Aberdeen Standard Equity Income Trust plc

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

Half Yearly Report
31 March 2021

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The Company

Aberdeen Standard Equity Income Trust PLC (the "Company") is a closed-end investment company and its shares are traded on the London Stock Exchange ("LSE").

The Company offers an actively managed portfolio of UK quoted companies. The investment approach is index-agnostic and the focus is on those companies delivering sustainable dividend growth.

Investment Objective

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

Visit our Website

To find out more about Aberdeen Standard Equity Income Trust plc, please visit: **aberdeenstandardequityincometrust.com**

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"In absolute terms, the Company's first half to 31 March 2021 has been one of the most successful for the portfolio for over 10 years with a NAV total return of 29.0%, outperforming the FTSE All-Share Index by 10.5%."

Mark White,
Chairman

"With a robust investment process, combined with signs that current benign market conditions are set to persist, I will strive to ensure that this stronger performance continues to build into the longer term."

Thomas Moore,
Portfolio Manager

Highlights and Financial Calendar

Performance Highlights

Net asset value total return per Ordinary share[A]
Six months ended 31 March 2021

+29.0%

Year ended 30 September 2020 -25.7%

Share price total return per Ordinary share[A]
Six months ended 31 March 2021

+34.8%

Year ended 30 September 2020 -29.4%

FTSE All-Share Index total return
Six months ended 31 March 2021

+18.5%

Year ended 30 September 2020 -16.6%

Discount to net asset value[A]
As at 31 March 2021

8.8%

As at 30 September 2020 12.5%

Revenue return per Ordinary share
Six months ended 31 March 2021

7.74p

Six months ended 31 March 2020 8.35p

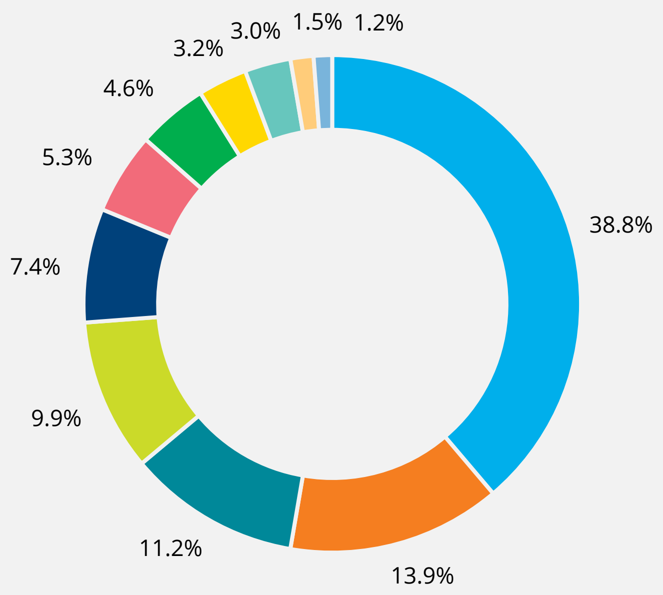
Ongoing charges ratio[A]
Forecast for year ending 30 September 2021

0.89%

Year ended 30 September 2020 0.87%

[A] Considered to be an Alternative Performance Measure.

Investment Portfolio by Sector as at 31 March 2021



Portfolio weightings

- Financials
- Consumer Discretionary
- Basic Materials
- Industrials
- Energy
- Utilities
- Consumer Staples
- Real Estate
- Telecommunications
- Health Care
- Consumer Staples

"The NAV total return has outperformed the FTSE All-Share Index in each month in the period under review, something that has not been achieved by the portfolio since 2002."

Mark White, Chairman

Financial Calendar

Expected payment dates of interim dividends for the remainder of the financial year to 30 September 2021	25 June 2021 24 September 2021 31 December 2021
Financial year end	30 September 2021
Expected announcement of results for year ended 30 September 2021	December 2021
Annual General Meeting (London)	February 2022

Financial Highlights

Capital return	31 March 2021	30 September 2020	% change
Total assets[A] (m)	£194.30	£159.10	+22.1%
Equity Shareholders' funds (m)	£174.38	£139.20	+25.3%
Market capitalisation (m)	£159.00	£121.79	+30.6%
Net asset value per Ordinary share	360.83p	288.02p	+25.3%
Share price per Ordinary share	329.00p	252.00p	+30.6%
Discount of Ordinary share price to net asset value[B]	8.8%	12.5%	
FTSE All-Share Index	3,831.05	3,282.25	+16.7%
Revenue return per Ordinary share[C]	7.74p	8.35p	–7.3%
Gearing – net[B]	10.3%	13.3%	
Ongoing charges[BD]	0.89%	0.87%	

[A] Defined as total assets per the Statement of Financial Position less current liabilities (before deduction of bank loans).
[B] Considered to be an Alternative Performance Measure as defined on pages 25 and 26.
[C] Figure for 31 March 2021 is for the six months to that date. Figure for 30 September 2020 is for the six months to 31 March 2020.
[D] The ongoing charges ratio for the current year includes a forecast of costs and net assets for the six months to 30 September 2021.

Chairman's Statement

"The Board paid a first interim dividend of 5.2p in March, bringing total dividends for the 6 months to 31 March 2021 to 10.4p per share, in line with the payments in 2020."

Mark White, Chairman

Performance

In absolute terms, the Company's first half to 31 March 2021 has been one of the most successful for the portfolio for over 10 years with a NAV total return of 29.0%, outperforming the FTSE All-Share Index by 10.5%. These returns represent some of the best results, both in absolute and relative terms for a number of years. At the same time, the share price total return was 34.8%. These headlines obviously make much more positive reading than they did six months ago when Richard Burns, my predecessor, summarised activity in the Annual Report for the year to 30 September 2020, with the Company's portfolio so heavily affected by the impact of Covid-19. The dramatic improvement in the performance relative to the FTSE All-Share Index is due in good part to our Manager's investment process which seeks to identify companies which the Manager believes to be mispriced by the market. A consequence of this approach is that the portfolio is often more heavily weighted towards mid- and small-cap companies than the Index, where such mispricing can be more frequently found. When the market focuses more on fundamentals, rather than momentum, the portfolio will typically be well placed, as we have seen over the 6 months to 31 March 2021. One of the tangible effects of this is that we have seen the discount narrow as the market picked up on the improved performance of the portfolio.

It is worth noting that the NAV total return has outperformed the FTSE All-Share Index in each month in the period under review, something that has not been achieved by the portfolio since 2002. Indeed, only two other investment trusts in the UK Equity Income sector have produced such consistent outperformance in the period. The returns are obviously very welcome, particularly in light of the underperformance of the portfolio in recent years.

The Investment Manager's Review on pages 9 to 12 provides a more detailed explanation of the drivers of this performance.

Revenue

Dividend income in the 6 months was £4.199m compared to £4.724m for the same period last year, a reduction of 11.1%, as Covid-19 impacted the ability of some investments to maintain dividend payments. Total income for the period was £4.201m compared to £4.739m, a fall of 11.4%. Management fees and administrative expenses charged to revenue were down 13.3%, at £358k compared to £413k in 2020. After interest costs and tax, net earnings were down 8.4% to £3.742m and the revenue per Ordinary share was 7.74p compared to 8.35p for the first six months of the previous financial year.

Dividends

The Board is declaring a second interim dividend of 5.2p which will be paid on 25 June 2021 to shareholders on the Register on 4 June 2021, with an associated ex-dividend date of 3 June 2021. The Board paid a first interim dividend of 5.2p in March, bringing total dividends for the 6 months to 31 March 2021 to 10.4p per share, in line with the payments in 2020. The Board's intention is that the third interim dividend, which will be paid in September, will also be 5.2p per share and that the fourth interim dividend will be at least 5.1p, making a total dividend for the year of 20.7p, an increase of 0.1p on the dividend paid in 2020. The Board will, however, monitor the progress of the revenue account and will not confirm the actual level of the fourth interim dividend until the accounts to 30 September 2021 are finalised in December.

Gearing

At 31 March 2021 net gearing amounted to 10.3% of assets, compared to 11.3% this time last year. The borrowing is in the form of a revolving credit facility with interest changed at 1.34% at the end of the period.

Discount and Buy Backs

There have been no changes to the Company's share capital structure during the 6 months under review. During the period the share price discount to NAV narrowed from 12.5% to 8.8%. At times, the discount was wider than the Board would like, particularly during the early part of the period, but since 1 January 2021 the discount has been in single digits. The Board monitors the discount of the share price to the cum-income NAV in both absolute terms and relative to the discount of other UK equity income investment trusts. We concluded that the discount in late 2020 was in a large part a reflection of the market's lack of interest in UK equities given the uncertainties due to Brexit and that buying back in such circumstances would be unlikely to be to the benefit of all shareholders. At the time of writing, the discount to NAV is 3.4%.

Board

Richard Burns retired from the Board at the AGM in February 2021 and, on behalf of my fellow Board members, I would like to thank him for the leadership and wise counsel that he has provided to the Board and the investment manager over the last 14 years, six of them as Chairman. The Directors have reviewed the composition of the Board and decided to go forward as a Board of four directors. This decision will be kept under review as part of the annual board evaluation process.

Chairman's Statement Continued

Outlook

A year ago, my predecessor had the unenviable task of discerning the outlook from a position of almost total ignorance about the future course of the pandemic and its impact on your Company. 12 months on, my task is much easier as the outlook is not only much clearer but also considerably brighter. As you will see, the tone of this report is much more positive accordingly. The track record of monthly outperformance which began in September 2020 has continued into April, making eight consecutive months of outperformance. This return to the form that we were used to seeing prior to 2016 is most welcome. The investment approach adopted by the Manager through its Focus on Change process does mean that the weightings in the portfolio may differ significantly from the weightings in the FTSE All-Share Index. As a consequence, there will be times when the portfolio's returns will deviate materially from that of the Index, sometimes to the downside, as was the case last year. However, the performance of the last eight months demonstrates the benefits of sticking to the process.

Despite, the substantial improvements in our capital returns, the Board continues to encourage our Portfolio Manager, Thomas Moore, to focus on narrowing the gap between projected earnings and our planned dividend for 2021. As you will see from his report, good progress has been made in this regard but there is still some way to go. Under normal market conditions, the Board would expect to fund dividend payments from current year earnings. However, it is clear that the long-term effect of events in 2020 is that dividends from a number of investee companies are now at lower levels. Therefore, while the Board is targeting a return to covered earnings, it fully recognises that one of the defining features of the investment trust structure is the ability to build up revenue reserves in good years to enhance distributions to shareholders in more challenging times. While we have seen a gradual improvement in dividend income received, the Board does not expect that earnings will cover the projected dividend for the financial year and expects to use reserves to support the dividend in the short term. While we remain convinced that it is entirely appropriate to draw on revenue reserves in current circumstances, we recognise that this cannot continue indefinitely. As conditions improve we wish to return to larger increases in dividend payments as we have done in the past. This may be of increasing importance to our shareholders in the event that we experience significantly higher rates of inflation than in prior years. This seems to be entirely possible given the unprecedented scale of both monetary and fiscal stimuli adopted by the Government and the Bank of England to support the post Covid recovery.

We are living through extraordinary and challenging times which have made navigating financial markets unusually difficult. Our operations have continued without issue which is remarkable in the circumstances. It does though now seem that there is light at the end of the tunnel and it is to be hoped that the road-map out of lock-down will continue to be followed successfully allowing a degree of normality to return to the economy and to the stock market. In such circumstances, it seems likely that the market will maintain its recent focus on fundamentals, rather than momentum, in determining valuations. The portfolio looks to be well positioned for this more encouraging scenario.

Mark White,
Chairman
17 May 2021

Interim Board Report

Directors' Responsibility Statement

The Directors are responsible for preparing the Half Yearly Report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- The condensed set of financial statements has been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting) and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;

- The Interim Board Report (constituting the interim management report) includes a fair review of the information required by DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and

- The financial statements include a fair review of the information required by DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the Company during that period, and any changes in the related party transactions described in the last Annual Report that could do so.

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. These are set out within the Strategic Report contained within the Annual Report for the year ended 30 September 2020 and comprise the following risk categories:

- Strategy
- Investment Performance;
- Exogenous risks such as health, social, financial, economic and geopolitical
- Operational Risk;
- Governance Risk;
- Discount / Premium to NAV;
- Financial obligations; and
- Legal and Regulatory Risks.

The Board notes that there are a number of contingent risks which continue to stem from the Covid-19 pandemic that may impact the operation of the Company. These include investment risks surrounding the companies in the portfolio such as employee absence, reduced demand, reduced turnover, supply chain breakdowns and suspension of dividends. The Board has been proactive in engaging with the Manager to ensure that the Company continues to be managed in accordance with the investment objective and policy, and in the best interest of stakeholders. The Manager continues to review carefully the composition of the Company's portfolio and to be pro-active in taking investment decisions where necessary. Operationally, Covid-19 continues to affect the suppliers of services to the Company. To date, these services have continued to be supplied without problems and the Board will continue to monitor arrangements in the form of regular updates from the Manager.

In all other respects, the Company's principal risks and uncertainties have not changed materially since the date of the 2020 Annual Report.

Going Concern

In accordance with the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern.

The Company's assets consist substantially of equity shares in companies listed on recognised stock exchanges and in most circumstances are realisable within a short timescale. The Company has adequate resources to continue in operational existence for the foreseeable future and the ability to meet all its liabilities and ongoing expenses from its assets.

The Directors are mindful of the principal risks and uncertainties disclosed above, including Covid-19, and review on a regular basis forecasts detailing revenue and liabilities and the Company's operational expenses. Having reviewed these matters, the Directors believe that the Company has adequate financial resources to continue its operational existence for the foreseeable future and at least 12 months from the date of this Half Yearly Report. Accordingly, we continue to adopt the going concern basis in preparing the Half Yearly Report.

For and on behalf of the Board

Mark White,
Chairman
17 May 2021

Our Strategy

Business Model

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

Investment Objective

The Company's objective is to provide shareholders with an above average income from their equity investment, while also providing real growth in capital and income.

Investment Policy

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

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

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

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

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

Delivering the Investment Objective

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

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

Idea Generation and Research

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

Environmental, social and governance ("ESG") considerations are at the heart of this engagement. Understanding a company's attitudes towards ESG issues helps to mitigate risks and actively enhance returns. As part of the company research, analysts evaluate the ownership structures, governance and management quality of the companies. Potential environmental and social risks that these companies may face are also assessed. The Manager employs dedicated ESG specialists who sit within each regional investment team, providing industry-leading expertise and insight at the company level. These specialists also mediate the insights of the central team to the stock analysts, as well as interpret and contextualise sector and company insights. The central ESG team provides thought leadership, thematic and global sector insights, as well as event-driven research.

Investment Process in Practice

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

The consequence of this is that the Company's portfolio often looks very different from other investment vehicles which aim to provide 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 prefer to make their own decisions and manage their ISAs, SIPPs and personal dealing accounts themselves. Currently 60% (30 September 2020: 58%) of the Company's portfolio is invested in companies outside the FTSE 100 Index.

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

Investment Manager's Review

Thomas Moore,
Portfolio Manager

Market Review

This was a stellar period for the UK stock market, with the FTSE All-Share Index increasing by 18.5% on a total return basis. Having taken some time to stabilise in the initial post-pandemic period, investor confidence recovered sharply from October onwards as macro risks began to fade. This resulted in a rotation out of quality growth stocks, which had performed well in the initial lockdown phase, into more cyclical stocks that would benefit from the economic recovery. This resulted in domestic companies outperforming, with the FTSE Small Cap and FTSE Mid Cap indices outperforming the FTSE 100 during the period.

The beginning of the period was marked by a sharp market sell-off in the face of a second Covid-19 wave and ongoing Brexit-related uncertainty. The turning point came in early November when the election of Joe Biden as US President and the announcement of three new vaccines triggered a sharp rally in equity markets. December saw the rollout of vaccination programmes, the signing of a $900bn US stimulus bill and the UK-EU Brexit trade agreement. These provided a further boost for the UK equity market, even amid the spread of a more virulent Covid-19 strain and a tightening of lockdown measures.

The good news continued in the New Year as the rapid pace of the UK's vaccination roll-out began to bear fruit, bringing down the number of new daily Covid-19 cases. By the end of the period, over 30 million people had received their first vaccine dose and daily case numbers had returned to levels seen at the beginning of the period, despite substantially higher numbers of tests being performed. Government support measures helped to prevent a collapse in the economy. In the US a new $1.9trn Covid-19 relief bill was signed. In the UK the furlough scheme was extended until September 2021, nearly a year after it was originally intended to end. Chancellor Rishi Sunak also pledged an additional £65 billion in emergency support measures for workers and businesses, and announced a corporate tax hike scheduled for 2023. The Bank of England kept interest rates unchanged at 0.1%, but boosted its bond-buying programme. Economic growth stabilised despite new rounds of lockdowns. The unemployment rate increased more moderately than feared. The household savings ratio spiked to levels unseen since 1993, paving the way for a recovery in consumer spending as the economy re-opens. As a result, economic sentiment improved significantly over the period, with the Office for Budget Responsibility revising its UK growth forecasts for 2022 upwards to 7.3%, which would be the fastest pace since 1948.

Portfolio Performance

The portfolio outperformed significantly in the six month period, staging a very sharp recovery. We also achieved outperformance against the FTSE All-Share Index in every calendar month of the period, highlighting how consistently our holdings are performing, admittedly from what were deeply over-sold levels in many cases. This is extremely gratifying, underlining the potential of our Focus on Change investment process to deliver for shareholders in more normal market conditions, following the intensity of the market reaction to Covid-19. In the Outlook section, I explain why I believe this more benign period for our investment process should last for some time.

Looking back at this six month period, the key drivers of our performance relative to the FTSE All-Share Index can be summarised as follows:

1. Heavy exposure to economically-sensitive sectors contributed strongly to performance. Consumer Discretionary was the largest contributor to performance by sector, adding around 2.8% of relative performance. Our holdings in house-builder **Vistry** and sofa retailer **DFS** were particularly helpful as consumer demand rebounded sharply. Financials was the second largest contributor, adding around 2.6% of relative performance. **CMC Markets**, **Close Brothers** and **Premier Miton** all rose sharply, as investors observed improving market conditions.

2. Limited exposure to defensive sectors helped our performance as the economic recovery caused these to fall out of favour. Our underweight positions in Healthcare and Consumer Staples added around 3% of relative performance, in particular not owning **Reckitt Benckiser** and the underweight position in **AstraZeneca**.

3. The gearing position, averaging 12.0% over the period, contributed just over 2% of relative performance.

Investment Manager's Review Continued

Revenue Account

Dividends distributed by our portfolio holdings in the period were £4.2m, which was 11.1% less than the £4.7m received in the same period last year. During the period, over 95% of the dividend income came from recurring rather than special dividends.

Portfolio income declined year on year because of the base effect of comparing this latest six month period (which incorporates the full impact of the dividend cuts that were made in 2020) with the prior year period (which was largely unaffected by the pandemic). This decline compares favourably to the FTSE All-Share Index whose dividends declined by 27.0% over the same period. This demonstrates our ability to use the index-agnostic approach to build a differentiated portfolio that will deliver on our objectives.

It has now been a year since the onset of Covid-19, giving us a fuller picture of the impact of the pandemic on UK dividends. Two thirds of companies made a dividend cut during the year, with pay-outs falling by 41.6% on an underlying basis, according to LINK Group. Mid-cap and small-cap stocks were more prone to cuts and suspensions of dividends than larger cap stocks, reflecting their respective sectoral and more domestically orientated business models. However, we continue to believe that maintaining the flexibility to be able to invest in mid and small-cap stocks will prove beneficial to the revenue account over the course of the cycle given their superior growth prospects.

While this reduction in income inevitably feeds through to the net profit for the period, we are reporting a smaller reduction of 8.4% in net revenue to £3.7m as management fees, other expenses and tax are lower this year than they were 12 months ago.

The portfolio achieved an underlying dividend yield of 4.9% based on the income generated by the portfolio over the year divided by the average portfolio value, representing a significant premium to the effective dividend yield of the FTSE All-Share Index of 2.9% for the same period.

We continue to consider carefully the income prospects of our holdings, based on their trading and balance sheet outlook, alongside their capital growth prospects. We have classified stocks into three key categories - "resilient income", "resumed income" and "interrupted income". By these classifications, as at 31st March 2021, just over 60% of the portfolio is classified as "resilient income" stocks, which have paid dividends continuously throughout the crisis. Around 25% is classified as "resumed income" stocks which have announced that they have returned to the dividend list. Around 10% are classified as "interrupted income" stocks which cancelled their dividends due to the pandemic and are yet to reinstate them.

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

1. We expect the vast majority of our remaining "interrupted income" holdings to resume their dividends as earnings visibility improves.

2. We see scope for acceleration in dividend growth among our dividend-paying holdings. This is a function of improved external conditions and management actions, such as cost-cutting, increasing operational gearing as revenues recover.

Activity

Purchases

Our transactions during the period reflect our focus on growing our portfolio income, to enable the dividend to return to full coverage, while simultaneously increasing exposure to stocks whose strong earnings outlook will augment the portfolio's capital growth potential. As I explain in the outlook section, we believe that we are capable of achieving both of these objectives while staying true to the Focus on Change investment process, given the abundance of inexpensive stocks seeing positive change.

Our largest purchases can be grouped into the following categories:

1. We bought stocks that are leading players in growing markets, generating significant cash and therefore offering attractive dividends yields and dividend growth– these include wealth platform **Hargreaves Lansdown** and online gaming business **888.**

2. We bought stocks that are set to benefit from the improving economy as lockdowns are eased – these include banking group **Barclays**, fuel distributor **Vivo Energy** and house-builders **Bellway** and **Persimmon**.

3. We looked to identify stocks that are set to benefit from rising returns after competitors have pulled out – on this basis we purchased reinsurance business **Conduit** which raised capital in an IPO to take advantage of a market opportunity as insurance rates harden.

Sales

Our largest sales can be grouped into the following categories:

1. We reduced some lower-yielding stocks – these include transport operator **National Express** and house-builder **MJ Gleeson**.

2. We sold some mega-cap stocks whose earnings outlook appear muted – these include **GlaxoSmithKline** and **National Grid**.

3. We received the proceeds of two bids – **Hastings** and **AFH Financial**.

Outlook

The sharp recovery of our NAV during this period, while also making progress on rebuilding portfolio income, helps to support our view that the Focus on Change investment process can be a powerful enabler in achieving our objectives, by focusing the portfolio on inexpensive stocks seeing positive change.

The global Covid-19 outbreak caused market leadership to become entrenched in highly-valued quality growth stocks. This did not suit our investment process as we seek to identify companies whose change potential is yet to be priced in by the wider market. In the last Annual Report to 30 September 2020 I outlined the catalysts that I believed would help drive an improvement in the Company's performance. These included political events (e.g. Biden victory and EU-UK trade deal), vaccine roll-outs and economic recovery. These duly occurred, greatly benefiting our portfolio. Valuation dispersion within the UK equity market had become extreme by historical standards, further supporting the case for a significant rotation towards the holdings favoured by our investment process.

It is worth providing some context explaining how the portfolio has tended to perform at different points during my tenure as manager. Having outperformed our peer group in five years out of seven under my tenure between FY12 and FY18, the FY19-20 period was highly disappointing. I hope and expect that this period will in time be seen as an aberration. FY21 has started extremely well and I believe that this reflects a combination of strong investment execution and more normal market conditions, enabling our investment process to shine once again. The pattern that I would observe is that the Focus on Change investment process tends to perform best in the long sweeps of stable market conditions when bottom-up analysis is rewarded. These periods of outperformance can be prolonged as it can take a long time for share prices to fully reflect their underlying fundamentals following periods of macro stress. As the "wall of worry" is climbed, share prices start to reflect the improving outlook of the underlying companies (e.g. earnings, cash flows, dividends). Conversely, the valuation premium that investors have applied to quality growth stocks can start to erode. Periods of macro stress can therefore be seen as generating a store of future performance, by causing share prices to become severely disconnected from their underlying fundamentals. These inefficiencies can then be exploited for some years in the aftermath of a crisis. Despite the rally since November 2020, our team of analysts are finding numerous stocks that we see as very attractively valued.

There are several reasons why the recovery this time could be far more prolonged and intense than previous recoveries. First, we are emerging from a particularly long period of macro stress (having started at the time of Brexit/Trump in 2016). Second, investor positioning and valuations had become extreme during this period, looking at the divergence between cheap cyclical stocks and expensive quality growth stocks. Third, surging economic data could cause a major shift in market leadership as Cyclicals and Financials start to outstrip other sectors in terms of earnings growth. Policy-makers have made it clear that they are quite prepared to run the economy "too hot" by keeping the foot on the stimulus pedal, rather than returning to the austerity policies of the post-financial crisis era. The justification for prioritising growth over inflation is partly socio-economic – it is believed that those that have suffered most in the past decade, including the pandemic, are the workers in the lowest socio-economic groups who are struggling to make ends meet. However, maintaining loose monetary policy, even as inflation rises, also has implications for asset prices especially commodities, property and equities. I firmly believe that our portfolio is well positioned for such an environment.

In the months ahead, we expect the portfolio to benefit from its heavy weightings in sectors that are set to benefit from improved activity levels as vaccines are rolled out and lockdowns are eased, in particular Consumer Discretionary and Financials. The prolonged build-up of UK Household Savings during Covid-19 could be an important driver. UK consumers have had little opportunity to spend their cash in recent months. The ONS reports that the Household Savings ratio hit a peak of 25.9% in Q3 2020, staying elevated at 16.1% in Q4 2020. Putting those numbers in context, the previous peak was 14.3% in Q2 1993. This sets the scene for a spike in activity once the lockdown is eased and these savings are gradually deployed. We also expect our Resources holdings to benefit from the impact of elevated commodity prices on cash flow and dividends.

Investment Manager's Review Continued

Ensuring that the portfolio is positioned correctly for this improved market backdrop requires a careful assessment of the dividend outlook, alongside the outlook for capital growth. Happily, the two go hand in hand, as dividends are paid out of cash generated from a company's operations. We continue to look for attractive yield, with no shortage of stocks offering yields in excess of 5% despite robust fundamentals. These stocks can play an important role within the portfolio but need to be carefully evaluated as they can remain cheap without a catalyst for a valuation re-rating. We will only hold higher yielding stocks where we believe in the underlying investment case, rather than holding the stock exclusively for the dividend yield. The universe of dividend-paying companies is broadening again as more and more companies announce dividend reinstatement. This will provide us with greater choice, making it incrementally easier for us to return the dividend to full coverage.

In the Annual Report to 30 September 2020, I wrote that I was absolutely determined to deliver a significant improvement in performance and explained the grounds for my confidence that this would happen. The six months to March 2021 did indeed see a very intense recovery. With a robust investment process, combined with signs that current benign market conditions are set to persist, I will strive to ensure that this stronger performance continues to build into the longer term.

Thomas Moore,
Portfolio Manager
17 May 2021

Ten Largest Investments

As at 31 March 2021

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

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

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

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

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

Vistry
Vistry Group provides home construction services. The Company builds and sells single-family houses, apartments, retirement facilities and social housing units.

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

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

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

BP
BP is an oil and petrochemicals company. The Company explores for and produces oil and natural gas, refines, markets, and supplies petroleum products, generates solar energy, and manufactures and markets chemicals.

Investment Portfolio

At 31 March 2021

Company	Sector	Market value £'000	Total assets %
CMC Markets	Investment Banking and Brokerage Services	8,556	4.4
Rio Tinto	Industrials, Metals and Mining	7,527	3.9
Close Brothers	Banks	7,434	3.8
BHP	Industrials, Metals and Mining	6,408	3.3
John Laing	Investment Banking and Brokerage Services	6,401	3.3
Vistry	Household Goods & Home Construction	5,941	3.1
British American Tobacco	Tobacco	5,678	2.9
SSE	Electricity	5,377	2.8
Diversified Gas & Oil	Oil, Gas and Coal	4,979	2.6
BP	Oil, Gas and Coal	4,820	2.5
Top ten investments		**63,121**	**32.6**
Glencore	Industrials, Metals and Mining	4,529	2.3
Premier Miton	Investment Banking and Brokerage Services	4,433	2.3
Tyman	Construction & Materials	4,409	2.3
Royal Dutch Shell	Oil, Gas and Coal	4,297	2.2
DFS Furniture	Retailers	4,269	2.2
Randall & Quilter	Nonlife Insurance	4,177	2.1
Chesnara	Life Insurance	4,156	2.1
BAE Systems	Aerospace & Defence	3,737	1.9
OSB Group	Finance and Credit Services	3,676	1.9
Entain	Travel & Leisure	3,634	1.9
Top twenty investments		**104,438**	**53.8**
River & Mercantile	Investment Banking and Brokerage Services	3,558	1.8
Vodafone	Telecommunications Service Providers	3,292	1.7
Phoenix	Life Insurance	3,218	1.7
Legal & General	Life Insurance	3,152	1.6
Imperial Brands	Tobacco	3,145	1.6
Playtech	Travel & Leisure	3,119	1.6
Sabre Insurance	Nonlife Insurance	3,100	1.6
National Grid	Gas Water & Multiutilities	2,875	1.5
Speedy Hire	Industrial Support Services	2,846	1.4
Equiniti	Industrial Support Services	2,760	1.4
Top thirty investments		**135,503**	**69.7**

At 31 March 2021

Company	Sector	Market value £'000	Total assets %
Ashmore	Investment Banking and Brokerage Services	2,671	1.4
Zegona Communications	Telecommunications Service Providers	2,559	1.3
Direct Line Insurance	Nonlife Insurance	2,530	1.3
Real Estate Investors	Real Estate Investment Trusts	2,469	1.3
MJ Gleeson	Household Goods & Home Construction	2,436	1.3
Conduit Holdings	Nonlife Insurance	2,266	1.2
DWF	Industrial Support Services	2,262	1.2
Barclays	Banks	2,232	1.1
Coca-Cola Hellenic	Beverages	2,212	1.1
GlaxoSmithKline	Pharmaceuticals & Biotechnology	2,167	1.1
Top forty investments		**159,307**	**82.0**
Polar Capital	Investment Banking and Brokerage Services	2,023	1.1
Vivo Energy	Retailers	2,019	1.0
Contour Global	Electricity	1,989	1.0
888 Holdings	Travel & Leisure	1,825	0.9
Litigation Capital	Investment Banking and Brokerage Services	1,716	0.9
Hargreaves Lansdown	Investment Banking and Brokerage Services	1,705	0.9
International Personal Finance	Finance and Credit Services	1,608	0.8
Mondi	General Industrials	1,590	0.8
Quilter	Investment Banking and Brokerage Services	1,457	0.8
Bellway	Household Goods & Home Construction	1,425	0.7
Top fifty investments		**176,664**	**90.9**
TP ICAP	Investment Banking and Brokerage Services	1,398	0.7
London Metric	Real Estate Investment Trusts	1,359	0.7
Galliford Try	Construction & Materials	1,323	0.7
Anglo American	Industrials, Metals and Mining	1,306	0.7
CLS Holdings	Real Estate Investment Services	1,281	0.7
Persimmon	Household Goods & Home Construction	1,107	0.6
Stenprop	Real Estate Investment Trusts	1,039	0.5
Intermediate Capital Group	Investment Banking and Brokerage Services	1,023	0.5
Bodycote	Industrials, Metals and Mining	913	0.5
Countryside Properties	Household Goods & Home Construction	839	0.4
Top sixty investments		**188,252**	**96.9**

Investment Portfolio Continued

At 31 March 2021

Company	Sector	Market value £'000	Total assets %
Centamin	Industrials, Metals and Mining	781	0.4
M&G	Investment Banking and Brokerage Services	670	0.4
Standard Chartered	Banks	664	0.3
AstraZeneca	Pharmaceuticals & Biotechnology	649	0.3
Urban Exposure	Investment Banking and Brokerage Services	589	0.3
Total portfolio		**191,605**	**98.6**
Net current assets[A]		**2,693**	**1.4**
Total assets		**194,298**	**100.0**

[A] Excluding bank loan of £19,915,000.

Investment Case Studies

Vistry

Vistry was formed as the combination of Bovis Homes with Galliford Try's housebuilding business. As well as increasing scale in their core Housebuilding division, the merger brings exposure to Partnerships which works with local councils to deliver mixed tenure and affordable housing. This is an area of focus for the UK Government after years of under-supply.

Given the long term contracted nature of this business, this will allow Vistry to achieve more predictable growth with less cyclicality. We rate the management team highly. Chief Executive Officer, Greg Fitzgerald, has more than three decades of experience of running housebuilding businesses, including Galliford Try. He is highly enthusiastic about the potential of the enlarged business, particularly the housing partnerships business which he was responsible for establishing when he ran Galliford Try. We believe that this management team is capable of delivering meaningful improvement in Vistry's operating margin.

Synergies are already in excess of the guidance they provided at the time of the merger. Strong cash flow has allowed Vistry to pay down debt and move into a healthy balance sheet position of having positive net cash. This has allowed the dividend to be reinstated. The stock trades at a discount to its sector peers. We expect this valuation discount to close as investors take note of management's successful operational execution.

Tyman

Tyman is a leading manufacturer of engineered components to the window and door industry, including hardware, extrusions and seals. Tyman has 23 manufacturing sites and 13 distribution centres in 18 countries across North America, South America, Europe, Asia and Australasia. They have a number one market position in several countries, including the US which is by far their biggest market, representing around two thirds of revenues. Gross margins are attractive thanks to the low cost but critical nature of their products. Window and door manufacturers have little desire to manufacture these components themselves, providing Tyman with some good pricing power.

After a period of weakness caused by Covid-19, demand is recovering strongly as low interest rates and improving employment conditions are spurring a recovery in housing demand. The announcement of Biden's stimulus plan will further support the recovery in US construction. Increased scale is likely to drive up Tyman's operating margin, especially following a period of restructuring under highly respected Chief Executive Officer Jo Hallas.

Rapid pay-down of debt will give the management team strategic flexibility, allowing them to consider capital returns or bolt-on acquisitions. Having recently been reinstated, the dividend appears to have significant scope to move ahead. We view the valuation as inexpensive for an industry leader. Being relatively small, this stock has until recently been disregarded by the market, causing a large gap to emerge between its valuation and the valuation of its peers. We expect continued strong earnings delivery to allow this gap to close.

Condensed Statement of Comprehensive Income (unaudited)

		Six months ended 31 March 2021			Six months ended 31 March 2020		
	Notes	**Revenue £'000**	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Net gains/(losses) on investments at fair value		–	36,891	36,891	–	(62,410)	(62,410)
Currency losses		–	(3)	(3)	–	–	–
Income	2	4,201	–	4,201	4,739	–	4,739
Investment management fee		(164)	(384)	(548)	(169)	(395)	(564)
Administrative expenses		(194)	–	(194)	(244)	–	(244)
Net return before finance costs and taxation		3,843	36,504	40,347	4,326	(62,805)	(58,479)
Finance costs		(56)	(130)	(186)	(89)	(208)	(297)
Return before taxation		3,787	36,374	40,161	4,237	(63,013)	(58,776)
Taxation	3	(45)	–	(45)	(150)	–	(150)
Return after taxation		**3,742**	**36,374**	**40,116**	**4,087**	**(63,013)**	**(58,926)**
Return per Ordinary share (pence)	4	**7.74**	**75.27**	**83.01**	**8.35**	**(128.81)**	**(120.46)**

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

A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses are recognised in the Condensed Statement of Comprehensive Income.

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

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

Condensed Statement of Financial Position (unaudited)

	Notes	As at 31 March 2021 £'000	As at 30 September 2020 £'000
Fixed assets			
Investments at fair value through profit or loss		191,605	157,799
Current assets			
Debtors		1,211	524
Money-market funds		1,861	872
Cash and short-term deposits		307	307
		3,379	1,703
Creditors: amounts falling due within one year			
Bank loan		(19,915)	(19,899)
Other creditors		(686)	(407)
		(20,601)	(20,306)
Net current liabilities		(17,222)	(18,603)
Net assets		**174,383**	**139,196**
Capital and reserves			
Called-up share capital	6	12,295	12,295
Share premium account		52,043	52,043
Capital redemption reserve		12,616	12,616
Capital reserve	7	89,868	53,494
Revenue reserve		7,561	8,748
Equity Shareholders' funds		**174,383**	**139,196**
Net asset value per Ordinary share (pence)	8	**360.83**	**288.02**

The financial statements on pages 18 to 23 were approved by the Board of Directors and authorised for issue on 17 May 2021 and were signed on its behalf by:

Mark White

Chairman

Condensed Statement of Changes in Equity (unaudited)

Six months ended 31 March 2021

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 September 2020		12,295	52,043	12,616	53,494	8,748	139,196
Return after taxation		–	–	–	36,374	3,742	40,116
Dividends paid	5	–	–	–	–	(4,929)	(4,929)
Balance at 31 March 2021		**12,295**	**52,043**	**12,616**	**89,868**	**7,561**	**174,383**

Six months ended 31 March 2020

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 September 2019		12,295	52,043	12,616	112,940	11,578	201,472
Return after taxation		–	–	–	(63,013)	4,087	(58,926)
Dividends paid	5	–	–	–	–	(5,381)	(5,381)
Balance at 31 March 2020		**12,295**	**52,043**	**12,616**	**49,927**	**10,284**	**137,165**

Notes to the Financial Statements (unaudited)

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1. **Accounting policies**

Basis of accounting. The condensed financial statements have been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting) and with the Statement of Recommended Practice (SORP) for 'Financial Statements of Investment Trust Companies and Venture Capital Trusts', issued in April 2021 (The AIC SORP). They have also been prepared on a going concern basis and on the assumption that approval as an investment trust will continue to be granted.

The interim financial statements have been prepared using the same accounting policies as the preceding annual financial statements.

2. **Income**

	Six months ended 31 March 2021 £'000	**Six months ended 31 March 2020 £'000**
Income from investments		
UK investment income		
Ordinary dividends	3,481	3,408
Special dividends	106	211
	3,587	3,619
Overseas and Property Income Distribution investment income		
Ordinary dividends	519	1,016
Special dividends	93	89
	612	1,105
Total income from investments	4,199	4,724
Other income		
Money-market interest	1	15
Underwriting commission	1	–
Total other income	2	15
Total income	**4,201**	**4,739**

3. **Taxation.** The taxation charge for the period, and the comparative period, represents withholding tax suffered on overseas dividend income.

Notes to the Financial Statements (unaudited) Continued

4. Return per Ordinary share

	Six months ended 31 March 2021 p	Six months ended 31 March 2020 p
Revenue return	7.74	8.35
Capital return	75.27	(128.81)
Total return	**83.01**	**(120.46)**

The figures above are based on the following figures:

	Six months ended 31 March 2021 £'000	Six months ended 31 March 2020 £'000
Revenue return	3,742	4,087
Capital return	36,374	(63,013)
Total return	**40,116**	**(58,926)**
Weighted average number of Ordinary shares in issue[A]	**48,327,960**	**48,921,128**

[A] Calculated excluding shares in treasury.

5. Dividends

	Six months ended 31 March 2021 £'000	Six months ended 31 March 2020 £'000
Ordinary dividends on equity shares deducted from reserves:		
Final dividend for 2020 of 5.00p per share (2019 – 5.80p)	2,416	2,837
First interim dividend for 2021 of 5.20p per share (2020 – 5.20p)	2,513	2,544
	4,929	**5,381**

6. Called-up share capital

	Number	£'000
Issued and fully paid:		
Ordinary shares 25p each		
Balance at 31 March 2021 and 30 September 2020	48,327,960	12,082
Treasury shares		
Balance at 31 March 2021 and 30 September 2020	850,807	213
Called-up share capital at 31 March 2021	**49,178,767**	**12,295**

At 31 March 2021 there were 850,807 Ordinary shares held in treasury (2020 – 257,639).

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7. **Capital reserve.** The capital reserve figure reflected in the Condensed Statement of Financial Position includes investment holdings gains at 31 March 2021 of £8,157,000 (30 September 2020 – losses of £30,208,000) which relate to the revaluation of investments held on that date and realised gains as at 31 March 2021 of £81,711,000 (30 September 2020 – £83,702,000).

8. **Net asset value per Ordinary share**

	As at 31 March 2021	As at 30 September 2020
Attributable net assets (£'000)	174,383	139,196
Number of ordinary shares in issue[A]	48,327,960	48,327,960
NAV per ordinary share (p)	360.83	288.02

[A] Excludes shares in issue held in treasury.

9. **Transaction costs.** During the period 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 Condensed Statement of Comprehensive Income. The total costs were as follows:

	Six months ended 31 March 2021 £'000	Six months ended 31 March 2020 £'000
Purchases	132	104
Sales	23	29
	155	**133**

10. **Loans.** The Company has a £20,000,000 loan facility provided by Banco Santander. The facility consists of a five year revolving facility which has a maturity date of 20 November 2023.

At 31 March 2021, £20,000,000 had been drawn down (30 September 2020 – £20,000,000) at a rate of 1.33925% (30 September 2020 – 1.38725%).

The loan is shown in the Condensed Statement of Financial Position net of amortised expenses of £85,000 (30 September 2020 – £101,000).

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

Level 1: 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).

All of the Company's investments are in quoted equities (30 September 2020 – same) that are actively traded on recognised stock exchanges, with their fair value being determined by reference to their quoted bid prices at the reporting date. The total value of the investments has therefore been deemed as Level 1 (30 September 2020 – same).

12. **Half Yearly Report.** The financial information contained in this Half Yearly Report does not constitute statutory accounts as defined in Sections 434-436 of the Companies Act 2006. The financial information for the six months ended 31 March 2021 and 31 March 2020 have not been audited.

The information for the year ended 30 September 2020 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the auditors on those accounts contained no qualification or statement under Section 498 (2), (3) or (4) of the Companies Act 2006.

This Half Yearly Report was approved by the Board on 17 May 2021.

Glossary

AIC
The Association of Investment Companies.

Alternative Performance Measures
Numerical measures of the Company's current, historical or future performance, financial position, other than the financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes FRS102 and the AIC SORP.

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

Net Gearing
Net gearing measures the total borrowings less cash and cash equivalents divided by Shareholders' funds, expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes amounts due from and to brokers at the period end as well as cash and short-term deposits.

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

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

Revenue Earnings Per Share (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.

Total Assets
Total assets less current liabilities (before deducting Prior Charges) as per the Statement of Financial Position.

Total Return
The theoretical return arrived at by 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.

Alternative Performance Measures ("APMs")

Alternative performance measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes FRS 102 and the AIC SORP.

The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies. Where the calculation of an APM is not detailed within the financial statements, an explanation of the methodology employed is provided below:

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

	31 March 2021	30 September 2020
Share price	329.00p	252.00p
Net asset value per share	360.83p	288.02p
Discount	8.8%	12.5%

Net gearing. Net gearing measures the total borrowings less cash and cash equivalents divided by Shareholders' funds, expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes amounts due from and to brokers at the period end as well as cash and short-term deposits.

		31 March 2021 £'000	30 September 2020 £'000
Total borrowings	a	19,915	19,899
Cash and short-term deposits		307	307
Investments in AAA-rated money-market funds		1,861	872
Amounts due from brokers		–	191
Amounts payable to brokers		(203)	–
Total cash and cash equivalents	b	1,965	1,370
Gearing (borrowings less cash & cash equivalents)	c=(a-b)	**17,950**	**18,529**
Shareholders' funds	d	**174,383**	**139,196**
Net gearing	e=(c/d)	**10.3%**	**13.3%**

Ongoing charges ratio. The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC, which is defined as the total of investment management fees and recurring administrative expenses and expressed as a percentage of the average net assets throughout the period. The ratio reported for 31 March 2021 is based on forecast ongoing charges for the year ending 30 September 2021.

		31 March 2021 £'000	30 September 2020 £'000
Investment management fees		1,128	1,032
Administrative expenses		379	473
Less: non-recurring charges[A]		(2)	(15)
Ongoing charges	a	**1,505**	**1,490**
Average net assets	b	**168,558**	**171,981**
Ongoing charges ratio	c=(a/b)	**0.89%**	**0.87%**

[A] Comprises professional fees not expected to recur.

Alternative Performance Measures ("APMs") Continued

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

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

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

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

Six months ended 31 March 2021	Dividend rate	NAV	Share price
30 September 2020		288.02p	252.00p
3 December 2020	5.00p	335.95p	306.50p
4 March 2021	5.20p	353.57p	326.00p
31 March 2021		360.83p	329.00p
Total return		**+29.0%**	**+34.8%**

Investor Information

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

The Company has appointed Aberdeen Standard Fund Managers Limited as its Alternative Investment Fund Manager and BNP Paribas Securities Services, London Branch as its depositary under the AIFMD.

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

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

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

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

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

Shareholder Enquiries

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

If you have any general questions about your Company, the Manager or performance, please telephone the Aberdeen Standard Investments Customer Services Department **(0808 500 4000)**, send an email to **company.secretary@aberdeenstandard.com** or write to:

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

Dividend Tax Allowance

The annual tax-free personal allowance for dividend income for UK investors is £2,000 for the 2021/22 tax year (2020/21: £2,000). Above this amount, individuals pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company provides registered Shareholders with a confirmation of dividends paid and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the Shareholder's responsibility to include all dividend income when calculating any tax liability.

How to Invest

Investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively, for retail clients, shares can be bought directly through the Aberdeen Standard Investment Plan for Children, Investment Trust Share Plan or Investment Trust Individual Savings Account ("ISA"), or through the many broker platforms which offer the opportunity to acquire shares in investment companies.

Aberdeen Standard Investment Plan for Children

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

Investor Information Continued

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

Aberdeen Standard Investment Trust ISA
Aberdeen Standard Investments operates an Investment Trust ISA ("ISA") through which an investment may be made of up to £20,000 in the 2021/22 tax year.

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

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

Nominee Accounts and Voting Rights
All investments in the Aberdeen Standard Investments Children's Plan, Investment Trust Share Plan and Investment Trust ISA are held in nominee accounts and investors have full voting and other rights of share ownership.

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

Twitter:
twitter.com/AberdeenTrusts

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

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

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

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

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

Or telephone: **0808 500 4000**

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

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

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

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

Online Dealing

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

Discretionary Private Client Stockbrokers

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

Financial Advisers

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

Regulation of Stockbrokers

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

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

Note

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

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

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

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

Corporate Information

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