Standard Life Equity Income Trust plc

Standard Life Investments

Annual Report and Financial Statements

30 September 2017

Financial Calendar

2017	
December	Announcement of results for year ended 30 September 2017
2018	
18 January	Annual General Meeting
22 January	Payment of the final dividend of 5.5p per Ordinary share
May	Announcement of Half Yearly Financial Report for six months ending 31 March 2018
March, June & September	Payment of interim dividends for 2018
2019	
January	Payment of the final dividend for 2018

Visit our website at
www.standardlifeequityinvestmenttrust.co.uk

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Total Return for periods to 30 September 2017

	1 year	3 years	5 years
NAV[1]	+14.7%	+33.1%	+87.3%
Share Price	+15.9%	+29.9%	+90.3%

Capital return for the year ended 30 September 2017

NAV per Share	Share Price
478.6p[2]	459.6p
+10.9%	+11.5%
(2016: 431.5p)	(2016: 412.4p)

As at 30 September 2017

Discount	Dividend Yield
4.0%[2]	3.7%
(2016: 4.4%)	(2016: 3.7%)

(1) The Net Asset Value Total Returns are calculated on the adjusted basis (see note 2 below) and assumes that all dividends are reinvested on the date the shares go ex-dividend. More details are provided in the Audit Committee Report on page 37.

(2) The Net Asset Value (NAV), on 30 September 2017 only, differs from the NAV reported in the Statement of Financial Position on page 46. The NAV above is calculated in accordance with Financial Reporting Standards 102, except that it includes an adjustment for the third interim dividend of 4.0p which had been declared, but not paid, at the year end. There is no impact on prior year numbers. The discount is derived from this NAV.

Strategic Report
Key Financial Highlights

As at 30 September 2017

Market Cap	Net Assets	Net Gearing
£226.0m +21.1%	£235.3m +17.8%	9.9%
(2016: £186.7m)	(2016: £199.7m)	(2016: 7.5%)

For year ended 30 September 2017

DPS	EPS	Ongoing Charges
17.10p +11.0%	19.23p +10.0%	0.87%
(2016: 15.40p)	(2016: 17.48p)	(2016: 0.96%)

Strategic Report
Chairman's Statement

Richard Burns

Performance

I am very pleased to report the results for the year to 30 September 2017 which, in my view, amply justify the confidence in the Company which shareholders demonstrated by passing the continuation vote at last year's Annual General Meeting. The Net Asset Value Total Return for the year was 14.7%, which compares with 11.9% from the FTSE All-Share Index and, with a recovering investment performance as the year progressed, the discount on our shares narrowed slightly from 4.4% to 4.0%. This resulted in a Share Price Total Return to shareholders of 15.9%.

Although the Board was confident that there would be a recovery from the sharp reverse experienced in the aftermath of the Brexit referendum in June 2016, the performance, both in absolute and relative terms, did not start to improve until the second half of the financial year. The detailed reasons for this are discussed at length in the Manager's Report on pages 14 to 17, but the results confirm the soundness of the index-agnostic, stock specific approach of our Manager and the skill of Thomas Moore in applying this approach to the Company's portfolio.

The recovery this year, combined with the good results achieved prior to 2016, mean that our longer-term record remains very good. Net Asset Value Total Return over the last five years has been 87.3% and the Share Price Total Return was 90.3% against the 61.2% Total Return from the FTSE All-Share Index. This demonstrates the degree to which truly active management can provide superior returns, even after taking account of the higher level of cost associated with active management to which so much attention is being paid at present.

Earnings and Dividend

Our revenue account has continued to perform very well. Earnings per share for the year were 19.23p which equates to a 10% increase from last year's earnings of 17.48p. It is reassuring to note that the ordinary dividend receipts, as opposed to income from special dividends, rose by 12.9%. The great majority of our holdings have produced good results with consequent increases in dividends and there has continued to be a flow of special dividends. The strong underlying growth in regular dividends gives us confidence that the revenue stream from the portfolio continues to be secure as we look forward into 2018 and that we will be able to extend our record of increasing our own dividends to shareholders.

Strategic Report
Chairman's Statement

The Board is recommending a final dividend of 5.5p. This is a 0.5p increase on 2016 and reflects the strength of the revenue account. The total dividend for the year is therefore 17.1p, an increase for the year of 11.0%. For comparison, the Retail Prices Index increased by 3.9% over the year to 30 September 2017. Subject to shareholder approval at the Annual General Meeting, to be held on 18 January 2018, this dividend will be paid on 22 January 2018 to shareholders on the register on 22 December 2017 with an associated ex-dividend date of 21 December 2017. This is the seventeenth successive increase in annual dividend and the Board aims to build on this track record. The Board has reviewed its dividend policy and is looking to spread the dividend payments more evenly in future. The Board expects to increase the dividend in 2018 by a minimum of 5%.

Key Performance Indicators (KPIs)

The KPIs by which performance of the Manager is measured are as follows:

- NAV Total Return relative to the Company's benchmark
- Share price (capital return); and
- Premium or discount to net asset value.

A record of these KPIs, for the year under review, is included in the financial highlights on pages 4 and 5. The ten year record is included on page 22.

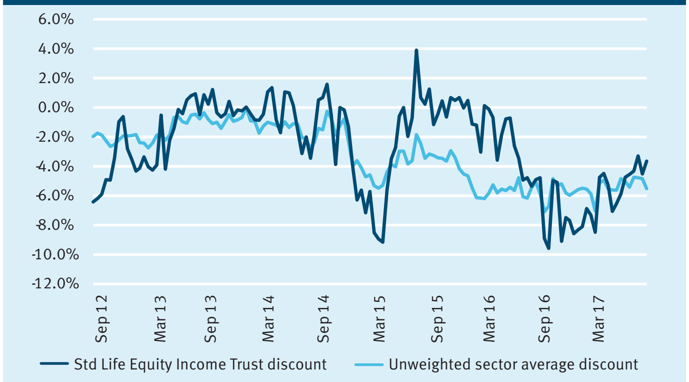
	Total Return		Capital Return	
	Std Life Equity Income Trust Net Asset Value*	FTSE All-Share Index	Std Life Equity Income Trust share price	FTSE All-Share Index
1 year	14.7%	11.9%	11.5%	7.8%
2 years	16.2%	30.8%	4.7%	21.4%
3 years	33.1%	27.8%	16.7%	14.6%
5 years	87.3%	61.2%	56.3%	35.0%
10 years	106.6%	75.2%	47.8%	22.1%

Source: Thomson Reuters Datastream. Data to 30 September 2017

* The Net Asset Value Total Returns are calculated under FRS 102 except that they include an adjustment for the third interim dividend of 4.0p which had been declared, but not paid, at the year end.

The table above illustrates how the Company has performed with regards to the Key Performance Indicators. It shows that over various different timeframes, from 1 year to 10 years up to 30 September 2017, the Company has outperformed its benchmark, the FTSE All-Share Index, on both a Net Asset Value Total Return basis and a share price capital return basis, with the exception of the two year return since 30 September 2015. The latter covers the Brexit referendum period, which affected the results last year.

Std Life Equity Income Trust Discount relative to the UK Equity Income unweighted sector average since September 2012



Source: Thomson Reuters Datastream. Data fortnightly.

The Board measures the level of the discount relative to the unweighted average discount of the other investment companies in the UK Equity Income sector. During the year the discount has traded between 11.3% and 2.6%. Over much of the last five years, the discount has been narrower than that of the sector average. It was only as the impact of the market reaction to the Brexit referendum result was felt that the discount widened. Since April 2017 it has been trading in line with or narrower than the sector average, and this has continued since the end of the financial year.

Strategic Report

Chairman's Statement

Gearing

The Board has set gearing parameters of between 5% net cash and 15% net gearing. As at 30 September 2017, the net gearing level was 9.9%. 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 slightly higher than last year, at £26.6m. The weighted cost of this borrowing was an extremely low 1.1%, well down from 2016's 1.5%. Being geared during a period of generally rising markets, and paying interest at a far lower rate than the yield on our portfolio, has had a positive effect of 1.2% on our results. Following the Bank of England's decision to raise interest rates in October 2017, the borrowing interest rate for the Company's loan has increased and is currently just over 1.3%.

Share Capital

3,895,938 new Ordinary shares were issued in January 2017 at 320p on the expiration of our Subscription shares, increasing the shares in issue by 8.6%. Since that time, the Company has only Ordinary shares in issue. With the Ordinary shares trading at a discount throughout the year, no other shares have been issued; rather 15,985 shares were bought back in at an average discount of 7.6%. These Ordinary shares are held in treasury.

Standard Life Aberdeen

The merger of Standard Life plc and Aberdeen Asset Management PLC was approved by the shareholders of each company in June and the two companies came together in August 2017. Your Board recognises that this could have implications for the way in which the portfolio of the Company is managed. To that end the Board has sought reassurance from senior management at Aberdeen Standard Investments, the name under which the investment operations of the new group are conducted, that they recognise the value that the Board places on the team and the process that has served the Company so well over the past decade and more. The Board is pleased to be able to state that it has received such reassurances. The Board recognises that the scale of the merger is such that it will take time for any changes resulting from it to be implemented and will continue to pay close attention to developments and the implications they may have for the management of your Company.

Manager

In light of the above, the Board believes that the appointment of the Manager continues to be in the long-term interests of shareholders. This conclusion has been reached on the basis of the strength of the long-term returns that the Manager has delivered for the Company, our confidence that the process by which these returns have been generated remains appropriate for the objectives of the Company and that it continues to be applied by the portfolio manager, Thomas Moore. The Board considers this combination of investment process and portfolio manager to be key to the future success of the Company.

Governance and Board

Keith Percy stood down from the Board at the conclusion of the Annual General Meeting in December 2016 after 25 years. Caroline Hitch was appointed to the Board on 1 January 2017. Caroline has over 30 years of experience in the investment management business, most recently with HSBC, where she was a member of the senior investment team. She will stand for election at the Annual General Meeting on 18 January 2018.

AGM

The Annual General Meeting of the Company will be held at the offices of the Manager, 'The Gherkin', 30 St Mary Axe, London EC3A 8EP on Thursday, 18 January 2018. The meeting will start at 11.30am and will include a presentation on the portfolio from our portfolio manager, Thomas Moore. The Board hopes that shareholders will be able to attend. Shareholders should note that, as security at the Manager's office is tight, identification will be required in order to gain entry to the building.

Strategic Report
Chairman's Statement

Outlook

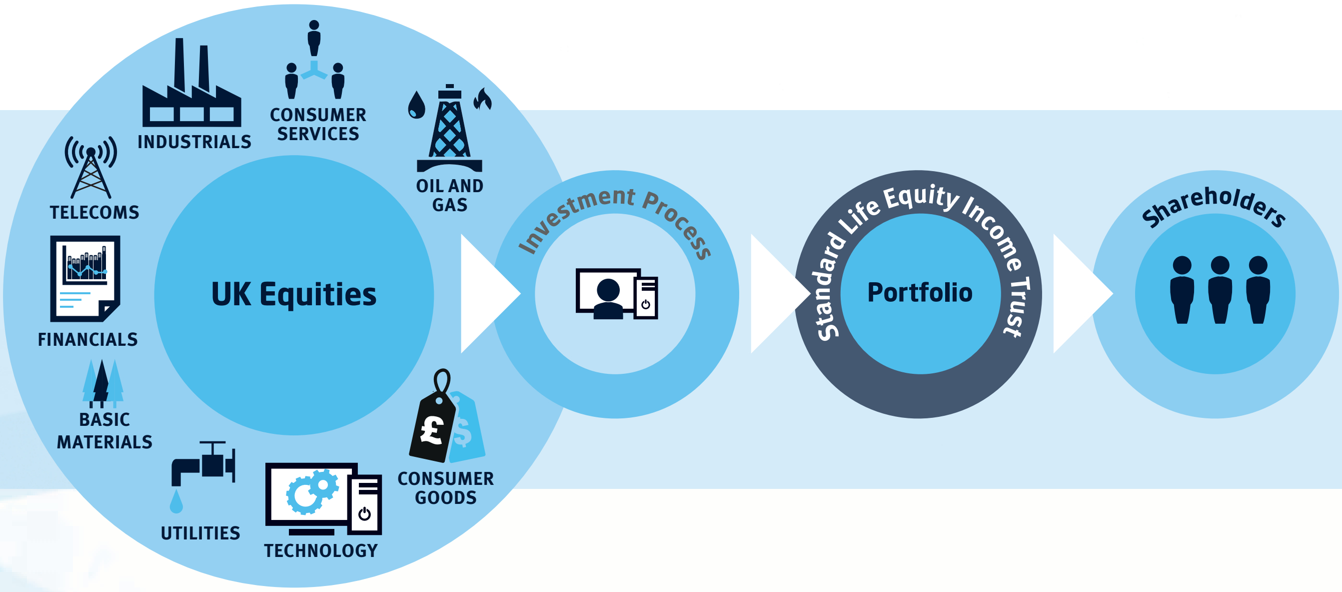
The unexpected outcomes of major political events in the last 18 months illustrates the folly of trying to predict the future. Life goes on and businesses continue to trade, to plan for the future and to innovate and develop. Investment opportunities continue to exist, even if the predictability of the political landscape and future economic growth is not as high as it has been.

The benefits of investing on an index-agnostic basis, which puts greater emphasis on focusing on the fundamental business case, can be illustrated by the long-term performance of the Company over the last five and ten years. The Board recognises that there will be times when markets focus on macro factors, but over the long term, investing in good companies, with superior products, good management teams and a coherent strategy will generate rewards to investors. The political situation will undoubtedly provide challenges, but in so doing will provide those management teams with opportunities to develop their businesses. The Board is confident that the Manager is alert to the situation and has the resources to analyse these companies and identify these opportunities.

Richard Burns
Chairman

4 December 2017

Strategic Report
Our Strategy



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

Strategic Report

Objective and Investment Policy

Objective

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

Investment Policy

The 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 net assets; and
- the top ten holdings within the portfolio will not exceed 50% of net assets.

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

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

Strategic Report
Investment Process

Investment process

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

Idea generation and research

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

Investment process in practice

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

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

The index-agnostic approach further differentiates the portfolio because it allows the Manager to take a view at a thematic level, concentrate the portfolio's holdings in certain areas and avoid others completely. For example, the Company currently has no exposure to large cap pharmaceuticals, on the basis that the underlying current and future cash generation is very poor among these multinationals. The Manager believes that this poses serious questions over their ability to continue to pay dividends over the medium term.

The effect of this approach is that the weightings of the portfolio can be expected to differ significantly from that of any index, and the returns generated by the portfolio may reflect this divergence, particularly in the short term.

Strategic Report

Principal Risks and Uncertainties

The Board 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 are no different from those of other investment trusts that invest primarily in the UK listed market. Risks may vary in significance from time to time and the controls and actions to mitigate these are described below.

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

- **Investment Performance** The Board recognises that market risk is significant in achieving performance and consequently it reviews strategy and investment guidelines to ensure that these are appropriate. Regular reports are received from the Manager on stock selection, asset allocation, gearing 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 14 to 17 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 recent merger of Standard Life plc and Aberdeen Asset Management PLC creates additional operational risk for the Company due to the potential for change in the way the Manager provides its services to the Company. The Board has received assurance that the key personnel and processes currently in place at the Manager will continue to operate for the Company. The Board will keep under close review any potential implications for the Company arising from the merger and the integration process.

- **Discount/Premium to NAV** A significant share price discount or premium to net asset value per share could lead to high levels of uncertainty and could potentially reduce shareholder confidence.

  The Board keeps the level of the Company's discount/premium under regular review.

- **Regulatory Risk** The Company operates in an environment with significant regulation including, but not limited to the Companies Act 2006, the Corporation Tax Act 2010, Alternative Investment Fund Managers Directive ('AIFMD') and the Markets in Financial Instruments Directive II ('MiFID II') which comes into effect on 3 January 2018.

  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.

Management Policies

Employee, Environmental and Human Rights Policy

As an externally managed investment trust, the Company has no direct employee or environmental responsibilities, nor is it responsible for the emission of greenhouse gases. Its principal responsibility to shareholders is to ensure that the investment portfolio is properly managed and invested. The Company has no employees and, accordingly, has no requirement to report separately on employment matters. The management of the portfolio is undertaken by the Manager. The Manager engages with the Company's underlying investee companies in relation to their corporate governance practices and in developing their policies on social, community and environmental matters and further information may be found in the Statement of Corporate Governance. The Manager's specific policies are outlined in their Governance and Stewardship Guidelines, which may be found on the Manager's website at https://www.standardlifeinvestments.com/governance_and_stewardship/what_is_corporate_governance/principles_and_policies.html. In light of the nature of the Company's business, there are no relevant human rights issues and, therefore, the Company does not have a human rights policy.

Strategic Report

Manager's Report

Over the medium term, we believe that taking an index-agnostic approach to UK equity income can provide two key benefits - improved diversification of income sources and the potential for an enhanced total return. It is pleasing to report that the portfolio has delivered both of these key benefits during the period under review.

Thomas Moore
Portfolio Manager

Market Review

The UK equity market performed strongly during the 12 month period under review, helped by a strengthening global economy and robust corporate results. This came against the backdrop of political upheaval at home and abroad and pronounced exchange rate movements.

Market sentiment was affected by major political events, notably Donald Trump's surprise US election victory in November 2016. This sparked a global 'reflation trade', buoyed by his campaign pledges to cut taxes, increase infrastructure spending and roll back regulation. Rising inflation expectations and higher bond yields consequently drove a rotation out of 'bond proxies' and into cyclicals and financials. This lost impetus after Mr. Trump's administration failed to pass key policies, leading to doubts on whether tax and spending measures could be enacted in a timely manner.

Political events in the UK also had an impact on markets, in particular the start of UK-EU divorce negotiations by triggering Article 50 and the loss of the Conservative Party's parliamentary majority following the general election in June. Although these events caused bouts of volatility in sterling, the currency actually appreciated during the period under review against the US dollar and on a trade-weighted basis. The resilience of the currency partly reflected UK economic data remaining more robust than many economists had predicted immediately after the EU referendum, leading to guidance from the Bank of England's Monetary Policy Committee that it stands ready to hike interest rates.

The Bank of England was not the only central bank adopting a more hawkish stance, with the Federal Reserve raising rates on four occasions since December 2016 and signalling that it is set to reduce its bond holdings, commencing the unwind of the quantitative easing programme that it undertook in the wake of the financial crisis. Meanwhile, the European Central Bank hinted that it will also begin to taper its quantitative easing programme towards the end of the year, citing an improving economy.

Strategic Report

Manager's Report

Performance

For the 12 months ending 30 September 2017, the Company NAV per share returned 14.7% on a Total Return basis, outperforming the FTSE All-Share Index total return of 11.9%. Income from ordinary dividends rose by 12.9%.

The portfolio generated a total income of £10.17m, an increase of 13.1% on 2016. This equates to a gross yield on the investment portfolio of 3.9%, which compares to the yield on the FTSE All-Share Index of 3.7%.

The Company's performance benefited from its holding in asset management businesses **River & Mercantile** and **Premier Asset Management** whose shares responded to evidence of very strong fund flows and revenue growth. River & Mercantile's share price increased by 48% during the year and Premier Asset Management's share price increased by 36% since it was first purchased by the Company in early October 2016. Both holdings demonstrate the benefit of our index-agnostic approach in uncovering small cap stocks with significant capital and dividend growth potential.

The Company's holdings in the Travel & Leisure sector benefited performance. Cruise ship operator **Carnival** was a significant contributor to performance as the market responded to evidence of strengthening pricing and on-board spending, partly resulting from management initiatives. Online gambling operator **GVC** also benefited performance as management's focus on player retention and yield improvement helped the business to deliver double digit revenue growth. GVC's share price has increased by 27% since the Company first purchased the holding in January 2017.

Performance also benefited from the Company's holdings in the industrials sector, notably packaging business **DS Smith**, whose share price was up 28% in the year, having benefited from the announcement of a US acquisition, and heat treatment business **Bodycote**, which benefited from improving demand in its major end markets of automotive and aerospace & defence, increasing its share price by 56% over the year.

The Pharmaceuticals sector performed poorly during the period as the sector was blighted with high-profile disappointments including increased generic competition and poor drug trial results. Avoiding **GlaxoSmithKline** and **Shire** proved particularly helpful to the Company's performance relative to the wider UK market.

Top 5 Stock Level Absolute Contributors Over The Year	Absolute Contribution (%)
Rio Tinto	1.33
River & Mercantile	1.24
Aviva	0.94
Prudential	0.90
Carnival*	0.84

Bottom 5 Stock Level Absolute Contributors Over The Year	Absolute Contribution (%)
BT Group*	-0.81
Imperial Brands	-0.55
Babcock International	-0.44
Sage	-0.39
Connect	-0.29

* Stocks sold during the year by the Company

Among major detractors to performance, **Sage** came under pressure, its share price decreasing by 5% over the year due to profit-taking, while **BT** shares fell sharply on the announcement of improper accounting at its Italian division and deteriorating UK public sector and international corporate demand. The holding of shares in support services firm **Babcock** also detracted from performance due to concerns over the outlook for UK government outsourcing budgets.

Strategic Report
Manager's Report

Activity

Significant purchases in the portfolio were as follows:

BP and **Royal Dutch Shell:** In both cases we have been impressed by evidence of management's success in reducing their break-even cost of production to such an extent that the dividend is set to be covered by profits. As well as managing costs and capital expenditure, both companies have increased their production growth by focusing on improved delivery of their new projects. The dividend yields of both companies are very high relative to the wider market, reflecting low market expectations, which provides some scope for their valuations to increase.

HSBC: Growth prospects appeared to be greatly improved after a period of heavy restructuring, helped by an improved capital position and the tailwinds of an improving global economy and rising rates.

BAE Systems: Low valuation does not appear to factor in its attractive market position, improving defence spending outlook and self-help potential under a new management team.

Phoenix: The life insurance company's management team has a strong track record in making value-creating acquisitions, managing costs and capital efficiently. The company's strong cash generation allows a highly attractive dividend to be paid.

Ashmore: A specialist emerging markets asset management business improved its fund flow prospects as its major asset class, Emerging Markets Debt, came back into favour.

Significant sales in the portfolio were as follows:

BT: The holding was sold due to concern over potential pressure on cash flows from regulation, capital expenditure and pension contributions, thereby limiting the scope to increase its dividend.

RELX: Profits were taken in the IT and analytics group whose strong visibility and low cyclicality had become better reflected in its valuation after a period of very strong share price performance.

Carnival: The Company took profits in its holding in the cruise ship operator after an increase in the stock's valuation since the initial purchase in June 2016, reflecting a dramatic shift in the market's view of the stock on evidence of its progress in medium-term strategic initiatives.

Safestyle: The holding in the double-glazing manufacturer was sold on concern that demand might struggle to hold up in the wake of the heightened political uncertainty around the snap UK general election. The shares delivered a total return of more than 200% during the holding period from December 2013.

Glencore: Some profits were taken in the mining company whose valuation had increased sharply in response to higher commodity prices. Since its listing on the UK market, management's track record on capital discipline has been mixed.

Strategic Report
Manager's Report

Outlook and Strategy

We continue to identify many examples of companies that offer good dividend and capital growth prospects at attractive valuations. The UK political environment remains highly uncertain, which has resulted in a divergence in valuation between stocks and sectors, as investors have tended to spurn small and mid-cap stocks in favour of defensive large-cap stocks. Heightened short-term political uncertainty can result in a shift in investor focus away from corporate fundamentals, which has historically provided us with some of our most compelling valuation opportunities.

We remain cautious on some of the traditional large-cap income sectors, such as Pharmaceuticals and Consumer Staples, where dividend growth is set to be constrained by weak growth and low levels of dividend cover. While we have found some valuation opportunities among large-cap sectors, notably Oil & Gas, we continue to identify superior dividend growth prospects within mid-cap and small-cap stocks.

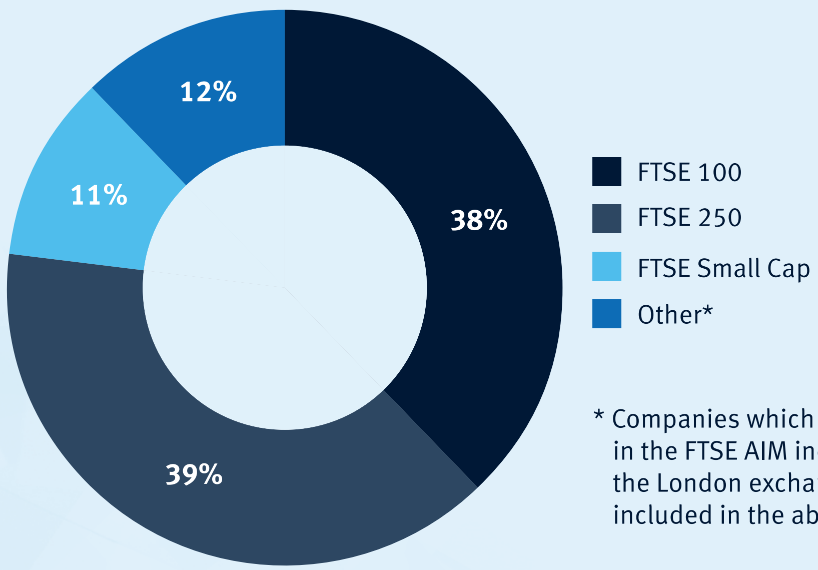
Throughout these uncertain times, we remain focused on identifying attractively valued stocks with the potential to surprise positively on the cash-flows and dividends that they report. Successfully anticipating positive change in a company's fundamentals can act as the trigger for that company's valuation to increase, driving the stock's total return, as we have witnessed with some of our major holdings.

Thomas Moore
Portfolio Manager

4 December 2017

Strategic Report
Our Portfolio

Market Cap Exposure
As at 30 September 2017



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

Strategic Report

Our Portfolio

Sector Exposure

As at 30 September 2017

43% FINANCIALS

18% INDUSTRIALS

11% CONSUMER SERVICES

7% CONSUMER GOODS

6% OIL AND GAS

5% TECHNOLOGY

5% BASIC MATERIALS

3% TELECOMS

2% UTILITIES

Strategic Report

Portfolio of Investments

As at 30 September 2017

Stock	Key Sector	Valuation as at 30 September 2017 £'000	Weight %	Valuation as at 30 September 2016 £'000
Aviva	Life Insurance/Assurance	7,499	2.9	6,454
Prudential	Life Insurance/Assurance	7,080	2.7	4,461
Sage	Software & Computer Services	6,997	2.7	9,066
BP	Oil & Gas Producers	6,953	2.6	-
Micro Focus International	Software & Computer Services	6,784	2.6	6,084
Close Brothers	Banks	6,756	2.6	5,093
River & Mercantile	Financial Services	6,696	2.6	4,506
HSBC	Banks	6,617	2.5	-
Tyman	Construction & Materials	5,816	2.2	5,041
Royal Dutch Shell	Oil & Gas Producers	5,743	2.2	-
Top ten investments		**66,941**	**25.6**	
Rio Tinto	Mining	5,612	2.1	5,379
National Express	Travel & Leisure	5,583	2.1	3,497
Galliford Try	Construction & Materials	5,431	2.1	3,479
TP ICAP	Financial Services	5,278	2.0	-
Britvic	Beverages	5,263	2.0	4,138
Beazley	Non-life Insurance	5,172	2.0	4,549
Premier Asset Management	Financial Services	5,033	1.9	-
John Laing	Financial Services	4,798	1.8	4,130
TUI Travel	Travel & Leisure	4,746	1.8	4,202
Legal & General	Life Insurance/Assurance	4,595	1.8	4,982
Top twenty investments		**118,452**	**45.2**	
DS Smith	General Industrials	4,564	1.8	3,839
Ferguson	Support Services	4,512	1.7	-
NewRiver REIT	Real Estate Investment Trusts	4,506	1.7	4,285
GVC	Travel & Leisure	4,495	1.7	-
Direct Line Insurance	Non-life Insurance	4,479	1.7	3,999
Hansteen	Real Estate Investment Trusts	4,454	1.7	3,754
Saga	General Retailers	4,393	1.7	4,721
Ashmore	Financial Services	4,189	1.6	-
Chesnara	Life Insurance/Assurance	4,098	1.6	2,869
Kier	Construction & Materials	3,668	1.4	3,455
Top thirty investments		**161,810**	**61.8**	

Strategic Report

Portfolio of Investments

As at 30 September 2017

Stock	Key Sector	Valuation as at 30 September 2017 £'000	Weight %	Valuation as at 30 September 2016 £'000
CMC Markets	Financial Services	3,648	1.4	-
Just	Life Insurance/Assurance	3,633	1.4	-
Real Estate Investors	Real Estate Investment & Services	3,510	1.4	3,259
Babcock International	Support Services	3,493	1.3	4,071
Pennon	Gas, Water & Multiutilities	3,475	1.3	1,775
Staffline	Support Services	3,193	1.2	2,688
BAE Systems	Aerospace & Defense	3,147	1.2	-
DFS Furniture	General Retailers	3,117	1.2	3,049
Manx Telecom	Fixed Line Telecommunications	3,099	1.2	3,342
Bodycote	Industrial Engineering	2,988	1.1	2,354
Morgan Sindall	Construction & Materials	2,975	1.1	-
Imperial Brands	Tobacco	2,958	1.1	5,879
Virgin Money	Banks	2,940	1.1	2,352
Dunelm	General Retailers	2,919	1.1	-
Zegona Communications	Fixed Line Telecommunications	2,766	1.1	1,560
Volution	Construction & Materials	2,700	1.1	2,307
Hargreaves Lansdown	Financial Services	2,548	1.0	1,296
Anglo American	Mining	2,502	1.0	-
Wood Group	Oil Equipment, Services & Distribution	2,431	0.9	-
MJ Gleeson	Household Goods & Home Construction	2,415	0.9	-
Grainger	Real Estate Investment & Services	2,341	0.9	-
Johnson Matthey	Chemicals	2,340	0.9	1,403
Glencore	Mining	2,274	0.9	-
Phoenix	Life Insurance/Assurance	2,260	0.9	-
British American Tobacco	Tobacco	2,251	0.8	-
Ibstock	Construction & Materials	2,142	0.8	1,035
Standard Chartered	Banks	2,131	0.8	-
Vodafone	Mobile Telecommunications	2,102	0.8	6,555
Reckitt Benckiser	Household Goods & Home Construction	2,037	0.8	-
Majestic Wine	General Retailers	2,011	0.8	1,749
International Personal Finance	Financial Services	1,993	0.8	1,674
Polar Capital	Financial Services	1,993	0.8	732
Ladbrokes Coral	Travel & Leisure	1,914	0.7	-
Hiscox	Non-life Insurance	1,881	0.7	2,794
Countryside Properties	Household Goods & Home Construction	1,864	0.7	-
Mitie	Support Services	1,756	0.7	-
Charter Court Financial Services	Financial Services	1,595	0.6	-
National Grid	Gas, Water & Multiutilities	1,585	0.6	3,922
Accrol	Household Goods & Home Construction	1,436	0.5	-
Connect	Support Services	1,370	0.5	2,681
Supergroup	Personal Goods	381	0.1	4,509
Total Portfolio		**261,924**	**100.0**	

All investments are equity investments.

Strategic Report
Ten Year Record

Historical Financial Record

Year ended 30 September	Revenue return p	Ordinary Dividends p	Net asset value[1] p	Share price p	(Discount)/ premium[1] %	Expenses as a % of average cum income net asset value[2]	Net gearing / (cash)[3] %	Equity shareholders' funds £'000	Revenue reserves[4] (£m)
2008	12.61	11.00	262.5	241.0	(8.2)	0.94	(3.7)	99,573	5.47
2009	12.75	11.55	280.3	253.5	(9.6)	0.98	7.8	106,302	6.14
2010	11.04	11.80	299.8	286.8	(4.3)	0.96	9.5	113,701	5.95
2011	12.86	12.40	269.9	276.5	2.4	0.96	6.0	102,422	6.20
2012	13.53	12.75	314.2	294.0	(6.4)	0.99	5.7	119,273	6.56
2013	14.07	13.40	383.3	383.0	(0.1)	0.97	12.5	151,837	4.84
2014	15.69	14.00	397.9	394.0	(1.0)	0.94	13.4	166,472	5.75
2015	17.18	14.70	440.7	439.0	(0.4)	0.94	7.7	195,648	6.88
2016	17.92	15.40	431.5	412.4	(4.4)	0.96	7.5	199,730	8.15
2017	19.23	17.10	478.6[5]	459.6	(4.8)	0.87	9.9	235,309[5]	11.38

(1) Diluted for the effect of Subscription shares in issue for the years ended 30 September 2010 to 30 September 2016.
(2) Calculated as an average of shareholder funds throughout the year for the years ended 30 September 2008 to 30 September 2017.
(3) Net gearing / (cash) is calculated as debt less cash invested in AAA rated money market funds and short-term deposits divided by net assets and shown as a percentage.
(4) Revenue reserves are reported prior to paying the third interim and final dividends for the year
(5) The 2017 Net Asset Value is calculated under Financial Reporting Standards, but includes an adjustment for the third interim dividend which had been declared, but not paid, at the year end.

Future Strategy

The Board and Manager intend to maintain the strategic policies set out above for the year ending 30 September 2018 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 4 December 2017 and signed on its behalf by:

Richard Burns
Chairman

4 December 2017

Governance
Board of Directors

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

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

Governance

Board of Directors

Richard Burns
Chairman

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

Josephine Dixon
Director

Appointed to the Board in 2011, 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, F&C Global Smaller Companies plc, BB Healthcare Trust plc, Ventus VCT plc and Places for People Group Limited. Ms Dixon sits on various advisory boards in the education and charity sectors. She was appointed as Chairman of the Audit Committee on 5 September 2012.

Caroline Hitch
Director

Appointed to the Board on 1 January 2017, she is a non-executive Director of Schroder Asian Total Return Investment Company plc and was, until recently, a Global Multi Asset Analyst at HSBC Global Asset Management (UK) Limited, London. She was previously Head of Wealth Management at the same organisation after a career in financial services mostly with the HSBC group in various locations and specialties.

Jeremy Tigue
Senior Independent Director

Appointed to the Board on 1 October 2014 and as the Senior Independent Director with effect from 15 December 2015. Mr Tigue is the Chairman of both Syncona Limited (formerly BACIT Limited) and ICG Enterprise Trust PLC and is a Non-Executive Director of The Mercantile Investment Trust plc and The Monks Investment Trust PLC. He was the Fund Manager of Foreign & Colonial Investment Trust PLC from 1997 to June 2014 and a Director of the Association of Investment Companies ("AIC") from 2003 to 2013.

Mark White
Director

Appointed to the Board on 1 November 2013, he is Chief Executive of LGT Capital Partners (UK) Limited. Mr White 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 and as Chairman of the Nomination Committee with effect from 15 December 2016.

Governance
Directors' Report

The Directors present their Report and the audited financial statements of the Company for the year ended 30 September 2017.

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 24. The Board consists of three male and two female directors. All of the Directors served throughout the year ended 30 September 2017, with the exception of Ms C. M. Hitch who was appointed on 1 January 2017. Mr K. E. Percy retired from the Board on 15 December 2016. The Directors' interests in the share capital of the Company at 30 September 2017 and 1 October 2016 are shown in the table on page 30.

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. Ms C.M. Hitch, who was appointed to the Board with effect from 1 January 2017, will stand for Shareholder election at the AGM, this being the first AGM since her appointment. The relevant resolutions may be found in the Notice of Annual General Meeting on page 66 of this Annual Report.

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

Information relating to the Company's policy on diversity can be found in the Nomination Committee section of the Statement of Corporate Governance on page 33.

Directors' Indemnity

The Company maintains insurance for Directors' and Officers' liabilities in relation to their acts on behalf of the Company. The Directors also have the benefit of the indemnity provision contained in the Company's Articles 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.

Additional Information

The rules governing the appointment of Directors are set out in the Statement of Corporate Governance on pages 31 to 35. 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 2017 consisted of 49,162,782 Ordinary shares of 25p (30 September 2016: 45,282,829) with each share entitling the holder to one voting right.

During the year, the Company issued a total of 3,895,938 new Ordinary shares of 25p, all of which related to the final exercise of the Company's Subscription shares.

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

As outlined in the 2016 Annual Report, the last business day of December 2016 was the final opportunity for Subscription shareholders to exercise their Subscription share rights. At that time Shareholders exercised the rights attaching to 1,754,114 Subscription shares to allow them to subscribe for new Ordinary shares for a total consideration of £5.6m. The remaining 2,141,824 Subscription shares were exercised on the holders' behalf and the resultant Ordinary shares sold in the market. The Company retained the subscription proceeds of £6.9m and the remaining funds, net of costs, were distributed to the holders of the previously unexercised Subscription shares.

Governance
Directors' Report

At 30 September 2017 there were, therefore, no longer any Subscription shares in issue (2016 –3,895,938).

Treasury Shares

During the year ended 30 September 2017 the Company bought back 15,985 (2016: nil) Ordinary shares and these shares were placed into treasury (2016 – nil).

Dividends

The Board is recommending a final dividend of 5.5p for the year ended 30 September 2017 which, subject to shareholder approval at the AGM, will be paid on 22 January 2018 to shareholders on the register on 22 December 2017. Further information on dividends can be found in the Chairman's Statement on pages 6 and 7.

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'). On 15 November 2016, the annual management charge was amended such that while the first £250m of assets will continue to 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 2017 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 31 to 35.

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 every fifth AGM, the Directors shall propose an ordinary resolution to the effect that the Company continues as an investment trust. An ordinary resolution approving the continuation of the Company for the next five years was passed at the AGM on 15 December 2016.

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 Strategic 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 £27m, which represents 11.4% of the Company's net assets.

d) The Company's cash balance (including money market funds) at 30 September 2017 was £3.6m.

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 Strategic Report 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.

Governance
Directors' Report

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 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 and until the next continuation vote takes place in 2022.

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 2017.

Name of Shareholder	Number of Ordinary shares	%
Alliance Trust Savings	7,338,357	14.9
Charles Stanley	4,727,865	9.6
Hargreaves Lansdown	4,358,695	8.9
Brewin Dolphin	4,134,226	8.4
Speirs & Jeffrey	2,502,261	5.1
Investec Wealth & Investment	1,992,107	4.0
Aberdeen Standard Investments	1,760,987	3.6

The Board has not been notified of any changes to these holdings as at the date of this report.

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 36 to 38.

Directors' Disclosure of Information to the Auditor

The Directors who held office at the date of approval of this Report have confirmed that, so far as they are each aware, there is no relevant audit information to 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 2017 requiring disclosure.

Annual General Meeting

The Notice of the Annual General Meeting, which will be held this year at the Manager's office at "The Gherkin", 30 St Mary Axe, London EC3A 8EP at 11.30am on Thursday 18 January 2018, may be found on pages 66 to 69. The Notice sets out, in full, the Resolutions which will be proposed, however further explanation in relation to Resolutions 11,12 and 13 can be found below.

Authority of Directors to allot shares (Ordinary Resolution 11)

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 11 is passed, the Directors will have the authority to allot shares up to a maximum nominal amount of £4,096,898.50 which represents approximately one third of the Company's issued share capital (excluding shares held in treasury) as at 4 December 2017 (the last practicable date before the printing of this document).

Governance
Directors' Report

As at the date of this report, the Company held 15,985 (2016 – nil) shares in treasury. If given, this authority will expire at the conclusion of the next AGM of the Company or, on the expiry of 15 months from the passing of the Resolution, whichever is the earlier.

The Directors intend to seek a renewal of such power at each AGM. The Directors consider that the authority proposed to be granted by Resolution 11 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 12)

If the Directors wish to exercise the authority under Resolution 11 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 12 would dis-apply the strict statutory pre-emption provisions in respect of shares up to a nominal value of £1,229,069 which represents approximately 10% of the Company's issued share capital as at 4 December 2017. If granted, this authority will expire at the conclusion of the next AGM or, on the expiry of 15 months from the passing of the Resolution, whichever is the earlier, unless previously revoked, varied or extended by the Company in General Meeting. Ordinary shares will only be issued at prices representing a premium to the last published net asset value.

Authority for the Company to purchase its own shares (Special Resolution 13)

The Company's buy back authority was last renewed at the AGM of the Company held on 15 December 2016. Resolution 13 , if passed, would authorise the Company to buy back up to 7,369,501 Ordinary shares which represents approximately 14.99% of the Company's issued ordinary share capital (excluding shares held in treasury) as at 4 December 2017. If given, the authority conferred by Resolution 13 will expire at the conclusion of the next AGM of the Company or, on the expiry of 15 months from the passing of the Resolution, whichever is the earlier, The Directors intend to seek a renewal of the power to buyback its Ordinary shares at each AGM.

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 13.

If the Directors exercise the authority conferred by Resolution 13 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.

Recommendation

The Directors unanimously recommend that shareholders vote in favour of each resolution to be put to the AGM on 18 January 2018, as they will be doing in respect of their own shares.

By order of the Board,

Maven Capital Partners UK LLP
Company Secretary

4 December 2017

Governance

Directors' Remuneration Report

This report has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006 and the Enterprise Regulatory Reform Act 2013. An Ordinary Resolution for the approval of this report will be put to the members of the Company at the forthcoming AGM. The law requires the Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such and the Auditor's opinion is included in their report on pages 40 to 44.

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

As at 30 September 2017, the Company had five non-executive Directors and their biographies are shown in the Board of Directors section of this Annual Report on page 24. The Board consists of three male and two female directors. The names of the Directors who served during the year together with the fees paid during the year are shown in the table on page 30.

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

Remuneration Policy

The Company's remuneration policy is reviewed annually by the Remuneration and Management Engagement Committee. It provides that fees payable to the Directors should be of the appropriate level to reflect the time spent by the Board on the Company's affairs and the responsibilities borne by each Director, and should be sufficient to enable candidates of a high calibre to be recruited. Fees paid to the directors of companies within the Company's peer group are also taken into account. The policy also provides that the Chairman of the Board and of each Committee be paid a fee which is proportionate to the additional responsibilities involved in that position. Directors are remunerated in the form of fees payable quarterly in arrears. Directors are also reimbursed for out of pocket expenses incurred attending to Company business. There are no long-term incentive schemes, share option schemes or pension arrangements and the fees are not specifically related to the Directors' performance, either individually or collectively. Directors' remuneration comprises solely of Directors' fees and the Company's Articles of Association limit the fees payable to Directors to £150,000 per annum. The fees payable to Directors for the year ended 30 September 2017 were £113,847.

A copy of the Remuneration Policy may be inspected by the members of the Company at its Registered office.

During the year ended 30 September 2017, the Board was not provided with advice or services by any person in respect of its consideration of the Directors' remuneration and at the most recent review of Director's fees in May 2017, it was agreed that the rates of remuneration should remain the same for each Director: £28,500 for the Chairman, £24,500 for the Chairman of the Audit Committee, £21,500 for the Chairman of the Remuneration & Management Engagement and Nomination Committees and £20,000 for every other Director. After the year end, a review of the Board performance was carried out by Stephenson Executive Search and further information on this can be found at the Directors' Performance Evaluation section on page 33 of this report.

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

Directors' Fees and Total Remuneration

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

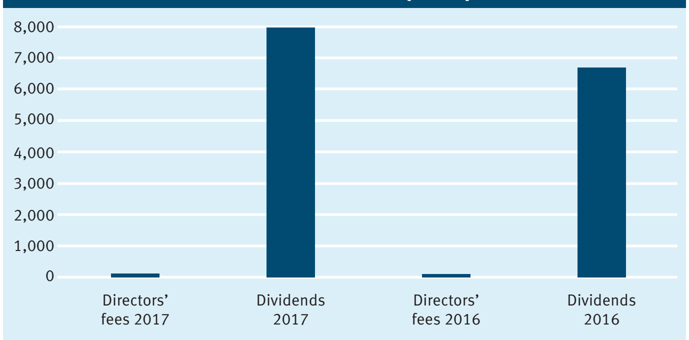
The Board consists entirely of non-executive Directors whose appointments are reviewed formally every three years by the Board as a whole. None of the Directors has a service contract with the Company. New Directors are provided with a letter of appointment, the terms of which provide that Directors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

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

Relative Cost of Directors' Remuneration

To enable shareholders to assess the relative importance of spend on Directors' remuneration, the bar chart below shows the comparative cost of Directors' fees compared with the level of dividend distribution for 2016 and 2017.

Relative Cost of Directors' Renumeration (£000)



Governance

Directors' Remuneration Report

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

At the Annual General Meeting in December 2016 the results in respect of a resolution to approve the Directors' Remuneration Report were as follows:

Percentage of votes cast for	Percentage of votes cast against
99.41%	0.59%

At the forthcoming AGM, a Resolution will be put to the Shareholders to approve the Directors' Remuneration Report for the year ended 30 September 2017.

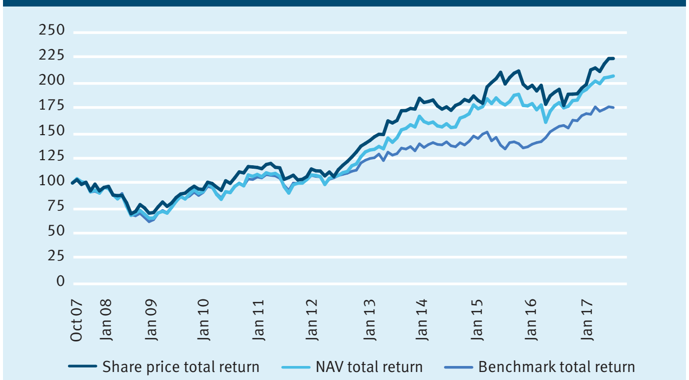
Directors' and Officers' Liability Insurance

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

Company Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Manager through the Investment Management Agreement, as referred to in the Directors' Report. Although the Company's investment approach is index agnostic, the Directors are required to report performance against an appropriate index. The graph below compares the Company's Share Price Total Return to ordinary shareholders with the total return on the FTSE All-Share Index over the last ten years 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.

10 year total return performance



Source: Thomson Reuters Datastream. Performance rebased to 100 at 30 September 2007

Directors' Remuneration (audited)

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

	Year ended 30 September 2017 Fees	Year ended 30 September 2016 Fees
R.R.J. Burns	28,500	27,500
J. Dixon	24,500	23,500
C.M. Hitch[1]	15,000	-
K.E. Percy[2]	4,347	20,000
J.J. Tigue	20,000	19,000
M.B.E White	21,500	20,500
Total	**113,847**	**110,500**

(1) Appointed to the Board on 1 January 2017
(2) Retired from the Board on 15 December 2016

The above amounts exclude employers' national insurance contributions, if applicable. No other forms of remuneration were received by the Directors and none of the Directors has received any taxable expenses, compensation for loss of office or non-cash benefit for the year ended 30 September 2017 (2016 – nil).

Directors' Interests (audited)

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

	Ordinary Shares held at 30 September 2017	Ordinary Shares held at 1 October 2016
R.R.J. Burns	246,000	221,000
J. Dixon	4,050	4,050
C.M. Hitch[1]	6,500	-
K.E. Percy[2]	-	26,378
J.J. Tigue	25,886	25,886
M.B.E White	20,000	20,000
Total	**302,436**	**254,314**

(1) Appointed to the Board on 1 January 2017
(2) Retired from the Board on 15 December 2016

Approval

This Remuneration Report was approved by the Board of Directors on 4 December 2017 and signed on its behalf by:

Richard Burns
Director

4 December 2017

Governance

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 ("the Governance Code") issued 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.

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 2017, and at the date of this Report appear on page 24 and indicate their range of investment, commercial and professional experience. Mr J.J. Tigue is the Senior Independent Director and was appointed as such following Mr Percy's retirement from the Board at the conclusion of the AGM on 15 December 2016. 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 Companies Act 2006 requirements, such as approval of Half-Yearly Financial Report and Annual Report and Financial Statements and approval and recommendation of any dividend;
- setting the range of gearing in which the Manager may operate;
- major changes relating to the Company's structure including share 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
- London 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

Governance

Statement of Corporate Governance

his or her wider duties is affected. Each Director is required to notify the Company Secretary of any potential or actual conflict situations which would require the consideration of, and the authorisation by, the Board. 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 2017. 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.

	Board Meetings	Audit Committee Meetings	Nomination Committee Meetings	Remuneration & Management Engagement Committee Meetings
R.R.J. Burns	5 (5)	2 (2)	3 (3)	2 (2)
J. Dixon	5 (5)	2 (2)	3 (3)	2 (2)
C. Hitch[1]	3 (3)	1 (1)	1 (1)	2 (2)
K.E. Percy[2]	2 (2)	1 (1)	1 (1)	0 (0)
J.J. Tigue	5 (5)	2 (2)	3 (3)	2 (2)
M.B.E. White	5 (5)	2 (2)	3 (3)	2 (2)

Table 1: Directors' attendance at Board and Committee meetings
Note. The number of meetings which the Directors were eligible to attend is in brackets.
[1] Appointed to the Board on 1 January 2017
[2] Retired from the Board on 15 December 2016

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. Directors make further enquiries, where necessary.

Delegated Functions

The Board has contractually delegated the management of the investment portfolio to the Manager who, in turn, has contractually delegated the following services to external firms:

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

The Board has also contractually delegated shareholder registration services.

These contracts are reviewed annually 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.

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.standardlifeequityinvestmenttrust.co.uk

Audit Committee

Information regarding the composition, responsibilities and activities of the Audit Committee is detailed in the Report of the Audit Committee on pages 36 to 38.

Governance

Statement of Corporate Governance

Nomination Committee

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

The main responsibilities of the Committee include:

- regularly reviewing the structure, size and composition (including the skills, knowledge, experience and diversity, 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, Chairman of the Audit Committee and Chairman of the Remuneration and Management Engagement Committee; and
- assessing, on an annual basis, the independence of Directors; and approving the re-appointment of any Director or the re- election, subject to the Codes, or the Articles of 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 Nomination Committee. The Board believes in the benefits of having a diverse range of skills and backgrounds, including gender and length of service on its Board of Directors. All appointments will continue to be based on merit and therefore the Board is unwilling to commit to numerical diversity targets. The Board regularly reviews its performance and structure to ensure it has the correct mix of relevant skills, diversity and experience for the effective conduct of the company's business and to complement the existing make-up of the Board whilst having due regard to the benefits of diversity, including gender, on the Board.

Remuneration and Management Engagement Committee

The Company's policy on Directors' remuneration and details of the remuneration of each Director are detailed in the Directors' Remuneration Report on pages 29 to 30.

At its meetings on 19 May and 31 August 2017, 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. Ms C.M. Hitch will stand for election at the next AGM, this being the first AGM since her appointment to the Board on 1 January 2017.

Directors' Performance Evaluation

At the request of the Directors, an independent evaluation of the performance of the Board was carried out by Stephenson Executive Search. The report provided positive feedback about the Board's performance, composition and experience.

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'.

Governance

Statement of Corporate Governance

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. The significant risks faced by the Company are detailed in the Strategic Report on page 13.

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

Communication with Shareholders

The Company reports formally to shareholders twice a year by way of the Half-Yearly Financial Report and the Annual Report, which each includes an analysis of the risks and uncertainties facing the Company. A monthly factsheet and monthly valuation report are also published on the website of the Manager and are available to all shareholders on request: see Key Contacts on page 62 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 and key contacts for the Company may be found on page 62.

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.

The Notice of Annual General Meeting on pages 66 to 69 sets out the business of the meeting and the resolutions are explained more fully in the Director's Report on pages 27 to 28. Separate resolutions are proposed for each substantial issue.

Shareholders have direct access to the company, including the Chairman and the Senior Independent Director by contacting the Company Secretary. See key contacts (page 62) for details.

Corporate Governance, Stewardship and Proxy Voting

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

Governance

Statement of Corporate Governance

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 39. The Statement of Going Concern and the Viability statement are included in the Directors' Report on pages 26 and 27. The Independent Auditor's Report is on pages 40 to 44.

By order of the Board,

Maven Capital Partners UK LLP
Company Secretary

4 December 2017

Governance

Report of the Audit Committee

Audit Committee and membership

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

Responsibilities of the Committee

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

Financial Reporting, which includes:

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

Internal Controls and Management of Risks, which includes:

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

Review of External Auditors, which includes:

- 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.

Key issues addressed in the year

At its meeting in May 2017, the Committee reviewed the Company's Half Yearly Report for the six months ended 31 March 2017 and the audit plan, presented by Grant Thornton, for their forthcoming year end audit of the Company. In November 2017, the Committee reviewed the Company's Annual Report and Financial Statements for the year ended 30 September 2017.

The four most important matters considered by the Committee in relation to the financial statements were:

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

The Committee considered these matters as follows:

Valuation, existence and ownership of the investment portfolio

The Company uses BNP Paribas Securities Services ("the Custodian") as its independent custodian to hold the assets of the Company. An annual internal control report is received from the Custodian which provides details of the Custodian's control environment. The investment portfolio is reconciled regularly by the Manager and the year-end reconciliation is reviewed by the Independent Auditor. The portfolio is reviewed and verified by the Manager on a regular basis and management accounts including a full portfolio listing are prepared quarterly and are considered at the quarterly meetings of the Board. The portfolio is also audited annually by the Independent Auditor. The valuation of investments is undertaken in accordance with the accounting policies disclosed in notes 1(b) and (c) to the Financial Statements on page 49. 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 49. 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 2017, 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.

Report of the Audit Committee

Performance Measures and the use of Alternative Performance Measures

Performance Measures used in the Annual Report and Financial Statements are recognised as important for shareholders and the users of accounts to determine how the Company is doing over time, and relative to other companies or an index.

Consistently the Company has used the year on year changes in NAV, share price and discount or premium at which the shares trade as measures of performance. These figures are generally taken from the statutory accounts in the case of the NAV, the share price, from the London Stock Exchange and the discount or premium is derived from the difference between the two former measures.

The Company, in line with industry practice, has always referred to **NAV Total Return** as one of the measures when reporting performance. The calculation assumes all dividends are reinvested at the time that the shares go ex dividend. Total Return provides the user with a basis by which investment trust performances can be benchmarked against each other or an index. It is a theoretical calculation as most shareholders do not reinvest dividends on the day they go ex dividend. The advantage is that it enables comparison regardless of the timing or level of dividends.

As part of its review of the Annual Report and Financial Statements the Committee has to consider that where alternative performance measures are used, there is clarity and transparency as to how these relate to the numbers reported under Financial Reporting Standards as presented in the Financial Statements. This is done by way of footnotes where an alternative performance measure is used and a glossary of terms which explains more fully.

There are particular circumstances that affect performance measures for the 2017 financial year end. The third interim dividend of 4p per share was declared before the year end date and was paid after the year end date. The straddling of the year end raises an issue because of differences in methodology that exist in the treatment of declared dividends between the guidance provided by the Association of Investment Companies (AIC) for the reporting of the NAV each day and the Financial Reporting Standards relating to the recognition of liabilities.

Firstly, the Committee considered the methodology and reporting guidance of the daily NAV of the Company. Under the AIC's guidelines the NAV is calculated on the basis that a dividend liability is created and exists from the date that a company's shares are quoted ex dividend. This gives the year end NAV of 478.63p per share.

Secondly, the Committee considered, as part of the review of the Annual Report and Financial Statements, the accounting treatment for interim dividends which needs to reflect the legal status of dividends under the Companies Act 2006 and Financial Reporting Standard 102 (FRS102) whereby an interim dividend, which has not been approved by shareholders, only becomes a liability when it is paid. Under these rules the year end NAV is 482.63p per share.

Thirdly, the Committee has the responsibility for advising the Board on whether the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable.

Whilst the difference between the NAV derived from the two methodologies is not material in the context of the Company as a whole, the Committee recognised that this situation was important and could arise again. A consistent approach was needed to deal with such circumstances so that the Shareholders of the Company and the users of the accounts could be clear as to the position of the Company and its performance during the year and from one period to the next. The Committee determined that such information should not be skewed by the timing of dividends.

In order to resolve the way forward the Company sought guidance from its auditor, industry bodies and other practitioners. On the basis of this advice the Committee concluded and advised the Board as follows:

- To follow the accounting standard FRS 102 in the preparation of the Financial Statements and not accrue the interim dividend that straddles the year end. This results in an NAV per share for the year of 482.63p (page 46)
- In the Financial Highlights (page 4) to use a consistent approach to NAV reporting under AIC guidance and to prior years, and measure year on year performance by adjusting the FRS102 NAV by the 4p dividend giving a NAV of 478.63p per share
- To continue to report alternative performance measures of "Total Return" which are in line with industry practice, taking account of dividends reinvested year on year.
- To ensure there is clarity on how these measures are calculated
- To ensure there is transparency in how these alternative performance measures reconcile to the FRS102 figures.

Fair, balanced and understandable

Following its review of the Annual Report and Financial Statements for the year ended 30 September 2017 the Committee provided advice to the Board that it considered that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Governance

Report of the Audit Committee

Internal Controls and Risk Management

The Committee reviewed the effectiveness of the Company's internal controls and risk management as described on pages 33 and 34. 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.

Independent Auditor

The Committee reviewed the work of the Independent Auditor for the year ending 30 September 2017. Key elements of this review 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. A significant matter came to light regarding Auditor Rotation.

In the finalisation of the audit work, the Audit Engagement Partner informed the Committee that he believed there had been an oversight on both the part of the Auditor and the Committee in determining its suitability for appointment under the rotation rules for auditors.

The Company first appointed RSM Robson Rhodes as its auditor for the year ended 30 September 2004. RSM Robson Rhodes merged with Grant Thornton UK LLP (the Company's current Auditor) in 2007. The Auditor has therefore, as a result of the merger, carried out the function of annual statutory auditor of the Company for the last 14 years.

The Committee has for several years reported that it intended to undertake an audit tender towards the end of 2018 for the year ending 30 September 2019. The timing of this audit tender was determined in 2014 and has been restated in each annual report thereafter.

The Committee recognises now that following a review of section 494ZA of the Companies Act 2006, which came into effect in April 2017, Grant Thornton would not normally be eligible to report on the 2017 Financial Statements as it has exceeded the maximum engagement period. In conclusion the Auditor and the Committee had inadvertently and mistakenly reached the wrong conclusion recommending the reappointment of Grant Thornton for the audit of the 2017 year end. The FRC published the finalised transition rules on auditor rotation in June 2016 which should have alerted the Auditor and the Committee to this position.

Accordingly, the Company instructed the Committee immediately to apply to the FRC using its "Process for applications to extend the maximum duration of the audit engagement" to extend the period under which Grant Thornton could report. The FRC granted an extension for the 2017 audit on 23 November 2017.

Having received the extension to its appointment, the audit was completed and the Committee reviewed, for recommendation to the Board, the Audit Report from the Independent Auditor in relation to the Annual Report and Financial Statements for the year ended 30 September 2017. The Independent Auditor's Report is on pages 40 to 44.

The Committee has accelerated the audit tender process in order to be able to appoint a new auditor for the year ending 30 September 2018 as soon as possible.

Notwithstanding that there is an audit tender process under way and in order not to create a casual vacancy, the Board has concluded that the external auditor is independent of the Company. It recommends that Grant Thornton be reappointed as auditor to the Company at the Annual General Meeting, to enable the smooth handover of audit responsibilities, until the completion of the appointment process of the new auditor.

For and on behalf of the Committee.

Josephine Dixon
Chairman

4 December 2017

Governance
Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law they 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 proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006. They 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 website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The work carried out by the auditor does not involve a review of the corporate and financial information included on the company's website and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statement since they were initially presented on the website.

The Directors are also responsible for ensuring that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide 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 2017;
- 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, are fair, balanced and understandable and provide 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

4 December 2017

Financial Statements

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

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Standard Life Equity Income Trust plc (the 'Company') for the year ended 30 September 2017, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2017 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the Annual Report set out on page 13 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation, set out on page 13 of 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 directors' statement, set out on page 26 of the financial statements, about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' 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;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R (3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation, set out on page 26 of 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.

Overview of our audit approach

- Overall materiality: £2,373,000, which represents 1% of the Company's net assets
- Key audit matters were identified as valuation, existence and ownership of investments, and completeness and occurrence of investment income
- Our audit approach was a risk based substantive audit focused on investments at the year end and investment income recognised during the year. There was no change in our approach from prior year

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Valuation, existence and ownership 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. The valuation of the assets held in the investment portfolio at 30 September 2017 was £261.9 million (2016: £214.0 million) and consisted entirely of listed equities. As such, the investment portfolio is a material item in the Statement of Financial Position and one where we focus most of our audit effort. We identified valuation, existence and ownership of investments as a significant risk, which was one of the most significant assessed risks of material misstatement.	**Our audit work included, but was not restricted to:** ▸ 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; ▸ obtaining confirmation of the existence and ownership of the listed investments directly from the Company's independent custodian; ▸ testing the reconciliation of the independent custodian's records to those records maintained by the Company's administrator, and testing a sample of investment additions and disposals shown in the Company's administrator's records to supporting documentation; and ▸ assessing whether the Company's accounting policy for investments is in accordance with the requirements of United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice ('SORP') issued by the Association of Investment Companies ('AIC'), and testing its consistent application during the year. The Company's accounting policy on the valuation of investments is shown in note 1(b) to the financial statements 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 36, where the Committee also described the action that it has taken to address this matter. **Key observations** Our testing which comprised agreeing the Company's valuation to an independent source did not identify any material misstatements in the valuation of the investment portfolio as at the year end, nor were any issues noted with regards to the existence or the company's ownership of the underlying investments at the year end as a result of reconciliation of Company's records to independent custodian's reports.

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

Key Audit Matter	How the matter was addressed in the audit
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. The investment income receivable by the Company during the year directly drives the Company's ability to make a dividend payment to shareholders. The investment income receivable for the year to 30 September 2017 was £10.2 million (2016: £9.0 million) as disclosed in Note 2 to the financial statements. If the Company is not entitled to receive the dividend income recognised in the financial statements or the income recognised does not relate to the current financial year, this will impact the extent of the profits available to fund dividend distributions to shareholders. The accounting treatment adopted has a direct impact on the profits available for distribution to shareholders of the Company by way of dividends. In particular this can be affected by the incorrect allocation of special dividends between revenue and capital. We therefore identified completeness and occurrence of investment income as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: ▸ substantively testing a sample of income transactions to a third party source in order to assess occurrence of investment income recognised during the year; ▸ for a sample of investments held during the year, obtaining the ex-dividend dates and rates for dividends declared during the year from an independent source and agreeing the expected dividend entitlements to those recognised in the Statement of Comprehensive Income to assess completeness of investment income recognised; ▸ checking the categorisation of corporate actions and special dividends to identify whether the treatment is correct; and ▸ assessing whether the Company's accounting policy for revenue recognition is in accordance with United Kingdom Generally Accepted Accounting Practice and the AIC SORP, and testing its consistent application on revenue recognised during the year. The Company's accounting policy on income, including its recognition, is shown in note 1(d) to the financial statements and related disclosures are included in note 2. The Audit Committee identified recognition of dividend income as a significant issue in its report on page 36, where the Committee also described the action that it has taken to address this issue. **Key observations** Our testing did not identify any material misstatements in the amount of revenue recognised during the year.

Our application of 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 £2,373,000 which is 1% of the Company's net assets. This benchmark is considered the most appropriate because net assets, which primarily comprise the Company's investment portfolio, are considered to be the key driver of the Company's total return performance and form a part of the net asset value calculation.

Materiality for the current year is higher than the level that we determined for the year ended 30 September 2016 to reflect the increased value of the Company's investment portfolio at the year end.

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 also determine a lower level of specific materiality for certain areas such as investment income and related party transactions, being the management fee and directors' remuneration.

We determined the threshold at which we will communicate misstatements to the audit committee to be £118,600. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

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

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the Company's business, its environment and risk profile and in particular included:

- obtaining an understanding of relevant internal controls at both the Company and third-party service providers. This included obtaining and reading internal controls reports prepared by the third-party service providers on the description, design, and operating effectiveness of the internal controls at the investment manager, custodian, and administrator; and
- performing substantive audit procedures on specific transactions, which included journal entries and individual material balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment and our evaluation of the design and implementation of controls that address significant audit risk.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report set out on pages 4 to 39, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 39 – the statement given by the directors that they consider 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 performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit committee reporting set out on pages 36 to 38 – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee is materially inconsistent with our knowledge obtained in the audit; or
- Directors' statement of compliance with the UK Corporate Governance Code set out on pages 31 to 35 – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R (2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Our opinions on other matters prescribed by the Companies Act 2006 are 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.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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

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

- 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.

Responsibilities of directors for the financial statements

As explained more fully in the statement of directors' responsibilities set out on page 39, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). Our audit approach is a risk-based approach and is explained more fully in the 'An overview of the scope of our audit' section of our audit report.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the members on 15 December 2004. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 14 years, without approval of the competent authority. This is in excess of the maximum audit engagement period allowed. Accordingly the Company applied to the FRC for an extension to this period, which was granted, allowing us to report on these financial statements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Christopher Smith
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

4 December 2017

Financial Statements

Statement of Comprehensive Income

For the year ended 30 September 2017

	Notes	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000
Net gains/(losses) on investments at fair value	9	-	23,248	23,248	-	(4,578)	(4,578)
Currency (losses)/gains		-	(1)	(1)	-	23	23
Income	2	10,173	-	10,173	8,997	-	8,997
Investment management fee	3	(483)	(1,127)	(1,610)	(434)	(1,012)	(1,446)
Administrative expenses	4	(324)	-	(324)	(465)	-	(465)
NET RETURN BEFORE FINANCE COSTS AND TAXATION		**9,366**	**22,120**	**31,486**	**8,098**	**(5,567)**	**2,531**
Finance costs	5	(91)	(213)	(304)	(116)	(270)	(386)
RETURN BEFORE TAXATION		**9,275**	**21,907**	**31,182**	**7,982**	**(5,837)**	**2,145**
Taxation	6	(42)	-	(42)	(26)	-	(26)
RETURN AFTER TAXATION		**9,233**	**21,907**	**31,140**	**7,956**	**(5,837)**	**2,119**
RETURN PER ORDINARY SHARE:	8						
BASIC		**19.23p**	**45.61p**	**64.84p**	**17.92p**	**(13.15p)**	**4.77p**
DILUTED		**19.23p**	**45.61p**	**64.84p**	**17.48p**	**n/a**	**4.66p**

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.

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Statement of Financial Position

As at 30 September 2017

	Notes	2017		2016	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Investments at fair value through profit or loss	9		261,924		214,024
CURRENT ASSETS					
Debtors	10	1,330		1,259	
Money market funds		3,416		10,754	
Cash and short term deposits		161		287	
		4,907		**12,300**	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
Bank loan	11	(27,000)		(26,000)	
Other creditors	11	(2,558)		(594)	
		(29,558)		**(26,594)**	
NET CURRENT LIABILITIES			(24,651)		(14,294)
NET ASSETS			**237,273**		**199,730**
CAPITAL AND RESERVES					
Called-up share capital	12		12,295		11,321
Share premium account			52,043		40,550
Capital redemption reserve			12,616		12,616
Capital reserve			148,939		127,096
Revenue reserve			11,380		8,147
EQUITY SHAREHOLDERS' FUNDS			**237,273**		**199,730**
NET ASSET VALUE PER ORDINARY SHARE:	13				
BASIC			**482.63p**		**441.07p**
DILUTED			**482.63p**		**431.48p**

The financial statements on pages 45 to 60 were approved by the Board of Directors and authorised for issue on 4 December 2017 and were signed on its behalf by:

Richard Burns, Chairman

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

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Statement of Changes in Equity

For the year ended 30 September 2017

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 September 2016		11,321	40,550	12,616	127,096	8,147	199,730
Issue of Ordinary shares on conversion of Subscription shares	12	974	11,493	-	-	-	12,467
Purchase of own shares for treasury		-	-	-	(64)	-	(64)
Return after taxation		-	-	-	21,907	9,233	31,140
Dividends paid	7	-	-	-	-	(6,000)	(6,000)
BALANCE AT 30 SEPTEMBER 2017		**12,295**	**52,043**	**12,616**	**148,939**	**11,380**	**237,273**

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 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**

The capital reserve at 30 September 2017 is split between realised £111,074,000 and unrealised £37,865,000 (30 September 2016 is split realised £89,793,000 and unrealised £37,303,000).

The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

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

Financial Statements

Statement of Cash Flows

For the year ended 30 September 2017

	Notes	2017 £'000	2016 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net return before finance costs and taxation		31,486	2,531
Adjustment for:			
(Gains)/losses on investments at fair value		(23,248)	4,578
Net currency losses/(gains)		1	(23)
Dividend income		(9,940)	(8,951)
Dividends received		10,018	8,791
Interest income		(17)	(42)
Interest received		21	43
(Increase)/decrease in other debtors		(3)	1
Decrease in other creditors		(17)	(323)
Net cash outflow from servicing of finance		(302)	(371)
Net tax paid		(46)	(110)
NET CASH INFLOW FROM OPERATING ACTIVITIES		**7,953**	**6,124**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments		(133,399)	(64,809)
Sales of investments		110,580	56,846
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(22,819)**	**(7,963)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of Ordinary shares from conversion of Subscription shares		12,467	4,164
Purchase of own shares for treasury		(64)	-
Issue of Ordinary shares		-	4,489
Equity dividends paid	7	(6,000)	(6,690)
Drawdown of loan		1,000	1,000
NET CASH INFLOW FROM FINANCING ACTIVITIES		**7,403**	**2,963**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(7,463)**	**1,124**
ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS			
Opening balance		11,041	9,894
(Decrease)/increase in cash and cash equivalents		(7,463)	1,124
Currency movements		(1)	23
CLOSING BALANCE		**3,577**	**11,041**
COMPONENTS OF CASH AND CASH EQUIVALENTS			
AAA money market funds		3,416	10,754
Cash and short term deposits		161	287
		3,577	**11,041**

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Notes to the Financial Statements

For the year ended 30 September 2017

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 26.

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.

Notes to the Financial Statements

(f) Dividends payable

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

(g) Capital and reserves

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

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 currently 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.

(i) Cash and cash equivalents

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

(j) Bank borrowings

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

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Notes to the Financial Statements

2. Income

	2017 £'000	2016 £'000
Income from investments		
UK investment income		
Ordinary dividends	7,661	6,941
Special dividends	744	600
	8,405	**7,541**
Overseas and Property Income Distribution investment income		
Ordinary dividends	1,329	1,024
Special dividends	206	386
	1,535	1,410
	9,940	**8,951**
Other income		
Money market interest	17	42
Stock dividends	212	-
Underwriting commission	4	4
	233	**46**
Total income	**10,173**	**8,997**

3. Investment management fee

	2017 £'000	2016 £'000
Charged to revenue reserve	483	434
Charged to capital reserve	1,127	1,012
	1,610	**1,446**

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.

With effect from 15th November 2016, the fee is based on 0.65% on the first £250m of total assets, reduced to 0.55% over and above £250m of total assets (previously 0.65% on all total assets), payable quarterly in arrears and is chargeable 30% to revenue and 70% to capital (see note 1(e)).

4. Administrative expenses

	2017 £'000	2016 £'000
Directors' fees	114	111
Employers' National Insurance	10	10
Fees payable to the Company's Auditor (excluding VAT):		
- for the audit of the annual financial statements	24	23
Professional fees	31	47
Depositary fees	47	43
Other expenses	98	231
	324	**465**

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

Additional information concerning Directors' fees can be found in the Directors' Remuneration Report on pages 29 and 30.

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5. Finance costs

	2017 £'000	2016 £'000
On bank loans and overdrafts:		
Charged to revenue reserve	91	116
Charged to capital reserve	213	270
	304	**386**

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

6. Taxation

	2017 £'000	2016 £'000
(a) Analysis of charge for the year		
Overseas withholding tax	**42**	**26**
(b) Factors affecting current tax charge for the year		
The corporation tax rate was 20% until 31 March 2017 and 19% from 1 April 2017, giving an effective rate of 19.5%. 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 current tax charge is set out below:		
Return before taxation	31,182	2,145
Return at an effective rate of corporation tax 19.5% (2016 - 20%)	6,080	429
Effects of:		
(Gains)/losses on investments not taxable	(4,533)	911
Non-taxable income	(1,884)	(1,729)
Excess management expenses and loan relationship debit expenses	337	389
Overseas withholding tax	42	26
Total taxation	**42**	**26**

At 30 September 2017, the Company had unutilised management expenses and loan relationship losses of £23,172,000 (2016 - £21,445,000). 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

	2017 £'000	2016 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for 2016 of 5.00p per share (2015 - 4.70p)	2,264	2,020
First interim dividend for 2017 of 3.80p per share (2016 - 3.40p)	1,868	1,520
Second interim dividend for 2017 of 3.80p per share (2016 - 3.40p)	1,868	1,520
Third interim dividend for 2017 of 4.00p per share (2016 - 3.60p)	-	1,630
	6,000	**6,690**
Revenue available for distribution	**9,233**	**7,956**

The third interim dividend was declared on 1 September 2017 with an ex date of 14 September 2017. This dividend of 4.00p per share was paid in 6 October 2017 and has not been included as a liability in these financial statements.

The proposed final dividend for 2017 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.

	2017 £'000	2016 £'000
First interim dividend for 2017 of 3.80p per share (2016 - 3.40p)	1,868	1,520
Second interim dividend for 2017 of 3.80p per share (2016 -3.40p)	1,868	1,520
Third interim dividend for 2017 of 4.00p per share (2016 - 3.60p)	1,967	1,630
Proposed final dividend for 2017 of 5.50p per share (2016 - 5.00p)	2,704	2,264
	8,407	**6,934**

8. Return per Ordinary share

	2017		2016	
	£'000	p	£'000	p
Basic				
Revenue return	9,233	19.23	7,956	17.92
Capital return	21,907	45.61	(5,837)	(13.15)
Total return	**31,140**	**64.84**	**2,119**	**4.77**
Weighted average number of Ordinary shares in issue[1]		**48,025,624**		**44,390,125**
Diluted				
Revenue return	9,233	19.23	7,956	17.48
Capital return	21,907	45.61	(5,837)	n/a
Total return	**31,140**	**64.84**	**2,119**	**4.66**
Number of dilutive shares		**-**		**1,119,925**
Diluted shares in issue		**48,025,624**		**45,510,050**

The calculation of the diluted total, revenue and capital returns per Ordinary share are carried out in accordance with IAS 33, "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.

The Subscription shares lapsed on the last business day of December 2016 therefore there is no dilution effect in year ended 30 September 2017.

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.

Notes to the Financial Statements

9. Investments

	2017 £'000	2016 £'000
Fair value through profit or loss		
Opening book cost	176,720	167,215
Opening fair value gains on investments held	37,304	43,662
Opening fair value	**214,024**	**210,877**
Movements in the year:		
Purchases at cost	135,378	64,422
Sales - proceeds	(110,726)	(56,697)
- realised gains on sales	22,687	1,780
Current year fair value gains/(losses) on investments held	561	(6,358)
Closing fair value	**261,924**	**214,024**
Closing book cost	224,059	176,720
Closing fair value gains on investments held	37,865	37,304
Closing fair value	**261,924**	**214,024**
Gains/(losses) on investments held at fair value through profit or loss		
Gains on sales	22,687	1,780
Increase/(decrease) in fair value gains on investments held	561	(6,358)
	23,248	**(4,578)**

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/(losses) on investments in the Statement of Comprehensive Income. The total costs were as follows:

	2017 £'000	2016 £'000
Purchases	675	349
Sales	110	52
Total	**785**	**401**

10. Debtors: amounts falling due within one year

	2017 £'000	2016 £'000
Amounts due from brokers	498	352
Net dividends and interest receivable	631	709
Other debtors	201	198
	1,330	**1,259**

Notes to the Financial Statements

11. Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Bank loan	27,000	26,000
Other creditors		
Amounts due to brokers	1,979	-
Investment management fee payable	430	369
Sundry creditors	149	225
	2,558	**594**

As at 30 September 2017, the Company had drawn down £27 million (2016 - £26 million) of the £30 million (2016 - £30 million) loan facility arranged with Scotiabank (Ireland) Ltd, maturing on 4 October 2017, at an interest rate of 1.09888%. Subsequent to the year end, the £27 million was increased to £28.5 million and rolled over on a monthly basis. The loan was renewed on 3 November 2017, at an interest rate of 1.346%.

12. Called up share capital

	2017 £'000	2016 £'000
Issued and fully paid:		
Ordinary shares of 25p each		
Opening balance of 45,282,829 (2016 - 42,976,691) Ordinary shares	11,321	10,744
Issue of 3,895,938 (2016 - 1,301,138) Ordinary shares on conversion of Subscription shares	974	326
Buyback of 15,985 (2016 - nil) Ordinary shares	(4)	-
Issue of nil (2016 - 1,005,000) Ordinary shares	-	251
Closing balance of 49,162,782 (2016 - 45,282,829) Ordinary shares	**12,291**	**11,321**
Subscription shares of 0.01p each		
Opening balance of 3,895,938 (2016 - 5,197,076) Subscription shares	-	1
Conversion of 3,895,938 (2016 - 1,301,138) Subscription shares into Ordinary shares	-	(1)
Closing balance of nil (2016 - 3,895,938) Subscription shares	-	-
Treasury shares		
Opening balance of nil (2016 - nil) treasury shares	-	-
Buyback of 15,985 (2016 - nil) Ordinary shares to treasury	4	-
Closing balance of 15,985 (2016 - nil) treasury shares	**4**	**-**
	12,295	**11,321**

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 conferred the right, but not the obligation, to subscribe for one Ordinary share on any subscription date, being the last business day of June and December in each year commencing June 2011 with the final subscription date being the last business day of December in 2016, after which the rights under the Subscription shares lapsed. The conversion price was determined as being 320p.

During the year, shareholders have exercised their right to convert 3,895,938 (2016 - 1,301,138) Subscription shares into Ordinary shares for a total consideration of £12,467,000 (2016 - £4,164,000).

During the year, 15,985 Ordinary shares (2016 - nil) were repurchased for a consideration of £64,000 (2016 - £nil). The total shares held in treasury is 15,985 (2016 - nil). The number of Subscription shares in issue at 30 September 2017 is nil (2016 - 3,895,938).

During the year, nil (2016 - 1,005,000) Ordinary shares were issued for a total consideration of £nil (2016 - £4,489,000).

Notes to the Financial Statements

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:

	2017	2016
Basic		
Total shareholders' funds (£'000)	237,273	199,730
Number of Ordinary shares in issue at year end[1]	49,162,782	45,282,829
Net asset value per share	482.63p	441.07p
Diluted		
Total shareholders' funds assuming exercise of Subscription shares (£'000)	237,273	212,197
Number of potential Ordinary shares in issue at year end[1]	49,162,782	49,178,767
Net asset value per share	482.63p	431.48p

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

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 nil (2016 - 3,895,938) Subscription shares were converted into Ordinary shares at the year end.

The Subscription shares lapsed on the last business day of December 2016 therefore there is no dilution effect in year ended 30 September 2017.

14. Analysis of changes in net debt

	At 30 September 2016 £'000	Cashflow £'000	Currency movements £'000	At 30 September 2017 £'000
Cash at bank and in hand	287	(125)	(1)	161
Money market funds	10,754	(7,338)	-	3,416
Bank loan	(26,000)	(1,000)	-	(27,000)
Net debt	**(14,959)**	**(8,463)**	**(1)**	**(23,423)**

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.

Notes to the Financial Statements

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 Years	Weighted average interest rate %	Fixed rate £000	Floating rate £000
As at 30 September 2017				
Assets				
Money market funds	-	0.30	-	3,416
Cash deposits	-	-	-	161
Total assets	**-**	**0.29**	**-**	**3,577**
Liabilities				
Bank loans	-	1.10	27,000	-
Total liabilities	**-**	**1.10**	**27,000**	**-**
As at 30 September 2016				
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**	**-**

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 2017 or 30 September 2016 that had a maturity date. As detailed in note 11, the £27m loan drawn down had maturity date of 4 October 2017 at the Statement of Financial Position date. (2016 : £25m on 5 October 2016; £1m on 24 October 2016).

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 2017 would increase / decrease by £234,000 (2016 : increase / decrease by £150,000). This is mainly attributable to the Company's exposure to interest rates on its fixed rate borrowings and floating rate cash balances.

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

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

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

Other price risk sensitivity
If market prices at the Statement of Financial Position date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the year ended 30 September 2017 would have increased/decreased by £26,192,400 (2016 - increase/decrease of £21,402,400). 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:

	2017		2016	
	Statement of Financial Position £'000	Maximum exposure £'000	Statement of Financial Position £'000	Maximum exposure £'000
Current assets				
Debtors	1,330	1,330	1,259	1,259
Money market funds (indirect exposure)	3,416	3,416	10,754	10,754
Cash and short term deposits	161	161	287	287
	4,907	**4,907**	**12,300**	**12,300**

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 £27,000,000 (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 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 2017 and 30 September 2016 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 9.9% of net assets (2016 - 7.5%)

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 2017 there were no contingent liabilities.

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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 29 to 30. The balance of fees due to Directors at the year end was £nil (2016 - £nil).

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

Additional Information

Glossary

Discount and Premium	A discount is the percentage by which the market price of an investment trust is lower than its Net Asset Value per share. A premium is the percentage by which the market price per share of an investment trust exceeds its Net Asset Value per share.
Dividend cover	For investment trusts, this is calculated as the value of year end Revenue Reserves, after adjusting for any unpaid final dividends, divided by the total cost of dividends paid by the Company to shareholders. A figure of 1 implies that the Company would be able to pay next year's dividend even if all the portfolio holdings did not pay any dividend.
Dividend Per Share (DPS)	The total of all dividends paid by the Company for the year on a per share basis.
Dividend Yield	The annual dividend per share expressed as a percentage of the share price.
Earnings Per Share (EPS)	The net income after tax of the Company divided by the weighted average number of shares in issue during the year. In an investment trust this is made up of Revenue EPS and Capital EPS.
Ex-dividend date (XD date)	The date when an investor needs to be holding a share in order to qualify for a forthcoming dividend. The XD date is normally about a month before the dividend is paid.
Index or indices	A market index calculates the average performance of its constituents, normally on a market-cap weighted basis.
Market Capitalisation (Market Cap)	The latest price of an Ordinary share multiplied by the number of shares in issue.
Net Asset Value per share (NAV)	Net Assets divided by the number of Ordinary shares in issue produces the Net Asset Value per share.
Net Assets or Shareholders' Funds	Total assets less current and long-term liabilities.
Net Gearing	Net borrowings (both short and long-term, less cash held in the portfolio) as a percentage of shareholders' funds.
Ongoing Charges Ratio	Ongoing Charges are the Company's total expenses as a percentage of average daily shareholders' funds.
Realised gains / losses	The profit / loss on the sale of investments during the year.
Relative Performance	Performance of the Company relative to the FTSE All-Share index.
Revenue EPS	The net income from dividends and interest received, after tax, of the Company divided by the weighted average number of shares in issue during the year.
Revenue Reserves	The total of undistributed revenue earnings from prior years. This is available for distribution to shareholders by way of dividend.
Total Return	The theoretical return including reinvesting each dividend in additional shares in the Company on the day that the shares go ex-dividend. The NAV Total Return involves investing the same net dividend in the NAV of the Company on the ex-dividend date.
Unrealised gains / losses	The profit / loss on the revaluation of the investment portfolio at the end of the period.

Additional Information
Key Contacts

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Josephine Dixon
Caroline Hitch
Jeremy Tigue
Mark White

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London E14 5JP

Registrars
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The Pavilions
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Bristol BS99 6ZZ
Telephone: 0370 707 1150

Additional Information

Shareholder Information

Buying Shares in the Company

The Company's shares are traded on the London Stock Exchange and can be bought and sold through a stockbroker, 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.

You can contact our Registrar, Computershare Investor Services PLC, who have installed textphones to allow speech and hearing impaired people who have their own telephone to contact them directly, without the need for an intermediate operator, by dialling 0370 702 0005. Specially trained operators are available during normal business hours to answer queries via this service.

Alternatively, if you prefer to go through a "typetalk" operator (provided by The Royal National Institute for Deaf People), you should dial **18001** followed by the number you wish to dial.

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.standardlifeequityinvestmenttrust.co.uk and on the 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 is displayed. The identifier code is "SLET" and information may be found at www.londonstockexchange.com, subject to a delay of 15 minutes.

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 2017 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum limit	300.0%	200.0%
Actual	109.9%	113.8%

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 the 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.

Additional Information

Shareholder Information

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 £15.7billion at 31 December 2016, of which £8.5billion of assets were AIFs subject to the AIFM Directive. The NAV of the Company was £276.3million as at 31 December 2016.

The AIFM does not employ any direct staff. The board of the AIFM are employees of Standard Life Investments ("SLI") Limited and are subject to the SLI and Standard Life Aberdeen 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 outwith its board. The board of the AIFM has six 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. During the year there were a further four individuals on the board who retired during the year and also qualify as AIFM Code Staff up to the dates of their retirement. The aggregate remuneration for these ten individuals, apportioned for the AIFM duties they have performed, for the year 31 December 2016 is £231,732.

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 Aberdeen plc review and approve remuneration for AIFM Code Staff. More information on the remuneration policies of Standard Life Aberdeen plc are disclosed on the following web page: https://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 Dividend Reinvestment 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. We can 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.

Additional Information
Shareholder Information

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.

Annual General Meeting

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the twenty-sixth Annual General Meeting of the Standard Life Equity Income Trust plc will be held at the Company's registered office at 30 St Mary Axe, London EC3A 8EP on Thursday, 18 January 2018 at 11.30am for the purposes of considering and if thought fit passing the following resolutions, of which resolutions 1 to 11 inclusive will be proposed as ordinary resolutions, and resolutions 12 & 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 2017, together with the Independent Auditor's report thereon.

2 To receive and approve the Directors' Remuneration Report for the year ended 30 September 2017.

3 To approve the final dividend for the year ended 30 September 2017 of 5.5p per Ordinary share.

4 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.

5 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.

6 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.

7 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.

8 To elect Ms C. M. Hitch 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 until the conclusion of the Audit Tender process.

10 To authorise the Directors to fix the remuneration of the auditor.

11 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 £4,096,898.50 which represents approximately one third of the Company's issued share capital (excluding shares held in treasury), as at 4 December 2017, 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.

12 That, subject to the passing of resolution number 11 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 11 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 £1,229,069 being approximately 10% of the nominal value of the issued share capital of the Company, as at 4 December 2017.

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 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 7,369,501 (or such lesser amount as shall be equal to 14.99% of the Company's issued Ordinary share capital (excluding shares held in treasury) on the date on which this resolution is passed);

Notice of Annual General Meeting

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

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

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

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

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

By order of the Board

Maven Capital Partners UK LLP
Company Secretary

Registered office:
30 St Mary Axe
London EC3A 8EP

4 December 2017

Annual General Meeting
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 16 January 2018 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.

Annual General Meeting

Notice of Annual General Meeting

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

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

9 If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure 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 Guidance 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.

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 4 December 2017 (the latest practicable date before the printing of this document), the Company's total capital consisted of 49,162,782 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 4 December 2017 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.

Registered Office:
Standard Life Equity Income Trust plc
30 St Mary Axe
London
EC3A 8EP

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