with effect from 17 December 2014. Mr Burns is currently Chairman of JPMorgan Indian Investment Trust plc. He is a former Non-Executive Director of The Baillie Gifford Japan Trust plc, The Bankers Investment Trust plc, EP Global Opportunities Trust plc and Mid Wynd International Investment Trust plc. He was, until May 2006, Joint Senior Partner of Baillie Gifford.

Jeremy Tigue
Director

Appointed to the Board on 1 October 2014, he is the Chairman of BACIT Limited (Battle against Cancer Investment Trust) and is a Non-Executive Director of ICG Enterprise Trust PLC, 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. Mr Tigue was a Director of the Association of Investment Companies ("AIC") from 2003 to 2013.

Josephine Dixon
Director

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

Mark White
Director

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

Keith Percy
Director

Appointed to the Board in 1991, he is Chairman of the Nomination Committee. He is a Non-Executive Director of JPMorgan Japanese Investment Trust PLC. Mr Percy was designated as the Senior Independent Director on 5 February 2015. Mr Percy will step down as a Director of the Company at the AGM on 15 December 2016.

The Directors present their Report and the audited financial statements of the Company for the year ended 30 September 2016.

Principal Activity and Status

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

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

Regulatory Status

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

Directors

The names and short biographies of the Directors of the Company at the date of this Report are shown on page 18. All of the Directors served throughout the year ended 30 September 2016. The Directors' interests in the share capital of the Company at 30 September 2016 and 1 October 2015 are shown in the table on page 34.

In accordance with the Company's policy of annual re-election of Board members, Mr R.R.J. Burns, Ms J. Dixon, Mr J.J. Tigue and Mr M.B.E. White will retire from the Board and offer themselves for re-election at the next AGM. The relevant resolutions may be found in the Notice of AGM on page 60 of this Report.

Mr K.E. Percy will step down at the conclusion of the AGM and will, therefore, not stand for re-election.

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

Directors' Indemnity

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

Additional Information

The rules governing the appointment of Directors are set out in the Statement of Corporate Governance on pages 24 to 29. The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders.

The Company is not aware of any significant agreements to which it is a party which take effect, alter or terminate upon a change of control of the Company following a takeover.

Share Capital and Voting Rights

Ordinary Shares

The Company's issued share capital at 30 September 2016 consisted of 45,282,829 Ordinary shares of 25p (30 September 2015: 42,976,691) with each share entitling the holder to one voting right.

During the year, the Company issued a total of 2,306,138 new Ordinary shares of 25p, of which 1,301,138 related to the exercise of Subscription shares and the balance was used to satisfy demand when the Ordinary shares were trading at premium.

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

Subscription Shares

In December 2010, the Company issued Subscription shares on the basis of one Subscription share for every five Ordinary shares held. Subscription shareholders are entitled to exercise their right to subscribe for one Ordinary share for every Subscription share held at a price of 320p per Ordinary share on the last business day of June and December.

At 30 September 2016, there were 3,895,938 Subscription shares of 0.01p, with no voting rights, in issue (2015 – 5,197,076).

During the year, shareholders exercised the rights attaching to 1,301,138 Subscription shares to allow them to subscribe for new Ordinary shares for a total consideration of £4,163,641.60.

It should be noted that the last business day of December 2016 will be the final opportunity for Subscription shareholders to exercise their Subscription share rights. Letters containing further details about the process are being sent to all Subscription shareholders who appear on the register as at the date of the publication of these accounts.

Treasury Shares

The Company did not buy back any shares into treasury or for cancellation during the year ended 30 September 2016 (2015: nil). In addition, the Company did not hold any Ordinary shares in treasury at that date (2015 – nil).

Investment Management Agreement

Investment management services have been provided to the Company by Standard Life Investments (Corporate Funds) Limited (the "Manager") since 2005 pursuant to an Investment Management Agreement ('IMA'). In July 2014, the Manager was appointed as the Company's Alternative Investment Fund Manager ('AIFM'), as required by the Alternative Investment Fund Managers Directive ('AIFMD'). In October 2016, the Manager agreed that the annual management charge should be amended such that while the first £250m of assets will attract a charge of 0.65%, all assets above £250m will be charged a fee of 0.55%. The IMA is terminable by either party on not less than six months' notice.

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

The Remuneration and Management Engagement Committee has reviewed both the terms of the IMA and the performance of the Manager for the year ended 30 September 2016 and is of the opinion that the continuing appointment of the Manager, on the terms set out in the IMA, is in the best interest of Shareholders as a whole. The key factors taken into account in reaching this decision were the commitment, investment skills and experience of the Manager's personnel and the long-term record of its performance in managing UK equities.

Global greenhouse gas emissions

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

Corporate Governance

The Statement of Corporate Governance which forms part of the Directors' Report is shown on pages 24 to 29.

Going Concern

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

The Company's Articles of Association require that at this year's AGM and thereafter at every fifth AGM, the Directors shall propose an ordinary resolution to the effect that the Company continues as an investment trust. After consulting with the Company's major shareholders, the Board anticipates that the resolution concerning the continuation of the Company will be supported and passed by shareholders. The Board is committed to the ongoing success and promotion of the Company and the Directors will be voting in favour of the resolution in respect of their own shares and recommend that shareholders do likewise.

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

Viability Statement

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

The Board has considered the Company's financial position and its ability to liquidate its portfolio and meet its liabilities and draws attention to the following points which the Board took into account in its assessment of the Company's future viability:-

a) The Company's investments are traded on a major stock exchange and there is a spread of investments held.

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

c) The Company's main liability is its bank loan of £26million, which represents 13% of the Company's net assets.

d) The Company's cash balance (including money market funds) at 30 September 2016 was £11m.

e) The Board has considered the principal risks faced by the Company, together with the steps taken to mitigate these risks, as detailed in the Business Review and in the Statement of Corporate Governance and referred to in Note 15 of the Financial Statements and has concluded that the Company would be able to take appropriate action to protect the value of the Company. The Company takes any potential risks to its ongoing success and ability to perform very seriously and works hard to ensure that risks are kept to a minimum at all times.

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

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

As detailed in the Chairman's Statement, the Company has a good long-term performance record and 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, long-term performance will continue to be satisfactory and the Company will continue to have access to sufficient capital.

Therefore, after careful consideration of the Company's current position and future prospects and taking into account its risk-aware attitude, the Directors have a reasonable expectation that, with the support of shareholders, the expectation is for the continuation vote to be passed, that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of its assessment.

Portfolio Manager's Holdings

Portfolio manager	Ordinary shares	Subscription shares
Thomas Moore	27,510	21,000

The above holdings are as at the date of this Report and include immediate family holdings.

Substantial Interests in Shares

Information provided to the Company by major shareholders pursuant to the Financial Conduct Authority's Disclosure 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 2016.

Name of Shareholder	Number of Ordinary shares	%
Alliance Trust Savings	6,454,573	14.25
Charles Stanley	4,852,612	10.72
Brewin Dolphin, stockbrokers	4,326,122	9.55
Hargreaves Lansdown, stockbrokers (Execution Only)	3,462,513	7.65
Smith & Williamson	2,164,060	4.78
Investec Wealth & Investment	2,072,094	4.58
Speirs & Jeffrey, stockbrokers	1,548,219	3.42
Total	24,880,193	54.95

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 the date of this Report.

Name of Shareholder	Number of Ordinary shares	%
Alliance Trust Savings	6,480,269	14.31
Charles Stanley	4,689,521	10.36
Brewin Dolphin, stockbrokers	4,305,405	9.51
Hargreaves Lansdown, stockbrokers (Execution Only)	3,501,102	7.73
Smith & Williamson	2,149,798	4.75
Investec Wealth & Investment	2,001,564	4.42
Speirs & Jeffrey, stockbrokers	1,591,903	3.52
Total	24,719,562	54.60

Independent Auditor
The Company's Independent Auditor is Grant Thornton UK LLP, and further information about their appointment can be found in the Report of the Audit Committee on pages 30 to 31.

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

Subsequent Events
There have been no events since 30 September 2016 requiring disclosure.

Annual General Meeting
The Notice of the AGM, which will be held this year at 11.30am on Thursday 15 December 2016, may be found on pages 60 to 64.

Remuneration Policy (Ordinary Resolution 2)
Resolution 2, put to shareholders at every third AGM, proposes that shareholders approve the Company's Remuneration Policy. The Remuneration Policy can be found on page 32, further information is also contained in the Director Remuneration Report on pages 33 to 34.

Authority of Directors to allot shares (Ordinary Resolution 10)
The Directors cannot allot shares in the capital of the Company without the prior authorisation of shareholders in general meeting under section 551 of the Companies Act 2006. If resolution 10 is passed, the Directors will have the authority to allot shares up to a maximum nominal amount of £3,773,569 which represents approximately one third of the Company's issued share capital (excluding shares held in treasury) as at 15 November 2016 (the last practicable date before the printing of this document).

As at the date of this report, the Company did not hold any Ordinary shares in treasury. If given, this authority will expire at the conclusion of the next AGM of the Company or, if earlier, on 15 March 2018.

The Directors intend to seek a renewal of such power at each AGM. The Directors consider that the authority proposed to be granted by resolution 10 is necessary to retain flexibility, although they do not at the present time have any intention of exercising such authority.

Disapplication of pre-emption rights (Special Resolution 11)
If the Directors wish to exercise the authority under resolution 10 and offer shares for cash, the Companies Act 2006 requires that, unless shareholders have given specific authority for the waiver of the statutory pre-emption rights, the new shares are offered first to existing shareholders. The passing of resolution 11 would dis-apply the strict statutory pre-emption provisions in respect of shares up to a nominal value of £1,132,070 which represents approximately 10% of the Company's issued share capital as at 15 November 2016. If given, this authority will expire at the conclusion of the next AGM or, if earlier, on 15 March 2018, unless previously revoked, varied or extended by the Company in General Meeting. Ordinary shares will only be issued at prices representing a premium to the last published net asset value.

Authority for the Company to purchase its own shares (Special Resolutions 12 and 13)
The Company's buy back authority was last renewed at the AGM of the Company held on 16 December 2015. Resolutions 12 and 13, if passed, would authorise the Company to buy back up to 6,787,896 Ordinary shares which represents approximately 14.99% of the Company's issued ordinary share capital (excluding shares held in treasury) as at 15 November 2016 and the outstanding Subscription shares remaining following the final subscription exercise having taken place on the last business day of December 2016. If given, the authority conferred by resolution 12 will expire at the conclusion of the next AGM of the Company or, if earlier, on 15 March 2018. The Directors intend to seek

a renewal of the power to buyback its ordinary shares at each AGM. The right of subscription shareholders to subscribe for one ordinary share for every subscription share expires on 30 December 2016. This authority will expire in relation to Subscription shareholders on this date and will not be renewed.

Any purchases of Ordinary shares will be made within guidelines established from time to time by the Directors, but they will only exercise the authority if, in their opinion, it would be in the interests of the Company to do so and would result in an increase in net asset value per Ordinary share for the remaining shareholders and if it is in the best interests of shareholders generally. Such purchases will only be made at prices below the prevailing net asset value per Ordinary share and within the price constraints set out in paragraphs (b) and (c) of resolution 12.

If the Directors exercise the authority conferred by resolution 12 the Company will have the option of either holding in treasury or of cancelling any of its own shares purchased pursuant to the authority and will decide at the time of purchase which option to pursue. The Directors will have regard to any guidelines issued by investor groups at the time of any such purchase, holding or re-sale of treasury shares, but the Directors would not in any circumstances sell treasury shares at less than net asset value per Ordinary share prevailing at the time of sale.

Purchases of subscription shares will only be made through the market at prices where the Directors believe such purchases will enhance Ordinary shareholder value and within the price constraints set out in paragraphs (b) and (c) of the resolution. Any subscription shares repurchased by the Company will be cancelled and will not be held in treasury for reissue or resale.

Continuation Vote (Ordinary Resolution 14 – Special Business)

Resolution 14, put to shareholders at the 2016 AGM, and thereafter at every fifth AGM (as per section 155.2 of the Company's Articles of Association) proposes that the Company continues as an investment trust. The Chairman's Statement on pages 4 to 6 contains further information about why the Directors believe that shareholders should support this resolution. The Viability Statement on pages 20 and 21 also highlights why the Directors believe that the continuation of the Company is in the best interests of shareholders as a whole.

Recommendation

The Directors unanimously recommend that shareholders vote in favour of each resolution to be put to the AGM on 15 December 2016, as they will be doing in respect of their own shares.

By order of the Board,

Maven Capital Partners UK LLP
Company Secretary

15 November 2016

Statement of Corporate Governance

Introduction

The Board is accountable to the Company's Shareholders for high standards of corporate governance and this statement describes how the Company applies the main principles identified in the UK Corporate Governance Code 2014 ("the Governance Code") which was revised in April 2016. A copy of the Code is available from the website of the Financial Reporting Council at www.frc.org.uk. The Association of Investment Companies ("the AIC") has published its own Code on Corporate Governance ("the AIC Code"), by reference to the AIC Corporate Governance Guide for Investment Companies ("the AIC Guide"), which provides a comprehensive guide to best practice in certain areas of governance where the specific characteristics of investment trusts suggest alternative approaches to those set out in the Governance Code. Both the AIC Code and AIC Guide are available from the AIC website at www.theaic.co.uk.

This Statement of Corporate Governance forms part of the Directors' Report.

Application of the Main Principles of the Governance Code and the AIC Code

This statement describes how the main principles identified in the Governance Code and the AIC Code ("the Codes") have been applied by the Company throughout the year as is required by the Listing Rules of the UK Listing Authority. In instances where the Governance Code and AIC Code differ, an explanation will be given as to which governance code has been applied, and the reason for that decision.

The Board is of the opinion that the Company has complied fully with the main principles identified in the Codes except as set out below:

- the role of the chief executive — Code provision A2.1; and
- executive directors' remuneration — Code provisions D2.1, D2.2, and D2.4; and
- the need for an internal audit function — Code provision C3.6.

For the reasons set out in the AIC Guide, and as explained in the Governance Code, the Board considers that these provisions are not relevant to the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

The Board

The names and biographies of those Directors who held office at 30 September 2016 and at the date of this Report appear on page 18 and indicate their range of investment, commercial and professional experience. Mr K.E. Percy is the Senior Independent Director and was appointed as such on 5 February 2015. Following his departure at the conclusion of the AGM, it is proposed that Mr J.J. Tigue be appointed as the new Senior Independent Director. All Directors are considered under the Codes to be independent of Standard Life Investments (Corporate Funds) Limited ("the Manager") and free of any relationship which could materially interfere with the exercise of their independent judgement on issues of strategy, performance, resources and standards of conduct.

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

These matters include:

- the maintenance of clear investment objectives and risk management policies;
- the monitoring of business activities of the Company ranging from analysis of investment performance through to review of quarterly management accounts;
- monitoring of Disclosure and Transparency Rules and requirements of the Companies Act 2006, such as approval of Half-Yearly Financial Report and Annual Report and Financial Statements and approval and recommendation of any dividend;
- setting the range of gearing in which the Manager may operate;
- major changes relating to the Company's structure including share buy-backs and share issuance;
- Board appointments and removals and the related terms of appointment;
- authorisation of Directors' conflicts or possible conflicts of interest;
- terms of reference and membership of Board Committees;

- appointment and removal of the Manager and the terms and conditions of the Investment Management Agreement relating thereto; and
- Stock Exchange/UK Listing Authority/Financial Conduct Authority - responsibility for approval of all circulars, listing particulars and other releases concerning matters decided by the Board.

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

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

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

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

The Board meets formally at least five times a year, and more frequently where business needs require. The Board met on five occasions during the year ended 30 September 2016. Details of the attendance by each of the Directors and Committee members at these Board and Committee meetings are shown in Table 1. Between meetings, the Board maintains regular contact with the Manager.

Table 1: Directors' attendance at Board and Committee meetings

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

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

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

Delegated Functions

The Board has contractually delegated the following services to external firms:

- the management of the investment portfolio;
- the day to day accounting, company secretarial and administration services of the Company;
- custody services (which includes the safeguarding of assets), and
- shareholder registration services.

The contracts, including the investment management agreement with the Manager, were entered into after full and proper consideration by the Directors of the quality and cost of services offered, including the financial control systems in operation in so far as they relate to the affairs of the Company. These contracts are also reviewed regularly by the Remuneration and Management Engagement Committee. Key staff from the Manager and the Company Secretary regularly attend appropriate Board meetings to brief the Directors on the nature and extent of the risks facing the Company. Both written and oral reports are received throughout the year from the firms to which services are subcontracted, detailing, in each case, the internal control objectives and procedures adopted.

Statement of Corporate Governance

Board Committees

Copies of the terms of reference of the three Board Committees, which clearly define the responsibilities and duties of each Committee, are available on request from the Company Secretary or via the download area of the Company's webpage, hosted by the Manager, at www.standardlifeinvestments.com/its.

Audit Committee

Information regarding the composition, responsibilities and activities of the Audit Committee is detailed in the Report of the Audit Committee on pages 30 to 31.

Nomination Committee

The Directors have established a Nomination Committee comprising the full Board with Mr K.E. Percy as Chairman.

The main responsibilities of the Committee include:

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

Although the Company does not have a formal policy on diversity, consideration of Board diversity forms part of the responsibilities of the Committee.

During the year, the Nomination Committee commenced the search for a new Director to replace Mr K.E. Percy, who will step down at the conclusion of the AGM at which time it is proposed that Mr M.B.E White will replace Mr Percy as the Chairman of the Nomination Committee. The search for a new Director is at an advanced stage and details will be announced in due course. During the year the independent search consultancy, Nurole, was appointed to assist in the search for a new Director. This company has no other relationship with the Company or with any of the Directors.

Remuneration and Management Engagement Committee

The Company's policy on Directors' remuneration and details of the remuneration of each Director are detailed in the Remuneration Policy on page 32 and the Directors' Remuneration Report on pages 33 to 34.

At its meeting on 19 May 2016, the Committee reviewed the performance of the Manager. The performance for the Company's financial year has also been reviewed and, in the opinion of the Directors, the continuing appointment of the Manager, on the terms agreed, was in the best interest of Company's shareholders as a whole.

Tenure Policy

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

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

The Company's policy is for Directors to retire and present themselves for re-election annually. Accordingly, Mr R.R.J. Burns, Ms J. Dixon, Mr J.J Tigue and Mr M.B. E. White will retire from the Board and offer themselves for re-election at the next AGM.

As he is stepping down from the Board at the conclusion of the AGM on 15 December 2016, Mr K.E. Percy will not be standing for re-election.

Directors' Performance Evaluation

A performance evaluation using questionnaires to review the effectiveness of the Board as a whole, and of each individual Director, was carried out during the year. This sought to identify whether the Board demonstrated sufficient collective skill and experience, independence and knowledge of the Company and that each Director exhibited the commitment required for the Company to achieve its objectives. An evaluation of the Chairman, in his absence, was also carried out by the other Directors led by Mr K.E. Percy as the Senior Independent Director. The Board is satisfied with the resulting performance evaluation of the Board, each individual Director and the Chairman.

Internal Controls and Risk Management

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

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

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

The Board has reviewed the effectiveness of the Manager's system of internal controls and risk management and, in particular, has reviewed the process for identifying and evaluating the significant risks faced by the Company and the policies and procedures by which these risks are managed. The Manager conducts an annual review of its system of internal controls which is documented within an internal controls report. This report is independently reviewed by the Manager's auditor and a copy is submitted to the Audit Committee. The Audit Committee also receives reports from the risk and compliance functions of the Manager and the Company Secretary on a regular basis.

Standard Life Investments (Corporate Funds) Limited is the Company's AIFM and, in that capacity, has a permanent risk management function to ensure that effective risk management policies and procedures are in place to monitor compliance with risk limits. The AIFM has a risk policy which covers the risks associated with the management of the portfolio and the adequacy and appropriateness of this policy is reviewed at least annually. BNP Paribas Securities Services is the Company's Depositary. The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments and monitoring the Company's compliance with investment limits and leverage requirements.

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

Statement of Corporate Governance

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

Communication with Shareholders

The Company reports formally to shareholders twice a year by way of the Half-Yearly Financial Report and the Annual Report, which each include an analysis of the risks and uncertainties facing the Company. A monthly factsheet and monthly valuation report are also published on the website of the Manager and are available to all shareholders on request: see Key Contacts page 56 for details. The Company's net asset value is published each business day.

The Directors are always available to discuss issues of concern or areas of uncertainty with any shareholders.

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

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

Corporate Governance, Stewardship and Proxy Voting

The Board has delegated responsibility for actively monitoring the activities of portfolio companies to the Manager. The Board has reviewed and accepts the Manager's corporate governance principles and policies ("the Principles and Policies"), which may be found on the Manager's website at: http://www.standardlifeinvestments.com/governance_and_stewardship/what_is_corporate_governance/principles_and_policies.html. These Principles and Policies set out the Manager's framework on corporate governance, proxy voting and shareholder engagement in relation to the companies in which the Manager has invested or is considering investing.

The Board has reviewed the Manager's statement of compliance with the UK Stewardship Code, which appears on the Manager's website at: http://www.standardlifeinvestments.com/governance_and_stewardship/the_uk_stewardship_code/index.html.

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

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

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

Socially Responsible Investment Policy

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

The Manager's specific policies can be found on the Manager's website at: http://www.standardlifeinvestments.com/sustainable_and_responsible_investing/index.html.

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

Accountability and Audit

The Statement of Directors' Responsibilities in respect of the Financial Statements is on page 35. The Statement of Going Concern is included in the Directors' Report on page 20 and the Viability Statement can also be found on pages 20 and 21. The Independent Auditor's Report is on pages 36 to 39.

By order of the Board,
Maven Capital Partners UK LLP
Company Secretary

15 November 2016

Report of the Audit Committee

Audit Committee

The Directors have established an Audit Committee which consists of all of the Directors of the Company. Details of the experience and qualifications of the Directors are set out on page 18. The Board is satisfied that all members of the Committee have a sufficient level of recent and relevant financial experience. The Committee was chaired throughout the year by Ms J. Dixon.

Responsibilities

The main responsibilities of the Committee are:

- reviewing the financial statements of the Company and formal announcements relating to the Company's financial performance, and any significant financial reporting judgements contained in them;
- where requested by the Board, providing advice on whether the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy;
- reviewing the Company's internal controls and risk management systems;
- reviewing an annual statement from the Manager detailing the arrangements in place whereby the Manager's staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters;
- making recommendations to the Board in relation to the appointment of the external auditor and its remuneration;
- reviewing the external auditor's independence and objectivity and the effectiveness of the audit process; and
- developing and implementing policy on the engagement of the external auditor to supply non-audit services.

Financial Reporting

At its meeting in May 2016, the Committee reviewed the Company's Half Yearly Report for the six months ended 31 March 2016. At its meeting in November 2016, the Committee reviewed the Company's Annual Report and Financial Statements for the year ended 30 September 2016.

The two most important accounting matters considered by the Committee in relation to the financial statements are the valuation, existence and ownership of the investment portfolio and the recognition of dividend income. The Committee considered these matters as follows:

Valuation, existence and ownership of the investment portfolio

The Company uses BNP Paribas Securities Services ("the Custodian") as its independent custodian to hold the assets of the Company. An annual internal control report is received from the Custodian which provides details of the Custodian's control environment. The investment portfolio is reconciled regularly by the Manager and the year-end reconciliation is reviewed by the Independent Auditor. The portfolio is reviewed and verified by the Manager on a regular basis and management accounts including a full portfolio listing are prepared quarterly and are considered at the quarterly meetings of the Board. The portfolio is also audited annually by the Independent Auditor. The valuation of investments is undertaken in accordance with the accounting policies disclosed in notes 1(b) and (c) to the Financial Statements on page 44. The Committee satisfied itself that there were no issues associated with the valuation, existence and ownership of the investments which required to be addressed.

Recognition of dividend income

The recognition of dividend income is undertaken in accordance with accounting policy note 1(d) to the Financial Statements on page 44. Special dividends are allocated to the capital or revenue accounts according to the nature of the payment and the specific circumstances. The management accounts are reviewed by the Board on a quarterly basis and discussion takes place with the Manager regarding the allocation of any special dividends that have been received. The allocation of special dividends is also reviewed by the Independent Auditor. The income resulting from special dividends is disclosed in Note 2 to the Financial Statements. The Committee concluded that there were no issues associated with the recognition of dividend income which required to be addressed

Following its review of the Annual Report and Financial Statements for the year ended 30 September 2016, the Committee provided advice to the Board that it considered that the Annual Report and Financial Statements, taken as a whole, were fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Internal Controls and Risk Management

The Committee reviewed the effectiveness of the Company's internal controls and risk management as described on page 27. No significant weaknesses in the control environment were identified and it was also noted that the Auditor had not identified any significant issues in the audit report. The Committee, therefore, concluded that there were no significant issues which required to be reported to the Board.

External Auditor

The Committee reviewed, for recommendation to the Board, the Audit Report from the external Auditor in relation to the Annual Report and Financial Statements for the year ended 30 September 2016. The Committee also considered the performance of Grant Thornton UK LLP as external Auditor.

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

The Independent Auditor's Report is on pages 36 to 39. In accordance with regulatory requirements the external Auditor, Grant Thornton UK LLP, rotates the Senior Statutory Auditor responsible for the audit every five years and this was last changed in 2014. The Senior Statutory Auditor and lead audit engagement partner is Chris Smith. The Company appointed RSM Robson Rhodes LLP as Auditor for the year ended 30 September 2004 and that firm merged with Grant Thornton UK LLP in 2007. There are currently no contractual obligations that restrict the Committee's choice of Auditor. However, in light of recent EU regulation and FRC guidance on audit tenders, the Board intends to put the audit out to tender in 2018 (for the audit of the year ended 30 September 2019) at the end of the current Senior Statutory Auditor's five year term. Details of the amount paid to Grant Thornton UK LLP during the year for audit fees is set out in Note 4 to the Financial Statements.

The Company has in place a policy governing and controlling the provision of non-audit services by the external Auditor, so as to safeguard their independence and objectivity. Shareholders are asked to approve the re-appointment, and the Directors' responsibility for the remuneration, of the Auditor at each Annual General Meeting. Any non-audit work, other than interim reviews, requires the specific approval of the Committee in each case. Non-audit work, where independence may be compromised or conflicts arise, is prohibited. There were no non-audit fees paid during the year to Grant Thornton UK LLP (2015: £nil).

The Board has concluded that the external auditor is independent of the Company and that a resolution should be put to the shareholders at the AGM on 15 December 2016 for the re-appointment of Grant Thornton UK LLP as external Auditor.

For and on behalf of the Committee

Josephine Dixon
Chairman

15 November 2016

Remuneration Policy

Remuneration Policy

The Company's remuneration policy is reviewed annually by the Remuneration and Management Engagement Committee. It provides that fees payable to the Directors should be of the appropriate level to reflect the time spent by the Board on the Company's affairs and the responsibilities borne by each Director, and should be sufficient to enable candidates of a high calibre to be recruited. Fees paid to the directors of companies within the Company's peer group are also taken into account. The policy also provides that the Chairman of the Board and of each Committee be paid a fee which is proportionate to the additional responsibilities involved in the position.

Directors are remunerated in the form of fees payable quarterly in arrears. There are no long-term incentive schemes, share option schemes or pension arrangements and the fees are not specifically related to the Directors' performance, either individually or collectively. Directors' remuneration comprises solely of Directors' fees and the Company's Articles of Association limit the fees payable to Directors to £150,000 per annum. The fees payable to Directors for the year ended 30 September 2016 were £110,500.

Directors' Fees for 2016 & Projected for 2017

	Year Ended 30 September 2016	Year Ending 30 September 2017
R R J Burns	27,500	28,500
J Dixon	23,500	24,500
K E Percy *	20,000	4,373
J J Tigue	19,000	20,000
M B E White	20,500	21,500
TOTAL	**110,500**	**98,873**

*pro rata to 15 December 2016

The Board consists entirely of non-executive Directors whose appointments are reviewed formally every three years by the Board as a whole. None of the Directors has a service contract with the Company and any Director may resign by notice in writing to the Board at any time; there are no set notice periods and no compensation is payable to a Director on leaving office.

New Directors are provided with a letter 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, although the Company's policy is for all Directors to retire and stand for re-election each year.

It is the Board's intention that the remuneration policy will be put to a shareholders' vote at least once every three years and as this was last approved at the 2013 AGM, an Ordinary Resolution for the approval of this policy will be put to shareholders at the forthcoming AGM.

It is intended that the Remuneration Policy will continue to apply in the forthcoming financial year and subsequent years.

This Remuneration Policy was approved by the Board of Directors on 15 November 2016 and signed on its behalf by:

By order of the Board

Mark White
Director

15 November 2016

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

At the most recent review of Director's fees in May 2016, after discussion and careful consideration, the Board recommended that the rates of remuneration should be increased for each Director, bringing the fees payable to: £28,500 for the Chairman, £24,500 for the Chairman of the Audit Committee, £21,500 for the Chairman of the Remuneration and Management Engagement Committee, £21,000 for the Chairman of the Nomination Committee and £20,000 for each other Director. This increase took effect from 1 October 2016 and will be reviewed again in 2017.

During the year ended 30 September 2016, the Board was not provided with advice or services by any person in respect of its consideration of the Directors' remuneration.

No communications have been received from shareholders regarding Director's remuneration during the year.

Directors' Fees and Total Remuneration

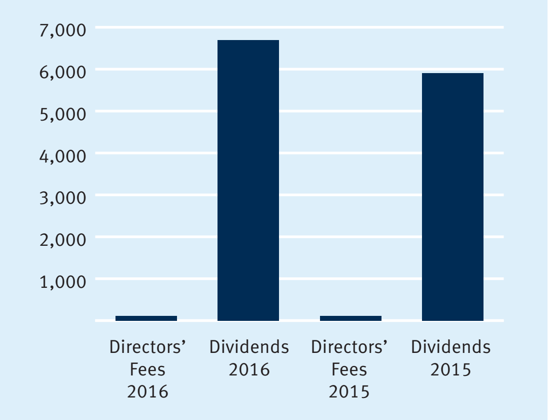
The Company does not have any employees and, as noted in the Remuneration Policy, Directors' remuneration comprises solely of Directors' fees.

There is no notice period and no provision for compensation upon early termination of appointment, save for any arrears of fees which may be due.

Relative Cost of Shareholders' Remuneration

The bar chart below shows the comparative cost of Directors' fees compared with the level of dividend distribution for 2015 and 2016.

Relative Cost of Directors' Remuneration (£000s)



At the Annual General Meeting in December 2015 the results in respect of a resolution to approve the Directors' remuneration were as follows:

Percentage of votes cast	Percentage of votes cast
For	Against
99.52	0.48

At the forthcoming AGM, separate Resolutions will be put to the Shareholders to approve the Directors' Remuneration Report for the year ended 30 September 2016 and the Remuneration Policy for the three year period ending 30 September 2019.

At the 2013 AGM, the results in respect of a resolution to appove the Remuneration Policy were as follows:

Percentage of votes cast	Percentage of votes cast
For	Against
99.82	0.18

Directors' and Officers' Liability Insurance

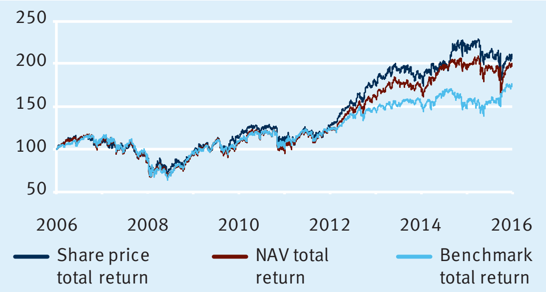
The Company purchases and maintains liability insurance covering the Directors and Officers of the Company. This insurance is not a benefit in kind nor does it form part of the Directors' Remuneration.

Directors' Remuneration Report

Company Performance

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

Ten Year Total Return Performance (rebased to 1 October 2016)



Directors' Remuneration

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

(audited)

	Year ended 30 September 2016 £	Year ended 30 September 2015 £
R.R.J. Burns	27,500	25,750
J. Dixon	23,500	23,500
K. E. Percy	20,000	20,000
J.J. Tigue	19,000	19,000
M.B.E. White	20,500	20,500
C.A. Wood, OBE*	n/a	6,875
Total	**110,500**	**115,625**

* Mr Wood retired from the Board on 17 December 2014.

The above amounts exclude any employers' national insurance contributions, if applicable. No other forms of remuneration were received by the Directors and none of the Directors has received any taxable expenses, compensation for loss of office or non-cash benefit for the year ended 30 September 2016 (2015 – nil).

Directors' Interests

The Directors' interests in the share capital of the Company are shown in the table below. The Directors are not required to hold any shares in the Company.

(audited)

	Ordinary Shares held at 30 September 2016	Ordinary Shares held at 1 October 2015
R.R.J. Burns	221,000	188,000
J. Dixon	4,050	4,050
K. E. Percy	26,378	26,378
J.J. Tigue	25,886	25,886
M.B.E. White	20,000	10,000
Total	**297,314**	**254,314**

Approval

This Remuneration Report was approved by the Board of Directors on 15 November 2016 and signed on its behalf by:

Mark White
Director

15 November 2016

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. The Directors have elected to prepare the Financial Statements in accordance with UK Accounting Standards, (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements.

The Directors are responsible for keeping adequate accounting records that 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 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.

The Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with applicable laws and regulations.

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

The Directors are also responsible for ensuring that the Annual Report and Financial Statements, taken as a whole is fair, balanced and understandable and provides the information necessary to assess the Company's position, performance, business model and strategy.

Directors' Responsibility Statement
Each Director confirms that:

- the Financial Statements have been prepared in accordance with UK Accounting Standards, (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law and give a true and fair view of the assets, liabilities, financial position and profit of the Company as at 30 September 2016;
- the Strategic Report includes 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; and
- the Annual Report and Financial Statements, taken as a whole is fair, balanced and understandable and provides the information necessary to assess the Company's position, performance, business model and strategy.

For and on behalf of the Board of Standard Life Equity Income Trust plc

Richard Burns
Chairman

15 November 2016

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

Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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.

Who we are reporting to

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.

What we have audited

Standard Life Equity Income Trust plc's financial statements for the year ended 30 September 2016 comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement Cash Flows and the related notes.

The financial reporting framework that has been applied in their preparation is United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Overview of our audit approach

- Overall materiality: £1,997,000 which represents 1% of the Company's net asset value; and
- Key audit risks were identified as the existence, ownership and valuation of investments, and completion and occurrence of investment income.

Our assessment of risk

In arriving at our opinions set out in this report, we highlight the following risks that, in our judgement, had the greatest effect on our audit:

Audit risk	How we responded to the risk
Existence, ownership and valuation of investments	
The Company's business is investing in a diversified portfolio consisting mainly of quoted UK equities with a view to providing shareholders with an above average income while also providing real growth in capital and income. As such, the investment portfolio of mainly quoted UK equities is a material item in the Statement of Financial Position and where we focus our audit effort. We identified the existence, ownership and valuation of the investments as risks that require particular audit attention.	Our audit work included, but was not restricted to: • assessing the accounting policy for investments against the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts (issued November 2014)' • understanding management's process to recognise and measure the fair value of the investment portfolio and ensure the existence of those investments; • comparing the valuation of all the listed equity investments to an independent source of market prices; • testing the existence and ownership of listed investments to records maintained by the third party Custodian and Administrator; • testing the year end reconciliation of the investment portfolio; and testing a sample of listed investment additions and disposals during the year to supporting documentation; and • testing the cut-off of investment purchases and sales around the year end date.

Audit risk	How we responded to the risk
	The Company's accounting policy on the valuation of investments is shown in note 1(b) and related disclosures are included in note 9. The Audit Committee identified valuation, existence and ownership of the investment portfolio as an important accounting matter in its report on page 30, where the Committee also described the action that it has taken to address this matter.
Completeness and occurrence of investment income Investment income is the Company's major source of revenue and a material item in the Statement of comprehensive income. Therefore, we identified the completeness and occurrence of investment income as risks that require particular audit attention.	Our audit work included, but was not restricted to: • assessing whether the Company's accounting policy for revenue recognition is in accordance with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts (issued November 2014)'; • testing whether a sample of investment income transactions had been recognised in accordance with the policy; • for a sample of investments held in the year, confirming that revenue that should have been received has been received; and • testing a sample of dividends identified as special dividends as to whether they should have been allocated as revenue or capital receipts. The Company's accounting policy on income, including the recognition of income from investments, is shown in note 1(d) and the components of that income are included in note 2. The Audit Committee identified recognition of dividend income as an important accounting matter in its report on page 30, where the Committee also described the action that it has taken to address this matter.

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

Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our work and in evaluating the results of that work. We determined materiality for the audit of the financial statements as a whole to be £1,997,000, which is 1% of the Company's net asset value.

Materiality for the current year is higher than the level that we determined for the year ended 30 September 2015 as the net asset value is different, although the benchmark applied is the same.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality. We have also determined a lower level of specific materiality for certain areas such as the revenue column of the Statement of comprehensive income, Directors' remuneration and related party transactions.

We determined the threshold at which we will communicate misstatements to the audit committee to be £100,000. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Overview of the scope of our audit

A description of the generic scope of an audit of financial statements is provided on the Financial Reporting Council's website at: www.frc.org.uk/auditscopeukprivate.

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

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

We are independent of the Company in accordance with the Auditing Practices Board's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with those Ethical Standards.

Our audit approach was based on a thorough understanding of the Company's business and is risk-based. The day-to-day management of the Company's investment portfolio, the custody of its investments and the maintenance of the Company's accounting records is outsourced to third-party service providers.

Accordingly, our audit work focussed on obtaining:

- an understanding of, and evaluating, internal controls at the Company and relevant third-party service providers; and
- inspecting records and documents held by the Company and third-party service providers. This included a review of reports on the description, design and operating effectiveness of internal controls at relevant third-party service providers.

We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the design effectiveness of controls over individual systems and the management of specific risks.

Other reporting required by regulations

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified
In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

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.

Under the Listing Rules, we are required to review:

- the Directors' statements in relation to going concern and longer-term viability, set out on pages 20 and 21, and
- the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to report to you if:

- we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable; or
- the annual report does not appropriately disclose those matters that were communicated to the audit committee which we consider should have been disclosed.

We have nothing to report in respect of the above.

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

We also confirm that we do not have anything material to add or to draw attention to in relation to:

- the Directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated;
- the Directors' statement in the financial statements about whether they have considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- the Directors' explanation in the annual report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider 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.

Responsibilities for the financial statements and the audit

What the directors are responsible for:
As explained more fully in the Statement of Directors' Responsibilities, set out on page 35, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

What we are responsible for:
Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Christopher Smith
Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants

London

15 November 2016

Financial Statements
Statement of Comprehensive Income

For the year ended 30 September

	Notes	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000
Net (losses)/gains on investments at fair value	9	–	(4,578)	(4,578)	–	20,270	20,270
Currency gains/(losses)		–	23	23	–	–	–
Income	2	8,997	–	8,997	7,957	–	7,957
Investment management fee	3	(434)	(1,012)	(1,446)	(413)	(963)	(1,376)
Administrative expenses	4	(465)	–	(465)	(383)	–	(383)
NET RETURN BEFORE FINANCE COSTS AND TAXATION		8,098	(5,567)	2,531	7,161	19,307	26,468
Finance costs	5	(116)	(270)	(386)	(117)	(274)	(391)
RETURN ON ORDINARY ACTIVITIES BEFORE TAXATION		7,982	(5,837)	2,145	7,044	19,033	26,077
Taxation	6	(26)	–	(26)	–	–	–
RETURN ON ORDINARY ACTIVITIES AFTER TAXATION		7,956	(5,837)	2,119	7,044	19,033	26,077
RETURN PER ORDINARY SHARE:	8						
Basic		17.92p	(13.15p)	4.77p	17.18p	46.41p	63.59p
Diluted		17.48p	n/a	4.66p	16.55p	44.71p	61.26p

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 are an integral part of the financial statements.

Statement of Financial Position

As at 30 September

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
FIXED ASSETS					
Investments at fair value through profit or loss	9		214,024		210,877
CURRENT ASSETS					
Debtors	10	1,259		1,166	
Money market funds		10,754		9,698	
Cash and short term deposits		287		196	
		12,300		11,060	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
Bank loan	11	(26,000)		(25,000)	
Other creditors	11	(594)		(1,289)	
		(26,594)		(26,289)	
NET CURRENT LIABILITIES			(14,294)		(15,229)
NET ASSETS			199,730		195,648
CAPITAL AND RESERVES					
Called-up share capital	12		11,321		10,745
Share premium account			40,550		32,473
Capital redemption reserve			12,616		12,616
Capital reserve			127,096		132,933
Revenue reserve			8,147		6,881
EQUITY SHAREHOLDERS' FUNDS			199,730		195,648
NET ASSET VALUE PER ORDINARY SHARE:	13				
Basic			441.07p		455.24p
Diluted			431.48p		440.65p

The financial statements on pages 40 to 55 were approved by the Board of Directors and authorised for issue on 15 November 2016 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 2016

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 September 2015		10,745	32,473	12,616	132,933	6,881	195,648
Issue of ordinary shares on conversion of subscription shares	12	325	3,839	–	–	–	4,164
Issue of ordinary shares		251	4,238	–	–	–	4,489
Return on ordinary activities after taxation		–	–	–	(5,837)	7,956	2,119
Dividends paid	7	–	–	–	–	(6,690)	(6,690)
BALANCE AT 30 SEPTEMBER 2016		11,321	40,550	12,616	127,096	8,147	199,730

For the year ended 30 September 2015

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 September 2014		10,127	24,084	12,615	113,900	5,746	166,472
Issue of ordinary shares on conversion of subscription shares	12	405	4,781	1	–	–	5,187
Issue of ordinary shares		213	3,608	–	–	–	3,821
Return on ordinary activities after taxation		–	–	–	19,033	7,044	26,077
Dividends paid	7	–	–	–	–	(5,909)	(5,909)
BALANCE AT 30 SEPTEMBER 2015		10,745	32,473	12,616	132,933	6,881	195,648

The capital reserve at 30 September 2016 is split between realised £89,793K and unrealised £37,303K (30 September 2015 is split realised £89,272K and unrealised £43,661K).

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

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

Statement of Cash Flows

For the year ended 30 September

	Notes	2016 £'000	2015 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net return on ordinary activities before finance costs and taxation		2,531	26,468
Adjustment for:			
Losses/(gains) on investments at fair value		4,578	(20,270)
Net currency gains		(23)	–
Dividend income		(8,951)	(7,922)
Dividends received		8,791	8,026
Interest income		(42)	(19)
Interest received		43	16
Decrease/(increase) in other debtors		1	(1)
(Decrease)/increase in other creditors		(323)	114
Net cash outflow from servicing of finance		(371)	(394)
Net tax paid		(110)	(30)
NET CASH INFLOW FROM OPERATING ACTIVITIES		6,124	5,988
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments		(64,809)	(82,726)
Sales of investments		56,846	80,521
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(7,963)	(2,205)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of ordinary shares from conversion of subscription shares		4,164	5,186
Issue of ordinary shares		4,489	3,821
Equity dividends paid	7	(6,690)	(5,909)
Drawdown of loan		1,000	2,000
NET CASH INFLOW FROM FINANCING ACTIVITIES		2,963	5,098
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,124	8,881
ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS			
Opening balance		9,894	1,013
Increase in cash and cash equivalents		1,124	8,881
Currency movements		23	–
CLOSING BALANCE		11,041	9,894
COMPONENTS OF CASH AND CASH EQUIVALENTS			
AAA money market funds		10,754	9,698
Cash and short term deposits		287	196
		11,041	9,894

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

Notes to the Financial Statements

For the year ended 30 September 2016

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'.

They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The financial statements have been prepared on a going concern basis. The Directors believe this is appropriate for the reasons outlined in the Directors' Report on page 20.

These financial statements are the first since FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland) came into effect for accounting periods beginning on or after 1 January 2015. An assessment of the impact of adopting FRS 102 has been carried out and found that no restatement of balances as at the transition date, 1 October 2014, or comparative figures in the Statement of Financial Position or the Statement of Comprehensive Income is considered necessary.

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 most liquid FTSE 250 along with some other securities.

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

(c) Money market funds

The 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 money market fund in which the Company invests is managed by Standard Life Investments 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 (other than special dividends), 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 short term deposits 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
In accordance with FRS102, dividends that are declared and approved by the Company after the Statement of Financial Position date are not recognised as a liability of the Company at the Statement of Financial Position date.

(g) Capital and reserves

Called-up share capital
Share capital represents the nominal value of ordinary shares issued.

Share premium account
The share premium account represents the premium above nominal value received by the Company on issuing shares net of issue costs.

Capital redemption reserve
The capital redemption reserve represents the nominal value of ordinary shares repurchased and cancelled.

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 along with any associated irrecoverable VAT and relevant finance costs are charged to this reserve. Any associated tax relief is also credited to this reserve.

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

(h) Taxation
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.

2. Income

	2016 £'000	2015 £'000
Income from investments		
Franked investment income		
Ordinary dividends	6,941	6,444
Special dividends	600	420
	7,541	6,864
Overseas and unfranked investment income		
Ordinary dividends	1,024	765
Special dividends	386	293
	1,410	1,058
	8,951	7,922
Other income		
Money market interest	42	19
Underwriting commission	4	16
	46	35
Total income	8,997	7,957

Notes to the Financial Statements

3. Investment management fee	2016 £'000	2015 £'000
Charged to revenue reserve	434	413
Charged to capital reserve	1,012	963
	1,446	1,376

The Company has an agreement with Standard Life (Corporate Funds) Limited for the provision of management services. The contract is terminable by either party on not less than six months notice.

The fee is based on 0.65% of total assets, payable quarterly in arrears and is chargeable 30% to revenue and 70% to capital (see note 1(e)).

4. Administrative expenses	2016 £'000	2015 £'000
Directors' fees	111	115
Employers' National Insurance	10	10
Fees payable to the Company's Auditor (excluding VAT):		
- for the audit of the annual financial statements	23	22
Professional fees	47	16
Depositary fees	43	43
Other expenses	231	177
	465	383

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

Additional information concerning Directors' fees can be found in the Directors' Remuneration Report on pages 33 and 34.

5. Finance costs	2016 £'000	2015 £'000
On bank loans and overdrafts:		
Charged to revenue reserve	116	117
Charged to capital reserve	270	274
	386	391

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

6. Taxation

	2016 £'000	2015 £'000
(a) Analysis of charge for the year		
Overseas withholding tax	26	—

(b) Factors affecting current tax charge for the year

The corporation tax rate was 20% from 1 April 2015 giving an effective rate of 20%. The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK.

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

	2016 £'000	2015 £'000
Total return on ordinary activities before taxation	2,145	26,077
Return on ordinary activities at the UK standard rate of corporation tax 20% (2015 - 20.5%)	429	5,346
Effects of:		
Losses/(gains) on investments not taxable	911	(4,155)
Non-taxable income	(1,729)	(1,578)
Excess management expenses and loan relationship debit expenses	389	387
Overseas withholding tax	26	—
Total taxation	26	—

At 30 September 2016, the Company had unutilised management expenses and loan relationship losses of £21,176,000 (2015 - £19,336,000). No deferred tax asset has been recognised on the unutilised management expenses and loan relationship losses as it is unlikely there will be suitable taxable profits from which the future reversal of the deferred tax asset could be deducted.

7. Dividends on Ordinary shares

	2016 £'000	2015 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for 2015 of 4.70p per share (2014 - 4.40p)	2,020	1,782
First quarterly dividend for 2016 of 3.40p per share (2015 - 3.20p)	1,520	1,301
Second quarterly dividend for 2016 of 3.40p per share (2015 -3.40p)	1,520	1,383
Third quarterly dividend for 2016 of 3.60p per share (2015 - 3.40p)	1,630	1,443
	6,690	5,909
Revenue available for distribution	7,656	7,044

The proposed final dividend for 2016 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

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

	2016 £'000	2015 £'000
First quarterly dividend for 2016 of 3.40p per share (2015 - 3.20p)	1,520	1,301
Second quarterly dividend for 2016 of 3.40p per share (2015 -3.40p)	1,520	1,383
Third quarterly dividend for 2016 of 3.60p per share (2015 - 3.40p)	1,630	1,443
Proposed final dividend for 2016 of 5.00p per share (2015 - 4.70p)	2,264	2,020
	6,934	6,147

8. Return per Ordinary share

	2016 £'000	2016 p	2015 £'000	2015 p
Basic				
Revenue return	7,956	17.92	7,044	17.18
Capital return	(5,837)	(13.15)	19,033	46.41
Total return	2,119	4.77	26,077	63.59
Weighted average number of Ordinary shares in issue[1]		44,390,125		41,010,971
Diluted				
Revenue return	7,956	17.48	7,044	16.55
Capital return	(5,837)	n/a	19,033	44.71
Total return	2,119	4.66	26,077	61.26
Number of dilutive shares		1,119,925		1,556,223
Diluted shares in issue		45,510,050		42,567,194

The calculation of the diluted total, revenue and capital returns per Ordinary share are carried out in accordance with FRS 102, "Earnings per Share". For the purposes of calculating diluted total, revenue and capital returns per Ordinary share, the number of Ordinary shares is the weighted average used in the basic calculation plus the number of Ordinary shares deemed to be issued for no consideration on exercise of all Subscription shares by reference to the average share price of the Ordinary shares during the period.

For the year ended 30 September 2016 the assumed conversion for Ordinary shares was non-dilutive to the capital return per Ordinary share.

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

9. Investments

	2016 £'000	2015 £'000
Fair value through profit or loss		
Opening book cost	167,215	154,930
Opening fair value gains on investments held	43,662	33,347
Opening fair value	210,877	188,277
Movements in the year:		
Purchases at cost	64,422	82,983
Sales - proceeds	(56,697)	(80,653)
- realised gains on sales	1,780	9,955
Current year fair value (losses)/gains on investments held	(6,358)	10,315
Closing fair value	214,024	210,877
Closing book cost	176,720	167,215
Closing fair value gains on investments held	37,304	43,662
Closing fair value	214,024	210,877
Gains on investments held at fair value through profit or loss		
Gains on sales	1,780	9,928
Gains on special dividends	—	27
(Decrease)/increase in fair value gains on investments held	(6,358)	10,315
	(4,578)	20,270

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 gains on investments in the Statement of Comprehensive Income. The total costs were as follows:

	2016 £'000	2015 £'000
Purchases	349	417
Sales	52	97
Total	401	514

10. Debtors: amounts falling due within one year

	2016 £'000	2015 £'000
Amounts due from brokers	352	500
Net dividends and interest receivable	709	549
Other debtors	198	117
	1,259	1,166

Notes to the Financial Statements

11. Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Bank loan	26,000	25,000
Other creditors		
Amounts due to brokers	—	387
Investment management fee payable	369	709
Sundry creditors	225	193
	594	1,289

As at 30 September 2016, the Company had drawn down £26 million (2015 - £25 million) of the £30 million (2015 - £30 million) loan facility arranged with Scotiabank (Ireland) Ltd, £20 million maturing on 5 October 2016, £3 million maturing on 5 October 2016, £2 million maturing on 5 October 2016 and £1 million maturing on 24 October 2016, at interest rates of 1.12344%, 1.12344%, 1.12344% and 1.11669% respectively. Subsequent to the year end all four loans have been rolled over on a monthly basis. On 7 November 2016, the £20m, £3m and £2m loans were rolled over until 7 December 2016 at a rate of 1.11125%. On 24 October 2016, the £1m loan was rolled over to 24 November 2016 at a rate of 1.11250%.

12. Called up share capital

	2016 £'000	2015 £'000
Issued and fully paid:		
Ordinary shares of 25p each		
Opening balance of 42,976,691 (2015 - 40,505,994) Ordinary shares	10,744	10,126
Issue of 1,301,138 (2015 - 1,620,697) Ordinary shares on conversion of Subscription shares	326	405
Issue of nil (2015 - nil) Ordinary shares from Treasury	—	—
Issue of 1,005,000 (2015 - 850,000) Ordinary shares	251	213
Closing balance of 45,282,829 (2015 - 42,976,691) Ordinary shares	11,321	10,744
Subscription shares of 0.01p each		
Opening balance of 5,197,076 (2015 - 6,817,773) Subscription shares	1	1
Conversion of 1,301,138 (2015 - 1,620,697) Subscription shares into Ordinary shares	(1)	—
Closing balance of 3,895,938 (2015 - 5,197,076) Subscription shares	—	1
	11,321	10,745

On 17 December 2010 the Company issued 7,585,860 Subscription shares of 0.01p each by way of a bonus issue to the Ordinary shareholders on the basis of one Subscription share for every five Ordinary shares. Each Subscription share confers the right, but not the obligation, to subscribe for one Ordinary share on any subscription date, being the final business day of June and December in each year commencing June 2011 and finishing on the last business day of December in 2016, after which the rights under the Subscription shares will lapse. The conversion price has been determined as being 320p.

During the year, shareholders have exercised their right to convert 1,301,138 (2015 - 1,620,697) Subscription shares into ordinary shares for a total consideration of £4,164,000 (2015 - £5,187,000).

During the year, 1,005,000 (2015 - 850,000) Ordinary shares were issued for a total consideration of £4,489K (2015 - 3,821K).

There were no shares repurchased during the year. The total shares held in Treasury is nil (2015 - nil). The number of Subscription shares in issue at 30 September 2016 is 3,895,938 (2015 - 5,197,076).

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:

	2016	2015
Basic		
Total shareholders' funds (£'000)	199,730	195,648
Number of Ordinary shares in issue at year end	45,282,829	42,976,691
Net asset value per share	441.07p	455.24p
Diluted		
Total shareholders' funds assuming exercise of Subscription shares (£'000)	212,197	212,279
Number of potential Ordinary shares in issue at year end	49,178,767	48,173,767
Net assets per share	431.48p	440.65p

The diluted net asset value per Ordinary share has been calculated in accordance with guidelines issued by the Association of Investment Companies and assumes that all outstanding Subscription shares were converted into Ordinary shares at the year end.

14. Analysis of changes in net debt

	At 30 September 2015 £'000	Cashflow £'000	Currency movements £'000	At 30 September 2016 £'000
Cash at bank and in hand	196	68	23	287
Money market funds	9,698	1,056	—	10,754
Bank loan	(25,000)	(1,000)	—	(26,000)
Net debt	(15,106)	124	23	(14,959)

15. 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 fair value of the investments in fixed interest rate securities;
- the level of income receivable on cash deposits;
- interest payable on the Company's variable rate borrowings.

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

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

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

	Weighted average period for which rate is fixed	Weighted average interest rate	Fixed rate	Floating rate
As at 30 September 2016	Years	%	£000	£000
Assets				
Money market funds	—	0.43	—	10,754
Cash deposits	—	—	—	287
Total assets	—	0.42	—	11,041
Liabilities				
Bank loans	—	1.12	26,000	—
Total liabilities	—	1.12	26,000	—
As at 30 September 2015				
Assets				
Money market funds	—	0.52	—	9,698
Cash deposits	—	—	—	196
Total assets	—	0.51	—	9,894
Liabilities				
Bank loans	0.1	1.61	25,000	—
Total liabilities	0.1	1.61	25,000	—

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The weighted average interest rate on 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 2016 or 30 September 2015 that had a maturity date. As detailed in note 11, the £20m, £3m, £2m and £1m loans drawn down had maturity dates of 5 October 2016, 5 October 2016, 5 October and 24 October 2016, respectively, at the Statement of Financial Position date. (2015 : £20m on 28 October 2015; £3m on 28 October 2015; £2m on 9 October 2015).

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 2016 would increase / decrease by £150,000 (2015 : increase / decrease by £151,000). This is mainly attributable to the Company's exposure to interest rates on its fixed rate borrowings and floating rate cash balances.

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

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

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. The allocation of assets and the stock selection process, as detailed on page 14, both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on the London Stock Exchange.

Other price risk sensitivity
If market prices at the Statement of Financial Position date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the year ended 30 September 2016 would have increased/decreased by £21,402,000 (2015 - increase/decrease of £21,088,000). 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 banks.

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:

	2016		2015	
Current assets	Statement of Financial Position £'000	Maximum exposure £'000	Statement of Financial Position £'000	Maximum exposure £'000
Debtors	1,259	1,259	1,166	1,166
Money market funds (indirect exposure)	10,754	10,754	9,698	9,698
Cash and short term deposits	287	287	196	196
	12,300	12,300	11,060	11,060

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 £26,000,000 (note 11).

16. Fair Value hierarchy

FRS 102 requires an entity to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company has early adopted Amendments to FRS 102 - Fair value hierarchy disclosures issued by the Financial Reporting Council in March 2016. The fair value hierarchy shall have the following classifications.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (ie as prices) or indirectly (ie derived from prices); and
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The quoted equities and money market funds held by the Company at 30 September 2016 and 30 September 2015 were all Level 1.

17. 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 7.5% of net assets (2015 - 7.7%).

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.

18. Contingent liabilities

As at 30 September 2016 there were no contingent liabilities (2015 - underwriting liability of £4,624K).

19. 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.

20. 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 33 to 34. The balance of fees due to Directors at the year end was £nil (2015 - £nil).

Standard Life Investments (Corporate Funds) Limited received fees for its services as investment manager. Further details are provided in Note 3.

Key Contacts

Directors
Richard Burns (Chairman)
Josephine Dixon
Keith Percy
Jeremy Tigue
Mark White

Registered Office
30 St Mary Axe
London EC3A 8EP

Registered Number
Registered in England & Wales
No. 2648152

Investment Manager
Standard Life Investments (Corporate Funds) Limited
1 George Street
Edinburgh EH2 2LL
(Authorised and regulated by the Financial Conduct Authority)

Website Address:
www.standardlifeinvestments.com/its
Telephone: 0345 266 1469

Company Secretary
Maven Capital Partners UK LLP
1st Floor
Kintyre House
205 West George Street
Glasgow G2 2LW
Telephone: 0141 306 7400
www.mavencp.com

Independent Auditor
Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Solicitors
Dickson Minto
16 Charlotte Square
Edinburgh EH2 4DF

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

Lenders
Scotiabank (Ireland) Limited
I.F.S.C. House
Custom House Quay
Dublin 1
Ireland

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
www.uk.computershare.com/investor

Buying Shares in the Company
The Company's shares are traded on the London Stock Exchange and can be bought and sold through a stock broker, financial adviser or via an investment platform.

Share Register Enquiries
Shareholders who hold their shares in certificated form can check their shareholding with the registrars, Computershare Investor Services PLC, via www.uk.computershare.com/investor

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

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

Disability Act
Copies of this Annual Report or other documents issued by the Company are available from the Company Secretary.

If needed, copies can be made available in larger type.

Our registrars have installed text phones to allow speech and hearing impaired people who have their own text phone to contact them directly without the need for an intermediate operator. Specially trained operators are available during normal business hours to answer queries via this service. The number for this is 0370 702 0005.

Alternatively, you may use a "type talk" operator (provided by the Royal National Institute for the Deaf) on 0800 731 1888.

Share Information
The Company's share price is quoted daily in the Financial Times and The Daily Telegraph.

Details of the Company may also be found on the Manager's website which can be found at:

www.standardlifeinvestments.com/its and on TrustNet, website address: www.trustnet.co.uk

The net asset value per Ordinary share is calculated on a daily basis and is published on the London Stock Exchange where the latest live Ordinary share price and Subscription share price are displayed, subject to a delay of 15 minutes. "SLET" is the code for the Ordinary shares and "SLES" is the code for the Subscription shares and both may be accessed at www.londonstockexchange.com

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

Capital Gains Tax
To assist those shareholders who invested in the Company at its launch in the calculation of capital gains, the apportionment of cost between Ordinary shares and warrants on 6 December 1991, the first day on which dealing in Ordinary shares and warrants took place separately, is 95.2% and 4.8% respectively.

The apportionment of cost between the Ordinary shares and warrants arising out of the conversion of C shares on 14 February 1994, the first day on which dealings took place, is 93.1% and 6.9% respectively.

The apportionment of cost between the Ordinary shares and Subscription shares on the first day of dealing in the Subscription shares (20 December 2010) is 97.5% and 2.5% respectively.

Alternative Investment Fund Managers ('AIFM') Directive
In accordance with the AIFM Directive, information in relation to the Company's leverage and the remuneration of the Company's AIFM, Standard Life Investments (Corporate Funds) Limited, is required to be made available to investors.

Leverage
The Company's maximum and average actual leverage levels at 30 September 2016 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum limit	300.0%	200.0%
Actual	107.5%	113.0%

For the purposes of the AIFM Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a percentage of Company's exposure to its net asset value and is calculated on both a gross and commitment method. Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

The leverage limits are set by the AIFM and approved by the Board and are in line with the maximum leverage levels permitted in the Company's Articles of Association. The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings.

Remuneration

The Company's AIFM is subject to the remuneration requirements of the AIFM Directive on a proportionate basis in respect of its activities as AIFM for a range of Alternative Investment Funds ('AIFs'). Total assets under management of the AIFM were £12.0bn at 31 December 2015, of which £4.6bn of assets were AIFs subject to the AIFM Directive. The NAV of the Company was £208.0m as at 31 December 2015.

The AIFM does not employ any direct staff. The board of the AIFM are employees of Standard Life Investments Limited ('SLI') and are subject to the SLI and Standard Life plc group policies as regulated by the Financial Conduct Authority ('FCA'). SLI is subject to the FCA's Prudential Sourcebook for Banks, Building Societies and Investment Firms ('BIPRU') Remuneration Requirements under SYSC 19C on a proportionate basis. The board of the AIFM has responsibility for the risk management arrangements as they relate to the AIFM fund range.

The investment processes are subject to the governance structure of SLI and the board of the AIFM monitors the effectiveness in meeting strict criteria at an AIF level. The board of the AIFM discharges its duties via regular reporting and review at board meetings and via allocation of executive responsibilities, in relation to AIFM, within the SLI management team.

The AIFM has no identified staff out with its board. The board of the AIFM has three individuals who are AIFM Remuneration Code Staff ('AIFM Code Staff'), i.e. individuals whose activities have a material impact on the risk profile of the AIFM, or the AIFs that it manages. The aggregate remuneration for these three individuals, apportioned for the AIFM duties they have performed, for the year 2015 was £411,832 (£74,595 fixed, £337,237 variable).

AIFM Code Staff are monitored in respect of their performance in line with the SLI Remuneration Policy which is designed to meet the regulatory requirements of BIPRU and the AIFM Directive. The Remuneration Committees of SLI and Standard Life plc review and approve remuneration for AIFM Code Staff. More information on the remuneration policies of Standard Life plc are disclosed on the following web page:

http://www.standardlife.com/dotcom/our-company/governance/fca-remuneration-code-disclosure.page

AIC Membership

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

Dividend Reinvestment Plan

The Company, in conjunction with Computershare Investor Services PLC, the Company's registrars, has established a Dividend Reinvestment Plan through which shareholders can use their dividends to purchase further shares in the Company. Full details of the Plan are available from the Company's registrars:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 7NH

Telephone: 0370 707 1150

Electronic Communications

The Company is now able to send you annual reports and notices of meetings electronically. Full details are given below.

Reports to shareholders are made available on the Manager's website as soon as they are published. As a result of new legislation, we are now allowed to send information, including our Annual Report, to registered shareholders by e-mail and over the internet, rather than in paper form.

How does this work?
Once you register for the electronic communication option an e-mail is sent to you when a document is available. The e-mail provides a link to a website where you will be able to access and download the document.

What documents are typically available?
The documents which are available include the Annual Report and Financial Statements, Half Yearly Report, notices of general meetings and any other notices to shareholders.

What are the advantages?
If your shares are held in a designated nominee account you can request that the nominee holder registers you to receive the information electronically. Advantages of this facility include documents which can be accessed quickly, nominees who currently receive excess unwanted copies of documents can eliminate waste and cost savings can be made through reduced use of paper handling and storage.

What about Terms and Conditions?
Before you register, you will be asked to agree to the Terms and Conditions for Electronic Communication with Shareholders which will be displayed on the registration screens. It is important that you read them carefully as they set out the basis on which electronic communications will be sent to you.

Do I have to use this service?
No. The use of electronic communications is voluntary. If you wish to continue to receive communications in paper form you should take no action.

Who will have access to my e-mail address?
Your e-mail address will not form part of the information that we are required to make public by law. It will be held separately and securely and will not be used by the Company or by its registrars for any purpose other than communication with you as a shareholder. Your details will not be given to any other party.

What about computer viruses?
Every precaution will be taken to ensure that all messages sent to you are free from computer viruses. However, it is possible for e-mail messages to be intercepted by someone else. In choosing to receive electronic communications you are agreeing that neither the Company nor the registrars will be under any liability for losses that may arise as a result of interference by a third party.

What happens if I do not receive a specific electronic communication?
It is possible that there will be a small number of cases where electronic communication is unsuccessful. Although the Company's obligation is satisfied by sending the e-mail to the address provided by you, the Company will make every effort to make sure that every delivery is successful. When a transmission failure is notified, a further attempt will be made at electronic delivery. If delivery is not successful details on how to re-register for electronic shareholder communications will be sent through the post within 48 hours of the original message.

Can I change my e-mail address?
Yes. As with your postal address you will need to inform the registrars of any changes to your e-mail address. This can be done at www-uk.computershare.com/investor

How do I register?
If you wish to receive notice of future communications by e-mail please log on to www-uk.computershare.com/investor and follow these four easy steps to complete the formal registration process. You will need to have your shareholder reference number, which can be found on your tax voucher or share certificate, available when you first log in:

1 Select the "Electronic Shareholder Communications" option

2 Select "STANDARD LIFE EQUITY INCOME TRUST PLC" from the Company list

3 Enter your shareholder details (Shareholder Reference Number and Postcode)

4 Select the Communication Details option

5 Enter your e-mail address.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the twenty-fifth Annual General Meeting of the Company will be held at the offices of Standard Life Investments Limited, 30 St Mary Axe, London EC3A 8EP on Thursday , 15 December 2016 at 11.30am for the purposes of considering and if thought fit passing the following resolutions, of which resolutions 1 to 10 inclusive and resolution 14 will be proposed as ordinary resolutions, and resolutions 11 to 13 inclusive will be proposed as special resolutions:

Ordinary Business

1 To receive and consider the Directors' Report and Financial Statements for the year ended 30 September 2016, together with the Independent Auditor's report thereon.

2 To receive and approve the Remuneration Policy (as set out on page 32) which shall take effect immediately on the conclusion of this Annual General Meeting for the three years ending 30 September 2019

3 To receive and approve the Directors' Remuneration Report for the year ended 30 September 2016.

4 To approve the fourth quarterly dividend for the year ended 30 September 2016 of 5.00p per Ordinary share.

5 To re-elect Mr R.R.J. Burns, who retires pursuant to the UK Code Provision B.7.1 and who, being eligible, offers himself for re-election as a Director of the Company.

6 To re-elect Ms J. Dixon, who retires pursuant to the UK Code Provision B.7.1 and who, being eligible, offers herself for re-election as a Director of the Company.

7 To re-elect Mr J.J. Tigue as a Director of the Company, who retires pursuant to the UK Code Provision B.7.1 and who, being eligible, offers himself for re-election as a Director of the Company.

8 To re-elect Mr M.B.E. White, who retires pursuant to the UK Code Provision B.7.1 and who, being eligible, offers himself for re-election as a Director of the Company.

9 To re-appoint Grant Thornton UK LLP as auditor of the Company to hold office from the conclusion of the meeting to the conclusion of the next meeting at which accounts are laid before the Company and to authorise the Directors to fix the remuneration of the auditor.

10 That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("Securities") provided that such authority shall be limited to the allotment of shares and the grant of rights in respect of shares with an aggregate nominal value of up to £3,773,569 which represents approximately one third of the Company's issued share capital, as at 15 November 2016, such authority to expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, unless previously revoked, varied or extended by the Company in a general meeting, save that the Company may at any time prior to the expiry of this authority make an offer or enter into an agreement which would or might require Securities to be allotted or granted after the expiry of such authority and the Directors shall be entitled to allot or grant Securities in pursuance of such an offer or agreement as if such authority had not expired.

11 That, subject to the passing of resolution number 10 above, and in substitution for any existing power but without prejudice to the exercise of any such power prior to the date hereof, the Directors of the Company be and they are hereby generally empowered, pursuant to Section 570 of the Companies Act 2006 (the "Act"), to allot equity securities (as defined in Section 560 of the Act), for cash, including either pursuant to the authority given by resolution number 10 above or by way of a sale of treasury shares (as defined in Section 573 of the Act) as if Section 561(1) of the Act did not apply to any such allotment, provided that this power:

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

(b) shall be limited to the allotment of equity securities up to an aggregate nominal value of £1,132,070 being approximately 10% of the nominal value of the issued share capital of the Company, as at 15 November 2016.

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

(a) the maximum aggregate number of Ordinary shares hereby authorised to be purchased is 6,787,896 (or such lesser amount as shall be equal to 14.99 per cent of the Company's issued Ordinary share capital on the date on which this resolution is passed);

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

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

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

(ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange; and

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

13 That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of section 693(4) of the Act) of fully paid Subscription shares of 0.01p each in the capital of the Company ("Subscription shares"), provided that:

(a) the maximum aggregate number of Subscription shares hereby authorised to be purchased is 3,895,938 or, if less, the outstanding subscription shares remaining following the final subscription exercise on 30 December 2016.

(b) the minimum price (excluding expenses) which may be paid for each Subscription share is 0.01p;

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

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

(ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange; and

(d) unless previously varied, revoked or renewed by the Company in a general meeting, the authority hereby conferred shall expire at the conclusion of the Company's next Annual General Meeting save that the Company may, prior to such expiry, enter into a contract to purchase Subscription 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 Subscription shares pursuant to any such contract.

Special Business

14 That the Company continues as an Investment Trust.

By order of the Board
Maven Capital Partners UK LLP
Company Secretary

Registered office:
30 St Mary Axe
London EC3A 8EP

15 November 2016

Notice of Annual General Meeting

Notes:

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

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

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

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

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

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

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

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

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

7 Pursuant to Regulation 41(1) of the Uncertificated Securities Regulations 2001 (SI 2001 No 3755), the Company has specified that only those members registered on the register of members of the Company at 6.00 p.m. on 13 December 2016 or, if the meeting is adjourned, at 6.00 p.m. on the day two days (excluding non-working days) prior to the adjourned meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the register of members after the relevant time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

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

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

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

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

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

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

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

11 Information regarding the AGM, including information required by Section 311A of the Companies Act 2006, is available from www.standardlifeinvestments.com/its.

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

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

14 The members of the Company may require the Company to publish, on its website, without payment a statement which is also passed to the auditor setting out any matter relating to the audit of the Company's accounts, including the auditor's report and the conduct of the audit, which they intend to raise at the next meeting of the Company. The Company will be required to do so once it has received such requests from either (i) members representing at least 5% of the total voting rights of the Company or (ii) at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state the members full name and address and be sent to the Company Secretary, Maven Capital Partners UK LLP, 1st Floor, Kintyre House, 205 West George Street, Glasgow, G2 2LW.

Notice of Annual General Meeting

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

16 As at 15 November 2016 (the latest practicable date before the printing of this document), the Company's total capital consisted of 45,282,829 Ordinary shares of 25p each, all with voting rights.

17 No Director has a service agreement with the Company.

18 Copies of the letter of appointment of the Non-Executive Directors of the Company will be available for inspection at the registered office of the Company from 15 November 2016 until the conclusion of the AGM and at the meeting venue itself for at least 15 minutes prior to the meeting until the conclusion of the meeting.

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Registered Office Address
30 St Mary Axe
London EC3A 8EP

Managed by
Standard Life Investments (Corporate Funds) Limited
1 George Street
Edinburgh EH2 2LL
Website: www.standardlifeinvestments.com/its